

# Mapping the architecture of economic development policy and strategy across the Midlands Engine pan-region

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Supporting inclusive economic growth in the West Midlands and across the UK



# **MAPPING THE ARCHITECTURE OF ECONOMIC DEVELOPMENT POLICY AND STRATEGY ACROSS THE MIDLANDS ENGINE PAN-REGION**

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MAY 2021

# Mapping the architecture of economic development policy and strategy across the Midlands Engine pan-region

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May 2021



*Supporting inclusive economic growth in the West Midlands and across the UK*



## 60 second overview

The Midlands has a complex institutional architecture at local and sub-regional levels, involving statutory and non-statutory organisations and partnerships. We undertake an audit of extant local and sub-regional economic development strategies and plans. Our research (an audit of Local Enterprise Partnership [LEP] and local authority [LA] strategies, a literature review and intelligence gathering amongst local stakeholders with responsibilities for economic development) focused on the content of strategies and the nature of targets presented in them. It concluded that there is a varied picture at local and sub-regional levels as to whether strategies include targets and the nature of those targets, so presenting considerable challenges for the aggregation of targets across areas.

There is some degree of consistency between the aspirational targets of LEPs around productivity and those of the Midlands Engine for the pan-Midlands region. A lack of uniformity in information included in economic development strategies means it is very unclear whether local/sub-regional actions and ambitions are sufficient to meet strategic ambitions at the Midlands scale.

Our research also suggests that the geographically uneven and complex nature of layers of local and sub-regional governance with a mix of statutory and non-statutory organisations and responsibilities, that have developed in a relatively *ad hoc* way, pose difficulties for gaining a clear line of sight between sub-national and national policies. *Ad hoc* challenge funding pots can compound problems of longer-term planning and coordination across geographical scales.

While not all local/sub-regional strategies need to be the same, there is a case for greater consistency, such that they share some common characteristics, including a targetry framework and a set of indicators to monitor progress.

Responses to the Covid-19 pandemic have led a revitalisation of existing and new partnerships. Recovery frameworks include a broadening of economic development strategies and visions to cover health and well-being and inclusive growth and greater emphasis on digital infrastructure and green issues alongside traditional concerns of skills, innovation and enterprise.

Our review of strategies and intelligence from interviews suggests that:

- Competition for funding and unclear roles and responsibilities can hinder partnership working but involvement in collaborative Covid-19 recovery planning activities has been beneficial.
- Internationalisation and the role of the public sector in job creation receive limited coverage in strategies.
- Green issues, digital infrastructure and inclusion, health and well-being, inclusive growth and job quality receive more attention in recent than in earlier strategies.
- Anchor institutions are increasingly prominent at city level in contributing to economic development strategies.
- There is a need to promote good practice in formulating economic development strategies and the economic analysis underpinning them.
- Where it exists significant institutional or individual corporate memory from predecessor regional and local economic development institutional structures is evident in the strategy development.

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## EXECUTIVE SUMMARY

This research is intended to contribute to enhancing understanding of the rationale for a pan-regional approach to economic policy development and growth strategy at the scale of the Midlands pan-region. The **objectives** are:

- 1) To undertake an audit of, and provide an organisational map for, the structure of extant economic strategies and plans, including Covid-19 recovery strategies/plans, in the Midlands
- 2) To identify areas of overlap, synergy, gaps and conflicts in these strategies and plans

**Approach:** The research builds on and extends analyses of previous research on geographical scales and functions in the Midlands. It also uses insights from a range of related research on topics including governance structures, LEP funding, local growth strategies, and local institutional structures and productivity, sustainability and inclusivity trade-offs. It also draws on direct experience of undertaking analysis to inform recovery planning through the project teams' participation in analytical groups and economic intelligence fora/networks across the Midlands.

The study **concludes** that:

- 1) The range of economic development strategies varies across the nine Local Economic Partnerships (LEPs) and 65 Local Authorities (LAs). This reflects reductions in resources for formulating economic development strategies and partnership working, and differences in levers and responsibilities between those organisations with statutory and democratic powers to act and with requirements to formulate strategies and report on delivery vis-à-vis those without.
- 2) Where they are reported (and such reporting is not consistent) there is a good deal of consistency between the high-level strategic objectives set out in strategies at a sub-regional/ local levels and Midlands Engine's aspirations for the Midlands pan-region.
- 3) There is some degree of consistency between the aspirational targets of the LEPs around productivity and those of the Midlands Engine. The best available analysis suggests that if the targets were to be achieved sub-regionally, they would just undershoot the pan-regional target.
- 4) It is very unclear whether local/sub-regional actions and ambitions are sufficient to meet strategic ambitions at the Midlands scale. Some strategies/ plans do not include numerical targets and/or have sufficient clarity around how interventions and resources being deployed relate to high-level strategic objectives. Without visibility on the scale and nature of the interventions being delivered it is not possible to judge whether high-level objectives can be achieved.
- 5) The level of coordination across organisations at local/sub-regional scale is variable, despite aspirations for partnership working. Some reliance on challenge funds promotes competition between organisations, rather than collaboration, and benefits those areas/organisations with greater internal capacity to prepare strong bids. More coordination is evident across the WMCA area than elsewhere and there are clear links between strategies across different geographical scales. The reason for that is probably two-fold: (i) the CA is a statutory body which crosses administrative boundaries, so providing a 'mezzanine level' of sub-regional governance facilitating greater coordination and clarity about the division of labour; (ii) it has greater capacity and

specialist expertise on which it can draw. While non-statutory agencies can support cross-regional engagement and knowledge sharing they do not have the authority of statutory agencies.

The findings chime with the principles set out in earlier research relating to functions to be undertaken at the pan-regional scale. While it is appropriate for various functions to be carried out at a range of different spatial scales, there are particular policy domains (where the relevant spatial scale is larger than the coverage of individual LAs or LEAs, but smaller than the national scale) and functions (notably advocacy, to some extent strategy, evidence and analysis and to a lesser extent delivery) where activity at a Midlands-wide scale is applicable.

**Assessment:** The review of extant economic strategies/plans and intelligence from interviews with local/sub-regional stakeholders reveals the following:

- a) *Partnership working:* Competition for funding can undermine cooperation and collaboration. Likewise, an overly complex governance structure and unclear roles and responsibilities can lead to duplicated efforts as well as create tensions between local/sub-region/regional stakeholders that can make partnership working difficult. However, there is emerging evidence that involvement in collaborative recovery planning activities has changed local understandings of the division of labour between LEAs, LAs and their partners in parts of the Midlands.
- b) *Gaps:* There is limited coverage of *internationalisation* in many of the strategies examined, although new trading arrangements associated with Brexit have meant this topic has risen up the policy agenda. Generally, economic development strategies have prioritised the role of the private sector, and the role of the *public sector* in job creation and promoting job quality receives limited emphasis. Given the increased intervention in the economy by national government in the wake of the Covid-19 pandemic – including in supporting employment through the furlough scheme – this is a topic warranting greater attention in future.
- c) *Emergence of new priorities and issues:* While the focus of the review was, as far as possible, on recent economic development strategies it is clear that there are some topics that have received greater emphasis in more recent strategies, including *green issues, digital infrastructure and inclusion, health and well-being, inclusive growth and job quality*.
- d) *Role of anchor institutions:* The role of anchor institutions, and particularly of *universities*, as key economic players and in contributing to economic development strategies has become more prominent at city-level.
- e) *Promoting good practice and capacity in economic development:* There is a need to promote good practice in formulating economic development strategies/plans and the kinds of policy research and analysis that underpin them. Where strategies are based on logic chains with linked inputs, outputs and outcomes, it is far more straightforward to relate delivery activity and specific resources to the pursuit of higher-level strategic objectives signified by outcome targets.
- f) *Corporate memory:* In general, where there is significant institutional or individual corporate memory this was evident in the strategy development. Places that retained, developed or brought in capacity from the predecessor structures have a greater capacity to respond and more likely to utilise approaches such as outcome frameworks and logic chains and more likely to have a monitoring process as part of the strategy.

# 1. INTRODUCTION

## 1.1 About the research

The Midlands pan-region consists of 65 Local Authority (LA) Districts, nine Local Enterprise Partnerships (LEPs), the West Midlands Combined Authority (WMCA) and Midlands-wide sector bodies. For policy decentralisation to work effectively in the Midlands it is important that there is as much clarity as possible about what functions are discharged by what organisations at what geographical scales and that the synergies between strategies are maximised and conflicts minimised for the benefit of the Midlands Engine pan-region and its component parts.

The research has two key *objectives*:

- 1) To undertake an audit of, and provide an organisational map for, the structure of extant economic strategies and plans, including Covid-19 recovery strategies/plans, in the Midlands Engine region
- 2) To identify areas of overlap, synergy, gaps and conflicts in these strategies and plans

It is intended to contribute to enhancing understanding of the rationale for a pan-regional approach to economic policy development and growth strategy at the scale of the Midlands Engine pan-region.

## 1.2 Methodology

The project builds on and extends analyses presented in previous research on geographical scales and functions in the Midlands (see section 2.1 for a summary).<sup>1</sup> It also uses insights from a range of related research on topics including governance structures, LEP funding, local growth strategies, and local institutional structures and productivity, sustainability and inclusivity trade-offs.<sup>2</sup> It also draws on direct experience of undertaking analysis to inform recovery planning through the project team's participation in analytical groups and economic intelligence fora/networks across the Midlands.

The methodological approach involved:

- a) Evidence review and synthesis
- b) Development of an inventory and visualisation of key governance structures in the Midlands Engine pan region and their geographies

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<sup>1</sup> Green A. and Rossiter W. (2019) *Geographical Scales and Functions: The Case of the Midlands Engine*. Report prepared for the Midlands Engine Independent Economic Review. <https://www.midlandsendine.org/wp-content/uploads/ME-Geographical-Scales-and-Functions-October-2019.pdf>

<sup>2</sup> For example, from the *Local Institutions, Productivity, Sustainability and Inclusivity Trade-offs (LIPSIT)* project (<https://lipsit.ac.uk/>); Taylor A. (2019). The Realities, Challenges and Strengths of the External Funding Environment at LEP Level. Smart Specialisation Hub <https://www.birmingham.ac.uk/Documents/college-social-sciences/business/research/city-redi/Projects-Docs/EXTERNAL-FUNDING-ENVIRONMENT-FINAL-REPORT-c.pdf>; Romaniuk A., Osborne C, Rainsford E. and Taylor A. (2020). *Understanding the policy-making processes behind local growth strategies in England* <https://industrialstrategycouncil.org/understanding-policy-making-processes-behind-local-growth-strategies-england>



- c) Interviews with decision-makers and policy analysts in Local Enterprise Partnerships (LEPs), the West Midlands Combined Authority (WMCA), selected local authorities (LAs) and Midlands-wide organisations (e.g. Midlands Connect)
- d) Development of an inventory of key strategies (covering both long-term structural issues and short-term responses to Covid-19) and an audit thereof, capturing key information by policy domain.<sup>3</sup> The audit encompassed all LEPs (and associated Strategic Economic Plans [SEPs] and Local Industrial Strategies [LISs]), most upper tier LAs, many unitary authorities and a sample of LA districts (within two-tier LAs) (see sections 2.2 and 2.3 for further details of the institutional architecture and economic development powers and responsibilities by organisation). For the most part, the audit focused on publicly available strategies and plans available on websites; in some instances, phone calls with LEPs and LAs revealed the presence of working documents not in the public domain; such documents are excluded from consideration.
- e) An assessment of synergies, overlaps, conflicts and gaps across policy domains and geographies feeding into lessons for developing a greater coherence for economic planning and policy governance across the Midlands.

### 1.3 Structure of the report

The remainder of the report is set out in three main sections.

Section 2 sets out the context for the study in more detail. It reappraises previous research for the Midlands Engine on geographical scale and function (2.1), before providing an overview of the institutional architecture in across the Midlands (2.2) and the economic development powers and responsibilities of different organisations (2.3). This information provides the essential backdrop to the research. The focus then shifts to definitions of ‘visions’, ‘strategies’, ‘action plans’/ ‘delivery plans’ and ‘targets’ (2.4). These terms are often used rather loosely and, in practice, this can contribute to confusion. The main types of strategies in scope of this review are outlined (2.5) and then pan-regional targets at the pan-Midlands scale are set out (2.6). Key features of the changing economic context (2.7) and changing institutional context (2.8) are outlined since such changes impact on the nature and content of strategies, the capacity and foci of organisations producing strategies and can influence whether and how strategies fit together and future recommendations.

Section 3 presents findings from the audit of economic plans and strategies. First, it outlines some of the key headline findings from the audit, including the presence/ absence of strategies, (mis)matches in the terminology used for economic strategies and plans, the time periods covered and the subject matter, nature of content and presentation of the strategies (3.1). Secondly, the content of strategies is reviewed by policy domain in order to provide insights in the types and nature issues and priorities covered (3.2). The focus then shifts to discussion of the growth aspirations and targets set out by the strategies and the types of targets identified in the audit (3.3). This leads on to an assessment of what findings from previous research and the targets set out across individual strategies and plans in the current research mean for the achievement of pan-Midlands targets (3.4). Further sections explore relationships between strategies (3.5) and present an overview of the changing status of economic strategies and how they are used (3.6).

Section 4 provides an overall assessment of the evidence and conclusions.

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<sup>3</sup> Key information by policy domain is recorded in a separate set of Excel worksheets.

## 2. CONTEXT

### 2.1 Geographical scale and function

A previous study of geographical scales and functions in the Midlands<sup>4</sup> reviewed the spatial and economic development of the Midlands. It characterised the Midlands Engine pan-region as having an asymmetric polycentric structure, with much of the West Midlands dominated by the Greater Birmingham conurbation, and the East Midlands by a network of larger and smaller cities based on the historic county towns. The study highlighted the complexity of sub-regional functional and administrative geographies and associated governance structures across the Midlands.

A key contribution of the study was to identify what functions (including advocacy, strategy/planning and delivery) it makes sense to discharge at pan-regional, regional, sub-regional and local scales. These relate to policy domains for which the relevant spatial scale is larger than the coverage of individual LEPs or LAs, but smaller than the national scale, and where there are obvious benefits associated with economies of scale/efficiencies of administration, and/or the need to plan in order to meet the needs of large/multiple areas. Across most of the domains examined,<sup>5</sup> the report suggested that there was a role for advocacy – and to some extent for strategy also – at the pan-regional level, as well as for sharing good practice, but a more limited role for delivery. It determined that the pan-regional scale seems particularly appropriate for functions and activities related to specialist science and innovation investments, digital infrastructure, (some elements of) business finance, internationalisation – including inward investment, strategic inter-regional (and intra-regional) transport infrastructure and energy. It also suggested that the pan-regional scale is an appropriate level at which to develop strategic capabilities (relating to research and analytical functions) that can support evidence-based decision making, planning, programme and project design at other spatial scales.

The study concluded that In terms of the fit between geographical scale and function, there is no ‘right answer’. However, in the context of multi-level governance arrangements the manner in which different tiers of government work together is as important as the clarity and nature of any functional division of labour between them.

### 2.2 Overview of the institutional architecture in the Midlands

The Midlands covers the central part of England and is made up of the West Midlands and East Midlands. The spatial representation of this institutional architecture of the West Midlands and East Midlands is set out in Annex A.

The West Midlands is made up of 30 LAs. Of these, 11 are unitary authorities with a one-tier structure of local government while 19 lie within one of the three West Midlands’ county councils (Staffordshire, Warwickshire and Worcestershire) and have a two-tier structure of local government. The East Midlands is made up of 35 local authorities (Rutland joined Greater Lincolnshire LEP in 2020<sup>6</sup>), six of

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<sup>4</sup> Green and Rossiter (2019) op cit.

<sup>5</sup> Skills; Innovation; Transport and Infrastructure; Enterprise; Innovation; Digital Infrastructure; Environment; Climate Change and Energy.

<sup>6</sup> Previously, Rutland was a founder member of the Greater Peterborough Greater Cambridgeshire LEP, which morphed into a Business Board run by the Cambridgeshire and Peterborough Combined Authority.

which are unitary authorities while the remaining fall within the four East Midlands' county councils (Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire).

There are six LEPs in the West Midlands region, the Black Country LEP (BCLEP), Coventry and Warwickshire LEP (CWLEP), Greater Birmingham and Solihull LEP (GBSLEP), the Marches LEP (MLEP), Stoke-on-Trent & Staffordshire LEP (SSLEP) and Worcestershire LEP (WLEP). A number of LAs in the West Midlands fall under two LEPs creating overlaps.<sup>7</sup> In the East Midlands there are three LEPs: the Derby, Derbyshire, Nottingham and Nottinghamshire LEP (D2N2), Greater Lincolnshire LEP (GLLEP) and Leicester and Leicestershire LEP (LLEP). As in the West Midlands, a number of LAs in the East Midlands lie under two LEPs.<sup>8</sup>

A key difference between the two regions is the inclusion of a mayoral-led combined authority (CA) area in the West Midlands that is absent in the East Midlands. The WMCA covers seven LAs: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. Set up in 2016, the WMCA was created for the participating authorities to collaborate and take collective decisions to receive additional powers and funding from central government. Through a devolution deal, the WMCA secured a capital fund investment of £1095m over 30-years and various powers in relation to transport, skills, employment, health, housing and finance. While constituent membership of the WMCA is restricted to the seven LAs noted above, non-constituent members of the WMCA include the BCLEP, CWLEP and GBSLEP, together with the LAs of Cannock Chase, North Warwickshire, Nuneaton and Bedworth, Redditch, Rugby, Shropshire, Stratford-on-Avon, Tamworth, Telford and Wrekin, and Warwickshire.

Within each region there are also a number of partner organisations that play an important role in the formation and delivery of regional economic development policy at the sub-national level.

The way in which these institutions interact with one another in the West Midlands and East Midlands at different scales and across different policy domains can be found in Annex B.

### 2.3 Economic development powers and responsibilities by organisation

There are various types of organisations for the navigation and coordination of regional economic development policy at the sub-national level. The functions of these sub-national organisations can be strategic and/or operational (as intimated in section 2.1). Organisations with *strategic functions* are able to make decisions on types of policy and implementation that are important for alignment, collaboration and the mobilisation of resources within multi-level governance systems. They also play a role in sharing foresight and intelligence about local and regional economies. Organisations with *operational functions* are responsible for delivering policy and managing interventions.<sup>9</sup>

The powers and responsibilities by key types of sub-national organisation are outlined below:

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<sup>7</sup> Lichfield, Tamworth and Cannock Chase are members of GBSLEP and SSLEP while Wyre Forest, Redditch and Bromsgrove are members of GBSLEP and WLEP.

<sup>8</sup> North Lincolnshire and North East Lincolnshire are members of GLLEP and the Humber LEP while Rutland, South Holland and South Kesteven are members of GLLEP and Greater Cambridge and Greater Peterborough LEP; (these latter LEPs span the boundaries of the Midlands).

<sup>9</sup> See Evenhuis E. (2017) 'Institutional change in cities and regions: a path dependency approach', *Cambridge Journal of Regions, Economy and Society* 10(3), 509-526.

*Combined Authority (CA):* A CA is a statutory form of collective decision-making between at least two councils to improve the delivery of public services and other public functions across a defined area. There are two types of CA: those that are mayoral-led and those that do not have a mayor. When CAs were first established, legislation gave them responsibility for transport, economic development and regeneration. In recent years, the functions of CAs have become more open, determined by a combination of local choice and the outcome of negotiations with government. Responsibilities may now include any function of a LA as well as other public functions (e.g. health-related activities).

*Local Enterprise Partnership (LEP):* A LEP is a non-statutory, private sector-led partnership between LAs and businesses. LEPs play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. LEPs currently have responsibility for the Enterprise Zones that fall within their area.

*Local Authority (LA):* A LA provides a wide range of services, including education, housing, social services, highways and transport, waste management, planning, economic development, environmental health and services, leisure and cultural services, and emergency planning. Each local authority has an elected leader and local councillors who are subject to public vote in local elections.

*Unitary Authority:* A unitary authority is a one-tier structure of local government that is responsible for all local government services, that in a two-tier structure are performed by county and district councils.

