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Policy Debates

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Regional Responses to Recession: The Role of the West Midlands Regional Taskforce

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BAILEY D. and BERKELEY N. Regional responses to recession: the role of the West Midlands Regional Taskforce, *Regional Studies*. Regional taskforces were set up across the English regions in late 2008 in response to the most severe recession since the Second World War. This paper examines the role of one such body, the West Midlands Regional Taskforce, as an example of regional response to recession, and offers potential lessons for the future in dealing with such situations. In so doing it reflects on the contested concept of regional ‘resilience’ and its relevance for policy actions at the regional level. Understanding how the region responded in this way could help in maintaining a ‘permanent capacity’ to deal with shocks, especially in the context of the abolition of regional development agencies (RDAs) in England from 2012 and their replacement with local enterprise partnerships (LEPs).

English regions Regional development agencies Recession responses Regional resilience Local enterprise partnerships
Localism

BAILEY D. and BERKELEY N. 经济衰退的区域回应：英格兰中西部区域专门小组的角色，*区域研究*。2008年底，英格兰各区域纷纷成立了区域专门小组，以因应第二次世界大战以来最为严峻的经济衰退。本文检视其中一个专门小组的角色，即英格兰中西部区域专门小组，做为区域回应经济衰退的案例，并提供未来因应此般情势的可能经验教训。藉此，本文考量区域“恢复力”的竞争概念，及其之于区域层级政策行动的关联性。理解区域为何以此方式做出回应，有助于维持应对冲击的“永久能力”，特别是在英格兰自2012年废止区域发展署（RDAs），并由地方企业伙伴（LEPs）取代之后的脉络中。

英格兰的区域 区域发展署 回应经济衰退 区域恢复力 地方企业伙伴 在地主义

BAILEY D. et BERKELEY N. Les réponses régionales à la récession économique: le rôle du West Midlands Regional Taskforce, *Regional Studies*. Des groupes de travail régionaux ont été créés à travers les régions d'Angleterre à la fin de l'année 2008 en réponse à la récession la plus profonde depuis la Seconde Guerre mondiale. Cet article examine le rôle d'un tel groupe, à savoir le West Midlands Regional Taskforce, comme étude de cas des réponses régionales à la récession, et fournit des leçons éventuelles à en tirer pour aborder de telles situations à l'avenir. Ce faisant, il s'interroge sur la notion de ‘capacité d'adaptation’ régionale et son importance pour ce qui est des actions politiques à l'échelle régionale. Comprendre comment la région a répondu de cette façon pourrait aider à assurer une ‘capacité permanente’ pour affronter les chocs, surtout dans le cadre de la suppression des agences de développement régional (regional development agencies; RDAs) en Angleterre à partir de 2012 et de leur remplacement par les partenariats locaux d'entreprise (local enterprise partnerships; LEPs).

Régions d'Angleterre Agences de développement régional Réponses à la récession Capacité d'adaptation régionale
Partenariats locaux d'entreprise Localisme

BAILEY D. und BERKELEY N. Regionale Reaktionen auf die Rezession: die Rolle der West Midlands Regional Taskforce, *Regional Studies*. Als Reaktion auf die schwerste Rezession seit dem Zweiten Weltkrieg wurden Ende 2008 in sämtlichen englischen Regionen regionale Arbeitsgruppen eingerichtet. In diesem Beitrag wird als Beispiel für die regionalen Reaktionen

auf die Rezession die Rolle von einem dieser Gremien – der West Midlands Regional Taskforce – untersucht, und es werden die potenziellen Lehren für die Zukunft beim Umgang mit solchen Situationen erörtert. Hierbei untersuchen wir das umstrittene Konzept der regionalen ‘Resilienz’ und seiner Relevanz für politische Maßnahmen auf regionaler Ebene. Ein Verständnis der Art und Weise, in der die Region reagierte, könnte zum Erhalt einer ‘permanenten Kapazität’ zum Umgang mit Schocks beitragen, insbesondere im Zusammenhang mit der Abschaffung der regionalen Entwicklungsagenturen (RDAs) in England seit 2012 und ihrer Ersetzung durch lokale Unternehmenspartnerschaften (LEPs).

Englische Regionen Regionale Entwicklungsagenturen Reaktionen auf die Rezession Regionale Resilienz Lokale Unternehmenspartnerschaften Lokalismus

BAILEY D. y BERKELEY N. Respuestas regionales a la recesión: el papel del grupo de trabajo de West Midlands, *Regional Studies*. En respuesta a la más grave recesión desde la Segunda Guerra Mundial, a finales de 2008 se crearon grupos de trabajo regionales por todas las regiones de Inglaterra. En este artículo analizamos el papel de uno de estos organismos, la West Midlands Regional Taskforce, como un ejemplo de la respuesta regional a la recesión, que nos sirve de posible enseñanza sobre cómo tratar estas situaciones en el futuro. De este modo, reflexionamos sobre el concepto cuestionado de ‘resiliencia’ regional y su importancia para las medidas políticas de ámbito regional. Si entendemos cómo se respondió en la región, podemos ayudar a mantener una ‘capacidad permanente’ de tratar con los choques, especialmente en el contexto de la abolición de las agencias de desarrollo regional en Inglaterra de 2012 y su sustitución por la cooperación empresarial local.

Regiones inglesas Agencias de desarrollo regional Respuestas a la recesión Resiliencia regional Cooperación empresarial local Localismo

JEL classifications: L98, R11, R50, R58

INTRODUCTION

Regional taskforces were set up throughout the English regions in late 2008 in response to the most severe recession since the Second World War. The taskforce approach offered an opportunity to focus minds, enable strategic overview of limited resources and target interventions. The West Midlands Taskforce (WMTF) had two main aims: to address the specific regional business and employment issues associated with the downturn, trying to minimize their impact on businesses and communities; and to ensure business ‘resilience’ in the region over the longer-term. This paper examines the role of the WMTF as an example of regional response to recession, and offers potential lessons for the future in dealing with such situations. In so doing it reflects on the contested concept of regional ‘resilience’ and its relevance for policy actions at the regional level. Understanding how the region responded in this way could help in maintaining some sort of ‘permanent capacity’ (BAILEY *et al.*, 2012; PIKE *et al.*, 2010) to deal with shocks, especially in the context of the abolition of regional development agencies (RDAs) in England from 2012.

The paper is structured as follows. The first section considers the nature of the recession in the UK, its overall impact and the role of sub-national actors in dealing with the impact. The second section examines the concept of regional resilience as a framework for understanding how well regions are placed to respond to external shocks and how policy might contribute to fostering forms of ‘resilience’. The third section uses the West Midlands region as case study to examine the effect of the recession and the subsequent work of the taskforce in attempting to mitigate its impact. The

fourth section presents some reflections on theory and policy implications, linking back to concepts of resilience.

RECESSION IMPACT AND SUB-NATIONAL RESPONSES

The 2008–09 (and more recent) economic crisis had a different character to previous recessions, being marked by its depth and prolonged duration, its reach and influence, and by the structural implications it has had for financial systems and investment (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), 2009). The downturn also accelerated some of the key processes of structural change that were already in progress (manufacturing employment decline, for example) in so-called ‘mature’ UK manufacturing regions such as the West Midlands. Uncertainty over the spatial impact of the recession and credit crunch added to the challenge facing agencies such as RDAs, and required leadership at different scales (nationally, regionally and locally). Yet the crisis added to the urgency to address issues such as higher and more deeply rooted unemployment and worklessness, business failures, home repossessions and the wider social impact of the downturn. The downturn also left the UK in an indebted position, meaning that the West Midlands region, like others, has had to focus on delivering maximum economic benefits from increasingly scarce public sector resources, especially in the context of an austere fiscal position since the 2010 Budget (HM TREASURY, 2010).

