



West Midlands
Regional
Observatory

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Regional Economic Strategy

Developing the Evidence Base

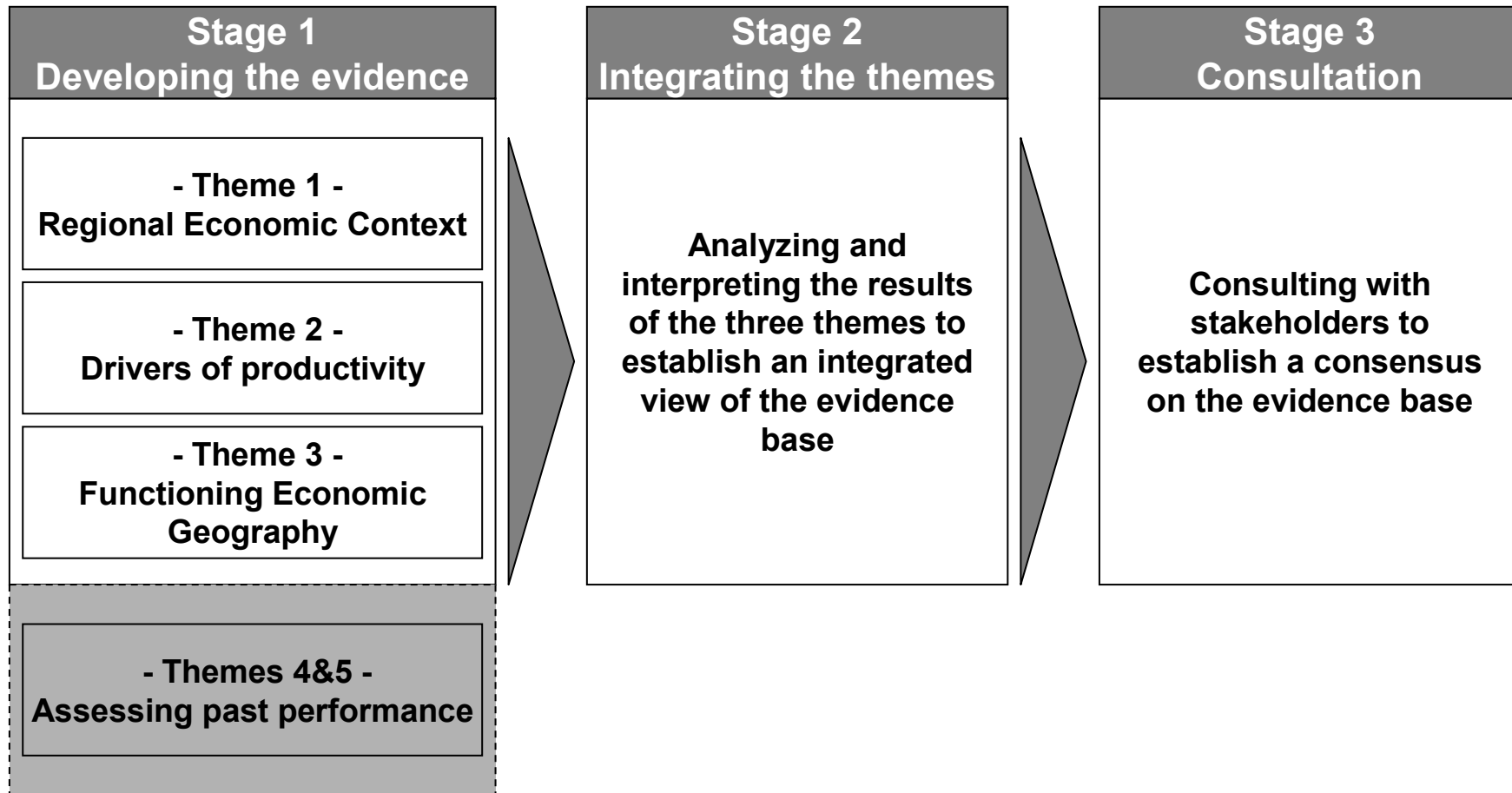
Brian MacAulay
West Midlands Regional Observatory

Overview



- Three Stages In Developing An Agreed Evidence Base
- The Three Themes Examine Current and Future Regional Economic Issues
- Summary of key findings
 - **Theme 1** - The gap in economic growth between the West Midlands and the UK is predicted to grow
 - **Theme 2** - The principal elements lower output per head growth are low skills base and low R&D investment
 - **Theme 3** - Economic activity is shifting out from the Black Country and Birmingham to the E³I belt