*County Council:* A county council has statutory functions in relation to education, social services, highways, transport planning, passenger transport, social care, libraries, and some planning matters. LAs that fall within a county council have a two-tier structure of local government, with functions shared between the tiers.

*Metropolitan District:* A metropolitan district pools much of its authority in joint boards and other arrangements that cover whole metropolitan areas, such as CAs.

At pan-regional scale in the Midlands, the *Midlands Engine* is a non-statutory partnership bringing together public sector partners and businesses to complement the activity of LAs, CAs, LEPs, universities and businesses to generate added value at scale across the Midlands.

## 2.4 Visions, Strategies, Action/ Delivery Plans and Targets

In order to review the economic development strategies developed by stakeholders at a variety of spatial scales across the Midlands Engine area, it is first necessary to define key terms.

- A **vision** outlines “aspirations describing a desired future”.<sup>10</sup>
- **Strategy** refers to “the overall process of deciding where we want to get to and how we are going to get there”.<sup>11</sup> It “is a set of choices designed to work together to deliver the long-term goals of

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<sup>10</sup> Prime Minister’s Strategy Unit / Cabinet Office (2004) *Strategy Survival Guide*.  
[https://webarchive.nationalarchives.gov.uk/20060214033713/http://www.strategy.gov.uk/downloads/survivalguide/downloads/ssg\\_v2.1.pdf](https://webarchive.nationalarchives.gov.uk/20060214033713/http://www.strategy.gov.uk/downloads/survivalguide/downloads/ssg_v2.1.pdf)

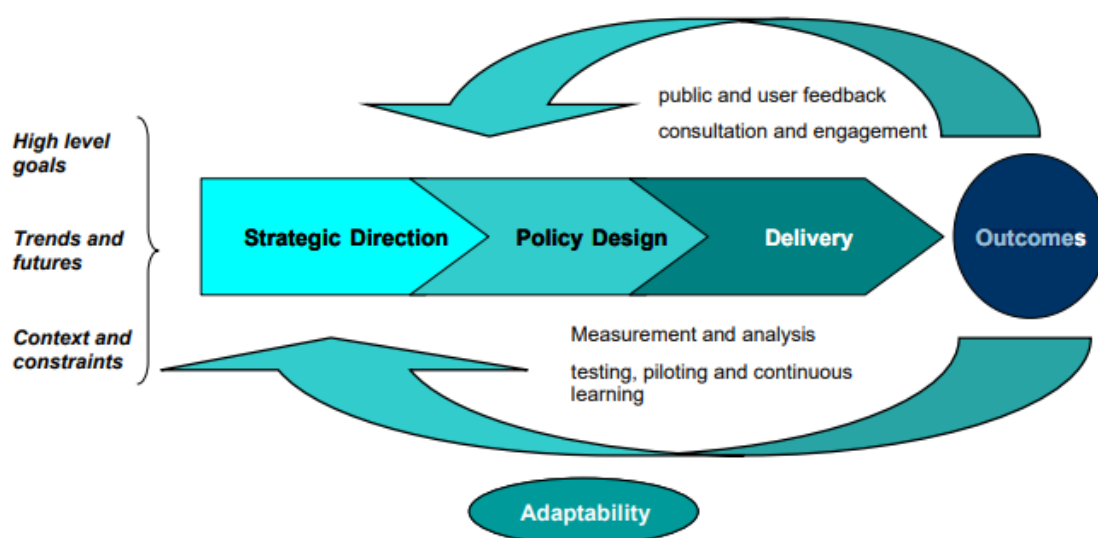
<sup>11</sup> Ibid.

an organisation in the face of uncertainty”.<sup>12</sup> Features of poor strategies include: *vagueness, inflexibility, lack of focus* (where the organisation does not prioritise immediate priorities and commitments), *lack of ambition, being unachievable* given the timeframe or resources available, *poor communication*.<sup>13</sup>

- **Implementation Plans (also known as Action or Delivery Plans)** aim “to agree the following for each specific objective within the document: what needs to happen; when does it need to happen; what measures can we put in place to ensure that it can/will happen; who is taking lead responsibility for its delivery; what are the potential risks to successful delivery; and, who else needs to be involved”.<sup>14</sup> To support the translation of vision into delivery, existing literature emphasises the importance of achieving a ‘golden thread’ between an organisation’s strategy and the vision and outcomes in their delivery plan.<sup>15</sup>
- **Aims** represent the outcomes required to bring about the desired future set out in a vision.<sup>16</sup>
- **Targets** describe “the level of performance or rate of improvement needed”.<sup>17</sup>

Figure 1 highlights the flow of steps from strategic direction to outcomes.

**Figure 1: Strategic direction, policy design, delivery and outcomes**<sup>18</sup>



<sup>12</sup> Monitor (2014) *Developing Strategy. What every trust board member should know.*

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/363273/Monitor - Developing Strategy - a guide for board members.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/363273/Monitor_-_Developing_Strategy_-_a_guide_for_board_members.pdf)

<sup>13</sup> Monitor (2014) op cit.

<sup>14</sup> Cumbria County Council. (2013). *Strategy Development Guide.*

<https://www.cumbria.gov.uk/eLibrary/Content/Internet/536/654/1085/1086/41562132334.pdf>

<sup>15</sup> Ibid.

<sup>16</sup> Prime Minister’s Strategy Unit / Cabinet Office (2004) op cit.

<sup>17</sup> Cumbria County Council (2013) op cit.

<sup>18</sup> Prime Minister’s Strategy Unit / Cabinet Office (2004) op cit., p. 6.

## 2.5 Main types of strategies and how they are organised

A series of different economic growth strategies have been produced in England over recent years. Following the decision to close Regional Development Agencies (RDAs) in 2010, LEPs were established as business-led partnerships linking the private sector, local authorities, higher and further education and the voluntary sector to drive growth strategically in local communities. The creation of LEPs coincided with central government taking responsibility back from the RDAs for functions including investment, innovation and access to finance. Over subsequent years, in return for increased responsibility for considerable amounts of central government funding, LEPs committed within their *Strategic Economic Plans (SEPs)* and subsequently their *Local Industrial Strategies (LISs)* (see Annex C) to deliver against core objectives including driving economic growth, increasing productivity rates, and raising skills levels.<sup>19</sup> Interviews with stakeholders suggest differences in interpretation of the purpose of SEPs and LISs between local areas. There are also variations between local areas in growth deals awarded<sup>20</sup> and whether they were implemented. Moreover, the timing of work on LISs, and the extent of engagement between local areas and central government, varied between LEPs. Some LISs were not completed or signed off by government. In a ‘centralised form of localism’ central government established a framework for SEPs.

LISs were introduced in three waves following the 2017 Industrial Strategy White Paper<sup>21</sup> which aimed to establish a long-term plan to boost productivity and earning power across the UK. LISs aimed overall “to identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness.”<sup>22</sup> Produced by CAs (where they exist) with LEPs, or by LEPs in areas without CA, LISs were agreed in seven areas by 2019. The government had aimed to agree LISs in all areas of England by early 2020. However, the publication of further LISs was paused due to the emergence of competing priorities, primarily Brexit and the need to develop responses to onset of the Covid-19 pandemic.<sup>23</sup> In 2021 the development of new LISs was abandoned as government replaced the 2017 Industrial Strategy with a new Plan for Growth<sup>24</sup> prioritising infrastructure, skills, innovation, levelling up, Net Zero and Global Britain.

The onset of the Covid-19 pandemic led to the establishment of a series of *recovery/reset strategies*. Multiple strategies were developed in many regions by CAs, LEPs and LAs. The nature of the crisis led to more diversity in strategy focus than in LIS, with a widespread shift from productivity to a greater focus on health, well-being and employment. Some recovery strategies took an extant (or draft) LIS or local economic action plan as their starting point. Others are ‘all new’ strategies or action plans prepared in direct response to the Covid-19 pandemic.

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<sup>19</sup> Taylor A. (2019) op cit.

<sup>20</sup> See <https://www.gov.uk/government/publications/midlands-growth-deals>

<sup>21</sup> Department for Business, Energy & Industrial Strategy (2017) *Industrial Strategy: building a Britain fit for the future*, Cm 9258.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf)

<sup>22</sup> Department for Business, Energy & Industrial Strategy. (2018). *Local Industrial Strategies: policy prospectus*. [www.gov.uk/government/publications/local-industrial-strategies-policyprospectus/local-industrial-strategies-policy-prospectus](http://www.gov.uk/government/publications/local-industrial-strategies-policyprospectus/local-industrial-strategies-policy-prospectus); LEP Network. (2020a). The Industrial Strategy. [www.lepnetwork.net/lep-activities/the-industrial-strategy/](http://www.lepnetwork.net/lep-activities/the-industrial-strategy/); Romaniuk, A. et al. (2020) op cit.

<sup>23</sup> Romaniuk et al. (2020) op cit.

<sup>24</sup> HM Government (2021) *Build Back Better: our plan for growth*, CP 401.








[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf)

## 2.6 Pan-Midlands targets

In 2017 the Midlands Engine published a Vision for Growth<sup>25</sup> setting out an *ambition to close the GVA gap to match or exceed the national average and add £54 billion to the Midlands and UK economies by 2030*. To achieve this it highlighted five work packages: (1) maximising new technologies to deliver a radical transformation of Midlands connectivity; (2) investing in the most sustainable and advanced technology to deliver the infrastructure to meet future business and resident needs; (3) growing trade and investment in new markets to create jobs in a global economy; (4) increasing innovation and enterprise; and (5) promoting the Midlands as a great place to live, visit, learn and work.

Key priorities for the Midlands Engine set out in January 2021,<sup>26</sup> taking account of the changing economic context (discussed in section 2.7) and the impact of Covid-19 and Brexit, are outlined in Figure 2. They include economic objectives to close the GVA gap, raise skills levels, increase investment in infrastructure and in public sector R&D, as well as enhanced impetus for international trade growth in the wake of Brexit and targeted sectoral support to achieve business growth and high value jobs to mitigate some of the impacts of Brexit.

**Figure 2: Foci of Midlands Engine ambitions, interventions and impacts<sup>27</sup>**

Barrier	Intervention Rationale	What is needed	Our Impact
GVA Gap	Closing the GVA gap is worth £76bn per annum to the UK economy	Levelling up to create conditions for growth & enhanced productivity	Increased GVA 
Low Skills Levels	Businesses need a skilled workforce to drive growth and productivity	Targeted investment to deliver skills Midlands businesses need	A growing skilled workforce 
Lack of Infrastructure Investment	Decades of under-investment in transport, low levels of digital connectivity, fragile energy infrastructure	Rapid investment in transport, digital and energy / green growth infrastructure	Connectivity driving growth 
Poor Access to Finance	Poor access to growth & innovation finance, business loans and high value capital investment difficult	Expanded, tailored financial tools for Midlands businesses	Business and jobs growth 
Low Public Sector R&D investment	Under performance in R&D intensity - lowest UK public sector investment in R&D per head	Increased and targeted R&D spend linked to Midlands sector and academic opportunities	Innovation-led growth 
Impact of Brexit	Midlands hardest hit by Brexit of all English regions as an exporting powerhouse with strong EU trade	Resources & support to grow number of firms trading internationally	International trade growth 
Impact of Covid-19	Midlands most affected by Covid-19 as advanced manufacturing, tourism and retail sectors hardest hit	Targeted support for most impacted sectors, skills transition, resources for business growth	Vibrant sectors; high value jobs 

Details of Midlands Engine ambitions are set out in Table 1.<sup>28</sup> Most of these stated ambitions – relating to skills, innovation, enterprise, etc. - are expressed in terms of ‘closing the gap’ between the position of the Midlands and national (or sometimes the performance of the leading region). The Midlands position on progress towards each ambition is set out using the most recent data and the size of the gap to be bridged to reach the target is quantified.

<sup>25</sup> Midlands Engine (2017) *The Midlands Engine Vision for Growth*. <https://www.midlandengine.org/wp-content/uploads/Midlands-Engine-Vision-for-Growth.pdf>

<sup>26</sup> Midlands Engine (2021) *Focus 2021/22: Rebuild - Grow – Excel*

<sup>27</sup> Source: Midlands Engine (2021) op cit.

<sup>28</sup> Data provided by Black Country Consortium.

**Table 1: Midlands Engine: Key ambitions, current position and associated gaps**

Target	Policy domain	Midlands (9 LEP) Position	Requirement to close gap
To reach UK average on GVA per head	Economic Growth	£23,190 in 2018 (UK = £28,729)	Additional £5,539 per capita required
	Productivity	£30.80 in 2018 (UK = £35.03)	Additional £4.23 per capita required
To eliminate output gap between Midlands and England	Output - employment - skills - economy		£77.7bn (comprising): £7.2bn too few employment £6.8bn skills insufficient £63.7bn lack of dynamism
Residents with no qualifications – to match UK average	Skills	9.1% = 572,800 people in 2019 (UK = 7.9%)	Additional 76,609 people to be upskilled
Progress 8 Score <sup>29</sup> – to match England	Skills	-0.10 in 2018/19 (England = -0.03)	Improve by 0.07
Per capita public spending on R&D to London, South East and East of England levels	Innovation	£83 in West Midlands £89 in East Midlands	Additional £1.4 billion to Midlands required
Enterprise births per annum to reach UK average	Enterprise	54 per 10,000 population in 2019 (UK = 58 per 10,000 population)	Additional 4,872 enterprise births required in Midlands
Enterprise stock to reach UK average	Enterprise	391 per 10,000 population in 2019 (UK= 448 per 10,000 population)	Additional 58,607 enterprises required in Midlands
Trade in goods surplus	Internationalisation	Exports £45.2bn, Imports £54.8bn in Q4 2020	Ameliorate trade deficit of £9.5bn
To be leading area in UK for FDI	Internationalisation	242 FDI projects in 2019/20 = 13.1% of UK total (London = 34.4%)	21.3 percentage point gap
		6,308 new jobs due to FDI projects in 2019/20 = 11.2% of UK total (London = 23.1%)	11.9 percentage point gap
Identifiable expenditure on transport per head to match at least UK average	Transport	£390 per head in WM, £289 per head in EM in 2019/20 (UK = £497 per head)	£107 per head gap in WM £208 per head gap in EM
No digital exclusion	Digital infrastructure	21 LAs (3%) in most likely quintile for digital access exclusion; 8 LAs (12%) in the likely quintile for digital infrastructure exclusion and basic digital skills exclusion	No specific numerical gap but implication to focus on performance of most excluded LAs
Mobile coverage to be at least UK average	Digital infrastructure	4G services – signal from all operators: geographic (indoor): 75% (UK = 77.2%); motorways: 77.7% (UK = 80.2%); motorways and A-roads: 73% (UK 73.7%)	2.2 percentage point gap on indoor signal; 2.5 percentage point gap on motorways; 0.7 percentage point gap on motorways and A-roads
Net zero by 2050 (legally binding target)	Clean growth	64,368 kt CO <sub>2</sub> emissions in 2018	Reduce emissions to 30% each year



## 2.7 Changing economic context

2020/21 has been an extremely challenging time for local, regional and national governments, with Covid-19 acting as an accelerant to changes that were already developing; exacerbating inequalities in health, access to education and employment. All levels of government switched their priorities to deal with the immediate health crisis of the pandemic.

LAs' main priority became the protection of vulnerable people and the support of healthcare services.<sup>30</sup> LAs also prioritised support for small businesses, retail, hospitality and leisure businesses; they were provided with national funding to administer grants to mitigate Covid-19 disruptions. LEPS had an opportunity to develop innovative funding schemes to support businesses through the Covid-related disruptions; an example is the GBSLEP Pivot and Prosper scheme.<sup>31</sup>

Local government also had to deal with the uncertainty surrounding the exit of the UK from the European Union (EU) on 31<sup>st</sup> December 2020. Throughout much of 2020 there was much uncertainty prior to final agreement of a trade deal in December 2020 and LAs and LEPS spent time preparing for a no-deal exit. There was little opportunity to understand the new EU-UK Trade and Cooperation Agreement. Moreover, some trade regulations, such as the trade of services, have yet to be agreed.

The exit of the UK from the EU also leads to the loss of EU funding, including the European Structural Investment Funds (ESIF), which combines five funds. One of these is the European Regional Development Fund (ERDF),<sup>32</sup> from which the Midlands Engine LEPS have received €1.5bn between 2014 and 2020.<sup>33</sup> The national government has stated that EU funding streams will be replaced, but full details of how this will be done and of the amount of funding and how the 'Shared Prosperity Fund' will replace the ESI are awaited.

## 2.8 Institutional change

The economic development landscape in England is currently in a period of transition – both in terms of institutions and policy focus. The government announced plans to publish a Devolution White Paper in 2019. However, publication has been repeatedly postponed. The Industrial Strategy Council has called for the Paper to be “ambitious in scope” and indicated the opportunity for the paper to be co-created by central, government in collaboration with local leaders from the public and private sectors.<sup>34</sup> It is currently unclear whether publication will still go ahead. In the Queen's Speech on 11<sup>th</sup> May 2021 the government announced plans to publish a Levelling Up White Paper setting out bold

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<sup>29</sup> The 'Progress 8 score' is based on secondary school pupils' performance score across 8 subjects in Year 11 (taking account of their Key Stage 2 starting point) – this performance score is known as the 'Attainment 8' score. Attainment 8 is a measure of a pupil's average grade across a set suite of eight subjects. For example, if a school has a Progress 8 score of -0.25 this would mean that, on average, pupils in this school achieved a quarter of a grade less than other pupils.

<sup>30</sup> Overview of the UK government's response to the COVID-19 pandemic. National Audit Office, 2020. [Link](#)

<sup>31</sup> Source: GBSLEP launches its Pivot and Prosper grant programme. GBSLEP, 2020. [Link](#)

<sup>32</sup> Source: EU funding in the UK. House of Commons, 2020. [Link](#)

<sup>33</sup> Source: 014 to 2020: letter to Enterprise Partnership Chairs and MPs. Department for Business Innovation and Skills, 2020. [Link](#)

<sup>34</sup> Industrial Strategy Council. (2021). *Annual Report*. <https://industrialstrategyCouncil.org/industrial-strategy-council-annual-report-2021>

new interventions to improve livelihoods and opportunities throughout the UK.<sup>35</sup> Large imbalances in capacity and capability have been identified in local institutions across England.<sup>36</sup> Research indicates that successful levelling up is likely to require levelling up of capacities and capabilities of local institutions as well as long-term funding certainty.<sup>37</sup>

The future of LEPs in future growth plans is uncertain. There is some evidence that LEPs may be moving to a less prominent role in the economic development landscape. They were not prominent in recent policy announcements linked to the Budget and were absent from the recent Skills White Paper. Several crucial funds such as the Levelling Up Fund, the Community Renewal, the further Towns Fund announcements and the Community Ownership Fund – are being channelled through LAs (i.e. bodies with statutory (and therefore structural and decision-making responsibilities) instead of LEPs.<sup>38</sup> This represents a departure from recent practice in relation to funds such as the Regional Growth Fund (RGF), Growing Places, Build Back Better Fund and the European Union Structural and Investment Funds (ESIF). The Ministry of Housing, Communities and Local Government stated in April 2021 that it plans “to set out detail” on plans for the future of LEPs in due course.<sup>39</sup>

Previous research on the external funding environment at LEP level showed that value of funding awarded at LEP level differs considerably by LEP and by funding programme.<sup>40</sup> In general, LEPs in larger metropolitan areas have performed most strongly in terms of total allocations for central government funding, while rural LEPs struggle the most to obtain funding. LEPs do not consider that obtaining external funding to deliver projects in their local areas to be their central role. Rather, LEPs described having an important role to play in leadership and partnership that has delivered and continues to deliver funding for their areas. The presence of research-intensive universities is central to which areas have received the highest awards for Horizon2020 and Research Council / Innovate UK funding, emphasising the crucial role that universities play in relation to local economic development.

