

The Evidence Base - Phase I of the WMES Review

(1) Introduction

- (1.1) There is a clear emphasis in the RES guidance from Government on the importance of a strong evidence base. The definition of evidence base covers its role in informing policy makers about regional strengths and weaknesses; where there are market failures; and the possible options to address those market failures. It will need to draw on evidence of what has worked, and what hasn't worked so far to help develop the right options.
- (1.2) We are working with the West Midlands Regional Assembly and its work on the Regional Spatial Strategy, to ensure a consistent approach to evidence gathering and that each process informs the other. A vast amount of evidence already exists, through the work of partnerships, within the region and outside. This evidence and its relevance to the Review are being taken into account. However, we have identified a number of key 'gaps' in the current evidence base, which need to be filled to enable a full assessment of policy options.

(2) Filling the gaps

- (2.1) The first phase of the Review has been structured around five main projects, which deal with three types of evidence; forward looking assumptions; trend analysis; and performance assessment. Project Groups of partners have been established for each project and their members assist consultants in delivering work in the most effective way.
- (2.2) The West Midlands Regional Observatory (WMRO) has been commissioned to undertake the work involved in Projects 1, 2 and 3, alongside some of the region's academic partners. GHK Consulting Ltd has been contracted to undertake Projects 4 and 5.

(3) The five projects

Project 1 – Future Prospects for the Region's Economy (WMRO and IER Warwick University)

We need to develop a sophisticated picture of the future prospects for the region's economy to understand the key external factors that are likely to impact on the vision of achieving "world class" recognition. This will ensure that our work on the WMES will be in the context of our role in the UK and international economies, rather than suggesting a single aspirational regional scenario. Key issues (set by the Chancellor for the CSR 2007) which will be considered include globalisation, demographic change and climate change. The draft report is due by 5 June 2006 and the final report by 5 July 2006.

Project 2 – Factors Influencing the Relative Performance of the West Midlands Economy WMRO and Aston University)

In its work on the Regional Economic Performance Public Service Agreement, Government has identified six factors it believes are the most important in explaining the relative performance of regional economies. These are employment and the five key drivers of productivity; enterprise, skills, innovation, competition and investment. Our work will provide evidence against these factors to produce a picture of particular strengths and weaknesses, and the relative importance of each of them for the economy of the West Midlands. We also need to know whether the national assumptions are correct for the region, and therefore a seventh section will look at evidence for other factors (e.g. environmental quality) that may be important to explain the relative performance of the region's economy. The draft report is due by 30 June 2006 and the final report by 29 July 2006.

Project 3 – Economic Geography (WMRO and GEES University of Birmingham)

The West Midlands economy does not operate as a single entity. There is a complex pattern of economic activity which varies by different issues; and there are major intra-regional variations in terms of performance. This project aims to bring together the vast array of information that exists, at the local, sub-regional and regional level to create a clearer assessment of these functional linkages and differences. This will include an understanding of linkages between urban and rural areas as well as the differences within them. The draft report is due by 7 June 2006 and the final report by 30 June 2006.

Project 4 – Evaluation of the Impact of the West Midlands Economic Strategy (GHK)

We need to understand the impact of the WMES since 1999. Impact at the highest level is about changes to the regional economy brought about by the Strategy. This is always very difficult to directly measure. Hence, this project needs to add together information from different sources to allow us to make some judgements on its impact. To help structure this work, we will draw on a recently published DTI paper which sets out an Integrated Evaluation Framework (IEF) for evaluating the impact of RDAs. Whilst this focuses solely on the work of the RDA, it does provide a clear framework for evaluation that can be applied at the wider level of the WMES. The project will include an assessment of the way the Strategy has impacted on the activity and spending of partners and show the output and outcome of activity linked to the Strategy by all those partners. The draft report is due by 23 June 2006 and the final report by 30 June 2006.

Project 5 – Evaluation of the Three “Key Delivery Mechanisms” (GHK)

Delivering Advantage, the West Midlands Economic Strategy and Action Plan, published in January 2004, set down a very clear regional focus on three “Key Delivery Mechanisms” for delivering the Strategy– Regeneration Zones, Business Clusters and High Technology Corridors. Given the central significance of these, we need to gain an in-depth understanding of their effectiveness and impact as part of

the input to assessing policy options. These will supplement the more general picture being provided by Project 4, and will also draw on the IEF to ensure a consistent approach. Economic targets were set for each Regeneration Zone, Business Cluster and High Technology Corridor in Delivering Advantage, and the evaluations will need to focus on progress against these. They will look at economic achievements and best practice learning points of the factors that have helped or hindered achievement. The draft report is due by 23 June 2006 and the final report by 30 June 2006.