Three Stages In Developing An Agreed Evidence Base



The Three Themes Examine Current and Future Regional Economic Issues



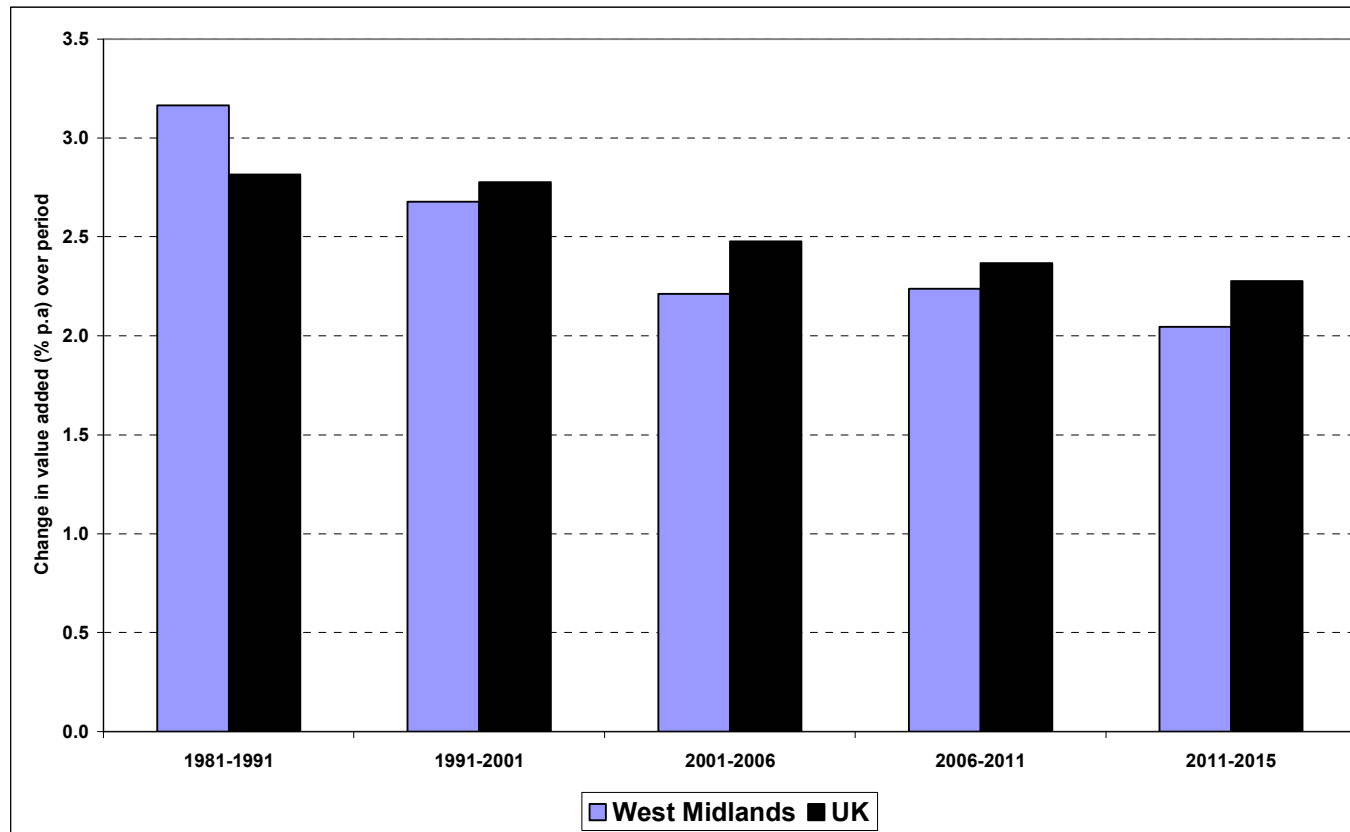
Theme	Description	Approach
1 – Regional Economic Context (with Warwick)	Projections of the future for the region as a whole	<ul style="list-style-type: none">▪ Benchmark projections▪ Sensitivity analysis▪ Other evidence
2 – Drivers of Productivity (with Aston)	Detailed analysis of the region's current economic performance	<ul style="list-style-type: none">▪ Productivity trends and indicators▪ Analysis of individual drivers▪ Synthesis of drivers
3 – Functioning Economic Geography (with Birmingham)	Spatial economic patterns within the region	<ul style="list-style-type: none">▪ Desk research▪ Data analysis – location quotients and other proxies

Theme 1

The gap in economic growth between the West Midlands and the UK is predicted to grow