The research also identified differences in terms of how LEPs were seeking to operate in relation to strategic direction in the external funding environment. The report identified four different types of LEPs: (1) ‘direct action LEPs’: emphasised their role in promoting their local areas and allocating central government funds (these LEPs were mainly in strong urban centres); (2) ‘collaborative, partnership LEPs’: conceived of their role as a facilitator, playing a more collaborative, partnership-based role in promoting economic development in their areas; (3) ‘convening, supporting LEPs’: take a convening role, supporting strategy development and coordinating actors but are not as proactive in developing new strategies as LEPs in the second group (this type was commonly found in rural areas); (4) ‘internal

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<sup>35</sup> See The Queen’s Speech 2021

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/985029/Queen\\_s\\_Speech\\_2021\\_-\\_Background\\_Briefing\\_Notes..pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/985029/Queen_s_Speech_2021_-_Background_Briefing_Notes..pdf)

<sup>36</sup> Taylor, A. (2019). The Realities, Challenges and Strengths of the External Funding Environment at LEP Level. Smart Specialisation Hub <https://www.birmingham.ac.uk/Documents/college-social-sciences/business/research/city-redi/Projects-Docs/EXTERNAL-FUNDING-ENVIRONMENT-FINAL-REPORT-c.pdf>;

Romaniuk, A., Osborne, C, Rainsford, E. and Taylor, A. (2020). *Understanding the policy-making processes behind local growth strategies in England* <https://industrialstrategyCouncil.org/understanding-policy-making-processes-behind-local-growth-strategies-england>

<sup>37</sup> Industrial Strategy Council (2021) Op cit.

<sup>38</sup> Hill, J. (2021). Exclusive: LEPs eye new role as councils take the helm on funding pots. *Local Government Chronicle*. [Online]. <https://www.lgcplus.com/politics/exclusive-leps-eye-new-role-as-councils-take-the-helm-on-funding-pots-10-03-2021/>

<sup>39</sup> Hill, J. (2021) op cit.

<sup>40</sup> Taylor A. (2019) op cit.

challenge LEPs': LEPs that centre on providing internal challenge to decisions made within the associated Combined Authority.

At the time of the research it was noted that LEPs operate in a complex and rapidly changing environment given changing institutional structures and were experiencing challenges related to staffing, the amount of central government funding available, access to match funding, existing outcome/output requirements, alignment between different funding pots, governance arrangements, data evaluation and the ability to implement cross-LEP projects. Many found that ESIF and Growth Deal regulations had prioritised short-term outputs over longer-term outcomes.

## 3. AUDIT FINDINGS

### 3.1 Headline findings

This section highlights headline findings from a review of strategies:

- 1) *Variations in availability of strategies*: There is variation between areas (within and across geographical scales) in whether economic development strategies are available in the public domain. Some strategies might exist but are not available publicly. In other instances, where economic development is not a statutory function (e.g. for lower tier LAs), there are economic development strategies for some areas but not others.
- 2) *Some 'strategies' are 'visions'*: The term 'strategy' appears to be used loosely. Although labelled a 'strategy', in some instances the content of a 'strategy' means that it would more accurately be described as a 'vision', setting out aspirations describing a desired future. Several of the 'reset'/ 'recovery' documents are 'visions' rather than 'strategies' and have no associated delivery plan.
- 3) *Strategies cover different time periods*: There is a lack of consistency in the time periods covered by strategies. This has implications for any exercise concerned with aggregation of targets across local strategies to a Midlands-wide level (see the discussion in section 3.3).
- 4) *Topic coverage of strategies varies in detail*: While key economic development topics – such as skills and enterprise – are covered in most strategies, some topics present in some strategies are absent from others. This can reflect variations in focus and priorities across local areas and/or the presence of more detailed strategies (sometimes referred to in the economic development strategies examined) on particular topics. Again, this poses comparability issues for attempts to aggregate information across strategies.
- 5) *Presentation of strategies/plans differs*: There are marked variations in how strategies are presented. Many plans outline a spatial vision and strategic objectives for the area, but sometimes in summary form only. Some identify policies to enable its delivery. A few set out in tabular form objectives, actions/ priorities, purpose (why), actor (who is involved), funding (if applicable/ available), target date (when), success measure (outcome), risk, links to other strategies, progress.
- 6) *Not all strategies have numerical targets*: Some strategies do not contain numerical targets; this is the case especially for those that would be more accurately described as 'visions'. Obviously, an absence of numerical targets thwarts attempts to aggregate targets across local strategies to wider geographical units. Other strategies have detailed numerical targets. In the WMCA targets are aligned across strategies/ plans; the target framework is 'live' and linked to annual State of the Region<sup>41</sup> reporting, with the targets related to a levelling up agenda.
- 7) *Targets are often expressed in terms of 'closing a gap'*: Where targets exist, they are often formulated in relation to improving performance vis-à-vis the national average or a 'leading region'. In some (but not all) instances such relative targets are translated into absolute measures of the gap. In the case of relative measures, it is possible that local improvements may result in a widening of the gap and vice versa a deterioration locally might result in a narrowing of the gap.

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<sup>41</sup> WMCA (2020) *State of the Region Report 2020*. <https://www.wmca.org.uk/media/4290/state-of-the-region-2020-final-full-report.pdf>

- 8) *Not all strategies identify funding for intervention*: While some strategies outline in detail specific funding sources (including Growth Deals, ESIF funding, etc.) available to underpin interventions set out in strategies/plans, others do not. Some strategies outline intentions to bid for (competitive) funding to undertake specific activities linked to their aspirations and are explicit that actions are dependent on funding being available. Where there is no mention of funding it is not clear whether there is funding to underpin action.
- 9) *Strategies differ in the extent to which they make explicit links to related strategies plans for the same/other areas*: Some strategies are explicit in how they link to other (and sometimes more detailed) strategies/plans in their local area, and also to how they link to strategies at LA/ LEP (both own and neighbouring areas), CA (where applicable) and at Midlands Engine and national levels. Such explicit links are helpful in understanding how strategies relate to one another. Lack of such explicit information does not necessarily indicate an absence of links to related strategies, but it makes attempts to map such links between strategies more difficult. Intelligence from interviews with selected LEP/LA staff highlighted the importance of partnership working (especially in those areas that are part of the WMCA) both within local areas (with increasing emphasis on involvement of local anchor institutions) and with neighbouring areas.
- 10) *Recovery strategies/ reset frameworks have broader concerns than earlier economic development strategies*: Newer strategies/ frameworks formulated since the Covid-19 pandemic tend to place greater emphasis in health and well-being issues than earlier strategies and note the need to think more broadly about issues (covered in earlier strategies) such as city/ town centre redevelopment. They also acknowledge specific issues that have risen up the policy agenda, such as youth unemployment. Environmental issues are more prominent in later strategies also.

### 3.2 Content of strategies by policy domain

This section highlights key topics issues covered by strategies by policy domain.

#### a) Skills

In line with the varied purpose of the strategies reviewed, in terms of skills, some of the documents outline the area's vision, others set out short-and medium-term priorities/aims, some identify desired outcomes, and a small number include detailed targets and list indicators for monitoring progress.

A number of *common themes* are evident in how the strategies set out the area's plan in relation to skills. However, priorities vary between urban and more urban areas. Strategies developed in response to the Covid-19 pandemic take a broader approach than previous strategies.

*Almost all of the strategies target support at young people to help them to access training opportunities and enter employment.* However, the type of support prioritised varies. For instance, the Economic Growth and Prosperity Strategy for Coventry 2018–2022 aims to improve the future of young people supporting 1,000 young people who are NEET into work, training or education. A key objective in the Herefordshire Council 2020 Delivery Plan is to “work with school leaders locally and nationally to develop and implement an action plan to support pupils and students to make the most of their education, particularly at Key Stage 4 and the move into the world of work”. The Black Country Economic Recovery Prospectus aims to build on existing local best practice through the Black Country Employment Support Service which will provide advice and support to young people in accessing work

or continuing education and training. More recent strategies, such as the Nottingham Economic Recovery & Renewal Plan, the Leicester City Council Economic Recovery First Steps Plan and the Malvern Hills Five Year Plan, outline plans to help young people to enter employment through the Government's Kickstart scheme.

*In general, strategies developed prior to the pandemic include a greater focus on skills in relation to increasing productivity than more recent strategies* although improving skills levels to increase productivity is a feature of some recovery strategies. The Greater Birmingham and Solihull SEP published in 2016 aimed to increase skills and reduce unemployment. The North Worcestershire Economic Growth Strategy 2019-2024 stresses the importance of “partnership and collaboration to tackle skills shortages and gaps that are barriers to long terms business growth and productivity”. The WMCA's 2019 Regional Skills Plan aims “to deliver a better match between the skills of the people in our region and the current and future needs of our businesses, to accelerate productivity and deliver economic growth”. Increased productivity (GVA per employee) of businesses of 10-15% is a desired outcome of proposals in the draft Nottingham Economic Recovery & Renewal Plan to develop an Apprenticeship Support Service.

*Developing skills levels to support inclusive growth is increasingly prioritised in strategies across the Midlands.* 'Inclusive growth' is one of seven priorities in the Warwickshire County Council Economic Growth Strategy 2020-2025. Leicestershire County Council's Strategic Plan 2018-22 argues that “ensuring that people have the skills and aptitudes to access employment will help businesses to grow and provide a more inclusive economy that supports a good quality of life for everyone”. Leicester City Council's Economic Recovery First Steps Interim Recovery Plan explains how the Council will work with partners to develop and encourage employers to sign up to a Leicester Charter to promote recruitment of vulnerable groups. Similarly, the vision for economic growth set out in the draft Nottingham Economic Recovery & Renewal Plan prioritises inclusivity.

*Many strategies refer to supporting unemployed individuals into employment.* Reducing unemployment was a key priority in the 2014 Leicester and Leicestershire SEP. A related objective was reducing unemployment by 50% including youth unemployment by 2020. Nuneaton and Bedworth Borough Council Economic Development Strategy 2016 and Economic Development Strategy Action Plan 2016 emphasises increasing “employment opportunities within the Borough for the unemployed through providing opportunities to become an entrepreneur, or otherwise re-join the labour market”.

*Since the pandemic, many strategies have pivoted to also prioritise support for those facing redundancy, through skills development and reskilling, Key aspects include expanding employment support and localised career services.* Solihull's Economic Recovery Plan emphasises the importance of “responsive” employment support for “newly-unemployed, under-employed and those facing redundancy”. The Greater Lincolnshire Business and Economy Recovery plan prioritises shared intelligence and vacancy data as well as extending existing workforce training programmes to unemployed individuals and those who have been made redundant. Worcestershire's Strategy for Restart, like several other strategies, emphasises how priority is being placed in the “immediate term” on “job retention rather than job growth”. Key policies include the launch of a jobs and courses website, a Careers Helpline for young people, educating partner services on support available for individuals seeking to return to employment and demystifying the skills system for employers. Several strategies such as the Redditch Recovery Strategy identify medium-and longer-term priorities around ensuring skills provision is responding to skills demand.

*The pandemic appears to have accelerated focus on responding to future skills needs through promoting upskilling, particularly the development of digital skills.* The Black Country Economic Recovery Prospectus sets out plans for a University of Wolverhampton Digital Innovation Programme. The Leicester and Leicestershire Recovery Action Plan prioritises addressing digital skills needs in the workplace and wider society including through the establishment of a Leicester and Leicestershire Digital Skills partnership, identifying and delivering interventions to reduce digital poverty and developing higher-level technical and digital skills. As part of its objective to make the West Midlands “more prosperous”, the West Midlands Digital Roadmap published in 2021 has a linked outcome: “Everyone can access digital jobs, particularly young people and those at risk of redundancy. The supply of digital skills meets demand”.

*Improving skills support for business including promoting apprenticeships and internships is a feature of many strategies.* The D2N2 SEP emphasises the importance of enabling “businesses to find the talent they need, take advantage of the core specialist capabilities in the knowledge base and equip their workforce with the skills of the future”. The Warwickshire County Council Covid-19 Recovery Plan includes actions to lay “foundations for the future” including increasing the number of supported internships, traineeships and apprenticeships for all young people; working with employers to promote and deliver an increased uptake of apprenticeships; supporting training providers and employers to upskill to reflect changes in employment. Greater Lincolnshire’s Business and Economy Recovery Plan is distinctive in the inclusion of a medium-term priority to “undertake a feasibility study into establishing an Apprenticeship Training Agency to minimise risk to employers of taking on young people –to include transport access solutions as well as employment”.

*Other skills themes* include developing sectoral skills (e.g. sector-based career pathways, increasing attractiveness of key sectors); developing pathways between further education and higher education providers, and between schools, education providers and businesses; increasing the range of higher education provision and the number of highly skilled jobs in rural areas to support the retention of talent; improving educational outcomes; encouraging employer investment in training; and developing leadership and entrepreneurial skills.

## **b) Innovation**

In relation to innovation – and to enterprise (considered next) - a consistent distinction is apparent between longer-term strategies (SEPs, growth strategies, LISs) and more recent recovery plans.

### Longer-term strategies

Innovation is a prominent theme in most strategies that have a long-term delivery horizon. Although innovation strategies are more comprehensive at a wider spatial scale, they remain prominent in council strategies and plans. *Very few of the strategies and plans contain measurable targets* apart from aspirations to converge with national averages. This is perhaps unsurprising in light of the limitations of available data on innovation outcomes at the sub-national scale and limitations on capacity to set appropriate targets.

In most strategies, innovation is recognised as a theme that cuts across other priorities. However, it is *often focused within specific priority sectors* (see Annex D)– overwhelmingly, these are advanced manufacturing and engineering, and digital and creative industries. Priorities are implemented through provision of business support, improving links with universities and enhancing innovation networks and providing spaces for collaboration within a local area or region.

Many of Midlands strategies note the importance of *linking higher education institutions (HEIs) to the business base*. This is often complemented by plans to attract more government funding for HE-private sector innovation projects and plans to lever existing activity and programmes within HEIs and facilitate greater collaboration with businesses in priority sectors. Larger scale developments that combine the power of HEIs and private sector are also ubiquitous and most strategies include plans to establish physical spaces aimed at incubating innovative businesses (mostly in digital and tech sectors) as well as specialised innovation/R&D facilities and centres (often in more traditional industrial sectors). Examples of these activities include the Light Rail Innovation Centre and the Science, Technology & Prototyping Centre in the Black Country LEP SEP.

While most strategies focus on innovation in industries associated with STEM fields some also identify a need for *process innovation in procurement, IP and data* (GBSLEP SEP) as well as sector specific process innovation in supply chain management (GLLEP and SSLEP SEPs). *Growth Hubs* are recognised as key facilitators and brokers in regional innovation networks. Demonstrator facilities are mentioned extensively as a means of increasing the adoption of innovative technologies.

#### Recovery plans

*Innovation is of a lower priority in recovery plans* but, where it does feature, it remains a core aspect of the strategy and focuses more on support for innovation-intensive sectors and innovation-active businesses. Recovery plans commit to leveraging new and existing funds to increase business support activity and establish new innovation centres – particularly in *digital and creative industries*. Alongside a renewed focus on digital industries, *low carbon innovation* is mentioned as a priority in many of the recovery plans. This aligns with a shift in national priorities towards low carbon growth and perhaps reflects the need to keep pace with rapidly evolving digital technologies.

Some recovery plans include designs for *innovation advisory services* to support the later stages of the innovation lifecycle such as commercialisation and intellectual property. Some also reaffirm intentions to carry out longer-term plans for major innovation developments and in some instances highlight the urgency for these, citing their positive economic impact (e.g. Light Rail Innovation Centre).

Most importantly, *recovery plans detail more specific actions that intend to make better use of existing resources, capacity and activity to stimulate innovation*. For example, the LLEP Covid-19 Economic Recovery Action Plan intends to: “Identify and action 'quick win' opportunities for the creation of new spaces [...] for improved knowledge exchange and cross-fertilisation of skills from high R&D to low R&D sectors. These connections would stretch beyond campuses and civic institutions to off-campus mixed spaces, new networks and hubs, and use existing infrastructure (e.g. the well-connected creative and digital industries)”.

### **c) Enterprise**

#### Longer-term strategies

Although large businesses are noted in the context of some strategies, strategies tend to *focus almost exclusively on SMEs*, which constitute the majority of the business base.

Targets are not set consistently in this theme but, where present, tend to be on *start-up and survival* rates as well *GVA uplift and jobs created*. Growth in business is often viewed in the context of



improved productivity but is also recognised in some strategies as a means to improve employment opportunities.

*Business support programmes* form the core of strategic priorities and are mentioned as one of the primary policy instruments for local and regional economic growth. All strategies acknowledge existence of such programmes and often focus on improving these by increasing their availability and reach and aligning them more closely with strategic priorities. While business support is implicitly available across all sectors strategies maintain a focus on supporting enterprise in *priority sectors*. *Growth Hubs and HEIs* are recognised as central to the delivery of strategic priorities for business growth and support. While Growth Hubs are primarily cited as providers of information and signposting as well as brokers, HEIs are cited as collaborators and providers of business support activity. Strategic ambitions and proposed activities for business support are largely consistent across geographies, which often include comprehensive packages of start-up to scale-up support with improved access to finance and peer-to-peer business networks.

*Capital investments* also feature heavily in strategies with plans to improve facilities and serviced spaces for business, with a particular focus on incubators and accelerators. Some strategies take a particular focus on supply chain development and support, often in relation to major infrastructural developments and the business opportunities that these create, e.g. HS2. Geographies that have trading hubs (e.g. ports or major urban areas) also prioritise export activity.

There is a good deal of overlap with other strategic foci such as innovation, place and skills. The need for businesses to adopt digital technologies and practices is noted as a key component of town centre strategies.

#### Recovery plans

These provide detailed plans that will help achieve recovery and *list specific investments and activities*. Overwhelmingly there is a recognition of the sectoral impact of the pandemic and business support is focused on those areas. In some recovery plans there remains a focus on priority sectors identified in longer-term strategies; (see Annex D for a summary of LEP sectoral priorities identified in their long term SEPs). Where recovery plans focus on sectors that have been hardest hit by the Pandemic, this may create a tension with longer term sectoral priorities identified on the basis of very different (pre-Pandemic) policy rationales. A good illustration is the new emphasis placed on textiles in the Leicester City Recovery Plan<sup>42</sup> – a clear response to experience of the Covid-19 pandemic in Leicester which highlighted a need to focus on some specific challenges relating to working practices in this sector.

*Adaptability* is noted as core characteristic of resilient businesses during the pandemic and many of the recovery plans aim to improve this – often by encouraging adoption of digital technologies. There is a tendency towards low cost interventions that can be deployed rapidly through existing arrangements and provision such as Growth Hubs and ERDF projects. Examples are the provision of information on regulation, policy and available financial support to aid businesses' ability to adapt in changing and uncertain conditions. However, some plans commit to increasing funding to businesses without specifying funding sources.

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<sup>42</sup> <https://www.leicester.gov.uk/media/phcf2vp4/covid-19-leicester-economic-recovery-first-steps-nov-2020-1.pdf>

#### d) Internationalisation

There are variations by strategies and area in the focus placed on internationalisation, as well as how internationalisation is referenced. The main foci of the LEPs and LAs regarding internationalisation are *Foreign Direct Investment (FDI)*, *exports* and *tourism*. All of the LEPs place particular emphasis on FDI. They especially refer to building on sectoral strengths in the advanced manufacturing, digital and creative industries, where there are already well-established foreign owned businesses operating. For instance, Warwickshire County Council's Economic Growth Strategy highlights an intention to: 'Attract and secure new inward investment – Maximise Warwickshire's success in attracting FDI and build on our position as the leading Midlands location for investment from foreign-owned companies'<sup>43</sup>. Many LEPs state that they will promote their area on the international stage and utilise partnerships with institutions such as the Department for International Trade (DIT) in order to boost FDI.

A number of LEPs, as well as the WMCA, also aim to *help SMEs in realising their export potential*. For example, the GBSLEP SEP outlines 'Work[ing] with partners (including the Department for International Trade (DIT) and university business schools) to identify and target support at those SMEs which may have unrealised export potential'.<sup>44</sup> A number of other LEP SEPs note that they will engage with the DIT and partners to support more firms, especially SMEs, in the export of their goods/services. The SSLEP LIS also refers to this, underlining an aim to help local SMEs enter new markets overseas. This emphasis on supporting SMEs with exporting has taken on heightened importance following disruptions to supply chains due to Covid-19 and Brexit.

