
Building the Northern Powerhouse: Next steps for transformation

The Outcomes Report
from the UK Northern
Powerhouse International
Conference & Exhibition 2016



Outcomes Partner

AECOM

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Introduction – Keynote Speaker



**Lord O'Neill of Gatley,
Commercial Secretary
to H M Treasury**

It is less than two years since the Chancellor first talked about building the Northern Powerhouse.

At the time I thought this was one of the biggest steps forward in UK economic development in a generation.

These were and are plans that can truly revitalise the economy of the North by doing something that will leave a lasting impact by pooling the strengths of the cities and towns across the region to make them greater than the sum of their parts.

But we have to get it right and we have to be in it for the long haul and that is why I joined government, to be part of something truly visionary.

The concept of the Northern Powerhouse is strongly linked to work I have done in previous roles researching what really makes a strong economy and the conclusion of this work has been that it is all about strong, interconnected urban areas outside the capital that is complementary, not contrary, to the continued success of London and the South East.

Cities in the North of England have a proud history; but none of them are yet at the kind of globally significant level that can really take help transform a region.

However, combined, the potential for the north as an urban area is significant: within 40 miles of Manchester, you have Leeds, Sheffield and Liverpool, Lancashire, Cheshire and Yorkshire – a belt of cities and towns that contains ten million people – more than the centres of Tokyo, New York or London. That could be game changing.

To build the Northern Powerhouse the government is combining major strategic investments with devolution over several phases.

The first element of this is about investing in what will make the North successful over the coming decades.

Infrastructure is clearly hugely important and it's why there has been a strong initial focus on transport investment, including the establishment of Transport for the North and a big emphasis on TransPennine connectivity.

But investment is also vital elsewhere, particularly in skills, building on the very strong employment increases we've seen across the region, and education, for example through closer collaboration with regional cities and universities in China and the new Northern Powerhouse Schools Strategy.

And of course investing in the North's great cultural offerings is also vital and that's why the Chancellor has spent over £100 million on this over his last three fiscal events including investing in Hull's City of Culture year, the Factory in Manchester and in Lindisfarne Castle.

The Budget set out more detail on these areas with backing for long term projects like HS3 and more immediate projects like accelerating the M62 and investing in flood defences.

Devolution is the second plank because we know that local solutions are best for local issues.

Greater responsibilities need greater accountability, including elected Mayors and we've made massive progress with at least five new Northern Mayors set to be elected by 2017, covering 54% of the population of the North.

Flexibility is key when it comes to agreeing devolution deals and not one size fits all. These are not dictated by the centre – local areas have to be comfortable with both the pace and the structure and we've made a great start.

We are also backing business and helping to create the right environment for enterprise to thrive and also investing in promoting trade and investment – paving the way for businesses to seize the opportunities that come with renewed energy.

The tide is moving the right way – for instance, we're seeing a trend of businesses moving away from the capital so now is the chance for businesses to get talking to local authorities with their newly devolved powers about how to maximise this.

This also presents a great opportunity for Northern leaders to think about where the areas of biggest growth will lie over the coming decades – and to position themselves to ride that wave

This is an enormous systematic, long-term endeavour – going far beyond politics – to address a problem which has existed for at least half a century

Many seek to do the concept down but those who do fail to realise the size and the scope of the Northern Powerhouse.

Of course, there will be some setbacks – industries which were successful in the Industrial Revolution won't automatically be successful in the 21st century. Adaptability is needed – as is diversification, and I am confident that the North can become home to a new generation of winners.

There is finally the impetus from the top of Government – combined with a clear desire from local leadership to make this work.

There is the opportunity and there is ambition.

And I am confident that, as a result of our working together to make the Northern Powerhouse a reality, the combined power of the North will once more take on the world.

Foreword

**What is the Northern Powerhouse?
Why does it matter?
Who is responsible for it?**



Keith Griffiths
Co-Organiser



Martin Venning
Co-Organiser

As organisers of the inaugural UK Northern Powerhouse International Conference & Exhibition which took place at Manchester Central on 25 & 26 February 2016, we set out on a mission to answer these key questions.

Businesses have a natural desire to see progress and as we have learned from many eminent people in the public and private sectors, this has the potential to become a hugely exciting and beneficial opportunity for a wide cross section of communities in the North of England.

The Northern Powerhouse is an umbrella concept – providing definition to strategies and policies with the overall objective of contributing to the growth of the economy of the North.

It matters because without economic growth and wealth creation in the region (and consequently the wider UK economy), the quality of life we all aspire to cannot be achieved – so it is fundamental. The responsibility for something as important as this cannot be left with government. We wanted to help broaden awareness of the concept amongst businesses – large and small – and formulate some suggestions about how it can be developed.

The views in this report are not the result of some complicated process, but more a distillation of comments from leading stakeholders in the region who care about securing its future.

The purpose of the UK Northern Powerhouse International Conference & Exhibition has always been to act as a “sounding board” – a real time mechanism for drawing feedback from commerce that may guide policy makers in setting their priorities.

Our focus has been on opportunities and solutions – the economic challenges of the North of England have been well documented by others more qualified to comment than us. But are the challenges of the past and present insurmountable?

Business exists to solve problems by applying entrepreneurialism and innovation to opportunity, and although finance is an ever present element in the equation, it does not in itself provide all the answers to future growth.

We are delighted that a group of mature businesses decided to work with us, not only to sponsor the Conference, but also to bring their own professional insight to the issue, and their views as well as those of delegates attending are represented within this report.

What has given this exercise value is the broad commercial engagement described in the document is both pan Northern and cross-sectoral, consequently some powerful shared themes have emerged.

We started talking to business leaders across the North of England over a year before committing to organising the Conference, as well as engaging what we thought were the six principal cities and their corresponding Local Enterprise Partnerships.

Although many different issues emerged, it was clear all agreed a strategy to engage more broadly with the business community was needed.

We formed an Advisory Committee made up of those who expressed an interest in helping to shape a programme for the Conference.

Working together, this small, albeit self-appointed group started to discuss some of the factors influencing the Northern Powerhouse and the potential role for commerce.

The very fact these companies agreed to meet on several occasions prior to the Conference illustrated their interest in the concept and they, like many others were engaging in parallel in their own internal debates about the relevance of the Northern Powerhouse to their activities.

Before getting to the point of establishing a conference programme we had to begin with a blank piece of paper asking some very basic questions – including what is the North of England all about?

The question is one of the most vexed – we heard many people say that although they thought there were shared values of people who lived in the North of England there was no shared sense of identity, with many stating they felt more commitment to their immediate community or sub region.

For us as conference organisers it was an early lesson in understanding the social and cultural diversity of the North.

We know that despite the ongoing commitment of the present Government to invest in the North of England¹, without a quantum investment from the business community, the prospects presently opening up before us will not be fully realised.

There is a saying, “there is nothing new under the sun”, that may be true, but much of the value in a commercial idea is timing.

In the case of the Northern Powerhouse, that time is now.

Acknowledgements

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AECOM

Special thanks to AECOM Gold Outcome Sponsor representatives: Richard Green, Andrew Jones, Holly Atkinson and Stefania Ferrugia for production support and editorial oversight.

It should be noted comments expressed herein are not necessarily the views and opinions of the organisers and do not necessarily confirm the views of all sponsors or individuals quoted in or associated with this document.



John Humphrys, Conference Moderator (left) and Lord O'Neill of Gatley, Commercial Secretary to H M Treasury (right)

¹ The investment strategy has been further reinforced in recent publications including “High Speed North: A National Infrastructure Commission Report”, National Infrastructure Commission, March 2016.



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Executive Summary

The UK Northern Powerhouse International Conference & Exhibition used a series of debates as the basis for conducting its business, as well as conducting surveys with delegates in attendance managed by the polling organisation, Ipsos MORI.

Executive Summary

The event offered a useful test of opinion as it is to date the largest gathering of business leaders in the North to discuss the topic.

Over the two days, 2287 delegates attended, ensuring comprehensive geographical representation and effective cross sectoral participation.

The UK Northern Powerhouse International Conference & Exhibition sought to define the Northern Powerhouse concept through a series of debates shortlisted through its Advisory Group.

A major attraction of the Northern Powerhouse concept is that it is multi-faceted, therefore understanding it has universal appeal, but attempting to set out a comprehensive definition of its potential is seen by many of its advocates as a restrictive exercise.

The limited tenure of the Conference at Manchester Central only provided capacity for eight debates, although the Advisory Committee noted there were a significant number of additional topics which should be featured on future occasions.

But what was recognised very early in the process was that the Conference needed to focus on the outcomes of the Northern Powerhouse and the need to address pressing short term goals and long term strategy for the cities and regions of the North.

