

Creating Advantage

The West Midlands
Economic Strategy

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The Development Agency

2 Priestley Wharf, Holt Street,
Aston Science Park, Birmingham,
United Kingdom, B7 4BZ

Tel: +44 (0)121 380 3500

Fax: +44 (0)121 380 3501

www.advantage-westmidlands.co.uk

Chairman's introduction



"I am pleased to present the Regional Economic Strategy for the West Midlands.

Our strategy is built on two fundamental principles:

- creating wealth through enterprise and
- providing access to opportunity for all.

This is what Advantage West Midlands, working in partnership with other stakeholders, will deliver in the years ahead. Our two strategic principles will be linked through investment in the future - investment in skills, in communication (both physical and technological) and in regeneration of our communities. Ours will be an inclusive strategy, delivering benefit to all our citizens, whatever their background, wherever they live.

The prosperity of this region has been shaped by some of the most profound innovations of the past two hundred years. From Abraham Darby in Coalbrookdale to Josiah Wedgwood in Stoke-on-Trent and Frank Whittle in Rugby we have been at the forefront of every major technical innovation from the first use of iron to the jet engine. Our region has been shaped by our capacity to innovate. In fact our ability to come up with new products and new ways of working

both socially and technically is our most profound talent.

In the Regional Economic Strategy we have tried to capture some of that quality. We believe that innovation has to be at the core of our strategy if we are to meet the aspirations of the people of this region and in the process close the performance gap with the best regions of Europe. Innovation should be the touchstone for the actions we hope to facilitate to create the West Midlands advantage.

Historically the vast majority of our innovation has come from our ability to invent, design and manufacture goods for world markets. Firms in the West Midlands have battled in the global market for many years and do not need to be told about the competitiveness of those markets.

Today we are still heavily dependent on manufacturing but we do not believe that it is something for which we should apologise. Over half of the UK's international trade is manufactured goods. Around one third of the West Midlands GDP is manufacturing.

Manufacturing continues to be important and most industries in the sector continue to invest in the research and development which brings with it innovative products and processes. We will work with them and believe they will continue to have a bright future.

We have to be realistic however about where future employment opportunities will come from. The region needs to develop sectors which are likely to be of increasing significance on a national and international level in the future. Examples include tourism, the creative industries, technology and advisory services.

We also have to be part of the revolution taking place in information and communications technology. The Internet is not just something for our children to play with but something through the advent of e-business which will impact on every sector of the regional economy.

Despite the huge challenges that we face we have a major asset in our innovation culture. How to capture and harness innovation is a major component of the Regional Economic Strategy.

Chairman's introduction

Of course being at the very centre of the United Kingdom is also a great asset. Although being at the centre of the UK's transport network does not always feel like an advantage we have to turn any problems we may have in this area into an opportunity.

There are some significant bottle necks in the region that I do not need to tell you about. Our cities also lack the public transport of provincial capitals in mainland Europe. Fixing these are strategic necessities.

In the medium and longer term this will need considerable investment from both public and private sources but in the short term we can see opportunities from a better integration between the providers and users of transport.

We have to take the continuous improvement methodology into our provision of transport solutions. We therefore propose to organise a dialogue to measure the gap and identify innovative ideas to reduce or spread demand, to encourage use of public transport and to minimise noise or pollution. The know-how exists in the logistics companies, vehicle and rail builders, and universities and transport operators. The challenge is to exploit it.

Innovation and the spread of new technology are just as important in the rural and agricultural sectors as they are in the urban and industrial areas. Indeed one of the key features of the new technologies is that they have the potential to liberate us from historical patterns of development.

We are all aware of how important arts and culture are to the region. We have some of the most important industrial archaeological sites in the world. Together with world class collections of art, theatre companies and orchestras, this gives the region an international reputation we can be proud of. The region's multi-cultural society and the energies of our young people bring vibrancy and dynamism to this aspect of life in the region. We are also reminded by developments like the new art gallery in Walsall and the refurbishment of the Pump Room in Leamington Spa how important it is for the arts and improved built environment to contribute in a positive way to economic development in the region.

Nowhere better can the full effect of this virtuous circle be seen than in Birmingham. We have a regional capital of which we can all be proud.

On the negative side we do have some barriers, caused by under investment in skills and infrastructure, which stop us reaching our full potential. Our region has to be more competitive but we also need greater social and economic cohesiveness.