On a more positive note, PARKINSON *et al.* (2009) noted some potentially positive impacts of the recession

and credit crunch, including opportunities for reflection and planning for long-term development and the promotion of sustainable regeneration. Similarly, at a local level, the survey by the IMPROVEMENT & DEVELOPMENT AGENCY (I&DEA) and LOCAL GOVERNMENT ASSOCIATION (LGA) (2008) found that nearly a half of local authorities declared that the economic slowdown presented them with new opportunities to form or improve partnership working. Such different roles for various levels of government in responding to the recession was also emphasized by The Work Foundation (BRINKLEY *et al.*, 2008). This research highlighted a range of possible sub-national interventions to attempt to address the recession, noting that the recession was likely to affect places in different ways. This work suggested that local and regional actors were best placed to deal with the impacts on the sub-national economy due to their deeper understanding of the issues, e.g. with interventions supporting small and medium-sized firms under pressure through loan schemes and advice or using the public sector as a tool to stabilize the economy through its role as an employer (BRINKLEY *et al.*, 2008).

Similarly, drawing on international case studies, the OECD Local Economic and Employment Development (LEED) Programme noted that the capacity to draw-up, and effectively implement, sound regional/local economic strategies may not be common (OECD, 2009). The economic crisis was in this sense an opportunity to refine existing efforts, and to enhance capacity and competence development (CLARK and HUXLEY, 2011). It was argued that this could also give rise to a better diagnostic assessment of regional and local economic assets and advantages, and lead to more robust strategy assessment, development and delivery. This would seem to have been a key role for the regional taskforces in England. The regional level is especially pertinent here as economic development is often led or facilitated by local governments, but is often not a task to which local governments are well suited (OECD, 2009). As the OECD noted, economic development is often a more 'market-facing' activity that operates over longer time frames, broader geographies, and wider institutional collaborations than is usual for local government. In this regards, the regional scale – and a regional response – may be critical. Economic development can be seen in this way as a 'specialist "vision driven"' activity, that seeks to define a strategic path into the future and to shape the behaviour of other actors, many of whom are not under the control of local governments leaders (OECD, 2009).

THE RELEVANCE OF 'RESILIENCE'?

Academic interest in the impact of economic shocks and crises on local and regional economies has given rise to debates concerning regional resilience (HILL *et al.*, 2008;

SIMMIE and MARTIN, 2010). HILL *et al.* (2008, pp. 4–5), for example, conceptualize regional economic resilience in a narrow sense as the 'ability of a region to recover from shocks to its economy that either throw it off its growth path or have the potential to throw it off its growth path but do not actually do so'. They contend that regional economies may be thrown off their 'growth path' as a result of structural economic changes or external 'shocks' such as natural disasters, plant closures or economic recession. Furthermore, SIMMIE and MARTIN (2010) argue that the notion of resilience should also consider the degree of resistance to such a shock on the premise that this will have a profound effect on a region's ability to recover and recover quickly. Their thesis links regional economic resilience to the adaptive capacity of an economy (the ability of a region structures to adapt to the changing external and internal pressures that confront its firms and workforce) set within an evolutionary framework. They suggest that resilience and adaptability can be influenced, for example, by 'variety' in an economy; in this sense sectoral variety and the degree of industrial specialization or diversification. Regions with strong sector dependency are likely to be more prone to sector-specific shocks to their economy and at the same time lack the diversification of activity to dampen or mitigate the shock. Less sector-dependent and hence less vulnerable regions may be able to avoid shocks altogether, or at least dampen their effects, thus minimizing negative effects on measures such as output and unemployment (HILL *et al.*, 2008). Variety might also take the form of firm behaviour with more resilient regions having more adaptable, innovative firms (SIMMIE and MARTIN, 2010).

Similarly, HILL *et al.* (2008) link economic resilience to innovation, diversification and human capital, whilst suggesting that it may be negatively influenced where economies and their infrastructures are dominated by a small number of large firms. SIMMIE and MARTIN (2010) take the economic resilience debate further by adopting the concept of 'panarchy' in which a regional economy is seen in a complex adaptive cycle where resilience varies over time. The cycle is characterized by two loops: one where a particular economic structure and growth path emerges, develops and stabilizes (resilience is high); the other where rigidity and decline set in (resilience declines) and new activities and sources of growth are subsequently created (resilience increases). Moreover, they suggest that over time regional economic resilience is influenced both by longer-term, region-wide processes (e.g. local government and education) and shorter-term micro-scale processes (firm behaviour) and how these interrelate. This in turn links to broader perspectives on resilience in terms of evolutionary approaches (PIKE *et al.*, 2010). This evolutionary approach is taken further by MARTIN (2012), who links the concept of resilience to hysteresis. In so doing he explores four dimensions of regional resilience:

resistance (the degree of sensitivity or depth of reaction to a recessionary shock); recovery (the speed and degree of recovery from a recessionary shock); reorientation (the extent of reorientation and adaptation in response to recessionary shock); and renewal (the extent to which the regional economy renews its growth path, whether a pre-recession path or hysteretic shift to a new path).

These (contested) concepts of economic resilience provide some useful theoretical tools in which to contextualize the work of the WMRT in responding to recession, and some associated questions. Firstly, to what extent was the region vulnerable to this external economic shock? Secondly, how did the region's relative resilience affect the impact that the taskforce could have in dampening or mitigating the negative effects of the recession on key economic indicators such as output and unemployment? Thirdly, to what extent did the taskforce – and the RDA more generally – improve regional resilience? Whilst definitive answers to such questions cannot be provided, the following sections begin to frame some responses by examining the work of the taskforce and the RDA. Firstly, though, the paper examines the impact of the recession on the region.

THE IMPACT OF THE RECESSION ON THE WEST MIDLANDS REGION

Heading into the recession the West Midlands as a 'mature industrial region' displayed typical hallmarks of vulnerability: a weak industrial structure linked to longstanding sectoral dependency (i.e. a lack of variety), poor economic growth (measured in both employment and gross value added – GVA), and relatively low skills and levels of innovation compared

with other regions (WEST MIDLANDS REGIONAL OBSERVATORY (WMRO), 2010). This would suggest that the region would be less resilient to the recession than other regions and might struggle to adapt and recover quickly. At the same time there were some positive signs: exemplar firms within premium brands and emerging higher value technologies (including low carbon vehicles); a high-quality engineering services sector well integrated with the premium brands; strong research and development (R&D) facilities at leading firms; and a supportive public sector with experience of dealing with previous economic shocks (WMRO, 2010). So how did the recession impact on the region?

Analysis by CLAYTON (2009) stressed that the areas seeing the largest increases in the numbers of people claiming unemployment benefits during the recession were the 'core cities' of the North, the West Midlands and Scotland, plus other areas linked with traditional manufacturing and heavy industry that also suffered disproportionately in previous recessions. Work by FOTHERGILL (2009) reported a similar picture.

The differential impact of the recession on the West Midlands region was highlighted by Purchasing Managers' Index (PMI) data, which showed, for example, that by February 2009 the West Midlands had contracted at a more rapid pace than other UK regions. As the year progressed, the contraction of the West Midlands economy slowed. Yet by June 2009 the PMI data showed the worse downturn in output for the West Midlands out of the UK regions (Fig. 1). The severity of the regional impact was linked to the sectoral composition of the region, with over 50% of regional economic activity derived from manufacturing (notably automotive and metals), real estate, and wholesale and retail trade, all of which were badly hit by the recession.