In response those topics selected to be part of the inaugural Conference were organised around eight thematic sessions:

1. **“The Business of Devolution”** – to focus on the changing role of local government and the prospects for new locally based service providers;
2. **“The North as an International Powerhouse”** – to highlight the trading and export potential of commerce in the North of England;
3. **“Science Research and Skills”** – to feature the potential for business engagement with universities;
4. **“Transport, Rail and Ports”** – to talk about the implications for economic growth as a result of new capacity;
5. **“Transport, Air and Road”** – examining the timetable for programmed investments in the infrastructure of the North’s economic corridors;
6. **“Powering the Powerhouse”** – considering whether energy generation in the North offers achievable economic benefits as well as security of supply;
7. **“Wealth Creation in the Northern Powerhouse”** – looking at whether the North was doing enough to create the conditions to support entrepreneurialism and economic growth; and
8. **“Financing the Powerhouse”** – reviewing alternative funding models for accelerating business development.

The debates were conducted by inviting a panel of experts to share their own opinions on the topic and responding to questions put by members of the audience.

Members of the UK Northern Powerhouse International Conference & Exhibition Editorial Advisory Group:

- John O’Callaghan, Managing Director Building (Northern), Kier
- Tom Gilman, Managing Director Property (Northern), Kier
- John Mothersole, Chief Executive, Sheffield City Council
- Richard Corby, Director of Corporate Advisory, Lambert Smith Hampton
- Kate Willard, Company Secretary & Corporate Affairs Director, Stobart Group
- Frank Robotham, Group Head of Marketing, Associated British Ports
- Ed Cox, Director, IPPR North
- Alex Hynes, Managing Director, Arriva Rail North
- Andrew Jones, Practice Leader – Design Planning & Economics, AECOM
- Ian Kelly, Chief Executive, Hull & Humber Chamber of Commerce
- Emily Woolton, Executive Director, Yorkshire Universities
- Nick Brown, Head of Partnerships Cheshire & Warrington Local Enterprise Partnership
- Sharon Jandu, SMB Development Manager, Microsoft
- Simone Hume, Head of Public Sector, Outsourcing PLC.

Themes

A summary of each of the session debates features in the pages of this report; however a number of shared themes emerged, which have influenced its recommendations.

The themes are summarised below:

1. The Northern Powerhouse is a long term project. If it is to be sustainable it cannot remain the preserve of the public sector. If it is to capitalise on the advantages of agglomeration, Government must encourage sub regional stakeholders to work together on a consistent strategic basis.
2. Business accepts it shares responsibility for growing the economy of the North and seeks to develop a closer working relationship with Government organisations to better plan how investment can be delivered. Many businesses to date think they have not had the opportunity to be briefed on the Government’s Northern Powerhouse agenda and have consequently had little opportunity to consider how they can contribute.
3. Achieving growth in the North of England is strategically vital to meeting broader objectives of delivering growth to the UK economy as a whole. Potentially comparable lower investment costs associated with major Northern infrastructure projects should mean the Government could prioritise the region for future investment.
4. The North continues to suffer from five decades of underinvestment in transport infrastructure and greater engagement with the Government is required to ensure the business case for public funding is better understood, given competing demands. If the economy is to benefit, transport improvements must be balanced with a corresponding commitment to technical infrastructure including improved broadband connectivity.
5. Greater commercial consultation on public spending decisions could lead to better coordination on developing infrastructure proposals.
6. Growing the economy is not limited to simply attracting investment. It is also about applying innovation and entrepreneurial talent (two things that the North has excelled at in the past) but is presently underused, with a tendency to migrate to other areas. This in turn can be used to target and prioritise investment to core cities and beyond to ensure a sustainable and balanced growth.
7. Businesses in the North have the potential to develop leading edge collaborative working skills as well as responding to more traditional competitive opportunities. Their ability to provide local public services offers real potential for “pump priming” local economies. Local government should have greater flexibility to develop collaborative working relationships with commerce and promote best practice. The role of technology to help deliver outcomes for the Northern Powerhouse, especially to enhance collaborative working offers real potential.
8. The North of England’s industry has succeeded by serving developed domestic markets and therefore an increased emphasis on driving exports from the North could make a significant early contribution to growing the economy.
9. With the economy of the North of England already the 10th largest in the European Union, its reputation as a safe home for international capital could easily be enhanced. However, the North cannot rely on past achievements and must increasingly work to a global market and the potential for Foreign Direct Investment to drive future growth. A clear branding strategy and defined project investment portfolio is vital in this context.
10. Better commercial relationships with the region’s universities are needed to develop commercial applications from research programmes, build clusters and Centres of Excellence. The ability to retain graduates and ongoing development of knowledge clusters in the north such as the National Graphene Institute in Manchester are extremely important.

Northern Business Attitudes: Ipsos MORI – Poll Findings

The following summary output represents the key poll findings of three surveys undertaken by Ipsos MORI North:

1. Summary of a tablet survey which was conducted with delegates over the two days of the conference;
2. Summary of the representative (online) survey conducted on the lead up to the conference; and
3. Some initial analysis of the open ended question included in the tablet survey (What do you see as the biggest challenge facing business in the North of England today?)

The Survey

245 Conference delegates participated in an online (tablet) survey over the course of the two day Northern Powerhouse Conference.

The survey asked for responses to a cross section of key issues facing business.

Key question areas included:

- Economic outlook – both of the UK and northern economies.
- Government economic policy – whether in the long term it would result in a stronger Northern economy and more attractive location for businesses looking to relocate/expand.
- Levels of optimism in the Northern Powerhouse concept – whether there is belief in the ambitions to establish a Northern Powerhouse.
- The EU referendum – to understand views on whether staying in or exiting the EU would be better for business.
- Challenges facing business – to give delegates an opportunity to identify the biggest challenges currently facing Northern businesses

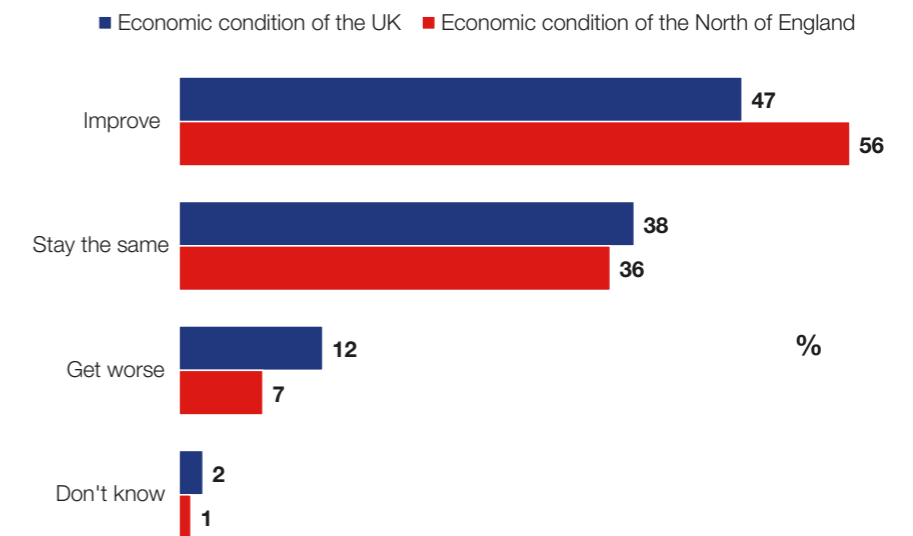
Economic Outlook

Delegates were more optimistic than pessimistic about the future economic outlook of both the UK and the North economy.

Significantly, there was greater confidence that the economic condition of the North would improve (56% said it would) compared to the UK economy more widely (only 47% said it would).

Positive economic outlook
Greater confidence in future performance of the North economy

Q – Do you think the general economic condition of (a) the UK and (b) the North of England will improve, stay the same or get worse over the next 12 months?



Economic Policy

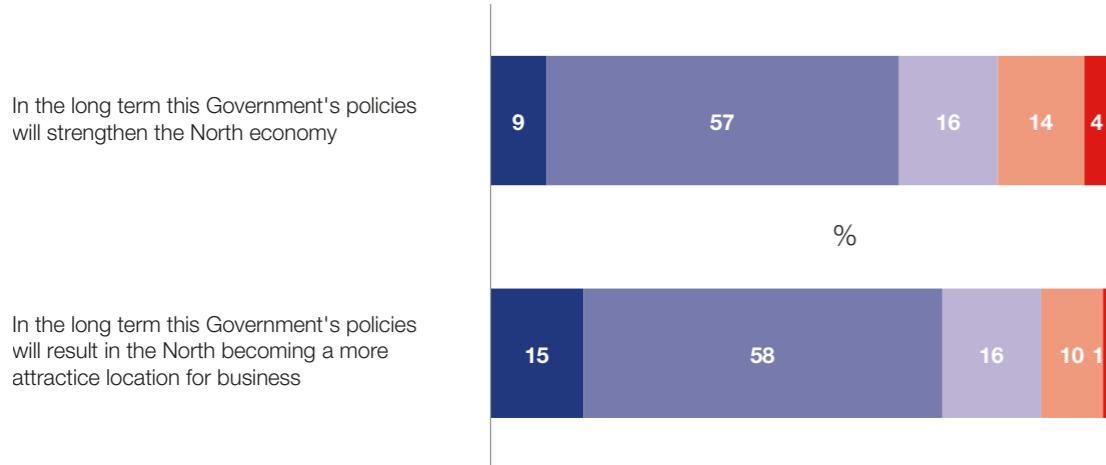
Government Economic Policy

Two-thirds believed that the North economy will be strengthened in the long term.