We have a responsibility to include into our hopes for the future all our people. The West Midlands advantage will be to build an economy which is more competitive but also more inclusive and sustainable.

It is quite radical to attempt to tackle economic, environmental and social objectives at the same time but it is a crucial task that we have set ourselves. We have to develop the holistic framework in which policies can be effectively 'joined up' to meet local needs.

We still have concentrations of high unemployment and accompanying social deprivation. We need to find ways of addressing these issues, which provide a direct link with the wealth creation our strategy is aimed at. We are seeking to do this through the concept of Regeneration Zones. Where development opportunities exist in the region we need to take full advantage in helping to create wealth. However, we need at the same time to ensure that the opportunities these provide are accessible to those people who are experiencing social exclusion. Therefore, any zone will need to include both the opportunity and the need. Action within these zones will be integrated with other local and national programmes and the people who live in these areas will be asked, and helped, to lead the regeneration.

Similarly we have approached the challenge of developing a regional competence in the new second-generation information and communications technologies (ICT) in an innovative way. Our approach is to promote the creation of a new high-technology cluster within the West Midlands. We have a wonderful opportunity to exploit the existence of a number of high technology companies, engineering design and research facilities, plus centres of academic and technical excellence. Linked to good



I continue to be impressed by those I meet around the region from all sectors and with the high level of commitment to partnership whether in Stoke, Hereford, Oswestry or Coventry. Our task in Advantage West Midlands is to help to define a future prosperity; to facilitate growth and social equality. If we do this together - if we concentrate on the vital few priorities and eliminate duplication there is no reason why we should not achieve our vision of being regarded as a premier European region in which to live and work or invest."

communications in terms of road, rail, air and ICT this provides an opportunity to develop a high technology cluster which can be promoted both nationally and internationally. This new approach can be applied in all parts of the region, but there is a natural cluster developing around the central/south eastern section of the region. We are exporting far too many of our skilled scientists, engineers and technicians. It is vital that we retain this intellectual property and use it to lift the entire region.

Of course there are many more ideas and proposals that have come forward from people and organisations in the region with which we have been consulting. I must thank them all for their ideas and inspiration. Over 250 responses were equally split between business, local and central government and agencies, and voluntary and representative organisations. I hope we have fully reflected the suggestions which have been made; not least the request for making the strategy easier to read - we are pleased to have been awarded the Plain English Crystal Mark for clarity.

The dialogue of the past three months has revealed a broad picture of our region - the social, business and democratic processes, as well as the products and services we supply. We are a region which is confident, forward looking, dynamic and vibrant. We value our rich heritage. We are proud of our diversity.



The importance of this Regional Economic Strategy cannot be overstated. It will set the framework for concerted effort across the region to improve our economic and social welfare over the next 10 years.

Advantage West Midlands has worked closely with regional partners in preparing the strategy and that is clearly reflected in its fulsome endorsement by the West Midlands Regional Chamber. This region may be distinctive for the quality of its shared commitment and close co-operation. Together this represents real assets which will support Advantage West Midlands to deliver for all of us.

A handwritten signature in blue ink that reads 'Colin Beardwood'.

Colin Beardwood
Chairman
West Midlands Regional Chamber

22nd October 1999

Executive summary

Executive summary

The West Midlands Economic Strategy 'Creating Advantage' has taken stock of the current position of the West Midlands and is creating a dynamic and ambitious structure for change. We have developed the Strategy by involving a wide partnership within the region. It is based on recognising the unique strengths of the West Midlands, and of the future changes that will affect the region. It reflects the complexities of the region's economy and so we have broken it down into a workable and simple framework that will guide its success.

The two key themes that will drive all the action are:

- creating wealth through enterprise and
- providing access to opportunity.

These two need to be linked, to make sure that everyone in the region takes part in and benefits from the wealth created.

The principle of 'sustainable development', is an important and central aim to building a great future for the West Midlands. This consistent theme flows throughout the Strategy.

As a region we need to maintain and increase the investment in our businesses, people, travel networks and land development. This means that we must promote the creation of industries that have a long-term future while at the same time we must make sure that existing businesses have every opportunity to become more competitive.

The links between rural and urban communities are essential to a fully integrated economically active region. We will be promoting new and innovative ways of making sure that businesses and people have equal access to opportunities no matter where they are in the region.