In relation to *assets in local areas*, GBSLEP highlights the opportunities that HS2 will bring, making areas more attractive to foreign investors, especially investors that may be looking to move out of London. Additionally, GBSLEP highlights that Birmingham Airport is also very important to the area in attracting not only foreign investment but also overseas tourists and students.

Some areas place more emphasis on *tourism* with specific references to tourist attractions. For instance, the BCLEP intends to intensify their work in supporting and promoting the visitor economy, specifically mentioning the Geo Park and the Living Museum. From some of the LEPs there is also an emphasis on promoting the area's cultural, heritage and natural attractions in order to increase tourism. Some, like the WMCA LIS, also emphasise the opportunity that the City of Culture and Commonwealth Games will bring to the region, in terms of attracting visitors and promoting the Midlands on the world stage. In local areas with a clear international appeal, such as Stratford-upon-Avon, there is an emphasis on using the global brand of Shakespeare to help drive tourism and economic development, but this is an exceptional case. Within many of the LEP strategies for recovery following Covid-19, there is little mention of overseas tourism.

In terms of growth aspirations and targets there is limited mention of internationalisation within the various LEP strategies and when there are references to internationalisation specific goals are often lacking. For instance, the GBSLEP specifies a growth aspiration to build on its distinctive strengths, including its 'globally competitive supply chains'. However, there is no specific allied metric or target. Similarly, for other strategies, some mention improving the international and domestic visitor economy in their recovery strategies following Covid-19, but do not include specific targets, only that

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<sup>43</sup> Economic Growth Strategy 2020. Warwickshire County Council, 2020: p.g.12. [Link](#)

<sup>44</sup> Strategic Economic Plan 2016-2030. GBSLEP, 2016: p.g.31. [Link](#)

they will aim to improve the visitor economy. There is also a lack of targets relating to FDI, even though this topic features in the wider content of some of the strategies.

#### **e) Transport**

The strategies reviewed aim to address various transport-related issues. These issues are often referred to in relation to improving digital infrastructure, achieving clean growth and in relation to housing and transport issues (considered separately here). Overall, *the strategies include a number of transport-related objectives and proposals, but reflecting challenges across areas in terms of securing long-term and sustainable funding, they often lack specific actions.*

The majority of the strategies reviewed *aim to improve connectivity through developing major infrastructure (road & rail), local infrastructure and bus/other services.* Developing connectivity is less prominent in some Covid-19 recovery strategies. The 2016 GLSEP describes plans for transport investment for multiple roads. Particular focus is given to rail, sustainable transport schemes and transport pinch point schemes. The 2016 Transport for the West Midlands Strategic Transport Plan aims to support the region to “introduce a fully integrated rail and rapid transit network that connects our main centres with quick, frequent services, and which is connected into wider local bus networks through high-quality multi-modal interchanges”. Schemes identified as ready for investment in the Black Country Economic Recovery Prospectus include Dudley Interchange (to realise the wider benefits of the Metro extension), the opening of Darlaston and Willenhall stations and highways improvements to improve access to Wolverhampton City Centre and the M5.

Another common theme in the strategies is *improving accessibility.* Priorities include *developing active travel schemes, expanding walking and cycling routes and exploring use of smart technology to improve journey times.* The 2018 Hub Framework Plan for Solihull aims to improve accessibility, identifying a number of linked proposals (e.g. improving existing and adding new high-quality cycling routes) and outcomes (e.g. establish a walking and cycling network well integrated with public transport; encourage localised alternative transport modes, reducing carbon emissions and ambient pollution; improve the accessibility of wider green infrastructure). The 2016 Shaping Worcestershire’s Plan explains how the County Council aims to “improve journey times through greater use and access to technology, for example, focusing on smarter traffic signalling systems, tackling key congestion pinch-points across the county, and exploring opportunities for increasing access to real-time information to enable people to optimise their journey”.

Many of the strategies *emphasise how investment in transport infrastructure is designed to drive wider economic and social prosperity.* The D2N2 SEP identifies connectivity as a key innovation investment priority: “Strengthen our strong transport and digital connectivity to business and labour markets, enabling businesses and people to travel and communicate quickly and easily, and unlocking opportunities for growth.” The Economic Growth Strategy for Shropshire 2017-2021, argues that “the delivery of high-quality infrastructure to meet the needs of businesses and residents is essential to the implementation of this economic growth strategy”. As part of an immediate ask of Government, the WMCA Economic Recovery Prospectus identifies costs and benefits of HS2 coming to the region. It suggests HS2 will accelerate the creation of 30,000 jobs and 4,300 new homes in the region.

Several strategies *aim to support future mobility through investing in new transport technology and expanding provision for low carbon transport.* A number of recovery strategies document plans to support economic recovery through expanding low carbon transport options. One of GBSLEP’s SEP

priorities is to “improve efficiency” through “supporting our research institutions to continue to strive for transport innovation”. The subsequent West Midlands LIS details specific plans to build on the UK Battery Industrialisation Centre, create new markets and FDI opportunities relating to Electric and Connected Autonomous Vehicles and battery manufacturing; and develop an innovative and integrated transport network, including through the UK’s first large-scale 5G testbed designed to facilitate a new approach to real time data and user management across the whole transport system. Several strategies aim to expand electric vehicle charging infrastructure.

#### **f) Digital infrastructure**

There is a *marked difference in the strategies of cities and other more rural areas in their ambition, when it comes to digital infrastructure*, and not all strategies tackle the issue. This potentially reflects the perceptions of what is acceptable as a minimum standard. Although nowhere demands a minimum standard, the ambition is markedly different depending on the infrastructure already there. There is, however, *a consistent view of digital connectivity being vital*, ensuring the right physical and digital infrastructure to facilitate and enable future economic growth.

*Very few of the strategies examined have set any targets.* A rare example is in Telford<sup>45</sup> where: “Digital connectivity is essential for business growth and we are ensuring through our Superfast Telford programme that 98% of our Borough will have Superfast broadband coverage by 2017 and aspire to achieve 100% coverage by 2020”.

A few strategies/plans have highlighted *specific investments*, such as Nottingham<sup>46</sup> with a Digital Enterprise hub and satellites building on existing strengths in fintech, data science and creative digital and £22.5m for 5G demonstrator and testing facility. This will deliver improved business productivity; digital access; visitor engagement; inward investment; digital skills; and SME development.

Strategies/plans to a greater or lesser extent describe *investment in accessing broadband, the speed of access and skills to apply digital technologies*. Some also identify where they have a particular business asset base which needs a significant investment in infrastructure. This might be a general business requirement or specific to growing a digital sector such as gaming in Coventry and Warwickshire.

Areas which are covered by a *5G pilot* (such as in the WMCA), focus significantly on the use and application of this new infrastructure. The existence of a pilot increases both the interest, appetite and ambition of the *utilisation of the infrastructure*. This comes through strongly in strategies. Some have specific delivery programmes which they highlight in their strategies, such as the Black Country Consortium which highlights the “support the use of digital technologies through the extension of the West Midlands 5G Application Accelerator to the Black Country and the University of Wolverhampton Digital Innovation Programme. The Black Country will be one of three locations for the WM5G Applicator Accelerator. This initiative will help around 500 businesses to use and develop new products and services”.

Some places, such as Warwickshire, emphasise *the role of digital infrastructure in recovery*: “Deliver high performance by harnessing digital, data and making the most effective use of our resources: Use

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<sup>45</sup> ‘Enterprise Telford, Driving growth and Prosperity: Economic Development Strategy’ 2016.

<sup>46</sup> [Economic Recovery and Renewal Plan \(consultation 2020\)](#)

data and technology solutions to drive investments and high performance”. *None of the recovery strategies explicitly look at the potential changes to home working post Covid-19, and the impact and strain it will put on infrastructure, or its impact on the desirability of places.* This might be the very recent rise of this issue up the policy agenda, albeit some reset strategies have only just been published.

There are *shared priorities across areas and strategies in improving the infrastructure* and this is a consistent theme (but relative to the baseline of the infrastructure in a place). However, from an economic development perspective it is important to note that the digital infrastructure is a national network owned by the private sector, so there are very few levers at a local level and the change needs to happen at the national level so that local places can take advantage of it. There is a danger that the lack of investment in some places will widen the digital divide, especially as 5G pilot areas are investing not only in digital infrastructure but also in initiatives to maximise utilisation of such infrastructure.<sup>47</sup> It is noteworthy from an economic development perspective that research<sup>48</sup> suggests that rollout of digital technology affects regional productivity trajectories and hence is an active economic growth tool.

### **g) Clean growth**

In comparison to other policy domains, the strategies of the WMCA, LEPs, county councils and unitary authorities across the Midlands provided *only a small amount of detail on their plans for ‘clean growth’*. Mostly, a number of high-level actions and ambitions were put forward by individual areas with some, although limited, mention of specific targets and projects.

*Targets in relation to net zero* featured in some strategies, with *wide variability* between them. The WMCA has pledged to reach net zero by 2041, with an interim target of a 69% reduction in carbon by 2027. The LAs of Wolverhampton and Solihull that form part of the WMCA have also set net zero carbon targets of 2028 and 2030 respectively. Elsewhere, an ambition for carbon neutrality by 2030 is put forward by Leicester City and similarly by D2N2 LEP but with a longer-term target of 2050. Additionally, BCLEP has launched a programme to develop a 10-year plan to create a zero-carbon industrial base to cut carbon emissions and energy costs. Most other areas shared these ambitions for carbon reduction and stated their intention to use these as a *guiding principle* across their strategies but without a clear net zero deadline or programme of activities for achieving these.

In the West Midlands, the WMCA has set out a number of *commitments relating to the demand side management of vehicles and buildings and delivering successful new approaches to clean energy generation, storage and distribution* integrated within the transport system and major employment sites. A key focus of the WMCA is on electric vehicles, with a £250m battery ‘Gigafactory’ and £35m investment in the electric charging network, creating 10,100 high-value jobs and 29,700 job years in construction. Sustainable transport, modal shift and electric vehicles was also a key priority area in Warwickshire, Herefordshire and Staffordshire. At LA level, there is a strong emphasis in the West Midlands on clean air, with the introduction of clean air zones in Birmingham and an emphasis in Wolverhampton and Solihull on improvements in air quality. High-level actions are also found in

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<sup>47</sup> In summer 2018, the WMCA selected as the lead partner for the [Urban Connected Communities Project](https://www.gov.uk/guidance/5g-testbeds-and-trials-programme-complete-list-of-5g-projects) (known as WM5G) concerned with developing a large-scale, 5G pilot across the region, with hubs in Birmingham, Coventry and Wolverhampton – see <https://www.gov.uk/guidance/5g-testbeds-and-trials-programme-complete-list-of-5g-projects>

<sup>48</sup> Tranos E., Kitsos T. and Ortega-Argiles R. (2021) ‘Digital economy in the UK: regional productivity effects of early adoption’, *Regional Studies*. <https://www.tandfonline.com/doi/full/10.1080/00343404.2020.1826420>

relation to energy efficiency and sustainable energy supply (Herefordshire, Wolverhampton and Worcestershire LEP), support for businesses to decarbonise (Warwickshire and Worcestershire LEP) and investment in local carbon projects (e.g. tree planting in Herefordshire).

Nottingham has set out a *detailed plan* for becoming a carbon neutral city with a £55m funding ask to deliver a domestic energy retrofit programme. This programme is expected to deliver a £30m capital leverage, 40-60 construction/manufacturing jobs, 70-90 people reskilled, £25-35m manufacturing and supply chain development, and a reduction in fuel poverty and carbon emissions. Other funding investments totalling £55m are also proposed to reduce congestion, reduce reliance on imported fuels, create 25 new jobs and support 20-30 existing jobs in construction and improve air quality. Elsewhere, importance is placed on *training, skills and the creation of green jobs* in LLEP and Leicester. Similar to the West Midlands, other key priority areas in the East Midlands are found in relation to energy efficiency and sustainable energy (Greater Lincolnshire LEP), support for businesses to decarbonise and sustainable transport (LLEP). In the GLLEP, there is also a commitment to supporting research and innovation activity in offshore wind and other renewable energy technologies.

#### **h) Spatial planning**

With regard to spatial planning to ensure availability of homes and commercial premises, key features of the SEPs and LISs are targets for provision of *new homes* and *employment land* (albeit not always for the same time periods), together with a focus on *relatively large-scale developments associated with major infrastructure projects* and *transport corridors* (see also the section on Transport above). For example, the CWLEP updated SEP (2016) has a target of 75,000-76,000 new homes by 2030, while the Black Country SEP (2017) has a target of increasing the housing stock from a baseline of 487,830 new homes. In many instances there is also an emphasis on delivery of particular *types of housing*. For instance, in the Black Country there are aspirations not only to increase the housing but also to improve the housing mix, while the SSLEP LIS places particular emphasis on the delivery of sustainable housing of high quality. Similarly, there are *numerical targets regarding employment space*.

The *infrastructure projects* prioritised range from developments in particular (parts of cities and towns) to those of greater regional and pan-regional significance (e.g. relating to HS2). While pan-regional organisations such as Midlands Connect have long transport corridors (such as the A46 Corridor) providing linkages across the Midlands amongst their concerns, the West Midlands LIS highlights the development of inclusive growth corridors. The idea here is to ensure infrastructure is integrated with other programmes locally to maximise impact on employment and skills, high quality housing and development viability and improved public green space and air quality. This may also be seen to reflect the importance of intra-regional connectivity within polycentric regions<sup>49</sup>.

*LA plans* tend to have a more granular focus. Reflecting their statutory planning duties, they share with LEPs foci on housing and employment land. Detailed local plans set out numbers of new homes planned, etc. Other common concerns include ensuring the development of a *vibrant network of places* and an emphasis on *town centre developments*. In more rural areas, such as Shropshire and Herefordshire, there is a focus on the role of market towns, with plans emphasising their distinctiveness. This reflects more generally an onus in LA strategies on *projects being appropriate to place, place-shaping* and on *place-based partnerships* – such as Town Partnerships and Business Improvement Districts – playing a key role in delivery.

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<sup>49</sup> Green A. and Rossiter W. (2019) op cit.

*Recovery prospectuses* set out aspirations for future developments. Common concerns here are the development of *green and blue infrastructure*. This is exemplified in the Nottingham City Economic Recovery & Renewal Plan, which includes costed funding asks for canal transformation, alongside a range of other specific initiatives to adapt plans to be more inclusive and sustainable for a post-Covid world. The pre-Covid focus on town centres is even more apparent in recovery plans, alongside a recognition that there is a need to look beyond regeneration to longer-term repurposing, involving: “new concepts and ideas rather than the traditional model of being dominated by retail stores. We also need to offer innovative workspaces, leisure, creative and cultural mixed-use sites with housing for our town centres to survive in the future” (CWLEP Strategic Reset Framework). Worcestershire’s Strategy for Restart identifies various funding pots and grants (either where funding is available already or where applications could be made), and highlights the role played by District Councils in activity and delivery relating to opening up of retail and hospitality following Covid-19 lockdowns. In the West Midlands metropolitan area there is a particular emphasis in the WMCA Economic Recovery Prospectus and the Black Country Economic Recovery Prospectus on brownfield regeneration – and the implications of this for housing and economic development more broadly, including the deployment of the latest advanced building techniques.

### 3.3 Growth aspirations and targets<sup>50</sup>

**Principles:** Most economic strategies incorporate some kind of *targetry or indicator framework* that is used to *monitor progress towards the objectives* set out therein. This is certainly true of many (but not all) of strategies reviewed in the course of this research.

Fundamental to any targetry framework is the distinction between outputs and outcomes. *Outputs* represent the activity delivered by a specific project or programme. *Outcome* indicators may be regarded as high-level measures of the economic and social health or progress of an area or a target population.<sup>51</sup>

A functional targetry framework will often need to incorporate both output and outcome measures. Outcome measures may relate to the high-level strategic objectives i.e. improving the ‘health’ or performance of the economy. These can be used to assess the performance and direction of travel of a local or regional economy and should represent an input to the strategic decision making. Output measures are performance indicators that allow the efficiency and effectiveness of specific projects or programmes of activity to be measured and monitored. Outcome and output measures capture different phenomena, but both are required in a comprehensive targetry framework. There should also be a relationship between output and outcome measures. Official guidance documents on evaluation and target setting, such as ‘Choosing the Right Fabric: A framework for performance

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<sup>50</sup> This section draws on Rossiter W. and Riley R. (2017) *A Targetry Framework for the Midlands Engine*, unpublished discussion paper, Nottingham Trent University and City REDI, University of Birmingham.

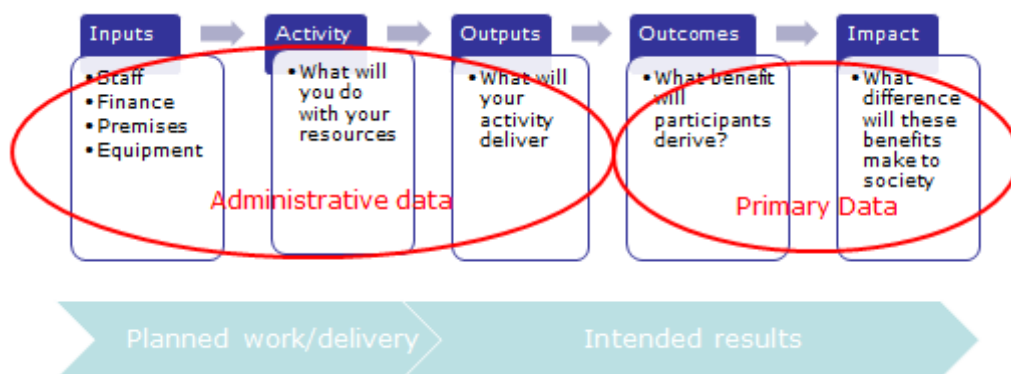
<sup>51</sup> Green A., Hasluck C., Hogarth T. and Reynolds C. (2003) *East Midlands FRESA Targets Project*, IER: University of Warwick [http://irep.ntu.ac.uk/id/eprint/387/1/202793\\_fresatargets2003.pdf](http://irep.ntu.ac.uk/id/eprint/387/1/202793_fresatargets2003.pdf); HM Treasury, Cabinet Office, National Audit Office, Audit Commission, Office for National Statistics (2004) *Choosing the Right Fabric: A Framework for Performance Information*, National Audit Office. <https://www.nao.org.uk/wp-content/uploads/2013/02/fabric.pdf>.

information<sup>52</sup> or the Green Book<sup>53</sup>, tend to present this relationship in the form of a logic model (see Figure 3). “Outcomes are the eventual benefits to society that proposals are intended to achieve. Often, objectives will be expressed in terms of the outcomes that are desired. But outcomes sometimes cannot be directly measured, in which case it will often be appropriate to specify outputs, as intermediate steps along the way. Outputs are the results of activities that can be clearly stated or measured and which relate in some way to the outcomes desired.”<sup>54</sup>

In the context of Midlands Engine and its partners, it is important also to note that *many economic outcome measures* will, by their very nature, be *susceptible to cyclical or external influences beyond the control or influence of regional partners*. Uncertainties surrounding the potential long-term economic consequences of Brexit and the short-term impact of Covid-19 have brought this problem into sharp relief. Targetry frameworks that place too great an emphasis on economic outcomes - such as GVA, employment or unemployment rates - bring with them the risk that performance may be judged on the basis of indicators beyond the influence of local and regional organisations.

What is practicable in the context of a targetry framework is heavily influenced by questions of data quality and availability. In general, outputs will be measured using administrative data sources linked to the delivery of activity (often referred to as management information). Outcome measurement may draw on measures from statistical agencies (e.g. ONS) (see Figure 3).

**Figure 3: Data for evaluation and performance monitoring**



Source: Adapted from W.K. Kellogg Foundation 2004, 2011<sup>55</sup> and HMT Green Book (2020)

A number of general considerations are relevant to the selection of outcome indicators for use in a targetry framework<sup>56</sup>:

- Indicators should facilitate comparison with other areas and/or a national comparator – the nature of this comparator requires careful consideration<sup>57</sup>

<sup>52</sup> HM Treasury et al. (2004) Op cit.

<sup>53</sup> HM Treasury (2020) *The Green Book (2020)* <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

<sup>54</sup> HM Treasury (2011) *The Green Book*, p. 15

<sup>55</sup> W.K. Kellogg Foundation (2004/11) Logic Model Development Guide. <https://www.wkkf.org/resource-directory/resources/2004/01/logic-model-development-guide>

<sup>56</sup> For a useful discussion see Green et al. (2003) Op cit. p. 76-77.