Three-quarters agreed that the North would become a more attractive destination for businesses looking to relocate or expand in the future.

Support for government economic policy Majority agree that it will deliver long term benefits for the North

■ Strongly agree ■ Tend to agree ■ Neither agree nor disagree ■ Tend to disagree ■ Strongly disagree



Belief in the Concept

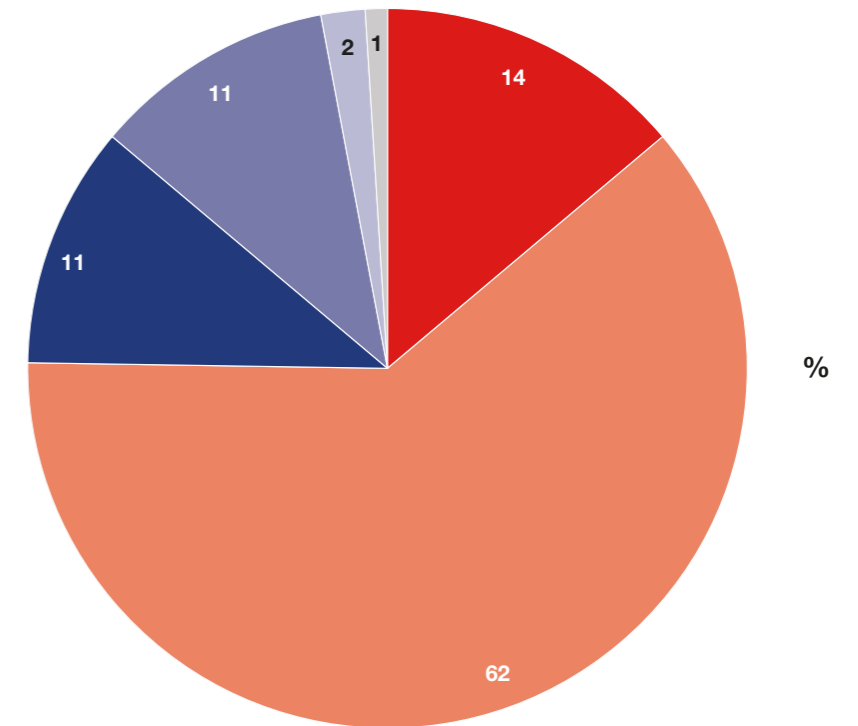
Cautious optimism...

The Northern Powerhouse ambition will be realised

Three-quarters believe in the concept
However, the majority of these are only 'fairly' optimistic

Q – To what extent (if at all) are you optimistic or pessimistic that the ambitions of the Northern Powerhouse can be realised?

■ Very optimistic
■ Fairly pessimistic
■ Fairly optimistic
■ Very pessimistic
■ Neither optimistic nor pessimistic
■ Don't know



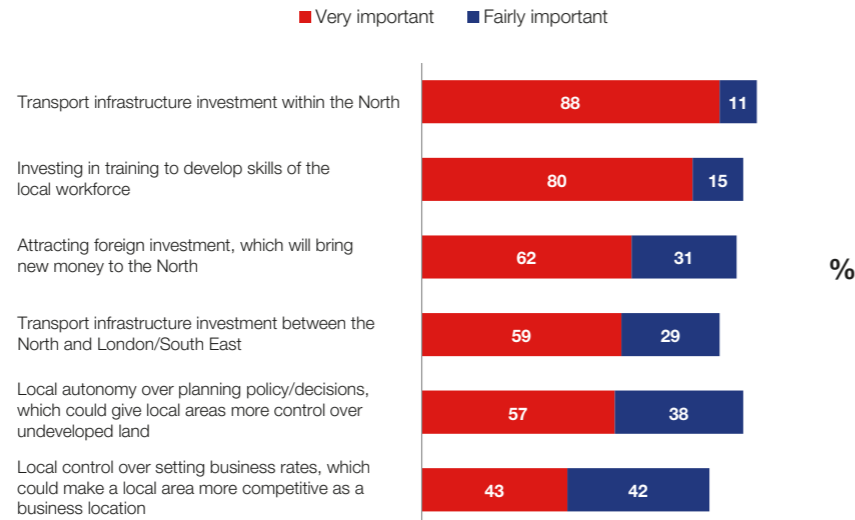
Priorities

As for priorities, there are priorities within priorities.

- There is a long list of priorities for the Northern Powerhouse to deliver.
- There is almost unanimous agreement (99%) for investment in transport across the north (ahead of north-south connectivity) – 88% of these think it is ‘very important’
- But it’s not just about infrastructure investment – 95% think training and skills development are important, with four in five thinking it is ‘very important’

Transport and training/skills are important Priority should be given to intra-northern transport and infrastructure investment

Q – The following are examples of what could happen to help a chieve the Northern Powerhouse. Thinking about your own company or organisation, how important is each of these?



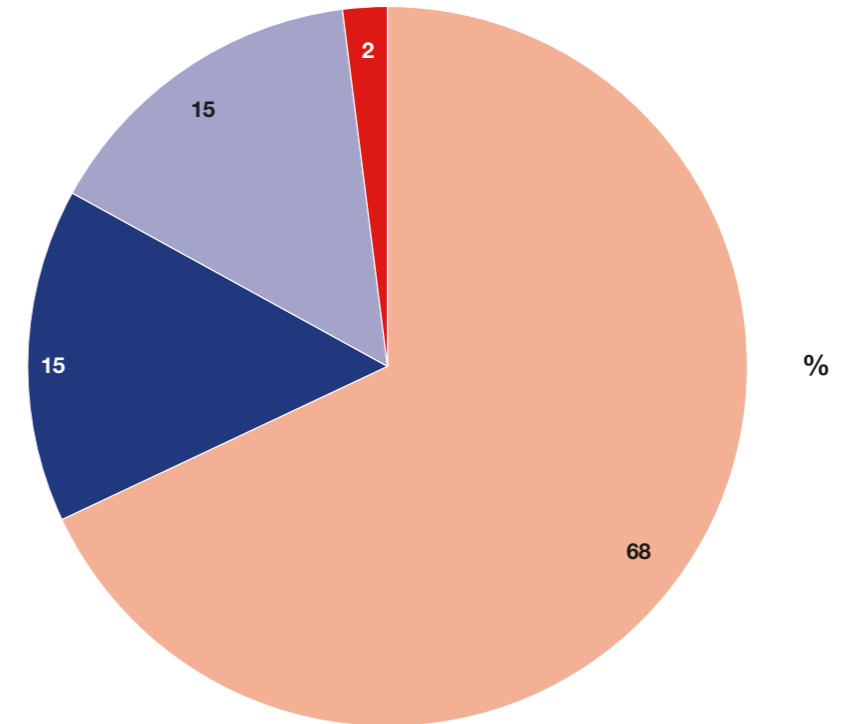
The EU

Northern Powerhouse Conference delegates support remaining in the EU.

Two-Thirds Support Staying Within The EU
Although sizeable minority are still yet to make up their minds

Q – Which outcome of the referendum do you think would be best for your business?

- UK staying in the EU
- UK leaving the EU
- Don't know
- Refused



The Impact of Brexit

Negative impact of 'Brexit'

- In the event of Britain's exit from the EU, it is European trade which would suffer the most according to delegates – two-thirds (64%) felt it would be negatively affected.
- Moreover, 57% believed that it would be a threat to foreign investment in the UK, whilst a similar proportion thought it would be bad for the British economy overall. Moreover, the North economy would not be insulated from this as over half (54%) also felt that it would be negatively impacted.