There are four pillars to this strategy, which are backed up by specific aims. The areas are shown below:

- Developing a diverse and dynamic business base
- Promoting a learning and skilful region
- Creating the conditions for growth and
- Regenerating communities in the West Midlands

Developing a diverse and dynamic business base

The West Midlands has a long and proud history of producing creative and world-class ideas and inventions. The West Midlands Regional Innovation Strategy provides the basis for new innovative ways of working and living. There is a broad economic base here, but there is also a huge opportunity to take advantage of growth sectors, some of which are under-represented in the region. New growth will come from both inward investment and existing businesses. We also need to improve the support for small and medium-sized industries to make sure that this steady growth is maintained.

Our first aim will be to increase wealth and make the most of competitiveness within West Midlands businesses through innovation.

Innovation is central to the future success of the region. An Action Programme for Innovation, which follows the Regional Innovation Strategy, provides a starting point for new policies. We need to increase awareness and access to regional technology centres such as MIRA for the motor industry and CERAM for ceramics. Other policy areas will aim to strengthen the existing links between higher education and businesses, as well as improving information to businesses on technological developments. We will investigate developing a 'High Tech business cluster' in the region. This will build on the strategic transport system in the West Midlands and the presence of universities, research institutes and knowledge based companies.

There will be new investments in (ICT) to promote business networking and the growth of e-business and to improve business links between urban and rural areas. We will prepare a regional ICT strategy to guide investments in this area.

Our second aim is to transform the West Midlands' economy by supporting the development of new and existing sectors to meet the demands of the future.

We will support the motor industry and component suppliers, ceramics and engineering and develop food and drink, engineering design, medical technology,



tourism and leisure and the creative industries. These sectors provide the greatest opportunity to create new jobs across the region in both town and country areas, and to develop new export markets. We will achieve this through business-led 'Growth Task Groups'.

To make this happen, there will be improved access to:

- finance, especially risk capital for small and medium-sized businesses;
- management training;
- support for business start-ups;
- support for exports, as well as developing trade and
- technological links between businesses.

We will build on our existing success in attracting inward investment.

Promoting a learning and skilful region

People are the greatest asset of the West Midlands regional economy. The strategy focuses on improving skills for businesses and developing a lifelong learning culture.

Our third aim is to develop a workforce that is highly skilled and can adapt to meet the challenges that will face businesses in the next 10 years.

There are significant skills gaps in most sectors and most parts of the region. The region needs a number of joint actions including:

- improving basic skills;
- achieving National Learning Targets;
- information communications technology skills and
- management training.

Labour market information will be vital in predicting the skills that will be needed in the future.

Our fourth aim is to develop a culture of lifelong learning and continuous improvement.

The West Midlands has had poor levels of educational achievement compared with other regions and a high number of children leaving school at 16. These children are missing opportunities to improve their learning and improved job prospects. We can make it easier for people of any age to get the best education and training. This will be achieved through co-ordinated action between the regional partners who are involved in education and training.

Creating the conditions for growth

The region needs more investment in infrastructure to provide the conditions for developing business and improving access to important sites and employment areas both for businesses and employees. Investments will focus on transport, and sites and premises. A recent study has shown the need to review the transport system and related priorities for investment.

Our fifth aim is to improve the movement of people, goods and services inside and outside the region.

The West Midlands is a strategic location within the UK and an essential travel centre in the UK. This has led to traffic problems on main roads, especially the M6, which creates costs for businesses within the region. Building the Birmingham Northern Relief

Road and upgrading the West Coast mainline are major transport priorities. Also, we will need local improvements and projects designed to increase the use of public transport. Birmingham International Airport will continue to be an important asset in the region.

Our sixth aim is to provide sites and premises of the right size and quality, and in the right place.

There is a Regional Planning Guidance commitment to provide two sites for single investors in the region. We need more investment to deal with the large, derelict and often contaminated areas of land that exist across the region. More work needs to be done to assess the demand and supply for premises in the West Midlands and the need for public sector investment.

Regenerating communities

Competitive regions work best when all communities and individuals can contribute and benefit from regional growth. Within the West Midlands, a large number of people cannot find jobs and so contribute to economic growth. Many of these people live within communities with high levels of social exclusion. There are many other problems such as low skill and educational levels, crime, drug problems and ill health.

Our seventh aim is to encourage people to take part in economic and community life by targeting resources at communities and individuals that suffer poverty and social exclusion.