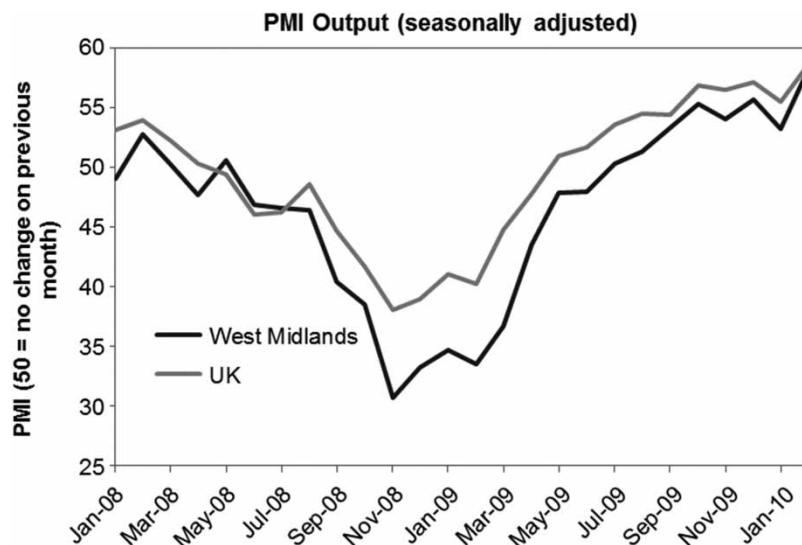


Fig. 1. Purchasing managers index: output, 2008–10, seasonally adjusted
Source: MARKIT (2010)

Table 1. Shift–share analysis for the West Midlands region, 2003–08 (benchmark = Great Britain)

Industry	West Midlands employment			National share	Industry mix	Regional shift
	2003	2008	Change			
Agriculture and mining	20 500	26 000	5 500	770	2333	2370
Energy and water supply	13 000	11 800	–1200	488	–1200	–525
Manufacturing	416 400	324 600	–91 800	15 654	–82 758	–24 736
Construction	101 200	114 800	13 600	3805	7833	1925
Distribution, hotels and restaurants	552 200	556 400	4200	15 760	–31 090	6622
Transport, storage and communication	129 500	137 300	7800	4869	–4330	7290
Banking, finance and insurance	381 400	439 100	57 700	2595	–3205	–3502
Public administration, education and health	597 300	636 900	39 600	4423	–2013	941
Other service activities	111 300	108 500	–2800	4183	1820	–8733
Total	2 322 700	2 355 400	32 600	87 320	–32 766	–21 948

Source: Office for National Statistics (ONS) data, Annual Business Inquiry Employee Analysis.

This is reinforced by data from a shift–share analysis¹ (Table 1) that reveal how the region suffered in terms of employment growth in the five years before the financial crisis and recession hitting (i.e. 2003–08) because it had an industrial mix that was not favourable to growth. The dominance of nationally declining industries such as manufacturing was reflected in the region’s negative ‘industry mix’. At the same time the region’s industries were seen to be less competitive, underperforming in growth sectors such as financial services, as well as performing worse in declining sectors such as manufacturing (as shown in negative ‘regional shift’). The performance of these sectors was slightly offset by stronger growth in construction, retail and transport sectors than was observed nationally. Overall though employment grew by 1% in the region between 2003 and 2008 compared with the national economy which grew at 4%. The overreliance on manufacturing was problematic given the 23% decline in (nominal) regional manufacturing GVA over 1997–2009 – more than any other UK region (OFFICE FOR NATIONAL STATISTICS (ONS), 2011).

With the arrival of the recession, between Q2 2008 and Q2 2010, some 50 000 manufacturing workforce jobs were lost, with another 35 000 in wholesale/retail trades (BERKELEY *et al.*, 2011). The rapid downturn

in the automotive industry (with sales down by 30% in March 2009 year-on-year and production down by some 60% in Q1 2009) was especially pertinent in this regard.

Given this context it is perhaps not surprising that the West Midlands saw a more rapid increase in unemployment than other English regions during 2008 and the first half of 2009 (Table 2). Indeed, in the 18 months to June 2009 unemployment in the region increased by 4.7 percentage points. Other measures are equally revealing. In the year to June 2009 the number of vacancies available in the region fell by 39% – the fourth worst performance of the ten UK regions; whilst the redundancy rate in the region in Q2 2009 stood at 15.9 per 1000 employees – the highest rate of any region and an increase of 10/1000 employees on the previous year. Not surprisingly, therefore, the number employed in the region fell by some 2.5% in the year to February–April 2009. This again was the worst performance of any English region.

In fact, the recession exposed some the West Midlands’ long running socio-economic weaknesses. Indeed since the late 1970s the region had experienced a consistent worsening of its economic performance (as evidenced by employment and gross domestic product (GDP) growth) relative to the national position (see

Table 2. Six-month change in unemployment rates (p.p. all persons aged 16+ and over)

Region	Six months to June 2008	Six months to December 2008	Six months to June 2009	Cumulative 18-month change
North East	0.6	0.9	1.5	3.0
North West	1.8	1.4	0.8	4.0
Yorkshire/Humber	0.7	0.6	2.2	3.5
East Midlands	0.3	0.7	1.0	2.0
West Midlands	0.3	1.8	2.6	4.7
East	0.2	0.9	0.9	2.0
London	0.0	0.6	1.6	2.2
South East	–0.3	0.9	0.8	1.4
South West	0.1	1.0	1.6	2.7
Wales	0.1	1.9	0.7	2.7

Source: Office for National Statistics (ONS) Regional Trends 2010/11.

also MARTIN, 2009). For example, by 2007 employment in the region had grown just 9 percentage points from its 1971 level. This compares with growth of 18 percentage points for Yorkshire and the Humber, 35 percentage points for the East Midlands, 46 percentage points for the East, and 48 percentage points for the South East. Only the North East and the North West fared worse than the West Midlands (MARTIN, 2009). Output per head (GVA) in the region had lagged behind since the 1970s and by 2008 was just 84% of the UK average. The output gap had widened considerably since the mid-1990s when it was around £4 billion to a position in 2008 of some £16 billion (WMRO, 2010).

The underlying reasons for this may include, inter alia: a long-term underinvestment in infrastructure; an ongoing process of deindustrialization and a wider economic structure reliant on low volume, low growth sectors; a relatively poor business and employment performance in the private sector; a relatively poor education and skills record; relatively poor performance in developing 'knowledge economy' sectors and in R&D spend; and pockets of high levels of unemployment and worklessness (BAILEY and DE PROPRIIS, 2009). The rapid rise in unemployment in the region during the downturn was not unusual. Unemployment in the West Midlands has tended to 'peak' at higher levels during recent recessions, but has then tended to fall back to around the national average (Fig. 2). This was most marked during the 1980s (which was primarily a manufacturing recession linked to overvaluation of sterling and tight monetary policy). This is linked to the speed with which manufacturing demand and output can be scaled back in a recession and how the stock cycle can amplify trends, with the effect that regions where manufacturing is significant tend to see a more rapid fall in orders and output. However, since the late 1990s regional unemployment has not returned to the national average after recession; rather the gap between national and regional unemployment rates tended to widen. So, both in terms of output and

unemployment, the relative position of the West Midlands in relation to other UK regions has deteriorated over time.