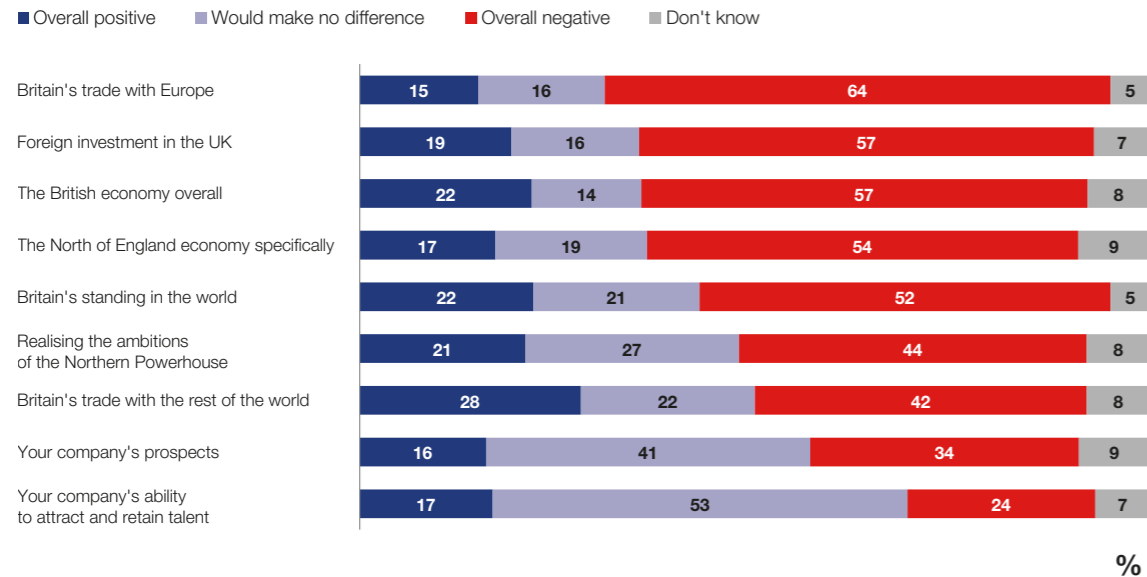
Positive impact of 'Brexit'

- There was a sizeable minority which felt that exiting the EU could have a positive impact for Britain – for example, around one in five (22%) felt it would have a positive impact on the British economy, whilst a similar proportion (22%) thought it would strengthen Britain's standing in the world.
- However, not unsurprisingly Brexit was seen as positive when it comes to improving Britain's trade with the rest of the world – over a quarter (28%) felt it would be a positive move.
- Whilst delegates felt Brexit would be on balance negative for Brand Britain, when it came to assessing the impact on their own company opinion was more ambivalent – 41% felt it would make no difference to their prospects whilst over half (53%) did not think it would impact on their ability to attract and retain talent.

Impact of 'Brexit' on realising the Northern Powerhouse

- Opinion was split as to whether Brexit would have a positive or negative impact on the Northern Powerhouse. Just under half (48%) felt that it would either have a positive effect (21%) or would make no difference (27%) to the project, whilst 44% disagreed and felt it would be negatively impacted.

Negative impact of Brexit Trade, investment and the economy overall would be affected



Base: 245 delegates attending Northern Powerhouse Conference

Source: Ipsos MORI

Challenges

Challenges Facing Northern Businesses

- Businesses were asked to identify the single greatest challenge for them at the moment.
- Responses chimed with the quantitative results with issues concerning infrastructure and skills and talent being the most commonly mentioned.
- Linked to this, just under one in five further articulated specific areas for greater investment, including infrastructure and upskilling local workforces.

- “Skills. Especially in STEM areas”
- “The woeful condition of east-west rail links is a national embarrassment. International investors won't take the north seriously until we have large scale nationally driven east-west rail investment on the scale of Crossrail”
- “All the best talent migrates to London. It is hard to recruit good grads in Manchester”
- “Transport infrastructure and travel times between cities in the Northern Powerhouse”

Also About Winning 'Hearts And Minds'

- “Getting recognition and acceptance across the rest of the UK and the world”
- “The generic perception that ‘It's grim up North’ both within and outside the region... needs to be countered. On a wider basis the perception that all good things – people, ideas, business, housing, culture – is restricted to the South needs to be countered”
- “Whilst the discussion about the Northern Powerhouse is good, the lack of clear action points, and of an ability to take action for and on behalf of the North is a problem. I have no confidence in the ability to progress beyond the discussion. My concern is that we will still be discussing how to start in 5 years”
- “Insufficient political solidarity, collaboration and joint working. That weakens influence over Government and our internal and external attractiveness for investment”

Public Opinion

What about Public Opinion?

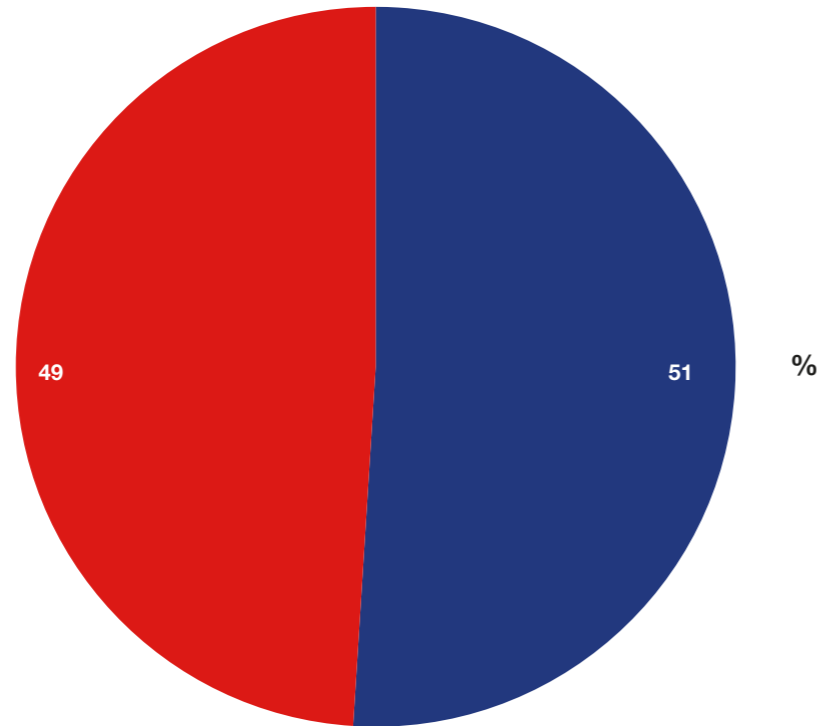
Prior to the Conference, Ipsos MORI conducted a representative survey of public opinion in the North of England.

Half Of Northerners Are Aware Of The Northern Powerhouse Concept

Q - Have you heard of the 'Northern Powerhouse'?

■ Yes
■ No

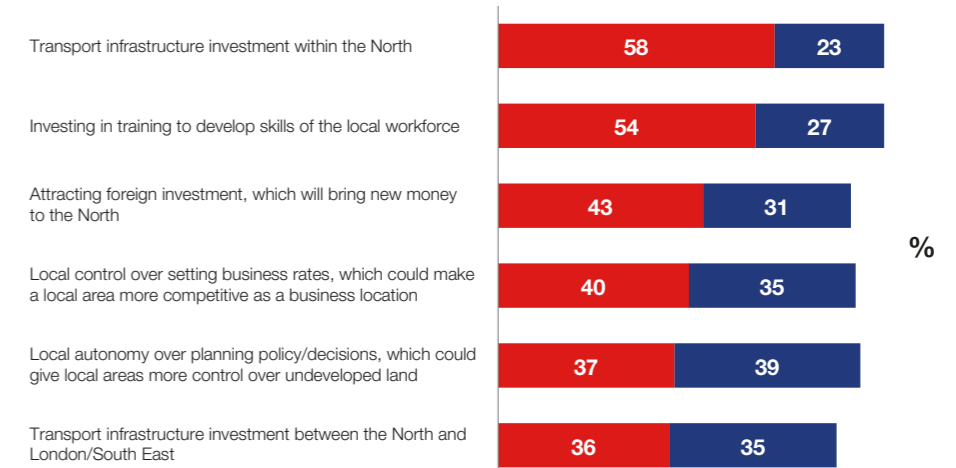
- Men are significantly more likely to have heard of it (62%) compared to women (40%).
- Older people (45-75) are significantly more likely to have heard of it than young people.
- No significant variance in awareness across the northern regions.
- Awareness of the N Powerhouse drops to a third (33%) in the Midlands, which is a similar level of awareness to London (also 33%).



Transport And Training/Skills Are Priorities Public opinion supports Conference delegates' opinions about priorities

Q - The following are examples of what could happen to help achieve the Northern Powerhouse. Thinking about where you live, how important is each of these?

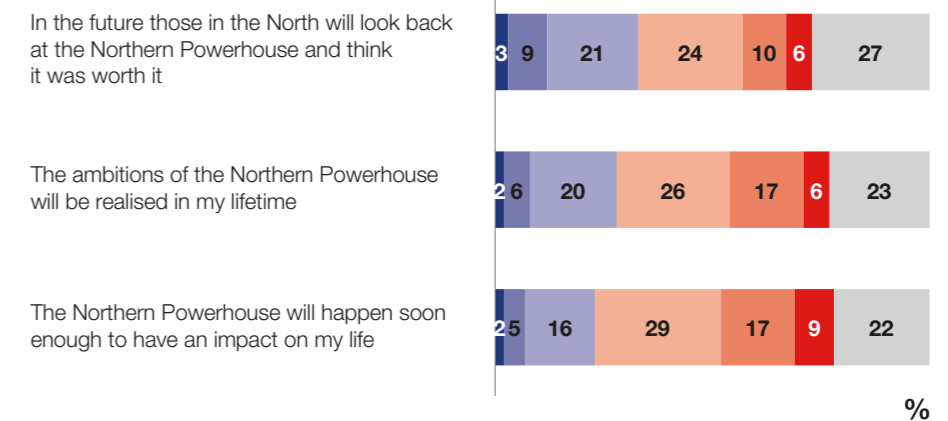
■ Very important
■ Fairly important



Public Are Sceptical Towards Concept Only around a quarter think it will happen soon enough to impact on their lives

Q. How likely or unlikely do you think it is that the following will happen....?

■ Certain to happen
■ Very likely to happen
■ Fairly likely to happen
■ Fairly unlikely to happen
■ Very unlikely to happen
■ Certain not to happen
■ Don't know



Networking Area

#northernpowerhouse16



Left to right

Jason McCartney MP,
Richard Corby, Director of Corporate Advisory, Lambert Smith Hampton,
Richard Green, Senior Director – Regeneration, Aecom,
Matthew Bristow, Associate Director, Ipsos MORI North
and Rodney E Slater, Partner, Squire Patton Boggs (USA)

Commentary – Key Points From Debate Sponsors



Opposite
John Humphrys, Conference Moderator

Session 1

The future of the Northern Powerhouse should not be defined purely by the Government's Devolution "City Deals".