<sup>57</sup> National ‘averages’ can be influenced by outliers (often London) – use of another leading region as the comparator is one way of addressing this.



- In setting a target it is important to consider the historic trend in relation to a particular indicator and be confident that future observations will be made
- When considering an area as diverse as the Midlands, indicators should facilitate spatial and demographic disaggregation – in order to allow variations in performance across the region to be identified
- Resource constraints dictate that indicators requiring new primary data collection should be avoided wherever possible
- Indicators should be selected such that ambiguities in interpretation are avoided and there is a close alignment between indicators selected and the phenomena of interest

**Practice within the Midlands:** In general, we can conclude from our review of economic strategies extant within the Midlands that many economic strategies incorporate some form of targetry or indicator framework. However, there is considerable diversity of practice in relation to:

- The selection of and precise definition of indicators/data used;
- The timeframe used for setting targets – both in terms of baseline year and target horizon;
- The particular formulation of targets used i.e. are they set as absolute or relative targets?
- The choice of comparators – whether local, regional or national; and
- The balance between output and outcome indicators used in strategies.

This diversity should not be a surprise – given that the strategies under review have been prepared by a large number of independent organisations and during a period (since 2010) in which successive UK governments have purposively moved away from the central prescription of targets to be used by organisations involved in economic development activity. When reviewing LEP job and productivity growth targets as part of the Midlands Engine Independent Economic Review, Cambridge Econometrics similarly noted the presence of conflicting timeframes, different data sources, inconsistent variable selection/definition, inconsistent baselines, different prices (for the expression of GVA) and overlapping LEP geographies which further complicated this problem (see Table 2).

One important consequence of this diversity and lack of central government prescription in the definition and use of targets in relation to economic or growth strategies is that it is impossible to simply aggregate the assemblage of local and sub-regional growth targets and indicators with a view to assessing what difference their attainment might make at the scale of the Midlands Engine. Rather, it is necessary to standardise, in so far as is practicable, and interpolate sub-regional targets in order to model their potential implication for growth targets set at the Midlands scale. Section 3.4 and Annex E present the results of a recent scenario modelling exercise that sought to do exactly this.

Most strategies include a *mixture of output and outcome targets*, but the balance between these indicators varies with geographic scale. In the strategies reviewed, there is a particular emphasis on output indicators in strategies or action plans that relate to smaller geographic areas. Good examples of strategies or action plans of this type include the city level action or recovery plans published by Nottingham (2021), Leicester City (2020) UAs and Nuneaton Borough Council (2016). Here the emphasis is very much on specific deliverable outputs, often linked to specific projects with resources attached.

**Table 2: Overview of LEP strategies and aspirational targets for jobs and GVA**

	Targeted jobs	Targeted GVA (£bn****)	Strategy published	Strategy timeframe	Data baseline
West Midlands CA***	401,000	£66.9	2018	2015-2030	2015
Black Country LEP	103,000	£17.0	2017	2017-2030	2015
Coventry & Warwickshire LEP	94,500	£15.8	2014*	2016-2030	2013
Greater Birmingham & Solihull LEP	250,000	£29.0	2016	2016-2030	2014
D2N2 LEP	39,000	£24.6	2019	2019-2030	2016
Greater Lincolnshire LEP	13,000	£3.2	2014*	2014-2023	2012
Leicester & Leicestershire LEP	27,600	£5.4	2019	2019-2030	2018
Stoke-on-Trent & Staffs LEP	50,000	£8.2	2014*	2014-2030**	2011
The Marches LEP	58,700	£8.7	2019	2019-2038	2017
Worcestershire LEP	25,000	£2.9	2014	2014-2025	2013
<i>Total (i.e. Midlands Engine)</i>	<i>614,300</i>	<i>£120.0</i>	-	-	-

Source: Cambridge Econometrics (2019)<sup>58</sup>

\* Strategies have been refreshed, but either maintain previous targets, or have not adopted/made explicit reference to new targets

\*\* Targets cover 2011-21

\*\*\* WMCA LIS targets supersede individual SEP targets at the aggregate level

\*\*\*\* Original strategy GVA prices are in current terms, but for the purpose of the aspirational projections have been converted to £2016

The approach adopted to the formulation of targetry frameworks by individual organisations and partnerships is not unrelated to the availability of analytical expertise - which varies considerably across the organisations concerned. A good example of this is the approach adopted to targets and indicators by three LEPs: GBSLEP, the Black Country LEP and CWLEP. In each case the strategies of these LEPs are explicitly based on logic chains with linked inputs, outputs and outcomes. This makes it far more straightforward to relate delivery activity and specific resources to the pursuit of higher-level strategic objectives signified by outcome targets or indicators.

### 3.4 Achieving pan-regional growth targets

This section reports the only available analysis and interpolation of sub-regional targets with a view to establishing their potential aggregate implication at the pan-regional scale of the Midlands. This analysis was undertaken by Cambridge Econometrics<sup>59</sup> as part of the Midlands Engine Independent Economic Review published in 2020. The analysis was undertaken during the course of 2019 and as such pre-dates both the end of the Brexit transition period and the onset of the Covid-19. It therefore provides a useful pre-Covid-19 analysis of historic trends and policy based and aspirational scenarios based on the content of then extant LEP strategies.

<sup>58</sup> Cambridge Econometrics (2019) *Development of the Transformational Midlands Engine Productivity Scenario*, unpublished working paper. (This exercise was undertaken as part of the Midlands Engine Independent Economic Review and has not been updated.)

<sup>59</sup> Cambridge Econometrics (2019) op cit.

The Midlands Engine has an aspiration for labour productivity in the area to equalise that of the rest of the by 2030. As of 2017, the gap between the two was 16%, and to close this gap by 2030 – assuming the rest of the UK level of productivity remains the same as in the baseline (i.e. does not undergo its own productivity transformation) – growth rates of almost twice the historic norm would be required. This aspiration is therefore ambitious and would be transformational if achieved. Historically, real GVA per job in the Midlands Engine grew by 1.4% pa over the 1981-2017 period, but it slowed to 0.3% pa since 2010. The rest of this section outlines how this transformational scenario for the pan-Midlands geography – covering the nine LEPs and a CA – was scaled down into appropriate, consistent and policy relevant aspirations by area and sector.

### Approach

There were several stages to the development of consistent and policy-relevant productivity targets across the Midlands Engine geography. Starting with (i) an up-to-date review of the existing LEP strategies, this enabled (ii) the extrapolation of LEP strategy targets into a consistent series across a consistent timeframe, followed by: (iii) addressing the issue of overlapping LEP geographies; (iv) accounting for the difference between the aspirations of LEP strategies and that of the overall Midlands Engine, and finally; (v) deriving consistent sector level targets.

#### *(i) Reviewing LEP strategy documents*

LEP strategy documents (SEPs and LISs and local evidence reviews/reports) and their associated targets for GVA and job creation were used to provide a foundation for LEP productivity targets sitting under the overall Midlands Engine productivity target. Though these strategies were used to inform the setting of the targets, their strategy targets were not applied in a precise fashion (due to conflicting timeframes; different data sources, definitions, baselines, prices, boundary overlaps etc). Instead they acted as a form of guidance in line with local policy aspirations and interventions.

#### *(ii) Extrapolating LEP strategy targets into a consistent series*

Compound Annual Growth Rates (CAGRs) were used to estimate a consistent headline aggregation of LEP aspirations over the desired timeframe (in this case, 2017-30). With CAGRs, it is therefore the *rate* of aspirational growth outlined in the strategies - rather than the precise *values* - being considered, which helps to overcome (though by no means eliminate) some of the issues outlined in (i).

To derive estimates data from the individual strategies and/or the accompanying evidence were analysed to find a start (i.e. base year) value and endpoint value for the targets. CAGRs were then estimated considering this timeframe in which these target values relate. Table 3 summarises the aspirational CAGRs for the individual LEPs laid out in their respective strategies. These CAGRs for employment and GVA were applied to the same dataset and base year (2017) for which the overall Midlands Engine aspirational target was estimated to extrapolate employment, GVA and thus productivity trends (the latter two in constant £2016 prices) up to 2030 for all LEP areas in a consistent and comparable series. To give an example: in a strategy document from 2018 (over the period 2015-30, using 2015 as the base year) the WMCA articulated a jobs and GVA target of 401,000 and £66.9bn respectively. This needed to be adjusted for the shorter time frame, different price base and overlapping geographies, with the result being revised targets of approximately 286,000 and £53.5bn. Although the scale of revision differs across the LEPs, the overall difference at the Midlands Engine level is reasonably small. The extrapolated totals are presented in Table 4.

**Table 3: Overview of aspirational CAGRs outlined in LEP strategies**

	Aspirational jobs CAGR (%) in strategy	Aspirational GVA CAGR (%) in strategy
West Midlands CA	1.2	3.9
Black Country LEP	1.4	4.2
Coventry & Warwickshire LEP	1.3	4.1
Greater Birmingham & Solihull LEP	1.5	3.8
D2N2 LEP	0.4	3.1
Greater Lincolnshire LEP	0.4	1.6
Leicester & Leicestershire LEP	0.4	1.7
Stoke-on-Trent & Staffs LEP	1.1	4.1
The Marches LEP	0.9	2.2
Worcestershire LEP	0.8	2.3
<i>Average (i.e. Midlands Engine)</i>	<i>0.9</i>	<i>3.1</i>

**Table 4: LEP aspirational delivery, original and extrapolated to 2017-30**

	Targeted jobs		Targeted GVA (£bn <sup>***</sup> )	
	In original strategy	Extrapolated 2017-30 using CAGRs	In original strategy	Extrapolated 2017-30 using CAGRs
West Midlands CA	401,000	285,596	£66.90	£53.49
Black Country LEP*	103,000	84,365	£17.00	£14.61
Coventry & Warwickshire LEP*	94,500	73,821	£15.80	£17.18
Greater Birmingham & Solihull LEP* **	250,000	127,410	£29.00	£21.71
D2N2 LEP	39,000	51,205	£24.60	£22.63
Greater Lincolnshire LEP	13,000	28,843	£3.20	£4.70
Leicester & Leicestershire LEP	27,600	29,445	£5.40	£5.90
Stoke-on-Trent & Staffs LEP	50,000	84,549	£8.20	£15.00
The Marches LEP	58,700	42,642	£8.70	£4.52
Worcestershire LEP	25,000	31,811	£2.90	£4.52
<i>Total Midlands Engine**</i>	<i>614,300</i>	<i>554,092</i>	<i>£120.00</i>	<i>£110.76</i>

\* Extrapolations for WMCA LEPs have been aligned to WMCA totals

\*\* Excludes overlap - see (iii) for more information

\*\*\* Original strategy GVA prices are in current terms, whilst the extrapolations have been converted to £2016

*(iii) Dealing with LEP overlaps*

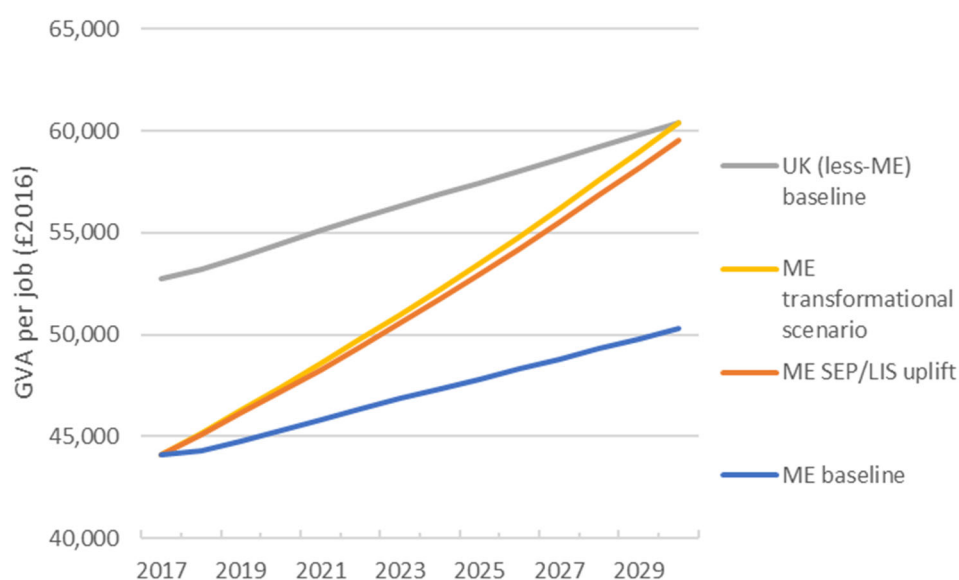
The issue of overlap between LEPs was dealt with by taking the baseline forecasts from the overlap areas in questions and subtracting this from the forecast for the GBSLEP area. For the aspirational (SEP/LIS) uplift, the CAGR for the GBSLEP area was applied to the base year (excluding overlap), which when extrapolated to 2030 provides consistent employment and GVA estimates excluding overlap,

aligned to the wider Midlands Engine (and West Midlands CA LIS). This approach was taken for the sectors in the GBSLEP area.

(iv) *Relationship between LEP strategies and the Midlands Engine transformational scenario*

Even when applying the aspirational rate of jobs and GVA growth outlined in LEP strategies and extrapolating these trends out to 2030, the Midlands Engine as a whole (excluding overlap) still fails to equalise the rest of the UK rate of productivity by 2030, though only marginally. Figure 4 demonstrates that the SEP/LIS rate of aspirational productivity growth – when applied to the 2017 baseline – falls 1.4% short of the rest of the UK by 2030. Therefore, to ensure alignment with the headline Midlands Engine productivity aspiration, a very small upward adjustment was evenly applied to the GVA of all LEP areas (note that this adjustment was made only to GVA, not employment, as it is assumed this ‘transformational’ stretch should be solely delivered through productivity improvements) to eliminate this shortfall. The transformational aspiration is therefore the sum of LEP strategy aspirations aligned to the headline Midlands Engine productivity aspiration, the latter of which is to equalise the rest of the UK level of productivity by 2030.

**Figure 4: Comparison of baseline and aspirational scenarios, 2017-30**



(v) *Deriving consistent sector level aspirations*

Sector-level aspirations, in line with this transformational scenario, were similarly estimated. However, in the absence of detailed and consistent sector-level targets throughout the individual LEP strategies (the WMCA is the only geography to have consistent sector-level ambitions for jobs and GVA), a slightly different bottom-up approach had to be taken (as outlined in Annex E).

*Conclusions*

Productivity in the Midlands Engine in 2017 was £44,100 per job, compared to £52,700 per job in the rest of the UK. Based on the aggregation of existing aspirational LEP strategies (accounting for differences in time periods and overlapping LEP geographies), the Midlands Engine productivity aspiration for 2030 falls short of expected productivity in the rest of the UK by 2030 by a modest 1.4%.

For the Midlands Engine to meet its aspiration that labour productivity in the area should equal that of the rest of the UK by 2030, all existing LEP GVA growth targets in the region need to increase by

only very small amount (0.1 percentage point increase in CAGR over 2017-30) to produce a transformational productivity (as defined by real GVA per job) growth scenario of 2.5% pa over 2017-30. It is assumed for the purpose of this modelling exercise that this increase would need to be in GVA (i.e. output) and not employment, as it is expected the improvement should be delivered through productivity improvements. Compared to a long-term historical average growth of 1.4% pa in GVA per job and more recent (post-financial crisis) growth of 0.3% pa, this would indeed represent a transformation of performance for the Midlands economy.

The long-term economic impacts of the Covid-19 pandemic on pan-regional growth and productivity prospects remain uncertain, notwithstanding the recent improvement in economic outlook evident in recent business survey data such as that produced by the Bank of England Decision Maker Panel Survey.<sup>60</sup> It is also important to note that in the absence of detailed implementation plans for all LEPs in which the level of resources to be allocated and the nature of interventions that will be delivered in order to achieve the aspirational targets described in LEP strategies, it is difficult to assess the feasibility of achieving the levels of productivity growth embodied in the targets used in this analysis.

### 3.5 Relationships between strategies

In most cases the SEPs of the LEPs are closely linked to LISs. The LISs were prepared in three waves as agreed with Government. The consequence of this phased approach to LIS development is that not all Midlands LEPs have a published LIS. A number were still in preparation when they were paused during 2020 due to the onset of Covid-19 and the first national lockdown in March 2020. Then, alongside the Budget in March 2021, the Government announced its decision to move away from the national Industrial Strategy, abolish the Industrial Strategy Council and move to the approach set out in the Plan for Growth (as outlined in section 2.5).

In the WMCA area there is evidence of greater coordination in the preparation of neighbouring LEP strategies – particularly in relation to the identification of priority sectors – where there is a clear division of labour in relation to which LEPs lead on which priority sectors (see Annex F). It is beyond the scope of this research to make recommendations for appropriate governance structures within the Midlands. However, the presence of a ‘mezzanine’ level of governance structure in this area does seem to have been associated with a level of coordination across LEP areas that is not present in other parts of the Midlands. How best to promote greater coordination of this kind more consistently elsewhere is an issue worthy of further consideration. Our intelligence gathering with selected key stakeholders revealed that in parts of the Midlands there is evidence of a more organic form of ‘mezzanine’ coordination, such as, for example, in the efforts of one of the larger chambers of commerce to promote the idea of a collaborative programme bid to the Shared Prosperity Fund. That this should have occurred at all could be seen as suggestive of a coordination deficit above the level of LEP geographies, but lower than the level of the traditional region or pan-region.

Similarly, where a LIS is in place, usually with an associated evidence base, it has frequently been used as the basis from which to develop a Covid-19 Recovery Plan. This has also been the approach used by those LEPs like Leicestershire and D2N2 that had not yet published a final agreed LIS. In both cases there is evidence that work done in relation to the preparation of these nascent LIS documents have been applied to the development of recovery plans in response the Covid-19 pandemic.

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<sup>60</sup> <https://www.bankofengland.co.uk/decision-maker-panel/2021/april-2021>

In general, for economic strategies developed at more local geographic scales by LAs (whether counties, unitary authorities or district councils) there is a more mixed picture. Some strategies at these lower geographic scales do make explicit reference to and link with the sub-regional strategies and plans of the LEPs, but others do not.

In some cases, these local plans are framed explicitly as action plans and this is reflected both in their emphasis on output targets and specific deliverables – often with resources attached. Some of these plans include both descriptions of existing resources and how they will be deployed and an identification of activities that authorities intend to implement subject to securing additional resources.

Plans at the lower spatial scales of a city or an individual local authority tend to show the greatest awareness of a granular sense of place and tend to be the least generic of the strategies reviewed during the course of this research.

### 3.6 The changing status of strategies and how they are used

Since the first LEP SEPs were developed in 2011/12 they have evolved and been subject to periodic updates by most LEPs. Similarly, the uses to which these strategies have been put have evolved over time. Early uses of LEP strategies included informing bids to early rounds of the Regional Growth and Growing Places Funds. Subsequently, they were also used to inform the development of sub-regional plans for the last round of European Structural and Investment Funds covering the period 2014-2020. This reflects the external role that these sub-regional strategies play in articulating local needs to central government – in addition to their internal function in guiding local economic development activity.

This evolution is also evident in their policy content. In general, early LEP SEPs were prepared in the immediate aftermath of the 2008/9 recession and in the context of the slow stabilisation and recovery from recession then underway. This translated into an understandable focus on private sector employment creation. This was to some extent at the expense of wider policy content associated with sustainability and inclusion that had been present in earlier regional economic strategies.<sup>61</sup> This has changed as the exigencies of recovery from the 2008/9 recession have faded into the past. Recent LEP strategies have tended to place greater emphasis on wellbeing, sustainability and concepts such as inclusive growth and, in consequence, tend to take a more holistic view of progress for their areas.

More recently still, and over the course of the last year, there is evidence of both SEP and LIS documents being used to inform the development of recovery plans developed in order to respond to the economic and social consequences of the Covid-19 pandemic and associated lockdowns to local and national economies. In several cases reviewed during the course of this research, local recovery plans have cited a LIS as an underpinning source of evidence or policy content.