It is against this recent historical background and differential regional impact that the regional taskforces had to work. Looking ahead, it was feared that regionally the recession could lead to long-term damage in terms of productive capacity being permanently lost, the scrapping of capital, a structural as well as cyclical fall-off in GDP, workers withdrawing labour permanently, a rise in youth unemployment and consequent concerns over a 'lost generation', the potential for a 'structural' labour deficit, and the possibility of 'jobless growth' (BAILEY and BERKELEY, 2010).

Interestingly, however, data from the Office for National Statistics (ONS) show evidence of recovery in the region as one form of 'resilience'. Whilst the West Midlands had the largest percentage point increase in unemployment in the 18 months to June 2009, it then exhibited the strongest recovery, a reduction in the unemployment rate of 2.3 percentage points in the 12 months between June 2009 and June 2010. These data are reinforced by unemployment count figures that again showed the region as having the strongest recovery in the year to February–April 2010, having had the highest increase in the previous 12 months. Similarly, in terms of vacancies, the West Midlands was the only region to recover to the 2008 level of vacancies immediately prior to the recession, with a 60% increase in the year to 2010 (ONS, 2011). The next section of the paper examines the role that the West Midlands Regional Taskforce may have played in this process.

THE WEST MIDLANDS REGIONAL TASKFORCE

It is important to note that regional intervention was part of a wider national response with central

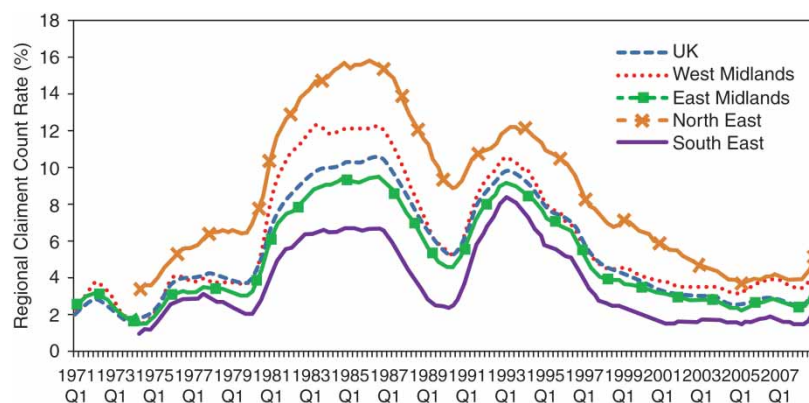


Fig. 2. Regional claimant counts during recessions

Source: Advantage West Midlands Strategy Team (WEST MIDLANDS REGIONAL OBSERVATORY (WMRO), 2009)

government intervention seen as critical early on in order to stabilize and ‘protect’ the economy and support key business sectors. The Department for Business, Innovation and Skills (BIS) launched a series of short-term initiatives, with up to £20 billion of direct support to UK businesses (for a summary of initiatives, see Table 3).

Although central government played a role in providing a framework for supporting businesses, the impact of recession differed spatially, and as such local and regional actors were seen as best placed to respond due to their local sensitivity and deeper understanding of the issues that are specific to individual firms, sectors and locations (BRINKLEY *et al.*, 2008). Moreover as the COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS (CEMR) (2009) concluded in its second survey in late 2009, “‘good local [and regional] governance’ is crucial in alleviating the local impacts of a larger crisis’ (p. 8). As such from late 2008 the UK government worked with the then RDAs to rollout regionally tailored support through taskforces. They were established as an opportunity to focus minds, enable a strategic overview of limited resources and to target interventions during the recession.

The WMTF was convened with two principal aims: to address specific regional business and employment issues; and to ensure business ‘resilience’ in the West Midlands over the long-term. The term ‘resilience’ was not tightly defined here, although interviews suggest it encompassed both short-term priorities

relating to the resistance and recovery dimensions of resilience along with longer-term dimensions of reorientation and renewal. Not surprisingly, short-term goals took priority: ‘without a short-term we don’t have a long-term’, one interviewee noted.

The taskforce was chaired by the then regional minister and supported by the RDA Advantage West Midlands (AWM), which was able to draw upon the experience of dealing with previous crises, not least the closure of the Rover car manufacturing plant at Longbridge, Birmingham, in 2005. AWM coordinated the support of regional partners on behalf of the taskforce, and allocated £5 million of its core budget to support interventions, helping to lever additional European Regional Development Fund monies of approximately £4 million. Funding was primarily used to support the following initiatives:

- Gathering and assimilation of market intelligence to inform interventions.
- Enhanced business support services including loans and grant schemes for SMEs and strategically important sectors.
- Development and delivery of a dedicated graduate internship programme and support for independent retailers in market towns.
- Regional communications campaigns including the launch of a dedicated one-stop website for business advice.

Table 3. Summary of central government support schemes for businesses during the 2008–09 recession

Support scheme	Why the scheme was required	Details of the support measures included
<i>Improving businesses</i>		
<i>access to finance</i>		
Enterprise Finance Guarantee	Limited access to finance by small and medium-sized enterprises (SMEs) due to lack of collateral	£1 billion of loan guarantees to help SMEs access bank lending to finance working capital and investment
Working Capital	Banks unable to offer sufficient lending to viable businesses	£10 billion of loan guarantees to banks to release regulatory capital for new lending
Trade Credit Insurance	Increased exposure to customer default	Up to £5 billion in credit insurance top-up cover
Capital for Enterprise Fund	Inability to access additional finance	£50 million to enable businesses to restructure finances and invest
<i>Support to the automotive sector</i>		
Automotive Assistance Programme	Lack of access to credit and finance for investment within the automotive sector	£2.3 billion to cover bank loans to the sector to ensure ongoing investment in research and developing low carbon technologies
Vehicle Scrappage	Sharp falls in consumer demand	£400 million (matched by industry) to stimulate consumer demand
<i>Indirect support at the regional level</i>		
Business Payment Support Service	Shortages of working capital amongst SMEs	Businesses able to negotiate tax payment options to help with temporary cash flow difficulties
Business Rate Deferral		Option for businesses to defer part of the 5% increase in business rates
Prompt Payment Code		Voluntary scheme to encourage businesses to pay suppliers on time

Source: Adapted from NATIONAL AUDIT OFFICE (NAO) (2010).

In addition to this funding, the taskforce influenced the virement of AWM budgets into priority areas, and influenced the prioritization of other partners' spending.

WMTF brought together leaders from government, business, regional agencies, local authorities and trades unions and had 11 key objectives, the majority of which were focused on supporting business. In line with guidance produced by central government, activities were structured around three sources of help: securing credit and finance; business management; and investing for the future (CABINET OFFICE, 2009). Examples of initiatives that supported businesses in securing credit and finance include the Advantage Transition Bridge Fund (ATBF) (see below); the Enterprise Finance Guarantee Scheme, which provided working capital to SMEs; and the Prompt Payment Code under which public sector organizations pledged to pay invoices within ten working days. Other initiatives supporting business management included: a suite of measures delivered by the 'Business Link' business support network such as a credit crunch hotline. Finally, in supporting business investment for the future, initiatives included support for key strategic sectors, most notably through the Automotive Response Programme (see below); and a Construction Industry Action Plan. Alongside these sector specific measures, the WMTF monitored performance of a number of skills and employment related initiatives, both those that predated the taskforce and those that stemmed from it, including, for example, Learning and Skills Council (LSC) national programmes. The region also launched an innovative Graduate Internship Programme (see below). In order to guide businesses through the myriad of schemes and initiatives available, the WMTF set up a dedicated online resource to signpost businesses to sources of support. The range of initiatives are summarized in Table 4.