Government has set out an ambitious vision for the Northern Powerhouse, which would see the great cities of the North empowered through devolution and greater interconnectivity.

However the detail of how this will be implemented requires much further thought and policy definition. Although good progress has been made in devolving power to city regions, this process has been primarily driven by central government. True devolution, however, requires that these agreements work for the North and not just for central government.

The solution requires a robust definition of what the Northern Powerhouse is in governance terms.

At present much of the definition of the Northern Powerhouse has been articulated on the basis of improving connectivity between the six principal cities of the North and has resulted in the creation of the first pan Northern public body – Transport for the North (TfN), which in itself is a welcome development. Should TfN be the only pan Northern governance organisation? This needs clarification by the Government. In due course TfN will produce proposals and plans which will deliver the vision of a connected North. But for its plans to be relevant in terms of timing and priorities, they must relate to the delivery of a wider vision for the economic renaissance for the North.

The cities of the North and their corresponding Local Enterprise Partnerships (LEPs) have commissioned a Northern Powerhouse Independent Economic Review (IER) due to be published during April 2016 for this purpose, which will contribute to the development of more investable propositions for the private sector. However this action, whilst welcome, must include comment and evidence from business to be robust and have practical application. It also needs an organisation or body (if not TfN) to own it and be responsible for updating it. Whilst providing a narrative to influence investment decisions, the IER will require significant consultation with individual businesses, and not just industry membership representative bodies before being adopted as a shared legitimate evidence base or investment prospectus.

Those local authorities and city regions that make up the Northern Powerhouse would now benefit from the creation of a new role – a single leader or "champion" for the Northern Powerhouse, with the authority and influence to represent the North in its negotiations with the Government. But creating democratically accountable institutions is expensive, time consuming and not necessarily an effective use of limited resources, so it is likely such a leader must be already be an elected politician, seconded to the role for a fixed term and able to represent a corporate perspective of the North of England.

As the Government pursues its interest in directly accountable Mayors in the North, maybe one of the appointees could have delegated authority to speak on behalf of the Northern cities, who under present arrangements are unlikely to deliver a mandate to talk on behalf of the Northern Powerhouse as a whole. Ideally the appointed individual should have a national profile, be from the North, and possess good links to central and local government, the wider public sector and leading businesses across the North of England. A single strong leader would have the capacity to gather the thoughts and aspirations of the North and translate them into tangible outcomes, helping to deliver the greater connectivity, skills and investment needed.

Resolution of this complex issue might be facilitated through the appointment of a Royal Commission if there is a more broadly held view that present arrangements are not sufficiently flexible to meet the representative demands of the communities of the North.

Despite challenging fiscal constraints the public sector has a number of tools available to it to drive economic development and prime pump new commercial propositions in the North of England. Some of this work is ongoing, but the pace of change could become more ambitious.

Firstly for central government, there is still an opportunity to look at decentralizing administration and locating more civil servants to regional centres. The success of the BBC's operations at Media City in Salford and the Department of Health to Leeds and Newcastle have set great examples of what could be achieved. Cost of living and quality of life in Northern centres must be attractive to employees as well as saving the public purse expensive central London offices.

If the future of local government is about making councils less dependent on central government subsidy (through increased council tax receipts and variations of business rates) then further innovations are going to be required, which will allow local authorities to accelerate their changing role to becoming commissioners of public service contracts within their localities.

The Northern Powerhouse could become a test bed for the changing face of public administration, allowing the privatisation of operational arms of local government into arm's length trading companies, as well as being able to form new joint ventures in order to develop housing on council owned land. In order to achieve this, some new thinking is needed regarding the ability of local government to share commercial risk with private sector partners and may even require legislation.

A better relationship with London

What can London do for the Northern Powerhouse? Can it be a shop window for future investment? How can the North better support the future success of the UK's best brand? It is clear the Northern Powerhouse must define its relationship with the rest of the UK and this is crucial to the creation of a future strategy for the North. Rather than trying to compete with London, the Northern Powerhouse should forge strong links with the capital for the mutual benefit of both regions.

Concentrating all of the country's growth in London is not sustainable. A more balanced economy is the key to long term growth for the country as a whole, and London too will benefit from a strong and successful Northern Powerhouse with which to do more business.

An encouraging, stand out theme emerging from this session was a recognition by the Northern city leaders of the importance of this issue. However, this largely conceptual relationship needs definition and outcomes; improving linkages to the capital is a starting point for a serious conversation about how the North can stop London's burgeoning economy from overheating.

The Business of Devolution

An important aspect of this may be for more entrepreneurial approaches to risk taking by the cities of the North – which will support its ambitions for greater financial autonomy from the centre.

Housing could be a central part of this – not just developing new dormitories with access to London, but working with institutional employers to relocate whole businesses and clusters out of the capital – boosting both council tax receipts and business rates.

"There is still an image problem for Northern cities among decision-makers in London. It's possibly at its worst and most damaging in the City of London, and we must address this."

– Ged Fitzgerald, Liverpool City Council

Connectivity of Purpose

Each city in the North has individual advantages and specialisms – the Northern Powerhouse should allow each city to pursue them and compete collectively in the global economy, not just with each other. A priority for the Northern Powerhouse is improving access to jobs and facilitating the mobility of the North's workforce through better infrastructure, rather than competing with each other to attract jobs.

Finding new approaches to collaboration on inward investment may prove to be one of the biggest hurdles for Northern cities to overcome, but this has to be the ambition for the Northern Powerhouse.

"The Northern Powerhouse is about positioning the North as somewhere where people can do business and develop long term careers. It should be a place of opportunity for its young people in the same way that London is."

– Pat Ritchie, Newcastle upon Tyne City Council



Images (clockwise from top)

Tom Riordan, Chief Executive, Leeds City Council (left) and Sir Howard Bernstein, Executive, Manchester City Council (right)

Ged Fitzgerald, Chief Executive, Liverpool City Council
Pat Ritchie, Chief Executive, Newcastle upon Tyne City Council

Session 2

Brand Recognition and Export Strategy: A new Northern Powerhouse Export Organisation? The UK Northern Powerhouse means nothing in international markets, which is both a problem and an opportunity. The problem is that at present the Northern Powerhouse has no distinctive brand presence or commercial features to attract overseas business partners. The opportunity is to create a unique selling proposition which has not been influenced by any preceding negative influences.

The Conference considered whether cities or regions were more effective at attracting Foreign Direct Investment (FDI). The answer varied depending on which market sector was involved. Work needs to be undertaken to identify characteristics and values that could define the Northern Powerhouse as a quality mark for exporters from the North. UK Trade & Investment (UKTI) is already investigating this issue. Consideration should also be given to reviewing where the Northern Powerhouse sits as an export entity and the services it could/should provide to exporters. There are gaps in the range and quality of services provided by UKTI and the Northern Cities International Departments which could be filled by a subscription based UK Northern Powerhouse Export Organisation, which could not only act as trading agent for the cities but assist in arbitrating major inward investments between competing interests, especially in the Advanced Manufacturing, Energy, Health Innovation and Digital sectors.

[In the opinion of William Nash III, EMEA Partner for Squire Patton Boggs, the North's global success will be driven by four factors: human capital, strong leadership, improved infrastructure and innovation.](#)

The North needs innovative solutions to create a better business environment to support exporters and promote investment. One way of achieving this is to simplify and clarify the range of organisations responsible for supporting exporters.

A single "go to" tactical trade organisation for the Northern Powerhouse – responsible for defining and promoting the Northern Powerhouse brand and unique selling proposition. This would replace the present fragmented and often piecemeal services presently shared to a greater or lesser degree by local authorities, Local Enterprise Partnerships, Local Chambers and elements of UK Trade & Investment (UKTI). Such a body would be complementary to UKTI allowing it to focus on the strategic dimension of promoting British exports and expertise abroad.

A Northern Powerhouse export organisation with a single voice could drive the vision and ambition of a generation of entrepreneurial talent and establish the brand and its values as a global entity, and a quality mark for exporters. Inward investment should be a separate focus with a sister organisation exclusively dedicated to the Northern Powerhouse.