The strategy outlines the central causes of social exclusion, and highlights as one of the main causes low levels of educational achievement and skills, linked to low aspirations and poverty. Regeneration programmes will deal with the need for childcare facilities, infrastructure, transport and premises. That way, people have the best chance to take control of their lives so that they can then take advantage of local and regional job opportunities. There will also be measures to tackle the problems of crime and ill health, as well as initiatives to improve health and housing conditions.

We need to target public resources for regeneration so they can be effective. A

number of sub-regional Regeneration Zones will be set up across the region, building on the opportunities to invest but also linked to areas of poverty. This will provide a direct link between creating wealth and developing the business base, and community regeneration. We will focus on particular areas of need to make sure national and European funding for regeneration is used to best effect.

Our eighth aim is to develop the connections between public, private, voluntary and community sectors so we can support the complete development of the region to benefit everyone who lives here.

Local people need to take charge of their own future. The challenge is to support local communities and develop their ideas and energies. The voluntary sector, community organisations and the business community need to be brought together to help local people build strong prosperous communities.

The next steps

The West Midlands strategy is ambitious. It needs a strong partnership to deliver it. We will co-ordinate the strategy and the next steps, starting with detailed action plans.

Glossary

Throughout this document we occasionally refer to technical terms and phrases that are commonly used in economic and development work or may be specific to the West Midlands or certain industries. We provide a brief explanation of some of these terms.

Clusters

Groups of companies and organisations in related industries that have economic links because they buy and sell from each other, or because they use the same skills and infrastructure in a local area.

Globalisation

Opening world markets by removing trade and other barriers and by providing better information and communication technologies.

Gross Domestic Product (GDP)

The total value of all final goods and services produced in an economy during a one-year period.

Gross Value Added (GVA)

The total value added to finished goods through the various stages of production, less the value of the raw materials or initial inputs.

High technology sectors

Includes industries where creating knowledge is the main aspect of the enterprise, for example, computers, electronics and aerospace.

Small and medium enterprise (SME)

Companies with less than 250 employees (and a turnover of less than £11.2 million; a balance sheet of less than £5.6 million).

Stakeholder

Any person or organisation with a social or economic interest in another organisation.

European Structural Funds (ESF)

The European Structural Funds aim to tackle regional differences in economic prosperity through three types of funds - the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF). All Structural Fund

aid is channelled through Single Programmes, drawn up by the UK Government and agreed by the European Commission. They specify what funding is available to each region and the spending priorities.

Index of local deprivation

The DETR produces an index of local deprivation based on a range of measures, such as unemployment rates, economic activity levels and income levels. The index is worked out for the 355 local authority districts of England. Each district is then given a rank, with one being the most deprived and 355 the least deprived.

Rural development area

Rural Development Areas are priority areas identified as those rural areas in England with the greatest concentration of economic and social need. First introduced in 1984, they were set (for 10 years) in 1994 based on information from the 1991 census.

Society of Motor Manufacturers and Traders Industry Forum (SMMT)

The Forum is a world-unique co-operation between international vehicle manufacturers and component suppliers. It delivers products and services to automotive supply companies to support them in achieving long term world-leading competitiveness.

University Challenge Seed Corn Fund

A fund to help University academics and students start up new enterprises based on innovative ideas and research.

University for Industry Ltd (Ufi Ltd)

The company will work with businesses and education and training providers through using modern technology to make learning available at a time and a place to suit the learner - at home, in the workplace and through a network of learning centres. UFI will be launched nationally in the Autumn of 2000.

e-business

Business activity carried out solely through electronic medium.

The regional economic strategy in context



Vision

"Within 10 years, the West Midlands will be recognised as a premier European location in which to live, work, invest and to visit, regarded internationally as world class, and the most successful region in creating wealth to benefit everyone who lives in the area".

Delivering the vision

There are two themes that show how we will deliver the vision.

Creating wealth through enterprise.

We want to control our own destiny and not depend on others. To achieve this, we must create wealth in the region through businesses working with other parts of the wider community. This will give us the opportunity to invest in skills, in transport, in leisure, sport and culture for the future.

Providing access to opportunity.

There is absolutely no point creating this wealth if only a few people share it, everyone must benefit from it. So, to successfully create wealth, which will benefit everyone who lives in the West Midlands, we must make sure that:

- the region makes the most of the abilities of everyone who lives here and
- everyone is in a position to take advantage of the opportunities that will be provided.