Comparative economic growth, West Midlands and the UK, 1981-2015



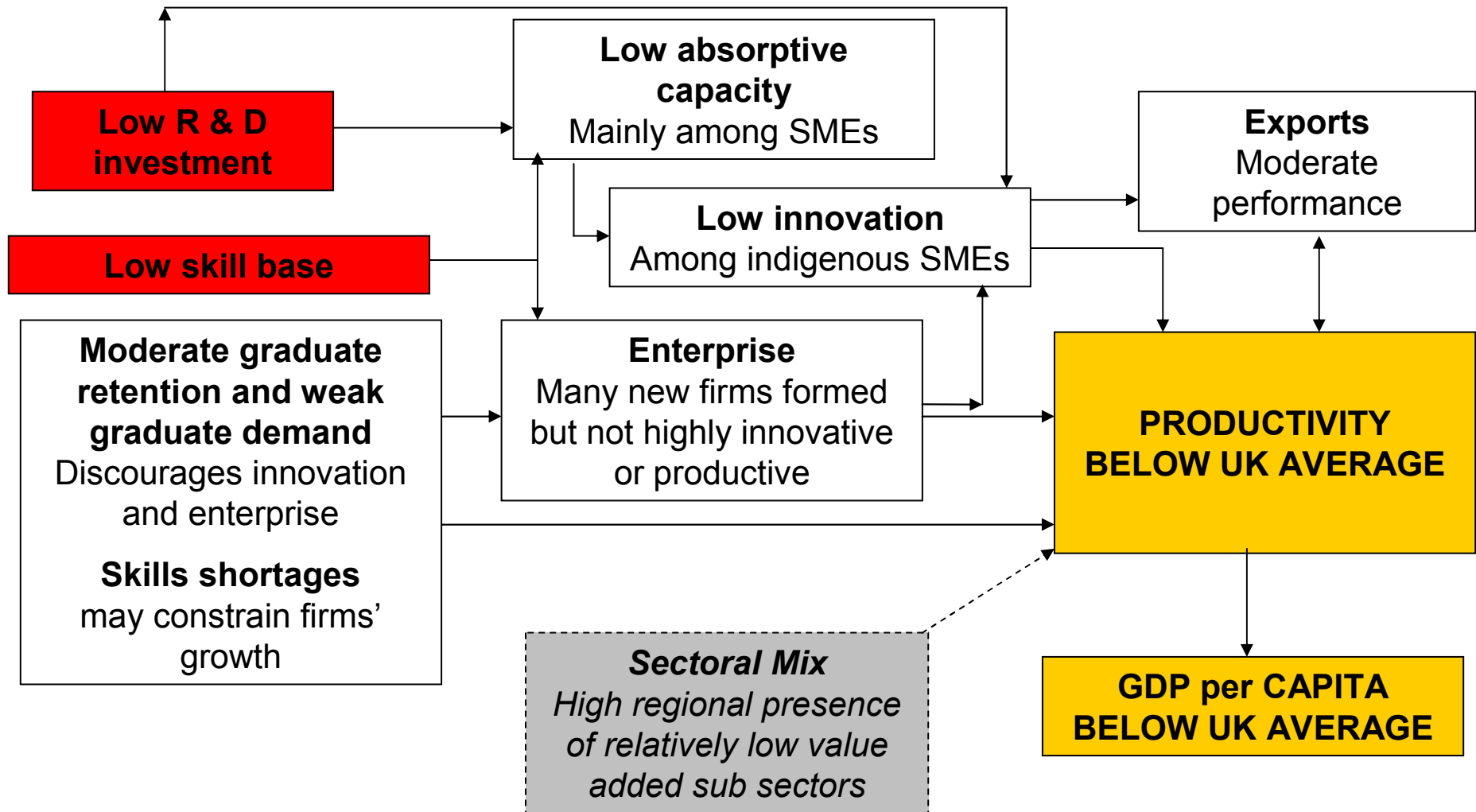
Theme 1 Summary



- Growth in GVA and employment continue to lag behind UK as a whole
- Manufacturing continues to decline but remains important
- Services continue to grow in importance
- Economic restructuring will significantly alter labour market demand
- Globalisation presents competitive challenges and new opportunities
- Emissions and resource use will grow unless action is taken to modify this

Theme 2

Interaction of Productivity Drivers



Theme 2 Summary



- Mid-ranking economic performance among English regions and DAs
- GVA growing but at slower rate than the UK average
- Considerable sub-regional variations in performance
- Differences in regional economic performance due to combination of sectoral presence and sectoral performance

- The key drivers of productivity interact to produce productivity levels and ultimately levels of per capita GDP below the national average
- The principal elements of this are low skills base and low R&D investment
- This hinders absorptive capacity, innovation and enterprise in the region, especially among SMEs.