If either responsibility is managed on a UK basis it will lack focus on delivering for the region, as the experience of organisations such as Scottish Enterprise demonstrate.

Depending on how such a body was structured and governed, it could be cost neutral – staffed with private sector people with export experience and capable of selling consultancy expertise to clients.

Such a development would inspire and support Northern business to adopt creative approaches to finding new markets and making new products. Experts from across Europe attending the Northern Powerhouse Conference believe the North has what it takes to become an international force.

[Denmark's Niels Erik Andersen says: "If you work smart and pull together you can make a great success of the Northern Powerhouse."](#)

His view is shared by Dr Herbert Jakoby, from the State of North Rhine-Westphalia in Germany. Northerners, like the Rhinelanders, should identify what they do best and focus their efforts where they can become world beaters.

In the opinion of panellists at the Conference, the North can learn from other neighbouring jurisdictions like the Irish Republic, Central Denmark and the Isle of Man.

Through making its own laws, the Isle of Man has carved out a role for itself as a financial gateway to the EU. By uniting the provinces under three co-operating regional regimes, the Danes have increased the regions' share of foreign direct investment from 20% to 50% of the national total. Ireland's achievements as an export based economy is well known, and according to Peter Finnegan, International Director at Dublin City Council, much of that success has been achieved on the promotion of a distinctive Irish culture, recognised across the world.

Strong regional leadership could also have a large impact on the North's infrastructure, which urgently needs improvement. The region has plenty of basic geographic advantages; easy access by sea, a motorway and rail network and a large airport at Manchester.

The North of England is a vital conduit for Irish exports – worth 12bn Euro to the UK in the last year alone. But that position as Ireland's key partner for exports could be lost if the North fails to keep up with infrastructure investments occurring elsewhere.

[In a parallel in conversation piece with John Humphrys of the BBC, AECOM's Chi Chung Wong, Executive Vice President for Mainland China and Taiwan, highlighted "that in order to make the Northern Powerhouse an attractive investment opportunity to the Chinese, it needs a clear branding, and a well-articulated development plan based on a compelling vision."](#)

[Ben De Smit from Flanders Trade & Investment agreed "Potentially the 10th biggest economy in the EU, but who has heard of it?"](#)

The North as an International Powerhouse



Images (clockwise from top)

Dr Catherine Raines, CEO, UK Trade & Investment

Niels Erik Andersen, Head of International Office, Central Denmark Region

Chi Chung Wong, Executive Vice President, Mainland China and Taiwan, Aecom

Dr Herbert Jakoby, CEO, NRW:Invest GmbH Dusseldorf

William Nash III, Partner, EMEA, Squire Patton Boggs

Session 3

A Skills Strategy for the Northern Powerhouse?

There is a widespread recognition of the potential global advantage the North of England has through its 23 universities and their major contribution to the success of local economies in attracting students from across the world as well as growing the knowledge economy. But more thought is needed about leveraging this key attribute to develop a new compelling, learning culture across all sectors of education and strengthen commercial relationships in the Northern Powerhouse.

Success for the Northern Powerhouse is not limited to innovation but commercial application of knowledge and there is much to do to embed commercial skills in university strategies, growing partnerships with business and supporting graduates to establish businesses in the environs of their study bases to avoid the potential brain drain.

Whilst this approach offers clear dividends to an investment agenda, it fails to consider the structural education deficit in the labour market of the North, where available evidence suggests that apart from the lack of vocational expertise currently being addressed by increasing the number of apprenticeships there is an equally serious issue to be addressed with Early Years and Pre 16 education as well as making better use of older and retired workers. Good science and good research are magnets for talented researchers, teachers and students and retaining talent in the region is a real challenge. The discussion covered ways in which good talent can be recruited and retained and how this would improve the relative performance of the region in terms of quality of life and economic growth.

Retention rates for graduates in the Northern Powerhouse (~40%) are lower than for the UK as a whole (47%) and for London (68%). Much of the “talent drain” occurs when graduates are entering their second or third job.

Nigel Weatherill “The risk with retaining talent is in their second or third jobs, not the first”.

Whilst the pursuit of research and the production of graduates and post graduates is positive, there is also a need to increase the number and quality of apprentices in the Northern Powerhouse.

Many SMEs and global multinationals (GMCs) are desperately short of skilled technicians to work with the specialists, scientists and engineers coming out of the Universities.

Chris Brink said “the problem is one of esteem”. John Humphrys suggested “Universities’ education is on too high a pedestal. Governments have mis-pitched the University profile – the gap between graduates and apprenticeships is too great”.

The urbanisation of the population means more responsibility is now falling on cities to become more desirable places to live and work, so the cities are potentially replacing the Local Enterprise Partnerships as instruments of change.

Research demonstrates for the decreasing desire to enter further / higher education in the UK as a potential threat to the economic well-being of regions like the Northern Powerhouse. The UK has fallen far when compared to international hotspots such as Singapore, where students are really hungry for knowledge and developing new skills.

As part of its promotion of an economic impact strategy, National Physical Laboratory (NPL) is creating regional Hubs to increase the quality and quantity of its interactions with business, especially SMEs.

Its North of England Hub, in Huddersfield, is a “first” and is intentionally located in the heart of the Northern Powerhouse. NPL is dedicated to increasing the quality and value of the offerings of the UK supply chains.

In order to support the growth of the knowledge economy, the Northern Powerhouse Universities need to carry out high quality research to attract the best staff and students, and the presence of high value, interesting and challenging jobs will help to retain that talent.

To provide these jobs, the SME community needs to upskill and invest in new technologies. Universities also need to engage more effectively with local SMEs to provide graduates and apprentices to make the jobs on offer more desirable and the graduates and apprentices more “fit for purpose”.

Liz Towns-Andrews: “We need to develop the SME’s in Northern Powerhouse into a coordinated, knowledge-based business region like in Germany”. More business savvy – build on enterprise awareness through the education process. Get input not just from professional bodies for certified courses but also from businesses to make sure course outputs are more relevant (i.e. to “square the circle” with employers to ensure “work-ready” graduates and apprentices are produced)”.

More ideas and creative applications for technology need to come forward from Universities and be exploited commercially. Emerging areas to exploit include food security, climate change and the aging population. The aim should be to create products, procedures and technologies; secure intellectual property and patents which will form the bedrock for new businesses. These businesses can develop complementary activities to cultivate clusters which can deliver jobs – and strengthen the research base which founded them.

This approach will also have important implications for the cities of the Powerhouse who need to be more co-operative than competitive.

An enabling culture which rewards and celebrates learning as an integral part of people’s lives will do more to strengthen the competitive market in skills than anything else. The Northern Powerhouse creates a unique opportunity to rekindle the latent desire for education and personal development and a new collective approach must be found to achieve this.

Given the importance of this subject a separate Northern Powerhouse Skills Summit is being convened to examine proposals in more detail and to consider whether the region should adopt a unique skills strategy in order to build its long term competitive position.

Science, Research & Skills

“Complimentary leverage between the NPH cities, rather than competition, is required”

– Chris Brink

The Northern Powerhouse needs to identify its distinctive strengths and work to enhance these to attract and retain talent.

“Northern Powerhouse’s first priority is to produce an economy that is distinctive and resilient – we need to ascertain our areas or real specialism”

– Peter Simpson



Images (clockwise from top)

Prof Nigel Weatherill, Vice Chancellor, Liverpool John Moores University

Prof Liz Towns Andrews, Research & Enterprise, Yorkshire Universities

Prof Chris Brink, Vice Chancellor, Newcastle University

Peter Simpson, Director, N8 Research Partnership

Session 4

Transport policy, so central to the Northern Powerhouse concept, should not just be about fuelling a demand centred agenda for increased mobility. Ensuring investment in technology infrastructure (broadband connectivity) provides a counterbalance to manage supply pressures. Transport for the North (TfN) should take responsibility for the rail network of the North of England from Network Rail. Northern hub stations could be sold to create more funds to invest in rail infrastructure. Northern East Coast Ports should work more closely with Liverpool to build a more compelling Northern logistics offer.

TfN and the Department for Transport are working together on the introduction of the new Northern and TransPennine Express franchises (to begin in April 2016) which will deliver new-build trains, more than 500 brand-new carriages, room for 40,000 more passengers and 2,000 extra services a week. But these pending improvements as a result of the new rail passenger franchises in the North also highlighted the fundamental problem of increasing capacity on the present inadequate rail infrastructure for more frequent and faster passenger services as well as freight.

Since the Conference, the Chancellor has committed £1bn to investment in rail infrastructure in the North, including a feasibility study for a new TransPennine tunnel, but given other engineering priorities there remains some doubt as to the speed of implementation of this infrastructure commitment by Network Rail not least to the shortage of qualified engineers to implement it. Network Rail should consider whether its Digital Railway capacity building project should be applied to the TransPennine corridor. Alternatively TfN may offer a better prospect of being able to drive through these vital improvements in a timely manner.