A regional economy is not simple, and it is important that action on any one topic is not viewed on its own. There are some issues (called frameworks in this document) which need to be seen as cutting across all other issues.

To provide a focus to deliver this strategy, we have identified four main headings (called pillars in this document). It is under these four headings that we set out the way we are planning to link the aim to the action.

The West Midlands offer: a strong partnership

Although Advantage West Midlands has written the strategy, it is a strategy for the region, not just Advantage West Midlands. A large number of organisations have been consulted: over 250 of these gave us detailed comments and suggestions on the consultation draft of Creating Advantage published in July 1999. We can only take the opportunities and meet the challenges in the West Midlands by working together and 'Creating Advantage' provides the framework for the regional partnership to do this.

'Partnerships' is a over-used word, but when it is used to describe something as complicated as a regional economy, it is the only way to work. The Regional Chamber has played a crucial part in developing the strategy.

In May 1999, the West Midlands Regional Chamber was one of the first chambers that the Government officially recognised as a specific regional chamber. There are 60 members of the West Midlands Regional Chamber, 42 from local authorities, nine from the business sector and nine from other sectors.

The regional economic strategy in context

The Chamber represents people who have an interest in the region's economic, social and environmental well being. By endorsing the strategy, the Chamber has played an active part in its development. Equally important, is that, along with Advantage West Midlands, the Chamber will be the driving force, in making sure that the action needed to achieve the vision is agreed within the region and carried out.

Action Plans

Set out below is the structure for developing the detailed action plans that need to evolve from this Strategy.

The two sub-groups will be made up from members of the Board of Advantage and Regional Chamber members.

The pillar groups will be responsible for producing the detailed action plans, to be agreed within the region by the end of March 1999. These will need to identify:

- the action,
- who will lead and be involved in its delivery,
- the timescale for the action,
- the resources required,
- the outputs and targets for each action as part of the overall evaluation system outlined later in this document.

Those working on the framework headings will be asked to advise the four pillar groups as to how the action plan should handle the framework.

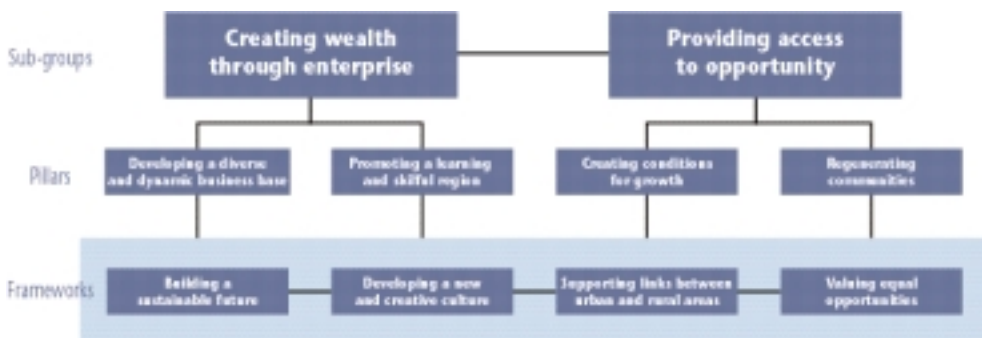
The role of Advantage West Midlands is to provide a regional strategic viewpoint and contact for specific action. We will develop these detailed action plans with local, regional and national delivery organisations. Advantage West Midlands, together with others, will use our own funding programmes and resources to help turn the Regional Strategy into action. We will also need to ask central government for extra resources and flexibility so we can meet the regional need.