ASSESSING THE TASKFORCE RESPONSE

In assessing the impact of the taskforce in achieving its objectives, the authors undertook a detailed literature review and evidence-based analysis. In particular, the methodology used was a mixed-methods approach, and comprised the following:

- Reviewing the evidence to the House of Commons Regional Select Committee, its reports and findings, and the associated government response.
- Reviewing monitoring data of key WMTF interventions.
- Discussions and consultations with 24 key WMTF stakeholders in 2010.
- Case studies of selected interventions, including interviews with relevant delivery agencies/bodies.
- Comparisons with the experience of previous recessions drawing on the relevant literature (e.g. GEROSKI and GREGG, 1997).
- Examination of approaches adopted in other regions involving a review of the reports of the nine English regional select committees in their first inquires.

In examining the work of the taskforce, reference is made to the 'Barcelona Principles' identified by the OECD LEED Programme (OECD, 2009) and used by a number of local and regional agencies to inform their recession response and development planning. Of these six were identified as being of particular relevance to the role of regional taskforces: providing leadership; building a robust long-term economic strategy; providing purposeful short-term support; building long-term relationships with stakeholders; supporting people through hardship; and communicating and aligning with other tiers of government. Reference was also made to recent work on sub-national responses to recession and economic shocks (BAILEY *et al.*, 2012;

Table 4. Overview of the West Midlands Taskforce (WMTF) support interventions

Business support theme	Key WMTF interventions
<i>Securing credit and finance</i>	
Ensure availability of finance for business	Advantage Transition Bridge Fund (ATBF); Enterprise Finance Guarantee Scheme; Prompt Payment Code
<i>Business management</i>	
Ensure relevant support is available for all businesses	Business Link: Credit Crunch Hotline, Workshops and Health-Checks; Local Employment Partnerships; Rapid Response Service
Provide support for redundant workers	Redundancy advice: Citizens Advice Bureau and Job Centre Plus
Signpost support	Supportwm.co.uk
Identify and exploit areas of economic opportunity	Gateway to Global Growth
<i>Investing for the future</i>	
Provide support for key strategic sectors	Construction Action Plan; Automotive Response Programme; Professionals and Business Services Action Plan
Retain key skills in the economy	Learning and Skills Council: Train to Gain, Pre-redundancy Activity, West Midlands Graduate Internship Programme

Source: BAILEY and BERKELEY (2010).

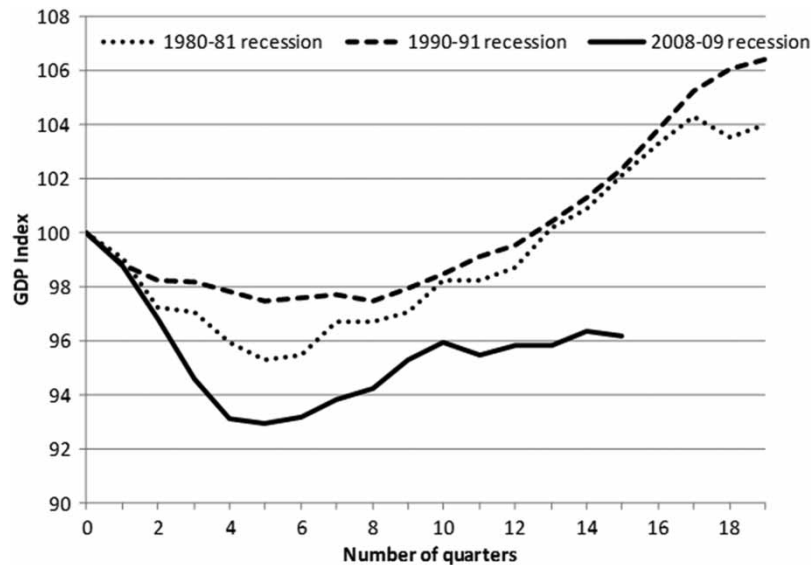


Fig. 3. Change in UK gross domestic product (GDP) in the 1981, 1991 and 2009 recessions
Source: Office for National Statistics (ONS) data, National Accounts (ABMI), 2012

CHAPAIN *et al.*, 2009; THE AUDIT COMMISSION, 2009; DEPARTMENT OF BUSINESS, INNOVATION AND SKILLS (BIS), 2013).

Despite the depth and length of the recent recession, and a worse performance in the region than elsewhere, official unemployment did not rise as much as initially feared. As shown in Fig. 3, the recent recession witnessed a greater peak-to-trough fall in GDP (7.4%) than that observed in the recession of 1980–81 (4.5%), whilst the increase in official unemployment was less pronounced than in previous downturns. Indeed, the rise in unemployment was relatively modest, peaking at around 2.6 million (Fig. 4) by late 2010. By way of comparison, the 1980–81 recession saw unemployment peak at over 3 million.

If unemployment had followed the same pattern as in the early 1980s' recession, then it would have been

expected to peak at around 4.2 million and not 2.6 million, or some 1.6 million higher (BERKELEY *et al.*, 2011). Assuming a share of total national unemployment in the West Midlands of around 8% at trough (given the region's size as a proportion of national GDP), this would equate to an additional 128 000 people recorded as officially unemployed in the region. Four factors might explain why unemployment has not risen as high as in previous recessions (BERKELEY *et al.*, 2011). Firstly, it can be argued that official statistics underestimated true level of unemployment, even on a Labour Force Survey (LFS) measure, if people drop out of the labour market completely. Secondly, there may have been an increase in young people going to higher education to avoid a tough labour market, or even an increase in older workers taking early retirement. Thirdly, there was more labour market flexibility in the sense that

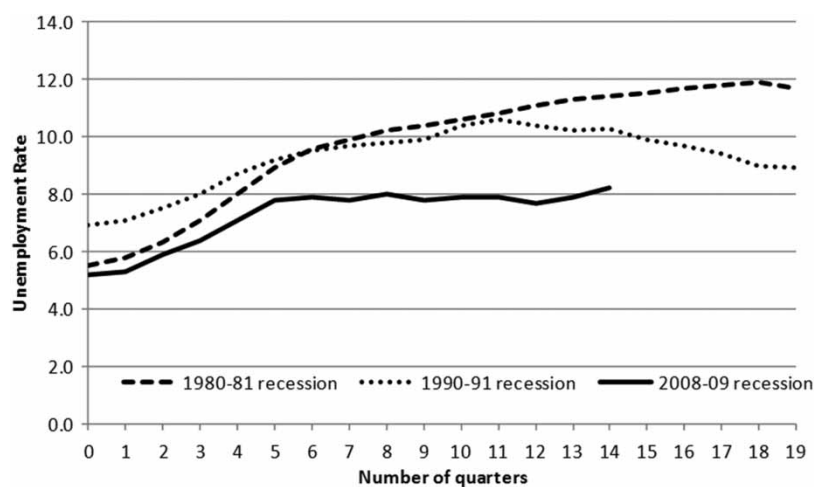


Fig. 4. Change in unemployment in the 1981, 1991 and 2009 recessions
Source: Office for National Statistics (ONS) data, Labour Force Survey (MGSX), 2012

firms tried to retain skilled staff and hence avoid unemployment by cutting back on hours (part-time working) and imposing wage freezes or cuts. Fourthly, there was a substantial easing of monetary and fiscal policy to offset the downturn, along with significant regional interventions, including that in West Midlands. While it is impossible to attribute figures precisely to the work of the WMTF, it can be estimated from evaluating key taskforce interventions that just two – the ATBF and the Manufacturing Advisory Service Automotive Response Programme – safeguarded or created some 5900 jobs. This does suggest a small but significant economic impact from the taskforce's work in terms of the resistance dimension of building resilience. It is to these interventions that the paper turns next. These are highlighted as characteristic of the WMTF's wider interventions.