The Liverpool 2 Port development will fundamentally change the pattern of logistics in the UK as a whole, particularly exports and yet in order to benefit from this key new element in the North's infrastructure the region has to champion the expansion of Northern ports on the East Coast of England especially on the Humber and Tees.

Given the real demand driven challenges on rail network it is difficult to see how rail freight can be expanded until the present passenger services dilemmas have been resolved, but improved railfreight operations have excellent growth prospects and must feature in TfN's forward planning.

The consensus among the panelists was that quality and capacity are the key issues to address in the existing network. Alex Hynes, Managing Director, Arriva Rail North, promised an increase in services per week in the North and a reduction of passenger journey times by 2019. This commitment to address historical under investment in the network and rolling stock will see the introduction of new trains to replace Pacers from April 2016, with more comfort, free Wi-Fi, at no extra cost to passengers.

He also highlighted the conundrum caused by the need for faster journeys and more connections between cities and rural areas: it is impossible to stop more often and travel faster at the same time. The only solution is to upgrade the existing line to provide more connections, and create a new high-speed line in parallel to make longer journeys faster.

Graham Botham, Strategy & Planning Director (North), Network Rail, highlighted that the four to five percent increase in the number of passengers annually also has a negative impact on freight travel times, which are accommodated around passenger trains.

For Mark Whitworth, CEO of Peel Ports, a 90 mile freight journey (between Liverpool and Manchester) that takes 10 hours starkly demonstrates this point and the need for better infrastructure. Paul Griffiths, Development Director, Phase 2, HS2, echoed the capacity issues of the existing network and stressed the importance of HS2 and HS3 in freeing up a path for rail freight.

Current improvement programmes have been limited to providing short term solutions to problems.

A long term plan with the capacity to transform the current configuration is therefore necessary. This thinking has been kick started by the Chancellor making funding available to investigate the feasibility of a new TransPennine tunnel, but it should not just be limited to new ideas and should consider creative steps which could make a contribution to improving rail efficiencies. A review of closed or presently redundant parts of the rail network could itself accelerate

the delivery of outcomes, for example the reinstatement of the rail link between Colne and Skipton which could provide one of the few TransPennine freight routes not requiring new tunneling.

The keynote speaker of the session, David Brown, CEO of Transport for the North, insisted on clarity of purpose, ambition and a plan that would lay out priorities for the North, but also seek to increase the speed with which short term proposals can be delivered.

This new strategy needs to adopt a multi-modal approach linking together Network Rail and Highways England to form an integrated plan, striking the right balance between road and rail.

It would be consistent with its objectives to suggest in the long term, TfN should inherit responsibility for the North's rail infrastructure presently managed by Network Rail and for additional funds for infrastructure investment to be generated by the sale of stations. Such a radical approach would guarantee the focus on investment in capacity building initiatives is not diluted by being an element in a broader UK wide strategy of improvement; it could deliver funding ahead of present forecasts.

Regulation and investment

The discussion brought to the fore the issue of planning and regulation causing significant delays to improvement plans, with Sean Potter, Managing Director, DFDS Seaways, underlining that legislation can significantly slow down the pace of change.

Private investment is vital to making the Northern Powerhouse a reality, and a compelling case for this is needed. The prospect of significant project delays would serve as a hindrance.

For James Cooper, Chief Executive, ABP, the consistency in national policy is also important, citing the example of stable energy policies which are vital to secure new infrastructure at ports to support offshore wind farms.

Sustainable future

In his conclusion, Marc Davies, Head of Environment, WYG, also pointed out that, in the longer term, a faster improved network that encourages passengers to travel by train also means lower carbon emissions and greater sustainability for the future and greater quality of life in the region.

Transport Infrastructure – Rail & Ports



Images (clockwise from top)

Alex Hynes, Managing Director, Arriva Rail North

David Brown, CEO, Transport for the North

James Cooper, Chief Executive, Associated British Ports

Marc Davies, Head of Environment, WYG



Session 5

Good news on the long term strategic vision for highways but a more agile tactical response is needed to address short and medium term needs of road users and emissions targets such as better use and coordination of bus services. The North needs an aviation strategy to maximise the economic benefits of the continued growth of Manchester Airport.

TfN's approach to multi modal integrated transport planning as outlined at the Conference and subsequently confirmed in their Spring Report is a positive move which should help prioritise available resources for transport infrastructure.

Behind the headlines of a £2.9 billion commitment to road improvements for the 5 year period to 2020; construction already beginning on improving access to the Port of Immingham; improving the A1 in Yorkshire and Newcastle; and upgrading key sections of the M60, M1 and M6 to smart motorways, lies some shorter term but no less valuable road transport challenges which should not be overlooked as tools to deliver economic benefits in the short and medium term.

For the majority, bus services play a vital role in knitting together local economies and communities and can arguably be described as the lowest common denominator for assessing the effectiveness of the public transport network. It is likely that demand for bus services is likely to increase as a result of the planned introduction of smart ticketing. In recent years the North has suffered from the cancellation of bus services that are now threatening the economic viability of large tracts of the North of England. TfN needs to consider this issue urgently and make representations to the Government for the reform of the principal methods of subsidising buses.

The Conference considered the future for aviation in the North of England and looked at the extended development of the Powerhouse's major international airport at Manchester. The growth of Manchester Airport is being secured by significant improvements to road and rail services, but whether these public investments will be capable of responding to the commercial development generated by Airport City remains to be seen.

The Conference touched on the implications for other airports across the North as a result of Manchester's continued expansion. Arguably the least affected

airport represented on the Conference panel was Newcastle, which is set to benefit from investment in the A1 and potential competitive trade from Scotland but further consideration to the commercial operations, connectivity and functionality of smaller airports including Leeds Bradford, Liverpool, Robin Hood (Doncaster), Humberside and Durham Tees Valley needs closer examination and makes the case for a TfN aviation strategy. Newcastle has already demonstrated its role as the international gateway airport for the North East and there should be new improved surface access measures to support this. Alongside economic analysis must go technical work at the frontiers of what is now possible: projects such as the world's longest road/rail tunnel will stretch our construction skills, but also provide a platform for exporting that experience.

Highways England is actively working closely with TfN on long term planning issues, concentrating on east west connectivity, as well as north south resilience. Notwithstanding the investment requirements of the M62 and A1 upgrades, the increased potential of the A66 and A69 north TransPennine routes, as long term solutions to the growing needs of road users for additional east-west connectivity offers significant potential for supporting wider economic growth. This would not be limited to Teesport and the Port of Tyne but would also cater for Newcastle's satellite industrial communities (with major companies such as Nissan) contributing significantly to UK exports and the energy clusters of West Cumbria.

More so than the discussion of rail, the roads and air debate laid open the important contribution that infrastructure investment will play in stimulating commercial and residential development as a core component of economic regeneration. The unique stakeholder networks of TfN, and the engineering capability of Highways England together can ensure the optimum targeting of investment. But are the interests of road users (and not just those who use trunk roads) being factored in? And is sufficient consideration being given to raising further investment from the private sector? The real value of this association may not be seen until further thought is given to allowing private investors to participate. A particular focus on tactical transformational infrastructure investments needed to manage locally generated capacities around

ports and airports might just provide that opportunity to create a funding model that works for investors and users alike. For example, an unexplored aspect for this collaboration may include the development of flexible land ports strategically located to ease the flow of road based freight facing costly congestion delays.

Future planning of the road network is a hot topic for all businesses and the question must remain whether strategic consultation with road users in the North has been sufficiently granular. The fact is that highway construction is a long term business and making sure the North's road space is being used to optimum capacity cannot be ignored. The roll out of smart motorways is a step in the right direction but the demand is such that the pace of these improvements within the parameters of cost and safety must be extended. Road users know congestion costs money and jobs and so cost effective steps to improving mobility, minimising road space and managing flows must remain key targets in the years ahead.

With regard to aviation infrastructure, supporting Manchester Airport as the Northern Powerhouse's principal gateway to global markets is strategically essential, but it is Central Government and not the Powerhouse stakeholders themselves who are best placed to assist. A key issue for the regional airports of the North is reform of Air Passenger Duty (APD) on long haul flights to ensure they can attract flights to key global markets that are vital to UK growth and international competitiveness, especially as South East airports are full and reform of this tax is already planned in Scotland. An APD "holiday" is a practical move the Chancellor could consider to incentivise the launch of new routes, which could then deliver tax revenues and stimulate trade; attracting inward investment in the process.

Resource allocation is crucial. Not everything can be done; and not everything can be done quickly. TfN faces hard choices in developing a programme that maximises economic impact, and smooths the path through the short term to longer term growth. Rational choice requires better methods of assessing the opportunity costs of differing projects in relation to employment, the environment and economic output as well as on travel times and capacity. It also requires recognition that resources are predominantly private, and that even in transport investment, where public funding is still the norm, innovative use of private finance can stretch the resources available.