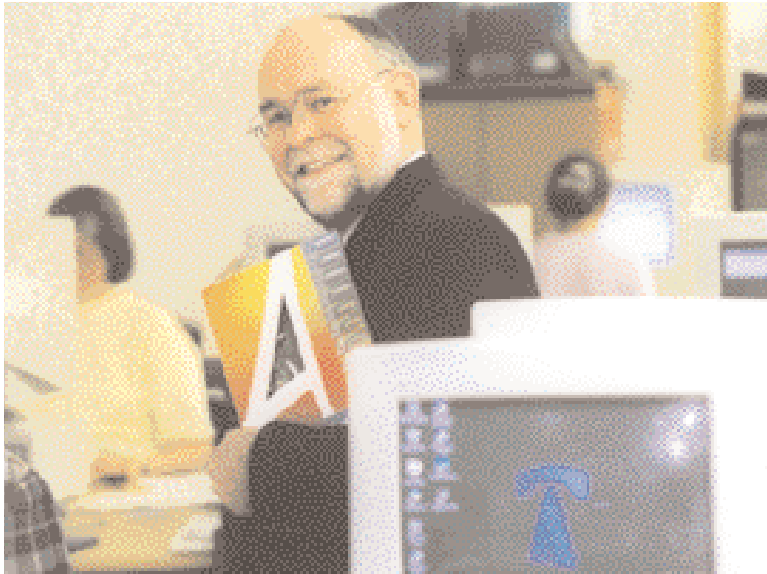
The organisations that the Chamber represents, and many others, are all part of the delivery system. As leaders in In our role of delivering the strategy, Advantage West Midlands will continue to work with existing and new partnerships. It is important that we all continually monitor and assess the success of partnerships, and how they are meeting their aims. This applies to Advantage West Midlands as much as anyone else.

The West Midlands offer: a unique region

This vision and these themes may not just apply to the West Midlands. However, the regional assets that can help us to achieve the vision are unique to the West Midlands.

The traditional image of the West Midlands as 'just a manufacturing region' is far from the truth. Yes, the region has a long tradition of making things, and Birmingham was known as 'the city of a thousand trades. But what really has characterised the region is that our people and businesses have invented, designed and made things. The





West Midlands was the birthplace of the world-wide industrial revolution and home to innovators such as Abraham Darby, Josiah Wedgwood, Josiah Mason, James Watt, Matthew Boulton and Thomas Telford. People from this region have been responsible for the jet engine, radar, the heart pacemaker and liquid crystals.

This innovative spirit continues today...

- There was a 20% increase in the number of computer and computer related companies between 1997 and 1998.
- Jungle.com, based in Coleshill in Warwickshire, made one of the most successful ever internet launches, with its new web-site handling five million visits in its first 48 hours of business.
- In 1998, the West Midlands was the fifth most popular place for inward investment in Europe and has attracted 592 inward investments since 1991.
- West Midlands universities have an international research reputation and Birmingham, Warwick and Keele have five-star research ratings in metallurgy, general engineering and computer science, in that order.

- The French Government has described Warwick University as 'Europe's most outstanding example of how a university should interact with industry'.
- Staffordshire University has the largest higher-education computing school in the UK and also offers a BSc in Interactive Entertainment Technology - the UK's only degree course in designing computer games.

This region is also unique in the range of the cultural 'product' it offers. This includes the unspoilt, remote countryside of the Marches and the Peak District national park; the International City of Birmingham and world-renowned destinations such as Stratford on Avon and the World Heritage Site of Ironbridge. Other important attractions include the industries and heritage of Worcester, the Potteries and the Black Country as well as the architectural and cultural assets across the region.

The geographical 'mosaic' of the region also gives us unique strengths. Birmingham is the international city at the centre of the region, providing a focus for developing the economy the West Midlands and a gateway to promoting the region.

- Birmingham is the largest professional and financial centre outside London.
- Birmingham attracts 42% of the UK's conference business, based on the world-class facilities of the NEC and ICC.
- Birmingham International Airport is the fifth largest in the UK and the second largest outside London, handling over six million passengers a year, with plans to expand.

Birmingham gives the West Midlands unique opportunities because of the way it is linked and fits into the overall economy of the region.

Birmingham is situated alongside the other distinctive parts of the region. They all have their own strengths and links with the rest of the region.

Staffordshire and Stoke on Trent includes the home of fine ceramics manufacturing, one of the sectors which is identified in this Strategy, attractive rural areas such as the magnificent landscapes in the Peak District

The regional economic strategy in context

National Park and world class tourism attractions such as Alton Towers. The County aims to build on its tradition of manufacturing excellence, whilst attracting and developing a diverse range of new and innovative businesses.

Shropshire, although a predominantly rural county, has a strong interdependence between the county towns such as Shrewsbury, smaller centres and their rural hinterland. Shropshire has a high quality environment which supports both the tourism and agricultural industries.

The former new town of Telford and the Wrekin has been a major growth centre for the West Midlands region, attracting a large numbers of foreign investors. There are for example 20 Japanese owned companies in the area.