- Key challenges in skills, innovation and enterprise

Theme 3

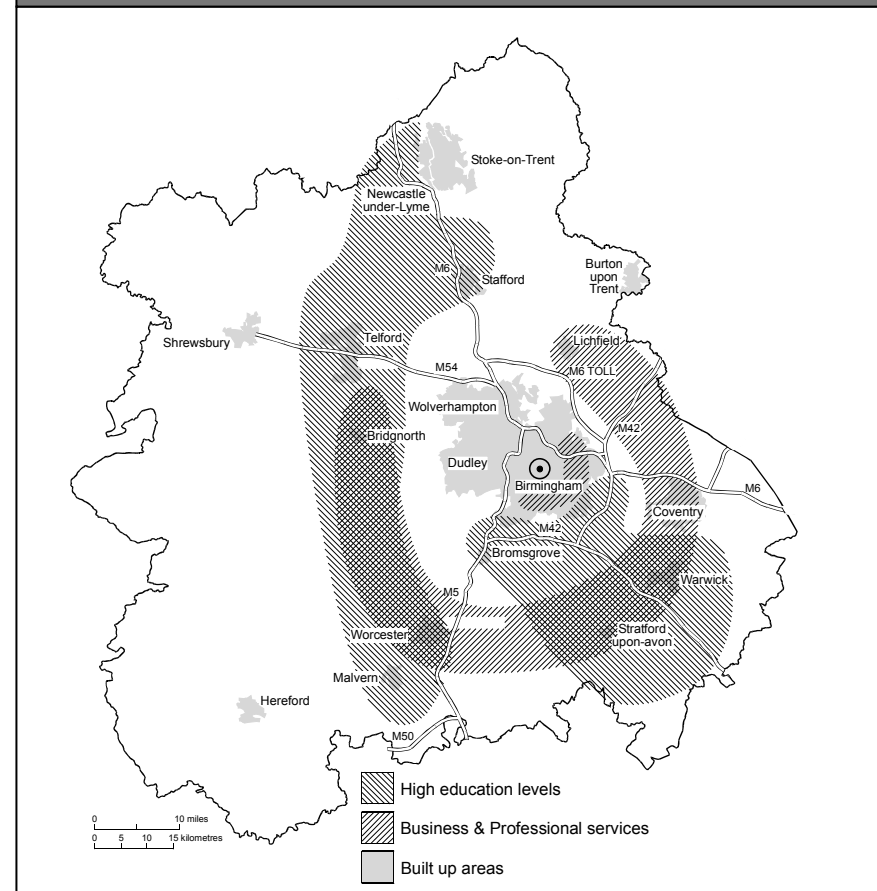
Economic activity is shifting out from the Black Country and Birmingham to the E³I belt



Combination of factors reflecting and enhancing growth in the “E³I” Belt

- Concentrated economic activity in a belt 20 - 40 km from principle conurbation
- The belt represents an aggregation of diverse sectoral geographies
 - No one sector defines the belt, but it emerges from collective analysis
- The Belt represents a focus of high levels of **Economic**, **Entrepreneurial** and **Innovative** dynamism combined with positive **Environmental** attributes (e.g accessibility and desirable residential areas) – hence “E³I”

The E³I Belt is located in a ring around the conurbation



Theme 3 Summary



- The region is polycentric
 - The conurbation of Birmingham and the Black Country is the largest centre
 - There is a second conurbation in N Staffordshire
 - But there are other important centres of economic activity
- Growth increasingly in the “E³I belt”, outside the principle conurbation
 - Composed of multiple, independent, overlapping sectoral centres
 - Exhibiting six distinguishing features:
 - High representation of innovative manufacturing
 - High rates of new firm formation
 - High representation of business and professional services
 - High representation of logistics
 - High skill and education levels
 - Over representation of ‘traditional’ metal manufacturing



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Existing Evidence Base: Regional Spatial Strategy (RSS)

Paul Bayliss,
West Midlands Regional Assembly

What is *spatial* planning?