Advantage Transition Bridge Fund (ATBF)

The deteriorating financial situation in 2008 led the UK government to announce a number of interventions in its Pre-Budget Report. This included the launch of several loan funds by RDAs, based on the model developed by AWM in response to the earlier MG Rover collapse. One of these, the Transition Loan Fund (TLF) illustrates how government re-focused existing resources to address the threat posed by recession and provide support to businesses in securing credit and finance at a regional level. In the West Midlands the TLF was launched as the ATBF, and was designed to be a temporary 'lender of last resort' for SMEs that had exhausted so-called 'traditional' routes of finance. Loans were offered from £50 000 to £250 000 on a maximum repayment period of three years and at a commercial rate of interest (CABINET OFFICE, 2009). The ATBF also had flexibility through the ability to recycle funds through loan repayments. That allowed the fund to operate more effectively over its lifetime. AWM was the first RDA to launch a TLF in November 2008, and given its experience also subsequently administered the fund for the East Midlands. The AWM scheme was the second largest amongst the English regions, and by January 2010 it had awarded the largest amount of funding, some £10.6 million, and had safeguarded around 2500 jobs (BAILEY and BERKELEY, 2010). At a cost (before returns on loans made) of around £4400 per job safeguarded, the outlay to the Exchequer was effectively returned within six months. Over half of the value of loans made was allocated to strategically important sectors in the region such as automotive (32%), business services (15%) and construction (6%). The ATBF thus backed up sector-specific support provided by the WMTF, an example of which, the Manufacturing Advisory Service Automotive Response Programme, is outlined next.

Manufacturing Advisory Service (MAS) Automotive Response Programme (ARP)

Support for the automotive sector within the West Midlands region was seen as critical given its strategic importance and the fact that it experienced one of the most severe downturns in its history in late 2008. One initiative was the £4.5 million Manufacturing Advisory Service (MAS) Automotive Response Programme (ARP) set up by AWM, which aimed to help safeguard jobs and sales in the automotive sector by funding strategic projects focused on ensuring that businesses survived the recession and emerged stronger and more competitive. There were two funded elements to the ARP. First, thorough capability reviews aimed to provide an industry recognized statement that a company was robust enough to be considered a 'long term automotive supplier'. The second element was a grant to fund consultancy work on strategic projects related to, for example, diversification and reorientation/restructuring. MAS employed intelligence from the long-established regionally funded Accelerate programme in targeting key parts of the supply chain for support, and was able to provide speedy support to assist firms with diversification and other needs. The ARP was 'strategic' in that a key sector was targeted and key objectives (notably diversification) accounted for much of the support provided.

As at April 2010, ARP had assisted 198 firms, 82% of which were SMEs, with some 330 capability reviews completed. The target for jobs safeguarded was 500, but this was exceeded considerably, with figures from firms confirming some 2930 jobs safeguarded and 410 jobs created by March 2010 (BAILEY and BERKELEY, 2010). On a spend of £4.5 million, these figures give a cost per job safeguarded/created of £1350. Overall, this can be seen as a rapid and cost-effective intervention that prevented a further hollowing out of jobs and capacity in the automotive sector. In terms of sales, some £53 million was estimated to have been safeguarded, and £36 million worth created (BAILEY and BERKELEY, 2010). While these short-term dimensions of resistance and recovery were highlighted by policymakers in relation to this programme, practitioners and advisors delivering it – along with some of the client firms – emphasized the reorientation and renewal dimensions in that the support helped them diversify and shift away from long-standing activities. Indeed, the scheme focused only on viable firms with the capacity to upgrade and diversify, recognizing that lower value added and less 'strategic' capacity may well be lost.

It is worth noting that the cost per job safeguarded/created figures for both ATBF and MAS are low by comparison with other interventions. For example, the most recent analysis of the (English) Regional Growth Fund by the NATIONAL AUDIT OFFICE (NAO) (2012) suggests an average cost per net job

created as £33 000, whilst the 'old' RDAs performed at £28 000. In contrast, figures for ATBF and MAS are per gross job created, so will anyway be lower. Moreover, these initiatives were part of a much smaller, regionally based intervention. Being small scale, targeted and highly selective, costs were likely to be much lower than nationally based schemes.

West Midlands Graduate Internship Programme (WMGI)

A third intervention, developed in response to the economic downturn by a partnership of regional players, the West Midlands Graduate Internship Programme (WMGI), built on a portfolio of pre-existing placement services, but represented an innovative 'West Midlands' approach to addressing concerns over graduate opportunities in the region. With the increasing focus on, and importance of, high-level skills, retention of graduates within the regional labour market has been seen as a key issue. In line with this, by providing placements in regional SMEs, the scheme sought to offer graduates an opportunity to improve their medium- to longer-term job prospects through enhancement of both generic 'employability' skills and technical work-based skills. By doing this, WMGI focused on two key aims: to help small businesses through the recession and to prepare for the upturn; and to improve the employability of graduates and ultimately retain their high level skills within the region.

The programme was funded through the WMTF (initially £220 000) and matched the needs of employers for short-term capacity (at no additional cost) with the needs of graduates for opportunities to enhance their employability. Taskforce funding was employed to provide the brokerage service. Placements were unpaid and varied in length from a few weeks to six months. This was important in providing employers with a flexible and cost-effective solution. Initially the programme was contracted to deliver 250 graduate internships. However, due to the high level of demand from both employers and graduates, this was extended to 500, backed by an additional £220 000. By mid-February 2010, 1000 graduates had registered for the scheme with total of 886 enquiries received from employers. Over 400 graduates had been matched to internship briefs with 252 starting on placements, 29% of whom were returners to the region. By this time, one in every 24 placements had led to a new job being created.

The WMGI programme can be viewed as a successful initiative in a relatively short time scale, helped by the credibility of the partnership of stakeholders to influence decisions and make things happen quickly. At a total cost of £440 000, some 500 internships were ultimately brokered, at a cost per internship of just £880. On a 'conversion rate' to jobs of 24:1, this gives a cost per direct job created of £21 120, but at the final target conversion rate of 10:1, this

falls to £8800 per direct job created. However, this is likely to understate considerably the benefits to the region of the scheme as graduates having held internships may well be more likely to remain and find permanent employment. So again while resistance and recovery were emphasized by policy-makers, there was a longer-term benefit potentially in terms of higher skilled workers remaining in the region and a longer-term renewal.