The Black Country (Dudley, Sandwell, Walsall and Wolverhampton) has a long tradition as a manufacturing centre. Although the decline in some traditional industries has left

social and environmental problems, the area has a long history of joint working and this is again being born out by the creation of a new public/private partnership - Black Country Consortium. Investment made in recent years in the area has started to pay dividends. For example, the Black Country Urban Forestry initiative has set national and international standards.

Coventry and Warwickshire, along with Solihull, has an existing very strong base of companies, research institutions and universities which provide the basis for developing a high-technology cluster. It also has internationally renowned tourism and cultural facilities (Stratford, the Belfry)

Worcestershire epitomises the interdependency between urban and rural communities, with its diverse economy stretching from the manufacturing towns of Redditch and Worcester, through to the beauty of the surrounding countryside and traditional market towns.

Overall, it is a mixed picture for the region.

Over the last ten years, the West Midlands region has experienced real economic growth.	However, it stills performs below the national average.	It has made little progress towards closing the gap.
Gross Domestic Product has grown in line with the national average - by around 29% between 1991 and 1996.	Gross Domestic Product per head in 1996 was 8% below the average and 6% below the national average.	Gross Domestic Product per head has stayed around 6% below the national average throughout the 1990s.
The number of people in employment has risen slightly.	Both average and middle incomes are well below the national levels.	Since 1990, unemployment rates have stayed above the national average although since 1995, they have remained almost inline.
Since 1992, total employment has grown by almost 9% - higher than the national average of 6.4%.	On the 'Index of Local Deprivation' the West Midlands has two districts in the top 10 and six in the top 50 most deprived areas.	Since 1994 the number of VAT- registered businesses has fallen faster than the national average.
Economic activity rates have increased.	In 1997, the West Midlands had the second lowest manufacturing productivity levels (Gross Value Added per head) of any English region.	
Unemployment rates have fallen.	The region is below the national average on all national learning targets.	



Herefordshire has traditionally been reliant on agriculture as the basis of its economy, with some of the largest Herefordshire companies being involved in food processing. The economy, however, is becoming increasingly diverse, with growth in both the service and manufacturing sectors. Tourism is also a major industry, with the hotels and catering generating income and employment. The priority sectors identified in this Strategy of creative and cultural, food production and tourism industries are strong in the County, with an increasing number of small businesses engaged in these sectors.

There is also a multi-cultural 'mosaic' alongside this geographical layout, and that provides unique opportunities. The West Midlands is a dynamic, multi-cultural society. Different ethnic and social groups make an

important contribution to the wealth of the region, and it is vital to achieving our vision that full use is made of the skills that exist in all these communities. The importance of young people to the future of the region is something we need to value - both by taking advantage of their skills and energy, and by listening to and taking notice of their views. The creative industries sector, which is one of our identified growth sectors, is a good example of where the energies of young people and different cultures will be supported.

It is the blend of cultures, unique histories and shared futures that defines the West Midlands.

The region today

In this document we have set out above the unique strengths of the West Midlands for this strategy to build on. Our consultation with people in the region whilst writing this Strategy has generally supported the conclusions of the overall economic analysis of the region, which was in the draft strategy and the region today appendix. The summary of the main conclusions shows that there are areas of weakness we need to look at if the region is to achieve its full potential.

A changing world

The context for delivering the vision is also changing. We need to understand it and put it at the centre of our action.

The demand for goods and services across the world can change quickly. For example the ceramics and automotive industries have experienced this change. Businesses that cannot change or cannot see change coming are at a disadvantage. In the past, parts of the region have found it very difficult to move from a manufacturing to a more service style economy, where high technology is used more often. The West Midlands should not compete against products from other countries where the cost of labour is low or where there are weaker environmental laws. The most successful businesses in the region are successful because they focus on high value-added goods and services. This is where the future of the West Midlands economy must lie.

Europe

Nowhere is this more true than in Europe, which will continue to expand as the new 'home' market. Enlargement, the single market and especially the single currency (whether the UK joins or not) will continue to make sure that trade increases, and that transport and communications have a direct effect on the West Midlands economy.

New rounds of talks within the World Trade Organisation and the reform of the Common Agricultural Policy will have an important effect on developing our rural areas.