The decision by Government at the time of the March 2021 Budget to move away from the national Industrial Strategy has affected the status of LISs – many of which are structured around the themes and ‘grand challenges’ that were set out in the national Industrial Strategy. Nevertheless, where they are in place – even if never formally adopted and published – these local strategies and their evidence

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<sup>61</sup> Rossiter W. (2016) ‘[A tale of two cities: Rescaling economic strategy in the North Midlands](#)’, *Local Economy* 31 (8). ISSN 0269-0942

bases have been important in underpinning recovery plans in many areas. In many places it is clear that local partners have sought to utilise the knowledge gained through preparing their LIS as an input to the development of their recovery plan.

Some, but not all, SEPs are accompanied by an implementation or delivery plan that is also in the public domain. Where these are published these documents set out the activities of a particular LEP and or other local partners will undertake to deliver against SEP strategic priorities. In some respects, these documents share the characteristics of local action plans in that they often identify specific funded projects and programmes alongside projects for which additional funding will be sought.

In parts of the Midlands there is evidence that the experience of Covid-19 and the need to develop recovery plans to support local economies, firms, communities and individuals has changed the nature of relationships between local actors. In one sub-region, an officer commented that this experience had led to a better understanding of the division of labour between LEP and local authority partners and a greater recognition on either side of what each could contribute to this joint endeavour.



## 4. CONCLUSIONS AND ASSESSMENT

This section sets out five main conclusions from the audit of economic development strategies/ plans, together with six key points derived from an assessment of overlaps, synergies, gaps and conflicts in the light of previous research about geographical scale and function.

### 4.1 Conclusions

- 1) The range of economic development strategies varies across LEPs and LAs. To some extent this might be expected given variations in statutory vis-à-vis non-statutory responsibilities and capacity. Over time, resources devoted to economic development in LAs have been reduced, with implications for the nature of economic development strategies and time that can be devoted to partnership working. In terms of levers and responsibilities, however, those organisations with statutory and democratic powers have greater power to act, draw in funds and have accountability for actions. Therefore, they are more likely to be in a position to develop strategy linked to democratic need and report on its delivery.
- 2) There is a good deal of consistency between the kinds of high-level strategic objectives set out in strategies at a sub-regional/ local levels and Midlands Engine's aspirations for the Midlands pan-region. Over time, however, there has been a reduced demand for reporting. This has posed difficulties for this review and assessment as delivery against high level objectives is not always published or reported on.
- 3) There is some degree of consistency between the aspirational targets of the LEPs around productivity and those of the Midlands Engine. This suggests that if the targets were to be achieved at a sub-regional level, they would just undershoot the pan-regional target. (This analysis was undertaken prior to the Covid-19 pandemic; the overall economic position and outlook, and some of the priorities of recovery plans have changed to reflect economic circumstances.)
- 4) It is very unclear whether local/sub-regional actions and ambitions are sufficient to meet strategic ambitions at the Midlands scale. Some strategies/ plans do not include numerical targets and/or have sufficient clarity around how interventions (projects and programmes) and resources being deployed relate to high-level strategic objectives. While some organisations have delivery plans, others do not. Without visibility on the scale and nature of the interventions being delivered it is not possible to judge whether high-level objectives can be achieved.
- 5) The level of coordination across organisations at local and sub-regional scale varies in practice, often despite aspirations for partnership working. A reliance on challenge funds, rather than formula-based allocations to areas, promotes competition between organisations, rather than collaboration, and benefits those areas/organisations with greater internal capacity to prepare strong bids. This risks deepening uneven development across the Midlands. More coordination is evident across the WMCA area than elsewhere, as illustrated by each of the three LEPs leading on a subset of priority sectors across the area. There are also clear links between strategies across different geographical scales; the strategies linking either to the regional SEP or the LIS. The reason for that is probably two-fold: first, the CA is a statutory body which crosses administrative boundaries, so providing a 'mezzanine level' of sub-regional governance facilitating greater coordination and clarity about the division of labour; secondly, it has greater capacity and

specialist expertise on which it can draw. While non-statutory agencies can support cross-regional engagement and knowledge sharing they do not have the authority of statutory agencies.

The findings from this research chime with the principles set out in earlier research relating to functions to be undertaken at the pan-regional scale,<sup>62</sup> as summarised in section 3.1. While it is appropriate for various functions to be undertaken at a range of different spatial scales, there are particular policy domains (where the relevant spatial scale is larger than the coverage of individual LAs or LEPS, but smaller than the national scale) and functions (notably advocacy, to some extent strategy and to a lesser extent delivery) where activity at a Midlands-wide scale is applicable. Principles of subsidiarity<sup>63</sup> and additionality<sup>64</sup> are important, along with other considerations such as the location of statutory responsibilities in different policy domains, the availability of policy levers to influence outcomes at different spatial scales, and the location of strategic capabilities (e.g. analytical skills to support evidence-based decision-making).

## 4.2 Assessment

The review of extant economic strategies/plans and intelligence from interviews with local/sub-regional stakeholders has produced six main summary findings:

- a) *Partnership working*: Competition for funding can undermine cooperation and collaboration. Likewise, an overly complex governance structure and unclear roles and responsibilities can lead to duplicated efforts as well as create tensions between local/sub-region/regional stakeholders that can make partnership working difficult. However, there is emerging evidence that involvement in collaborative recovery planning activities has changed local understandings of the division of labour between LEPS, LAs and their partners in parts of the Midlands.
- b) *Gaps*: There is limited coverage of *internationalisation* in many of the strategies examined, although new trading arrangements associated with Brexit have meant this topic has risen up the policy agenda. Traditionally organisations such as Chambers of Commerce have taken an active role in promoting exporting, while at a pan-Midlands scale, organisations such as Midlands Connect are prioritising issues such as access to ports. Generally, economic development strategies have prioritised the role of the private sector, and the role of the *public sector* in job creation and promoting job quality receives limited emphasis. Given the increased intervention in the economy by national government in the wake of the Covid-19 pandemic – including in supporting employment through the furlough scheme – this is a topic warranting greater attention in future.
- c) *Emergence of new priorities and issues*: While the focus of the review was, as far as possible, on recent economic development strategies it is clear that there are some topics that have received greater emphasis in more recent strategies, including *green issues* (as some LAs have declared climate emergencies), *digital infrastructure and inclusion*, *health and well-being*, *inclusive growth* and *job quality*.

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<sup>62</sup> Green A. and Rossiter W. (2019) op cit.

<sup>63</sup> Social and political issues should be dealt with at the most local level that is consistent with their resolution.

<sup>64</sup> Working at a higher geographical scale can add value to activities at finer scales of geographical disaggregation.

- d) *Role of anchor institutions*: The role of anchor institutions, and particularly of *universities*, as key economic players and in contributing to economic development strategies has become more prominent at city-level (as exemplified by Nottingham Trent University and the University of Nottingham in Nottingham and Coventry University and the University of Warwick in Coventry) and at regional and pan-regional scales.
  
- e) *Promoting good practice and capacity in economic development*: There is a need to promote good practice in formulating economic development strategies/plans and the kinds of policy research and analysis that underpin them. While not all local/sub-regional strategies need to be the same/similar, there is a case for greater consistency, such that they share some common characteristics, including a targetry framework and a set of indicators to monitor progress. Where strategies are based on logic chains with linked inputs, outputs and outcomes, it is far more straightforward to relate delivery activity and specific resources to the pursuit of higher-level strategic objectives signified by outcome targets.
  
- f) *Local capacity for creating strategy*: Although not directly investigated, there was an indirect finding which highlighted the local capacity issue of creating strategy. Where there was significant institutional or individual corporate memory this was evident in the strategy development. Places that retained, developed or brought in capacity from the predeceasing structures have a greater capacity to respond and more likely to utilise approaches such as outcome frameworks and logic chains and they are more likely to have a monitoring process as part of the strategy.

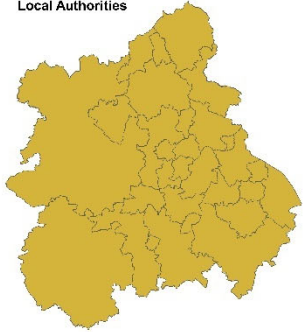
## GLOSSARY

BCLEP	Black Country Local Enterprise Partnership
CA	Combined Authority
CWLEP	Coventry and Warwickshire Local Enterprise Partnership
D2N2 LEP	Derby, Derbyshire, Nottingham, Nottinghamshire Local Enterprise Partnership
EM	East Midlands
ESIF	European Union Structural and Investment Fund
FDI	Foreign Direct Investment
GBSLEP	Greater Birmingham and Solihull Local Enterprise Partnership
GLLEP	Greater Lincolnshire Local Enterprise Partnership
LA	Local Authority
LEP	Local Enterprise Partnership
LIS	Local Industrial Strategy
LLLEP	Leicester and Leicestershire Local Enterprise Partnership
MLEP	The Marches Local Enterprise Partnership
RDA	Regional Development Agency
RGF	Regional Growth Fund
SEP	Strategic Economic Plan
SSLEP	Stoke-on-Trent and Staffordshire Local Enterprise Partnership
WLEP	Worcestershire Local Enterprise Partnership
WM	West Midlands
WMCA	West Midlands Combined Authority
WMGC	West Midlands Growth Company

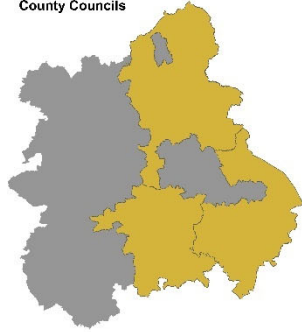
# ANNEXES

## Annex A: Geographical units

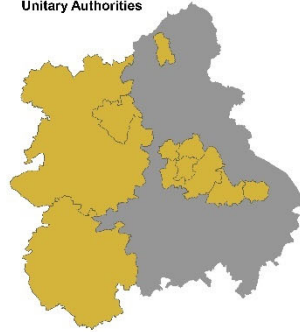
Local Authorities



County Councils



Unitary Authorities



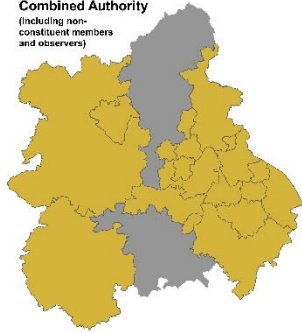
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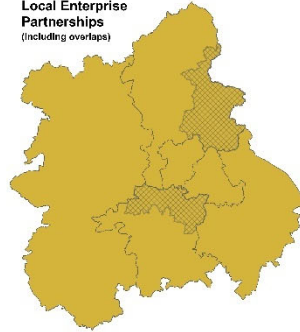
Combined Authority



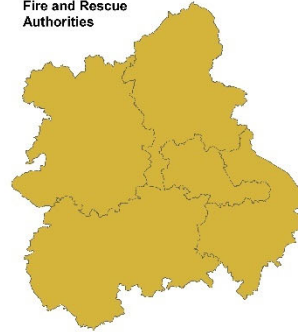
Combined Authority  
(including non-constituent members and observers)



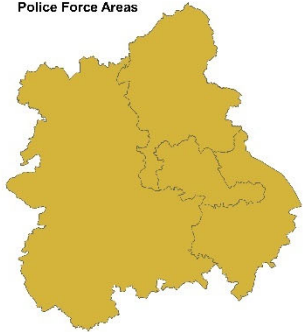
Local Enterprise Partnerships  
(including overlaps)



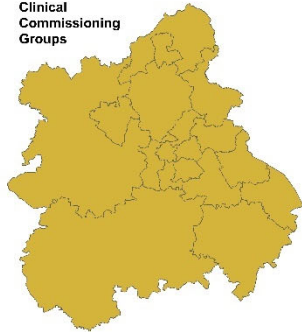
Fire and Rescue Authorities



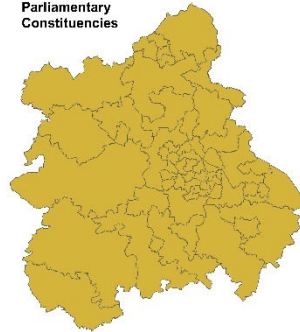
Police Force Areas



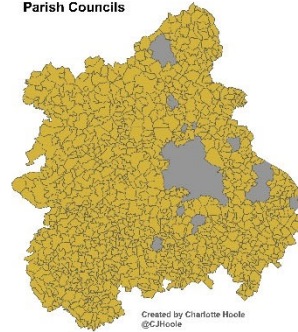
Clinical Commissioning Groups



Parliamentary Constituencies



Parish Councils

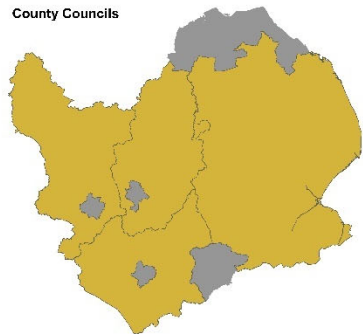


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Local Authorities



County Councils



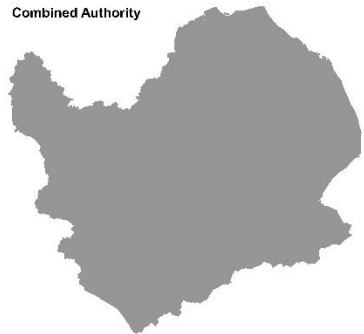
Unitary Authorities



Metropolitan District



Combined Authority



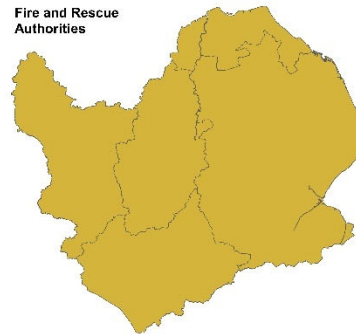
Combined Authority  
(including non-constituent  
members and observers)



Local Enterprise  
Partnerships  
(including overlaps)



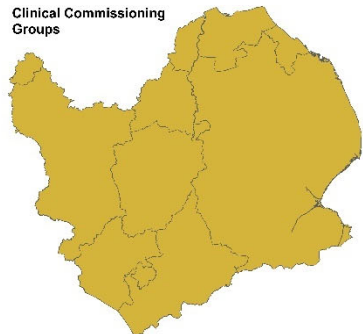
Fire and Rescue  
Authorities



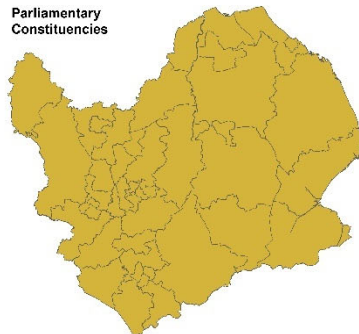
Police Force Areas



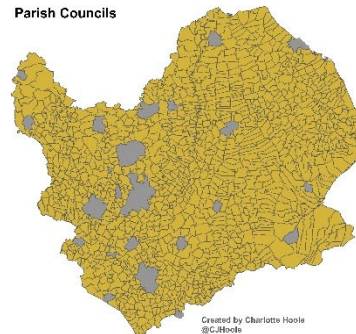
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Parliamentary  
Constituencies

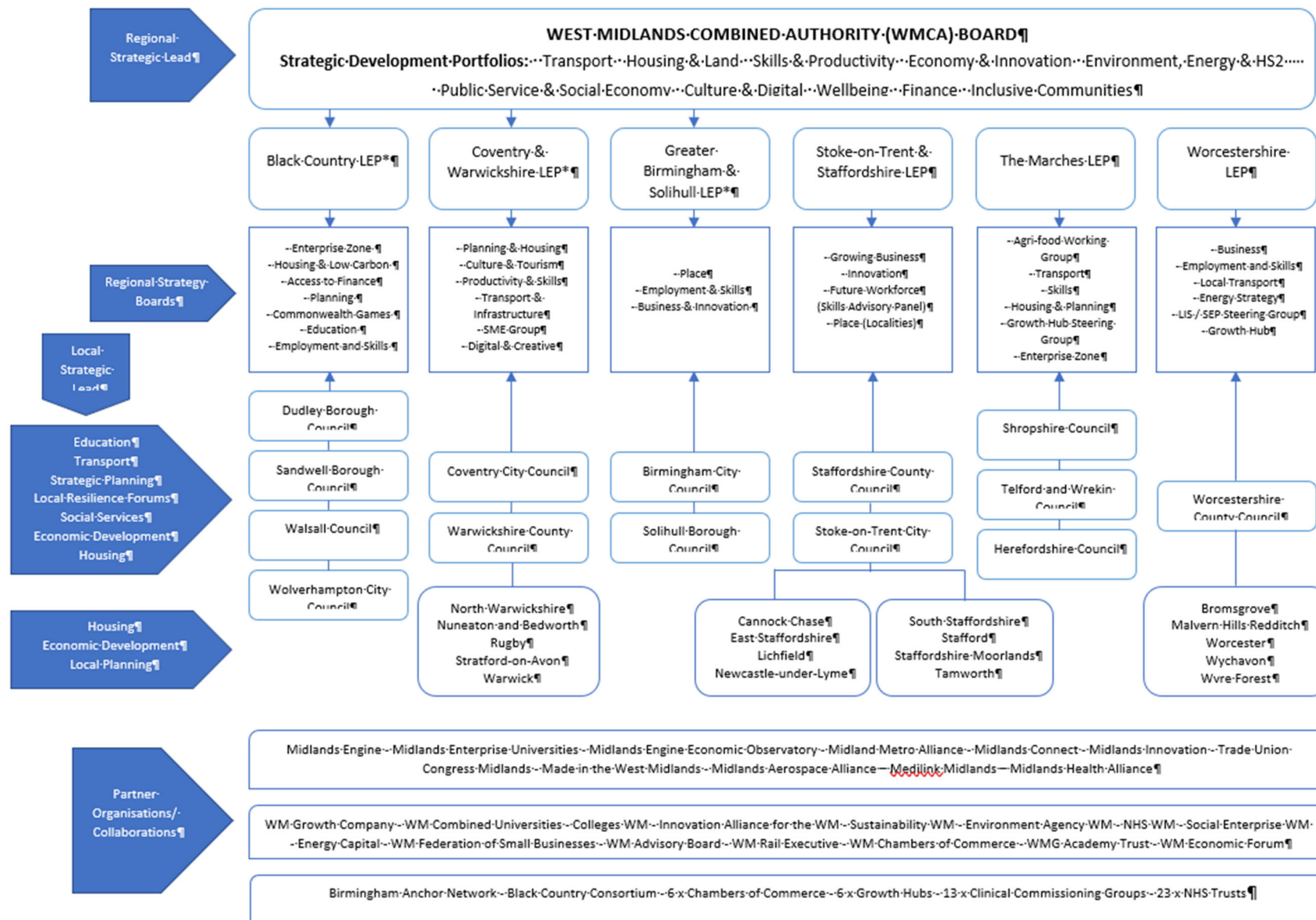


Parish Councils



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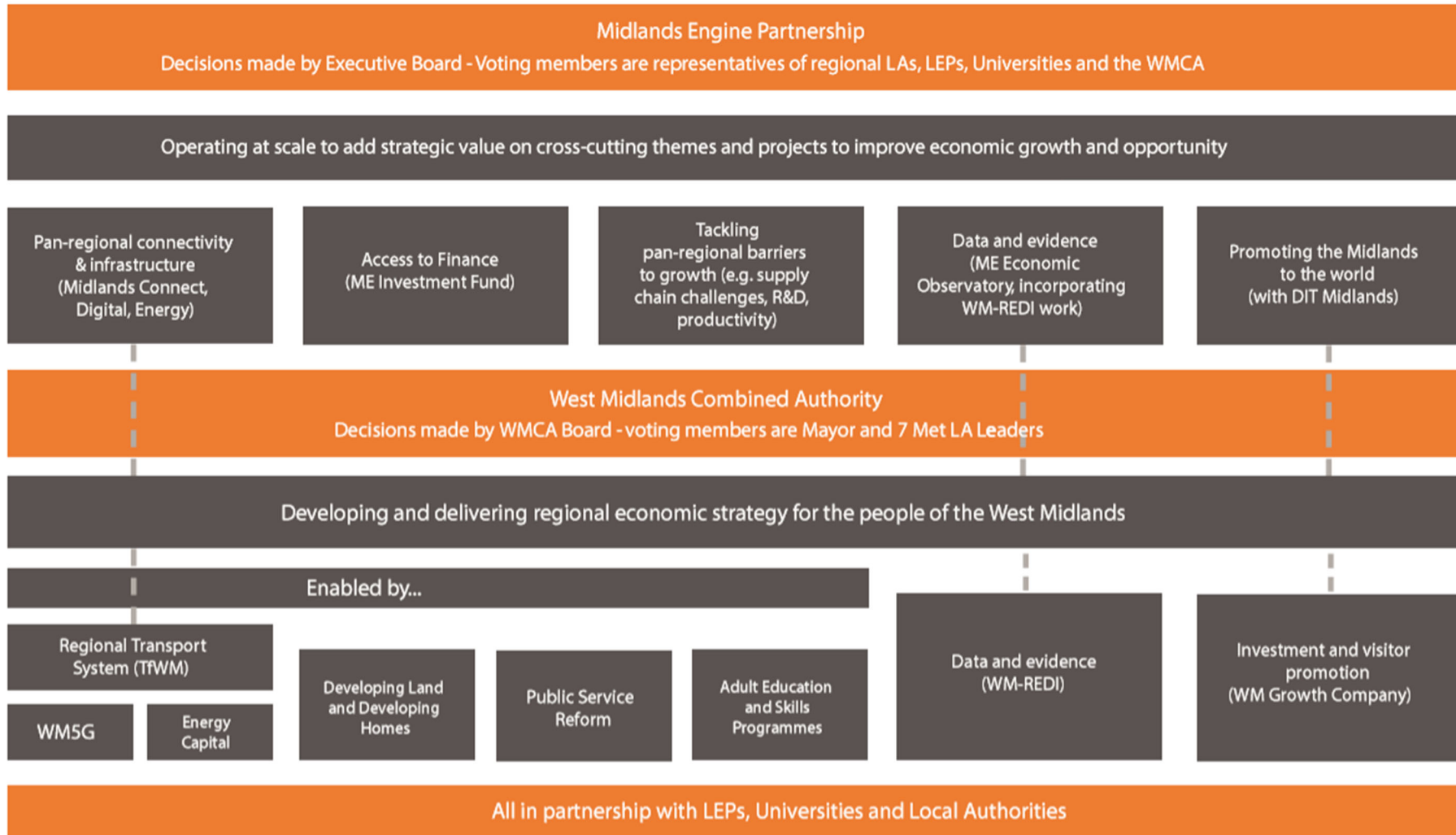
Annex B: Institutional mapping – West Midlands and East Midlands