An analysis of Regional Select Committee Reports and other regional-level policy documents² was undertaken to compare the response to the downturn in the West Midlands with that in other English regions (East Midlands, North East, North West, Yorkshire and Humberside, and the South West). It should be borne in mind that the Select Committee reports varied in both focus and content. Even where the reports were centred on the recession, points of emphasis differed. Set in the context of these caveats the analysis of responses in other regions reveals that broadly there was consistency in approach with a degree of regional focus and emphasis around local concerns (Table 5). In the North West, for example, there was a focus upon supporting individuals through an 'Individual Offer', covering, for example, those at risk of redundancy (Rapid Response), newly redundant individuals, the workless and long-term unemployed; as well as supporting businesses, utilizing a range of similar initiatives to the West Midlands, such as Local Employment Partnerships, the Enterprise Finance Guarantee Scheme and the TLF. There was also a programme of coordinated action focused on graduate employment, as well as joint working between Business Link support services and banks to increase dialogue with local businesses. In Yorkshire and the Humber initiatives included: a local enhancement of Train to Gain; 'Responding to Redundancies', the Enterprise Finance Guarantee Scheme and the TLF, Business Health Checks, increasing the MAS intervention rate, providing mentoring support to SMEs, and unlocking stalled capital projects.

Such intervention was typical of cities and regions globally. CLARK and HUXLEY (2011) in their work on the Barcelona Principles in practice, and drawing on examples from 21 cities worldwide, highlighted how schemes were consistently initiated to support vulnerable individuals, target support for SMEs and bring forward strategically important projects through public and private finance. Examples include: a redundancy hotline in Auckland; a Mobility Centre in Amsterdam to redirect unemployed to sectors with skills shortages; retraining redundant workers to start new businesses in New York; a Company Aid Hotline, Enterprise Aid Unit and emergency fund to support struggling SMEs in Hamburg; a Regional Guarantee Fund facilitating access to credit for SMEs in the Piedmont region; and a €280 million public investment programme in Barcelona.

Table 5. Summary of responses in other regions.

East Midlands	North East	North West	Yorkshire	South West
Transition Loan Fund (TLF)	Enterprise Finance Guarantee Scheme	Focused support for individuals at risk of redundancy	Skills: Enhancement of <i>Train to Gain</i>	Business Loan Fund
Range of sustainable development initiatives: Eco-visitor centre; Genesis Social Enterprise Centre; Supplier Diversity East Midlands	Extra funding into the Grants for Business Investment initiative; extension of the TLF; additional funding into business-led collaborative large company research and development (R&D) scheme	Business stabilization measures: <i>Local Employment Partnerships</i> ; and additional support for employers to employ individuals with more challenging circumstances	Economic Inclusion: Responding to Redundancies (R2R)	Enterprise Finance Guarantee Scheme
<i>Survive and Thrive</i> business support events	Large-scale redundancy groups	Future Jobs Fund	Enterprise/Access to Finance: TLF; Safeguarding Jobs in Viable Businesses	Trade Credit Insurance Top-up Scheme
Single Programme Grant in Aid (allowing the East Midlands Development Agency (EMDA) to be flexible in its approach)		Coordinated action between universities and the Learning and Skills Council (LSC) around graduate employment	Competitiveness: Business Financial Health Checks (FHCs); increasing the Manufacturing Advisory Service (MAS) intervention rate; mentoring support to manufacturing SMEs	Future Jobs Fund
<i>Route to Market</i> programme: supporting businesses through an intensive five-day workshop covering business strategy, customer retention, sales and marketing, recruitment and development, and finance		Enterprise Finance Guarantee Scheme	Urban Renaissance: bringing forward stalled major capital schemes; fiscal stimulus to physical regeneration projects	Job Centre Plus Rapid Response Service
		Working Capital Scheme	Property: bringing forward enabling/de-risking works	Regional Economic Task Groups: people, employment and skills; housing and infrastructure; support for business; resilience of public services; green economic recovery
		Capital for Enterprise Scheme Venture Capital Loan Fund		Local procurement initiatives Commissioning of a report into 'green jobs' in the region
		Support for high-growth businesses		Focus upon graduate unemployment by Job Centre Plus and regional universities

Sources: HOUSE OF COMMONS EAST MIDLANDS REGIONAL COMMITTEE (2009); HOUSE OF COMMONS NORTH EAST REGIONAL COMMITTEE (2009); HOUSE OF COMMONS NORTH WEST REGIONAL COMMITTEE (2009); HOUSE OF COMMONS SOUTH WEST REGIONAL COMMITTEE (2009); and EKOSGEN (2009).

POLICY LEARNING

In its regional response to the recession, the WMTF delivered a number of outcomes, underpinned by a detailed evidence base, in line with the 'Barcelona Principles' noted above, particularly around leadership, strategy, targeted short-term support, building relationships with stakeholders and communicating with other tiers of government. Firstly, the process of data and intelligence collection and analysis improved markedly through the taskforce, facilitating a more informed understanding of the key economic issues affecting the region. This intelligence was shared widely within and beyond the agency and helped develop a genuinely regional consensus on issues. A lasting legacy of the taskforce (and regional taskforces more generally) should be in terms of the quality of the data and intelligence gathering developed and the strategic use of this.

Secondly, the data and intelligence informed strategic thinking and direction and enabled AWM to target key locations (market towns), sectors (automotive, construction) and firms (SMEs). In so doing, a degree of consensus was developed around the need to focus resources. The selection of policies and priorities in this regard became more evidence based and thus acceptable to a range of parties, again a key lesson for more general regional level interventions. Overall, this work triggered a move to more sophisticated way of developing targets for intervention and policies to get there. The taskforce's work can be categorized using the framework used by the AUDIT COMMISSION (2009) to analyse local responses to the recession. Interventions such as the Advantage TLF and the Automotive Response Programme can be categorized as '*strategic, creative, active*', whilst the Graduate Internship Programme and Market Towns initiative might be described as '*informed but modest actions*'. The authors found no evidence of '*limited analysis*' given the much stronger data and intelligence developments under the WMTF (Fig. 5).

Thirdly, it should be noted that the taskforce had to work within the usual constraints of government activity. Central government agencies often have long lead-times, and the constraints of silo budgets meant that the WMTF may have chosen to allocate resources in a different manner if it had greater flexibility. Nevertheless, a common thread in discussions with key stakeholders was the 'success' of the taskforce in terms of its speed of response, drawing on past experience. Whilst other regional taskforces ran similar responses in the UK, albeit tailored for local conditions, WMTF was often the front runner; the ATBF, for example, was the first in the country to be set up, drawing upon learning from the Rover Taskforce experience.

Fourthly, some 'key asks' were made by WMTF via the regional minister to central government. Some such requests were subsequently acted on by government (e.g. the ATBF and the Enterprise Finance Guarantee Scheme) while others (e.g. a part-time wage subsidy delivered in Wales) were not. The actions undertaken benefitted other regions as well, and came about through a 'bottom up' process where needs were conveyed to central government via the taskforce.

Fifthly, and building upon good practice from the earlier Rover Taskforce, WMTF significantly enhanced cooperation and partnership working in the region, such as through intelligence sharing, effective signposting and joint initiatives – again a key 'policy lesson' more generally. Moreover, interviews with stakeholders suggested that the WMTF had influence and was able to 'steer' member bodies to use resources in certain directions. Having stakeholder representatives with power and influence (including the then regional minister) proved critical. Certain activities were thus stimulated by the taskforce which otherwise may not have happened, or may have otherwise taken longer to develop. The Construction Action Plan is one such example – interviews here suggest that the taskforce helped to focus minds and move things more quickly. The Graduate Internship Programme is another,

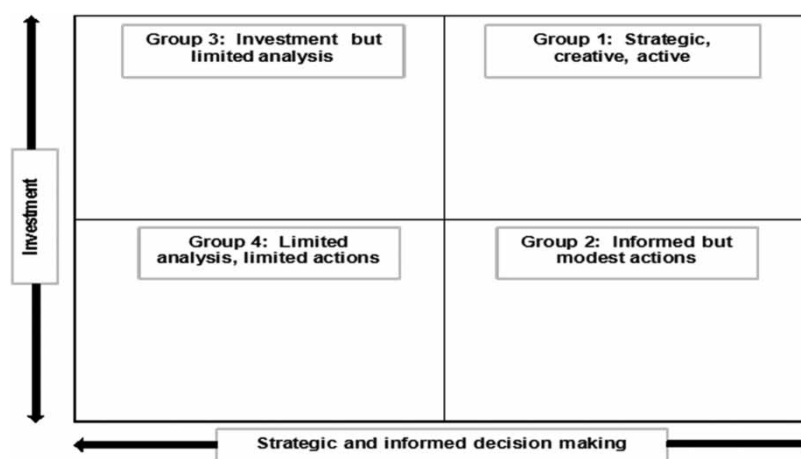


Fig. 5. Audit Commission framework for analysing local responses to recession

where taskforce members had the power to influence decisions and make things happen quickly, as is particularly important where local solutions are being designed and delivered within complex national frameworks.