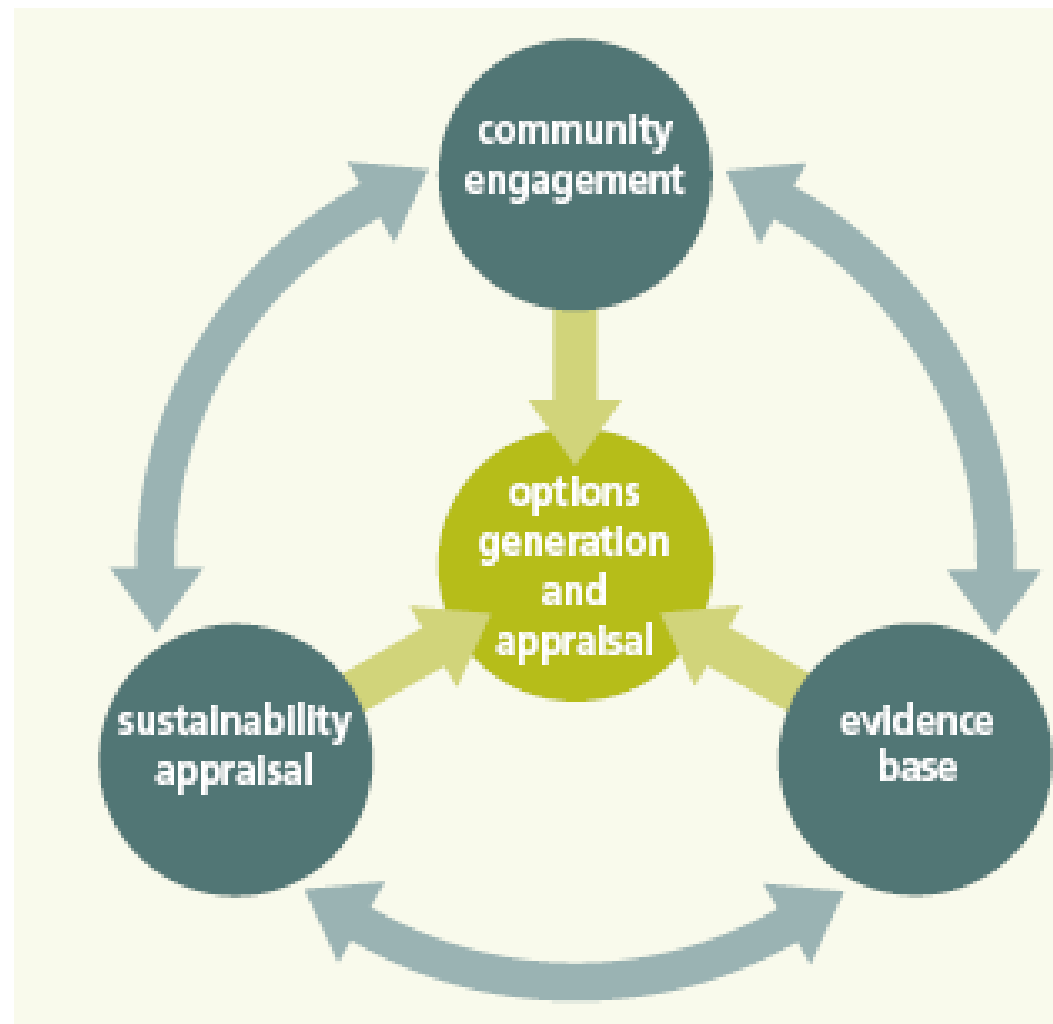
goes

‘... beyond traditional land use planning to bring together and integrate policies for the development and use of land with other policies and programmes which influence the nature of places and how they function’.

Planning Policy Statement 1, para 30 DCLG



Evidence Base – role



RSS Evidence Base: traditional scope



- demographic
- socio-economic
- housing
- employment
- retail
- flooding
- open space
- transport
- contaminated land
- air quality
- heritage
- biodiversity
- landscape character
- waste
- minerals
- rural issues
- tourism.

RSS Evidence Base: Wider lens



- environmental protection and enhancement
- economic development
- movement
- deprivation and social exclusion
- social and community development
- design
- education and lifelong learning
- health
- climate change and energy
- heritage
- waste management
- quality of life.

West Midlands RSS Evidence Base



		Proofing/ Appraisals etc	Overview	CfF	PfA	QoE	T&A
Phase 1 EB Compiled 2003-6	“Traditional”	••	•	••••	•••• ••••	•	•••
	“Wider lens”		••			•	
Phase 2 EB Compiled 2005-7	“Traditional”	•••• •	••	•••• •••• •	•••• ••	•••• •••	•••• ••
	“Wider lens”	•	•	•••	••	••	•
Phase 3 EB Compiled 2006 - ongoing	“Traditional”		•	••			
	“Wider lens”		•				

NB

This does not take account of:

- studies commissioned to support other strategies (eg RES, RHS)
- Government prepared statistics and reports