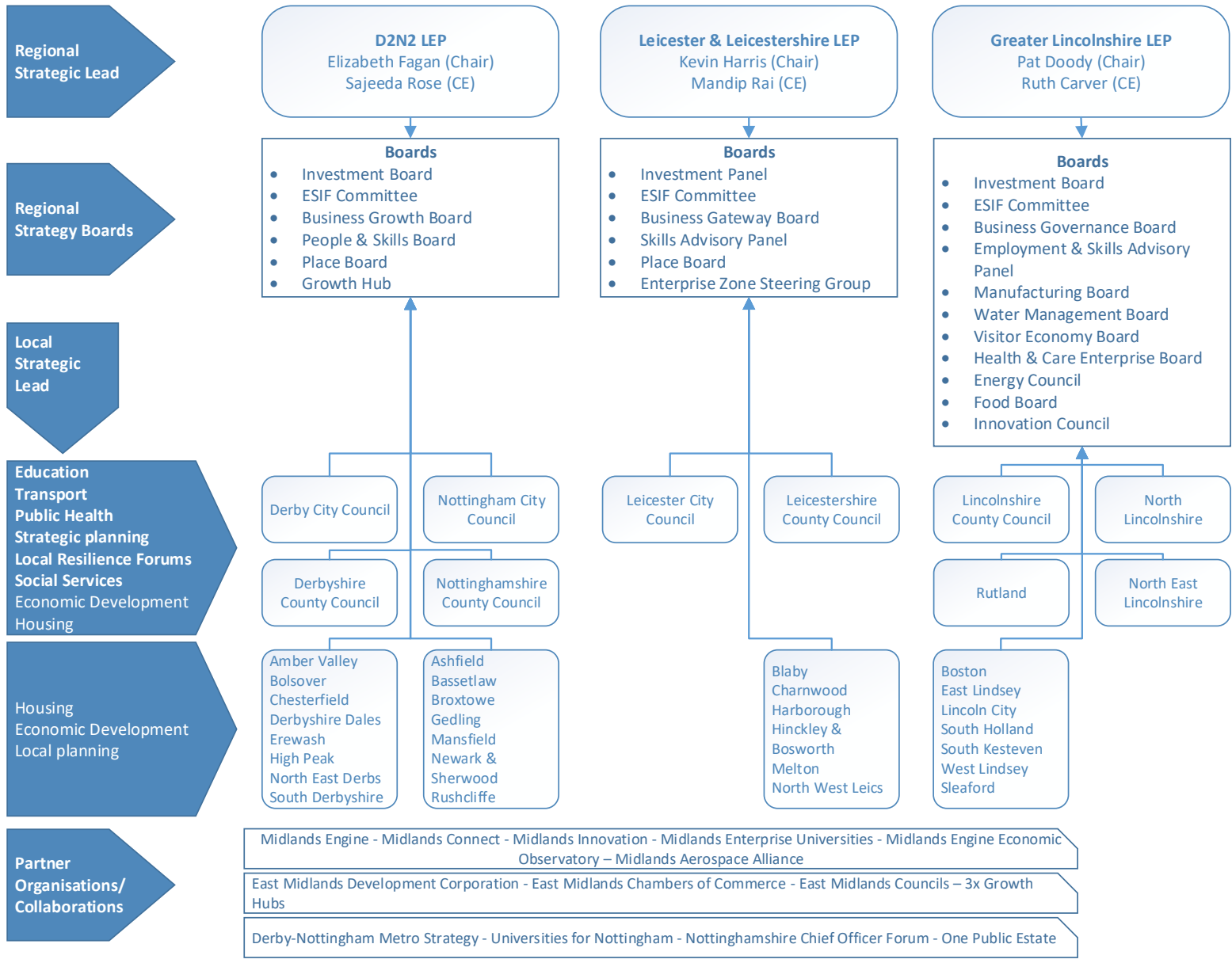
\* Non-constituent members of the WMCA

# Midlands Engine and WMCA

Delivering economic growth and levelling up in partnership



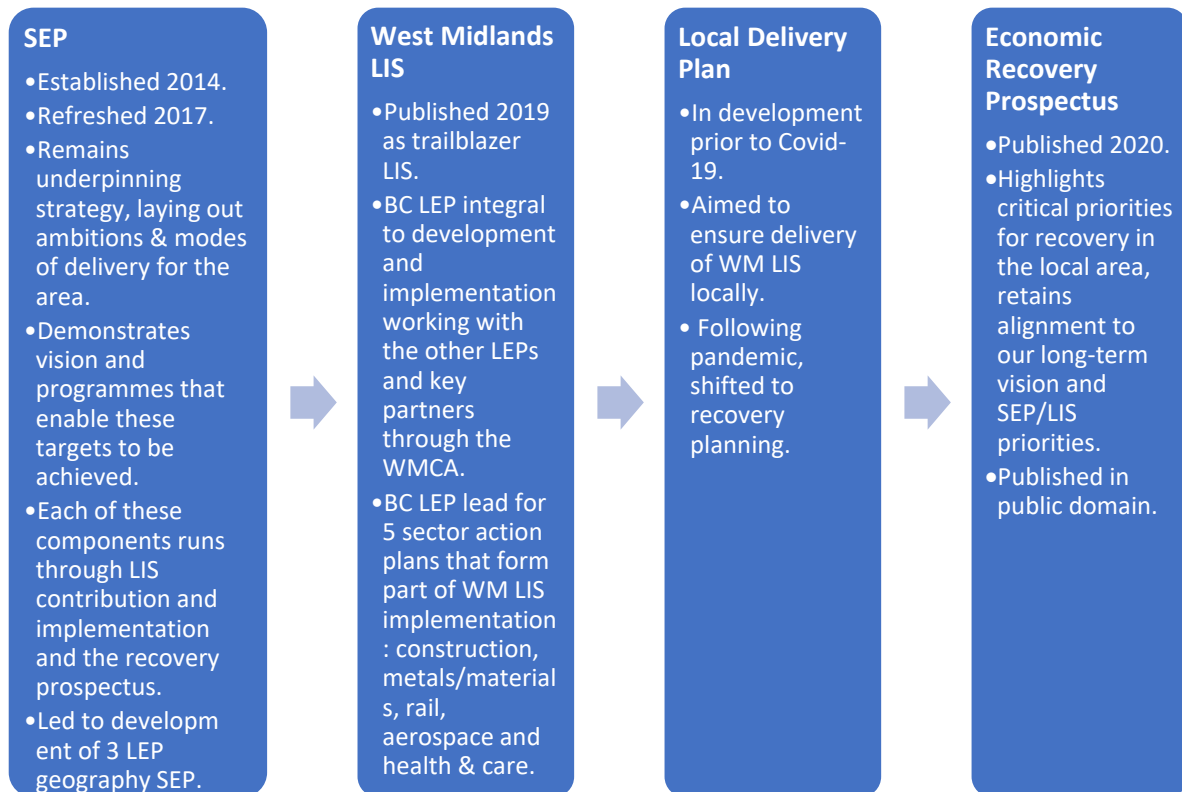




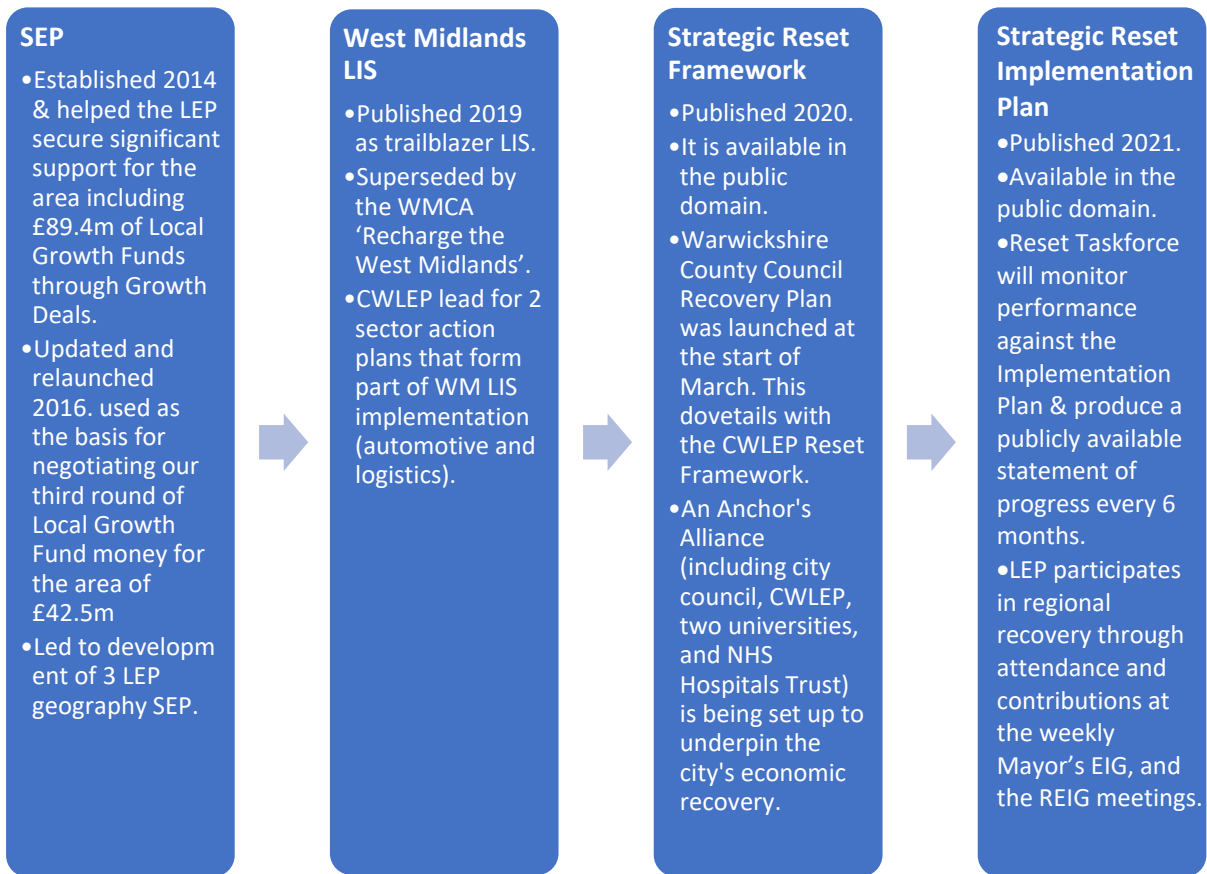
## Annex C: Summary of key economic growth strategies by LEP

The following diagrams indicate key economic growth strategies developed by each of the LEPs in the Midlands. They demonstrate how not all areas have published a Local Industrial Strategy as well as variation in how different LEPs have approached recovery planning.