Finally, on a more practical level, while noting some policy successes for the WMTF, there are a number of policy implications and lessons for such responses in the future. Firstly, a more inclusive approach by the taskforce earlier would have been beneficial, in that some key business representatives were not on the taskforce initially. However, it should be acknowledged that the regional minister did respond to this and subsequently opened up taskforce membership. Secondly, the taskforce engaged in relatively modest but intelligent spend. Significantly more resources could potentially have boosted the economic impact. The ATBF, for example, was heavily oversubscribed. Thirdly, it would be helpful if 'off the shelf' support packages could be made available – e.g. in finance – so as to facilitate even speedier action. Fourthly, more strategic tools for key spending areas would be useful, such as in relation to the Automotive Response Programme. Greater regional flexibility would have been helpful in the circumstances; in some cases the taskforce may have done things differently if given the flexibility to do so, as was the case in Wales. There is also a need to maintain the much improved data and intelligence base that has been developed under the taskforce, although this is now unlikely on a regional scale given the abolition of RDAs noted above. The quality and robustness of the intelligence was vital in informing strategic decisions that enabled spend to be directed towards the most pressing areas. Finally, more generally it is important to note that there is a need to retain institutional 'memory' and lessons so that local and regional bodies can 'hit the ground running' in a crisis situation (BIS, 2013). In the West Midlands, key lessons from the Rover Taskforce were spelt out at the first taskforce meeting, which enabled a speedy response in a number of areas of work, such as with the TLF.

CONCLUSIONS

Returning to address whether this particular regional intervention helped improve 'regional resilience', the impact of the WMTF on the four dimensions of resilience explored by MARTIN (2012) can be examined. In terms of 'resistance', it is clear that the region took one of the biggest 'hits' of any UK region, being especially exposed to both the manufacturing and trade downturn. In this sense, given both the scale of the downturn and limited resources available, overall the taskforce could do little to cushion a region yet again exposed to a major downturn, and indeed this was largely perceived as a response for the national level given both the centralized nature of government in England and the need for macroeconomic stimulus via fiscal and

monetary policy. However it should be noted that the taskforce did, via the regional minister, provide significant input into the development of national level policy, hence could be seen as playing a useful, supporting role within a (limited) multilevel governance framework.

On the dimension of 'recovery', however, as noted above the region has witnessed a more rapid 'bounce back' in terms of forward looking confidence measures such as the Purchasing Managers' Index (PMI), GDP growth and a fall in unemployment – although whether the region manages will restore the long-standing 'gap' with national performance is questionable. To what extent this can be attributed to the role of the WMTF or wider factors (notably the depreciation of sterling which has assisted the region's manufacturers in terms of exports) is beyond the scope of this paper, but certain WMTF interventions could be seen as critical, e.g. in enabling key suppliers in the auto and other industries to survive and be able to respond more quickly when the upswing came, in a form of localized industrial policy that aimed to keep 'strategic' supply chain capacity in place. On the 'renewal' dimension of the resilience concept, taskforce interventions assisted strategic firms – e.g. in the auto industry – reorientate towards higher value activities and to diversify into related markets such as aerospace. This meant that firms attempted to move into markets where the region was better placed to compete (high value, niche and low carbon automotive being examples). The latter has assisted with 'renewal' in that this has enabled something of a shift to a new growth path for some industries focused on low carbon and higher value activities.

In this regard, while 'resilience' can be seen overall as a useful term for examining the role and response of regional interventions in the downturn, the relevance and value of the term for this particular region and its response perhaps lies less in the 'resistance' and 'recovery' dimensions highlighted by policy-makers but more in terms of 'reorientation' and 'renewal'. In that sense the WMTF attempted to build on the earlier efforts of the Rover Taskforces and Regional Economic Strategy to attempt to promote – in evolutionary terms – adaptability (PIKE *et al.*, 2010; HASSINK, 2010). Furthermore, these 'reorientation' and 'renewal' dimensions of 'resilience' are in turn better understood in a broader evolutionary economic geography framework (BOSCHMA and FRENKEN, 2010). In this sense the response was again part of broader effort to break free of a long-standing 'path dependency' or 'lock in' (HASSINK, 2010). How successful this will be over the longer-term is not clear but there was a clear effort to break away from top-down traditional support for certain sectors – such as auto – towards fostering a new configuration of related activities. There is a parallel with city and regional responses across OECD countries; as CLARK and HUXLEY (2011, p. 286)

note, local leaders used the crisis ‘to think differently, accelerate new ways of working, and escape from old paths that may no longer be useful’. Indeed, such responses in turn should be put into a broader context where HUDSON (2010, p. 22) notes that resilient regions can be viewed as those which try to develop ‘transformative strategies’ that anticipate and prepare for the effects of adverse changes.

Yet such ‘lessons’ for developing regional capacity to anticipate and respond to crises need to be set in the context of a rapidly changing and evolving policy landscape. The formation of a coalition government in 2010 marked an abrupt change in English regional development policy. The key feature of this policy shift was the decision to abolish English RDAs (with the exception of that in London). In their place ‘Local Enterprise Partnerships’ (LEPs) have emerged operating at the sub-regional scale. In the West Midlands, for example, the RDA has been replaced with six LEPs. Despite this language of ‘localism’, however, it should be noted that many of the powers held by English RDAs, for example, on industrial policy, inward investment, business support and other policy areas, have been recentralized to London (HILDRETH and BAILEY, 2013). Moreover, unlike RDAs, LEPs have to operate without significant dedicated budgets. A second issue is how cooperation between smaller LEPs will actually be enforced, and

how stronger LEPs will be incentivised to cooperate with weaker LEPs (HILDRETH and BAILEY, 2013). The need for joint LEP working can also be evidenced in the regional data and intelligence legacy of the taskforce. Overall, RDAs were often better positioned to make judgements about how best to offer support and to which clusters (and/or sectors) as they had a superior information base than central governments, as has been highlighted in the case of the West Midlands Regional Taskforce. A key lesson of the taskforce response, therefore, is that despite the retrenchment of national-level industrial policy and the shift to the national scale, there remains a role for regional level coordination of local (LEP) economic and cluster strategies, most obviously via some sort of intermediate tier infrastructure.

NOTES

1. Shift–share analysis is a technique used to assess the degree to which a region’s industry mix explains employment change within that region.
2. House of Commons Regional Committee reports for East Midlands, North East, North West and South West; and Yorkshire Forward’s Recession Response – Monitoring and Evaluation Framework (EKOSGEN, 2009).

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