European Union structural funds have speeded up the major regeneration projects in the region. Partners in the region are developing a new single programming document for the parts of the region that will be eligible for Structural Funds after 2000, as well as a regional plan for funding training and skills.

West Midlands economic development partners are working together to build the region's role as a region of Europe, developing even better connections with the European Commission and working together to boost the Local Government Association's Birmingham and West Midlands office in Brussels.

Foreign Direct Investment (FDI) has been one of the main expressions of globalisation at a regional level. It has increased steadily over the last ten years and we expect it to rise. The West Midlands has been very successful in securing FDI- over 1850 overseas companies are established in the region, employing 220,000 people. In 1998, the West Midlands was the top location in England for FDI and the fifth most popular region for new investment in Europe.

However, the nature of FDI may change as fewer foreign companies build new manufacturing plants, new build manufacturing transplants become less significant and the number of service-sector projects increase. These trends will have a major effect on the region and the way it organises itself to meet investor needs.

The Knowledge Driven Economy will, as set out in the Government's 1998

Competitiveness White Paper, Building the Knowledge Drive Economy, have a major effect on both international and national business.

Customers have become more demanding, knowledgeable and used to excellence by being more informed and having more access to choice, most of which they have received through improvements in ICT. The greater use of ICT and e-business is already having an effect on the nature of business transactions and the location of business itself. This is another set of opportunities and threats for the region.

Developing ICT is only part of the even greater force of the increased speed of scientific and technological development. However, these changes will not prevent a continued increase in the amount of traffic in the region, both for goods and people.

There is also a fast-increasing interest in sustainability. As we become more aware of our responsibilities for the environment, the importance of being environmentally efficient is becoming obvious. This trend will continue in the future.

There are also population changes. The West Midlands reflects European trends which sees the population moving between urban and rural areas. Young people are moving into our cities while more and more older people, particularly those raising children, are moving out of the city. This change in the population will have an important effect on developing the region.

We can only deliver the Strategy by using all our unique assets and taking them forward in the context of the changes shown above, and the development of policy and partnerships.

In a national context, this involves being informed by and taking forward in this region, Government strategies and reports, such as:

- the Competitiveness White Paper,
- Learning to Succeed,
- the Urban Task Force Report,
- the Urban and Rural White Papers and
- the reports of the Social Exclusion Unit.



Co-operation with other regions is also crucial to the West Midlands. Examples of these include:

- working with the East Midlands:
 - on rural regeneration activities in the Peak District;
 - on an international benchmarking study and sector activity;
 - by having joint offices for promoting inward investment.
- working with the North West to examine the options for the M6.
- working with the South East, South West and East Midlands to promote tourism through the Heart of England Tourist Board.
- all Regional development agencies working together to develop capital funds for small businesses.

At a regional level, the Regional Economic Strategy is only one part of an overall regional plan. It must support and inform other regional plans and strategies, because we can only achieve our vision by working together. Other elements include the following.

Regional Planning Guidance for the West Midlands Region (RPG 11) was published in 1998. Its main purpose is to set up a framework for developing plans in the region, as laid out in Structure and local plans. The Regional Economic Strategy will work within the RPG framework in moving towards the vision. Specific examples of how this strategy fits within RPG can be seen in the plan for Regeneration Zones and the Major Investment Sites policy. A review of RPG 11 will begin in 2000 and Advantage West Midlands will work with the West Midlands Local Government Association who will lead this review, to make sure that the RPG guidance given and the Strategy both work towards the same vision.

Working to Win 2 is a regional competitiveness strategy prepared by the regional economic consortium, a group of regional economic partners. Much of the work in this strategy has built on the analysis of that document.

The Skills Agenda for the West Midlands - prepared by the West Midlands Regional TECs and CCTEs which has been the base for developing the learning and skills section of this strategy.

Strategic Aims for the Cultural Sector - prepared by the West Midlands Cultural Forum which is made up of representatives of cultural agencies and local authorities. Advantage West Midlands will need to work closely with the new Cultural Forum the Government is setting up in the region as it develops the work done in preparing the strategic aims.

The West Midlands Round Table for Sustainability is working on a Regional Sustainability Action Framework. We will consider including the results of this study in the framework developed to monitor progress towards achieving our vision.

At local levels, there is a range of strategies and plans that are all part of this regional plan. This Strategy has to fit into, lead and respond to these other plans. Towards the end of this document, local areas have set out some examples from within the region on how this relationship can work.