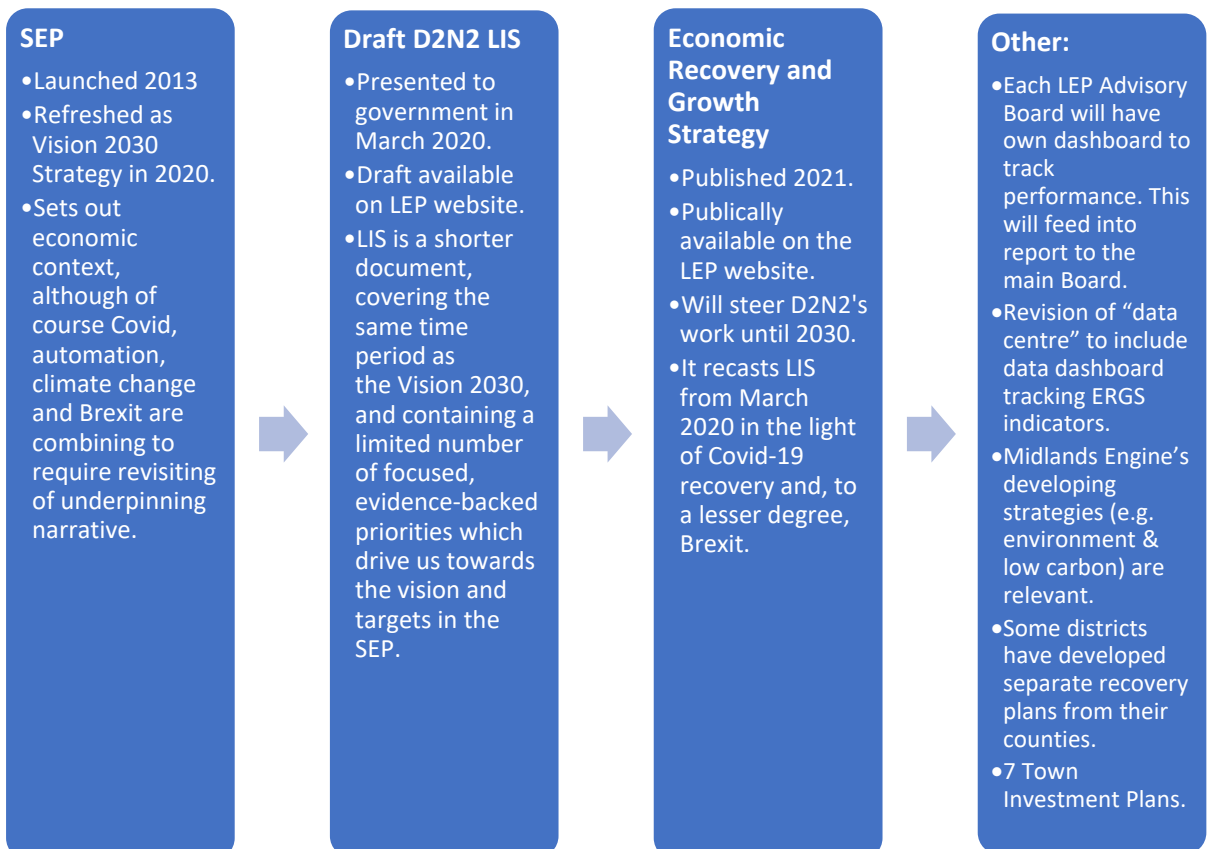
### BLACK COUNTRY



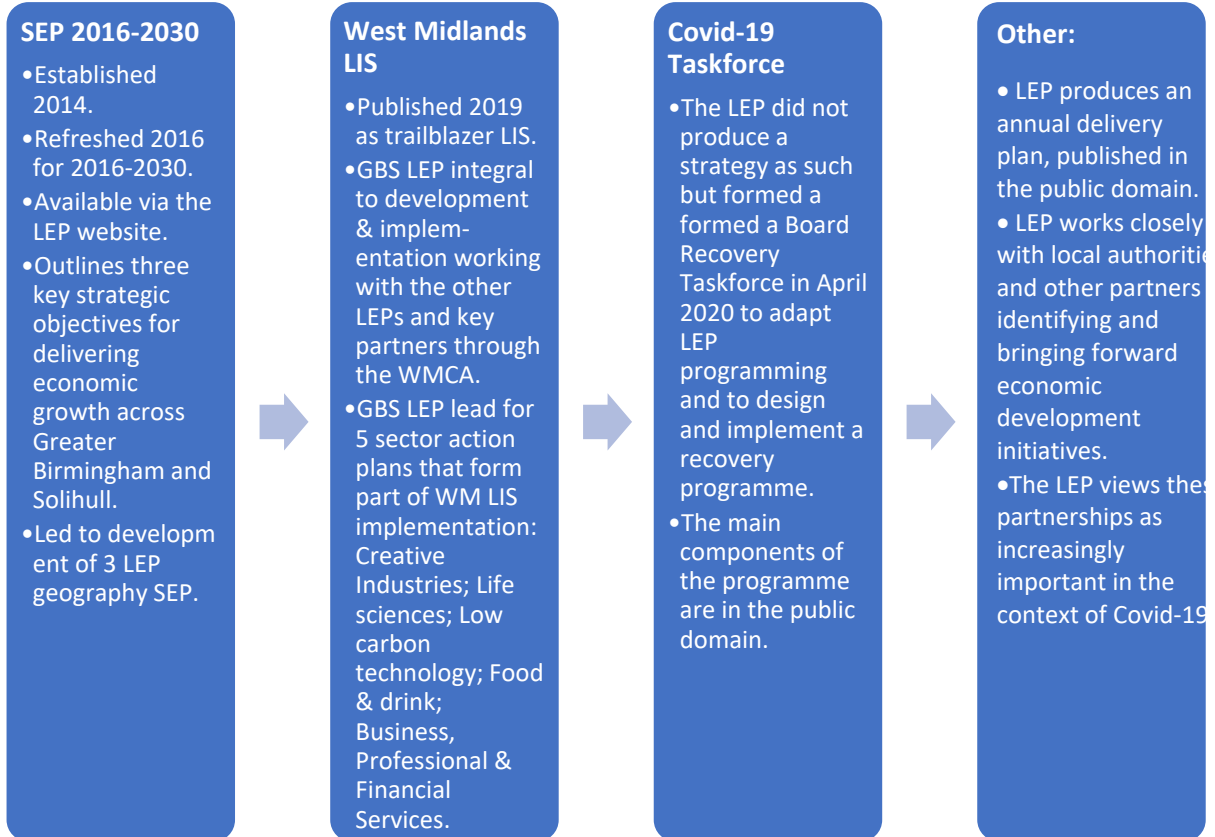
## COVENTRY & WARWICKSHIRE



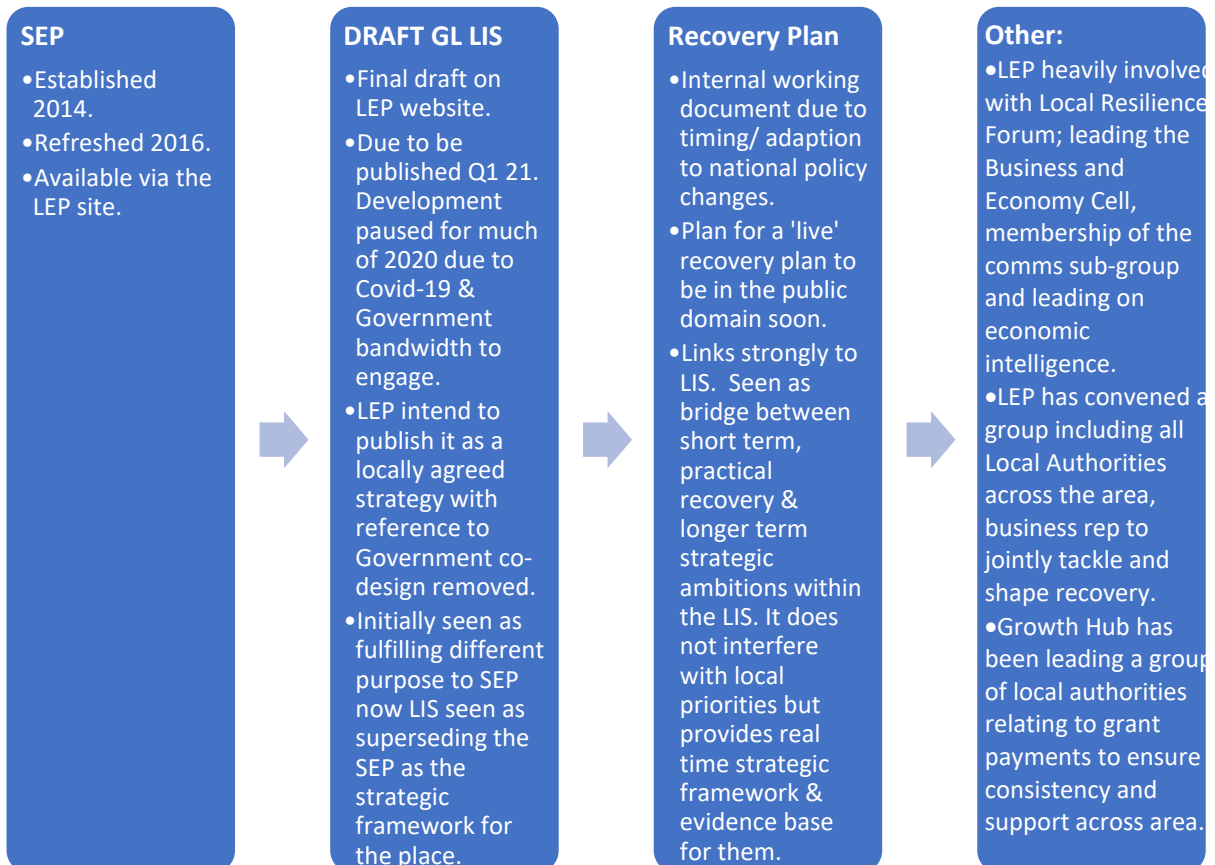
## D2N2



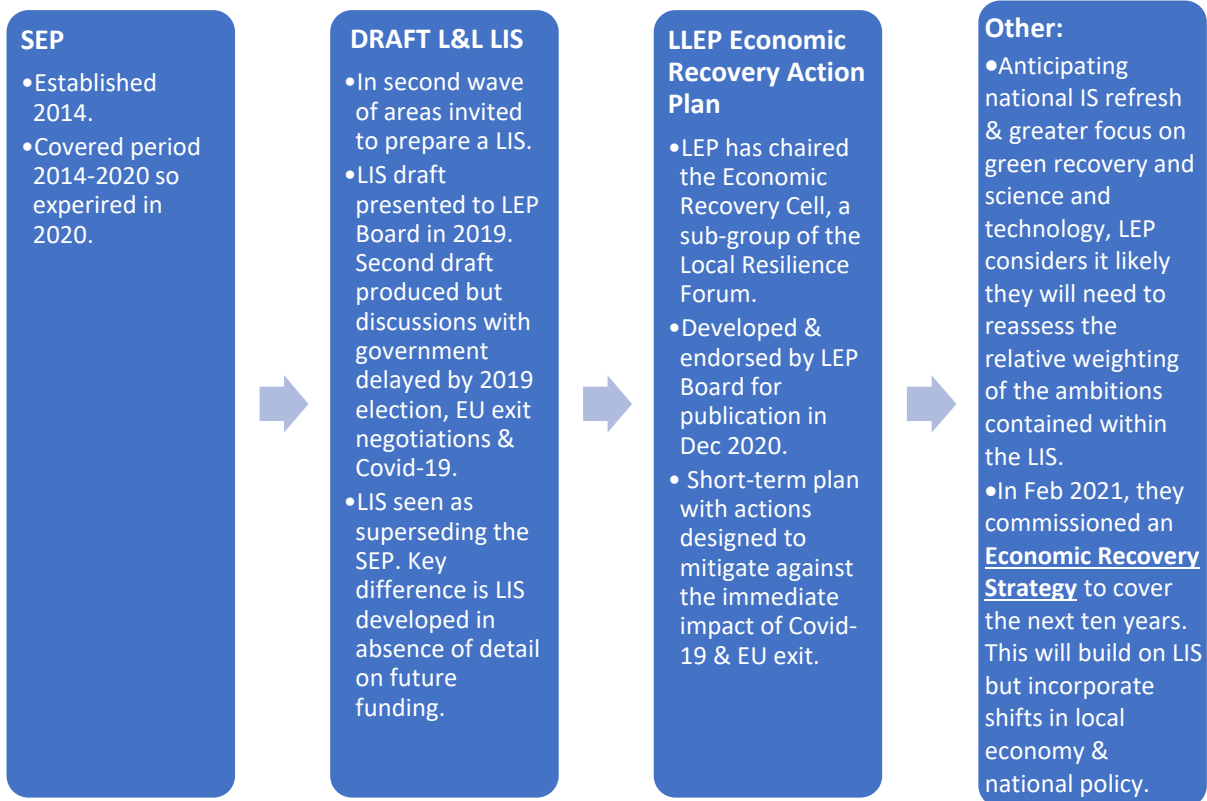
## GREATER BIRMINGHAM AND SOLIHULL



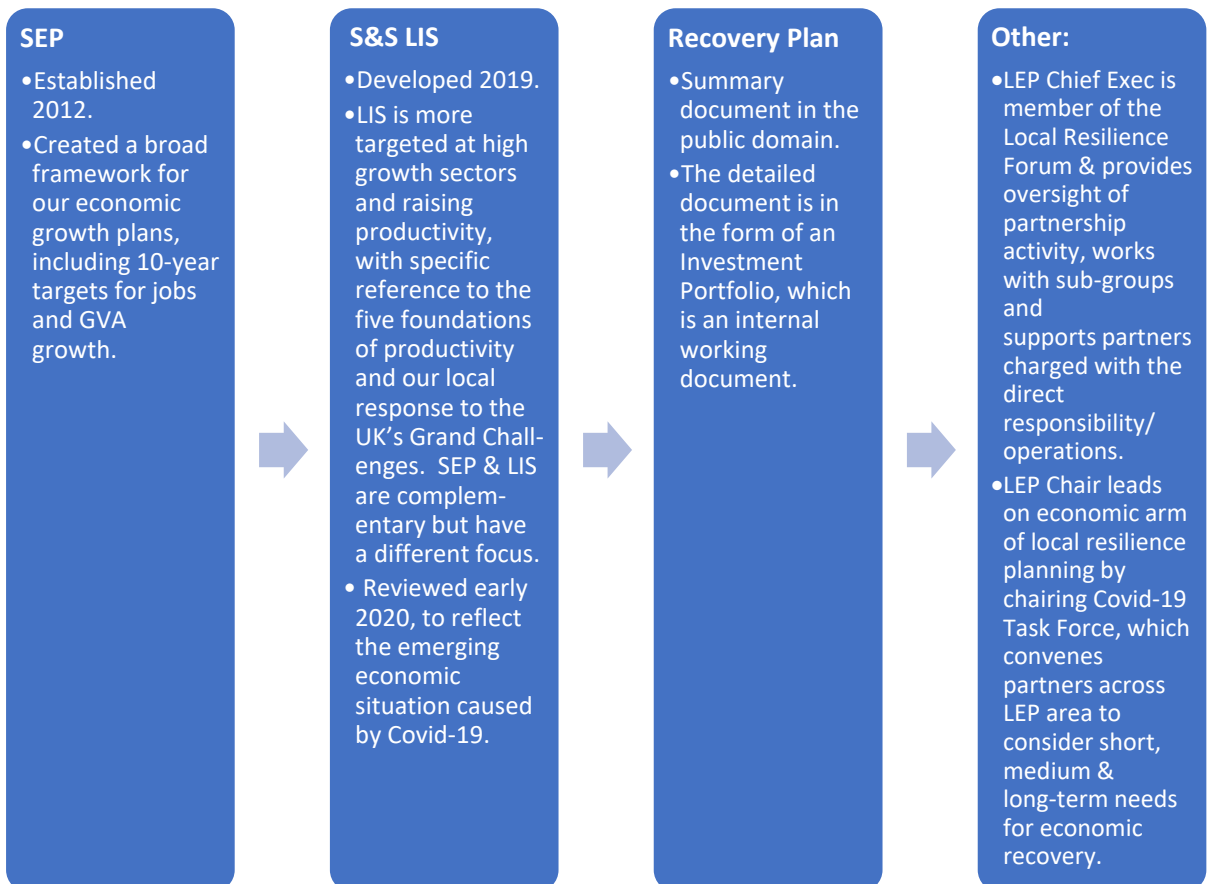
## GREATER LINCOLNSHIRE



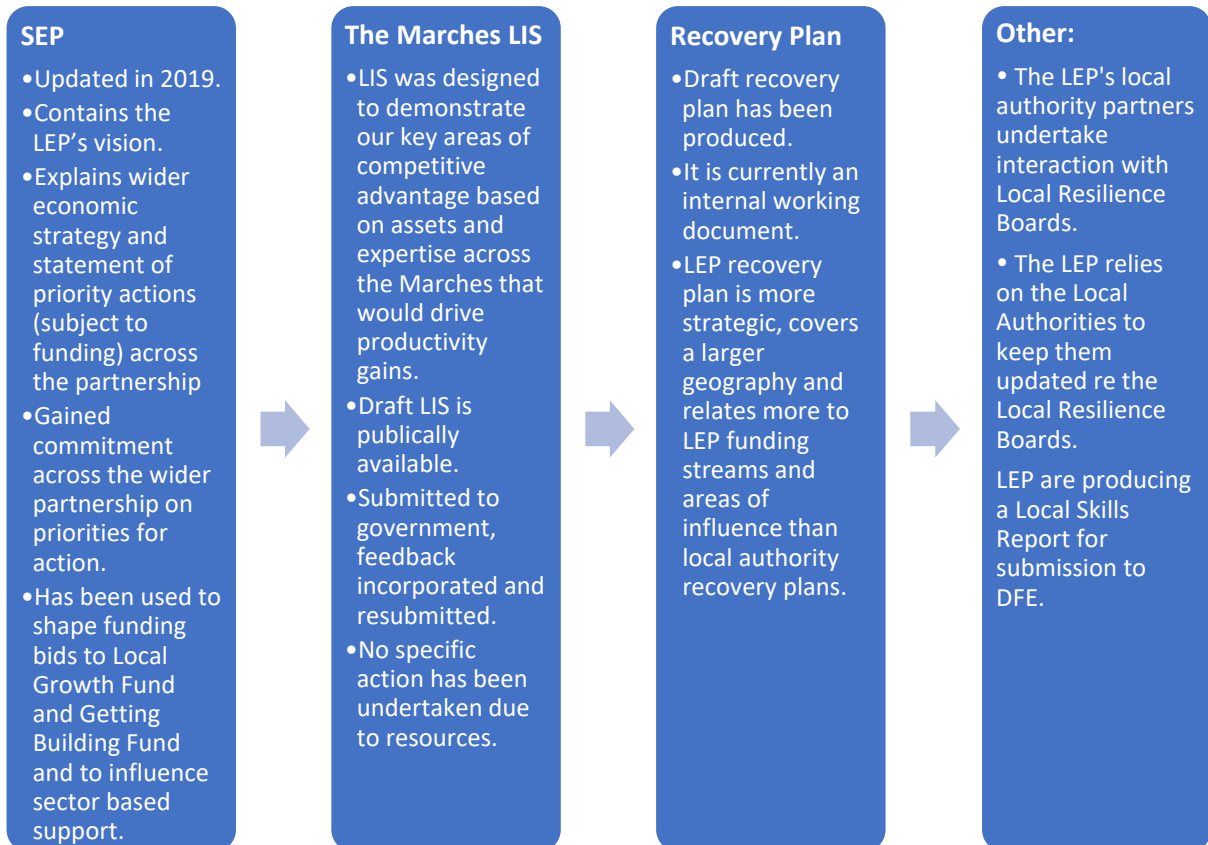
## LEICESTER AND LEICESTERSHIRE



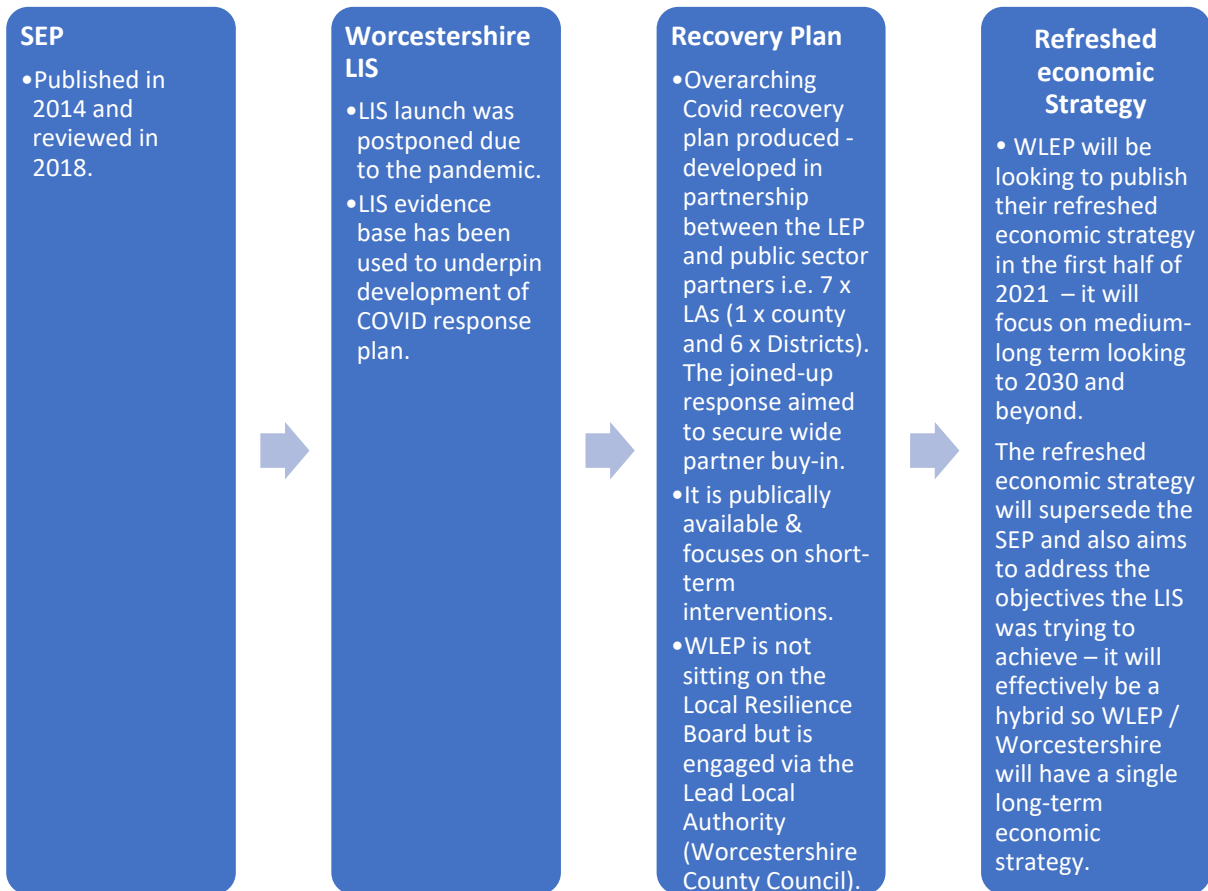
## STOKE-ON-TRENT AND STAFFORDSHIRE



## THE MARCHES



## WORCESTERSHIRE



Annex D: Current and projected sector strengths, as outlined in LEP strategies

	Sectors regarded as current or potential strengths*								
	BCLEP	CWLEP	GBSLEP	D2N2LEP	GLLEP	LLEP	SSLEP	MLEP	WLEP
Agri, food & drink									
Advanced manufacturing & engineering									
Transport technologies manufacturing									
Life science & healthcare									
Environment/low carbon									
Logistics									
Financial & professional services									
Digital & creative									
Visitor economy									
Construction									
Other consumer services									
Other producer services									
Other non-market services									

\* Cells shaded green indicate current or potential sector strength (as outlined in strategy)

Source: Sector definitions and framework adapted from SQW analyses for the Midlands Engine Independent Economic Review<sup>65</sup>

<sup>65</sup> <https://www.midlandsengine.org/wp-content/uploads/MEIER-Final-Main-Report-19-02-20-2.pdf>

## Annex E: Deriving consistent sector level aspirations across Midlands geographies

A bottom up approach, to ensure LEP level ambitions feed into an overall Midlands Engine ambition.

First, for sectoral employment, it was assumed that the sectoral shares from the baseline projections remain the same in the aspirational projections i.e. if construction accounts for 20% of jobs in 2030 under the baseline scenario, then it is also assumed to account for 20% of jobs in 2030 under the aspirational (SEP/LIS with stretch) scenario (though naturally, the *value* will be higher). For GVA, using these employment values, it is assumed all sectors will at least improve their productivity in line with the baseline scenario.

However, those sectors that are regarded by the respective LEPs as current or potential sector strengths (as outlined in local strategies[see Annex D]) were scaled up (weighted by their baseline projected share of GVA) to deliver the transformational level of change. Assuming constant employment shares across the projections, this boost to the current or potential sector strengths means that it is these sectors that will be the drivers of the transformational productivity enhancements over the period of 2017-30, both in that LEP area and across the Midlands Engine. This approach retains the dynamic sectoral relationships of the baseline scenario while aligning with the aspirational uplift and accommodating the individual sectoral ambitions of the respective LEPs.

Table E1 presents the difference between the baseline and aspirational projections for sectors across the Midlands Engine.

**Table E1: Current, projected and aspirational levels of sector productivity across the Midlands Engine, 2017-30**

	Productivity (GVA per job, levels £2016)		
	Base Year	+ baseline projection	+ transformational scenario
	2017	2030	2030
Agri, food & drink	41,695	45,297	56,393
Advanced manufacturing & engineering	53,454	64,654	89,134
Transport technologies manufacturing	90,881	117,002	191,676
Life science & healthcare	36,279	42,178	55,956
Environment/low carbon	126,933	128,234	150,961
Logistics	36,358	41,685	45,490
Financial & professional services	57,396	60,514	75,703
Digital & creative	60,683	85,380	116,854
Visitor economy	21,878	24,569	33,389
Construction	46,094	44,433	53,802
Other consumer services	34,122	41,275	47,764
Other producer services	25,273	27,610	27,549
Other non-market services	32,314	37,486	37,545
All sectors	44,064	50,287	60,414



Annex F: Lead organisations for sector plans in the WMCA 3-LEP area

<b>Sector Plan</b>	<b>Lead Organisation</b>
Aerospace	BC LEP
Construction	BC LEP
Metals and Materials	BC LEP
Rail	BC LEP
Health and Social Care	BC LEP
Business, Professional and Financial / Modern Services	GBSLEP
Advanced Manufacturing - Food & Drink	GBSLEP
Low Carbon Technologies	GBSLEP
Life Science & Health Tech	GBSLEP
Creative Industry	GBSLEP
Automotive	CWLEP
Logistics & Transport Technology	CWLEP
Retail	CWLEP
Tourism	WMGC