Transport Infrastructure – Road & Air



Images (clockwise from top)

Jim O'Sullivan, CEO, Highways England (left) and Tim Hawkins, Corporate Affairs Director, Manchester Airports Group (right)

John Cridland CBE, Chairman, Transport for the North

Keith Howells, Chairman, Mott MacDonald

Session 6

Central government policy on energy subsidies needs to have clearer long term vision to assist business to plan and sustain future investments.

The Northern Powerhouse is the home of the future UK power generation industry, which is centred on Wind, Biomass and Nuclear.

The debate concentrated on the Humber as an internationally significant base for wind power, Cumbria fulfilling a similar role for nuclear and the unique role of Drax providing carbon efficient biomass burning facilities. The heart of the topic was ensuring power from sustainable sources could be developed as part of a diversified energy market and that Government subsidies could justify the level of private investment required to develop resources to meet future demand.

Major investments from Siemens, DONG and Forewind are creating a critical mass of engineering services leading to supply chain clusters and training opportunities. The nuclear industries in Cumbria are still developing world leading design and engineering capabilities with the potential to deliver a new generation of safe, affordable power stations which could be developed to meet medium term requirements. How much of the vision for industry could be delivered was clearly dependent on a UK energy policy backed by strategic public investment.

Companies in the energy generation market remain committed to providing the UK Government with guidance about their own limitations to invest in these industries for the future.

The debate considered that the issue of sustainable power generation was much more than providing energy security for the region's manufacturing operations, but was a fully-fledged industry in its own right providing a major source of long term quality employment, engineering innovation and career development. Future financing has to be approached as a partnership between industry and government.

With the UK's commitment to sustainable energy generation, the Humber region was on target to supply 20% of Britain's energy needs by 2020. Establishing itself as the UK centre for sustainable energy technology, manufacturing and servicing the scale of investment in the Humber region is starting to mirror the success of Aberdeen and the North Sea oil industry.

Major new investments such as Associated British Ports' "Green Port", in Hull (in association with Siemens) and Able UK's operations south of the Humber are creating engineering clusters and supply chains utilising local labour as well as attracting expertise from overseas – and yet these developments are fragile – depending to some extent on subsidy from the UK Government, which is subject to constant review at a time when industry is being expected to make further long term investments.

Maintaining a viable energy mix is vital to our future energy security. Alongside the major investment in wind Drax Group is developing a vital alternative strategic asset; biomass-fuelled electricity generation through its use of innovative technology and sustainably sourced wood pellets presently providing some 8% of the UK's electricity. Operating the largest decarbonisation project in Europe, Drax is filling a growing strategic gap in the UK's energy portfolio solution as coal and gas burning power stations are closing cutting generating capacity before alternatives are on line.

With pipeline plans for more than 10GW of low carbon power planned across the Northern Region in the coming decade; and Powerhouse activity demanding a reliable and clean energy supply for the foreseeable future – the question of how we will "Power the Powerhouse" remains pertinent requiring a joined up strategy across the generation and infrastructure skills base and people required to deliver it.

The demands of the Powerhouse are clear on the subject – it needs clean, reliable power and at a reasonable price.

The North has a phenomenal nuclear heritage, playing host to the Cumbria Centre of Nuclear Excellence (CoNE) and a solid supply chain through the entire Powerhouse region, with more than half of the UK's entire nuclear workforce based in the North.

With that experience, reasonable confidence for the long term power picture can be taken from the planned nuclear new build. Provided this project goes well, the UK and the Powerhouse will benefit from a safe, low carbon fuel source in future decades. The healthy energy generation spectrum features a range of renewable generation techniques, with far reaching mature wind farms topping up the base load power from a clean intermittent source.

As Paul Howarth of CoNE explained to delegates, "the conversation about Generation Two Nuclear started a little bit late – and as such it won't be online before we've switched off all of our ageing Generation One reactors that have powered our nation for the best of part of 50 years."

The Northern Powerhouse and the UK as a whole needs a generation gap solution, to keep the whole country's lights on at a cost that works for both businesses and homes.

Andy Koss, Managing Director of Drax Power was eager to impress the seriousness of the situation, stating that "while we are still filling the capacity void – we are doing so at a considerable cost. Keeping the lights on in a capacity crunch in 2018 could be double the cost of doing so in 2016."

The conference panel agreed that the deregulated situation in Great Britain, swing policies and changing attitudes to some renewable sources added to the headache and that demand side management has a major part to play. Regardless of the final outcome, one thing is clear; the UK's energy resilience will rely heavily on the North. It has the physical space and the bright minds needed to develop climate-change-tackling, steady, economical generation techniques. Cumbria and the Humber will be instrumental in powering the Powerhouse.

Powering the Powerhouse



Images (clockwise from top)

Paul Howarth, Chair, Centre of Nuclear Excellence

Andy Koss, Managing Director, Drax Power

Lord Haskins of Skidby, Chair, Humber LEP

Session 7

The eight principal Enterprise Zones in the North of England should be promoted as one of the central characteristics of the Northern Powerhouse concept that could be supported by additional business rate incentives, in those areas presently the subject of City Deals.

The thrust of the session was that North has to prove itself as an area that can produce wealth and deliver growth.

Apart from access to finance and the North's reputation as a globally safe place for long term investment, Conference panelists noted the ease of access to London, lower cost of living and operating costs, and higher quality of life as the principal commercial attractions of the North. The potential problem of arbitrating between sub-regions competing to acquire major international investment highlighted during other Conference debates was again raised during this session with a likely remedy being some form of Northern Powerhouse Investment Office, perhaps drawn from the international functions of the Cities and LEAs. Among the emerging markets where the Northern Powerhouse could be globally competitive, Big Data as well as Advanced Manufacturing and Healthcare were identified as having the best prospects for the region as a whole.

A commitment by local businesses and local authorities to work together is essential to ensuring that wealth is created and retained and that could be enhanced following the publication of the Northern Powerhouse independent Economic Review.

Northern based companies with supply chains should consider the benefits of local supply clusters to offer further competitive advantage. Enterprise Zones have proved to be successful in leveraging new business investment in key locations. Apart from access to finance and the North's reputation as a globally safe place for long term investment, Conference panelists noted the ease of access to London, lower cost of living and operating costs, and higher quality of life as the principal commercial attractions of the North.

Observations were made that outside the North's principal cities neighbouring communities potentially offered even more competitive propositions. Concern was expressed about the perceived nature of the labour market and strategic skills deficiencies, however there was agreement that growth in the North was likely to occur over time anyway as the economy of London and the South East of England overheated.

Connectivity was universally identified by the group as fundamental to creating wealth in the North and establishing a successful Northern Powerhouse. Partnerships between businesses and sectors across the Region are necessary. Creating links between towns through improved rail and road facilities are needed in order to allow the North of England to function as one economy.

Stephen Miller remarked "Logistics is not just about transport, but about connectivity through technology". High-speed broadband connections in the North are vital, not only for communication across the region but also in order to nurture innovation.

Big Data was discussed at length, both in terms of risk and advantage. Andy Clarke of ASDA highlighted the ever-increasing involvement of data in the retail sector; the use of data forecasting and the shift in the buyer and seller dynamic. Strategic use of "Big Data" could play a role in the creation of Northern wealth. It was also agreed amongst the panel that larger businesses should actively support smaller businesses where possible.

Steve Fraser of United Utilities described his company's dedication to the North: "We believe we are Northern, our local suppliers have grown with us. We look for service, standard and loyalty, and we too will be loyal".

The panel considered the successful entrepreneurial spirit; traits such as passion, perseverance, ambition and self-belief were mentioned; qualities that many believe are held by the players of the Northern Powerhouse. The unique selling proposition for the North was multi-faceted with the panelists celebrating the local values and character such as "Grit" "Determination" "Open-ness" "Receptiveness" and the beauty of the local environment.

The calibre of universities in the Northern Powerhouse was also noted. The North boasts great academic talent, which can only be retained if there are thriving businesses in situ to attract graduates.

When discussing how their individual companies had created wealth in a business context Neil Lees of Peel Group advised that growing wealth involves "recycling capital back into the business, back into future projects." This resonated with the Powerhouse initiative as, although it may depend on government incentives, it will not survive unless the Northern region uses investment to create a sustainable economy.

The main challenge facing the Northern Powerhouse initiative was identified as the lack of a consolidated view in the North. Andy Clarke outlined the need for a "mind-set shift" which would involve different local authorities working together to assist businesses and facilitate growth. When asked what was most required to allow a Powerhouse to emerge and prosper the overwhelming response was investment into both physical and electronic infrastructure.

Jonathan Jones of Squire Patton Boggs concluded the session, reiterating the panel's belief that digital and rail improvements represent the key to unlocking wealth in the Region. He set out some clear facts to show exactly how the North is positioned today, for example: "29% of jobs are considered to be "highly skilled" in the North, in comparison with 48% in London and the South East." He also focused on the importance of SMEs, mentoring by Big Businesses and the need to retain graduates from the universities in the Northern region.

Creating Wealth in the North of England



Images (clockwise from top)

Stephen Miller, MD, Bank of America Merrill Lynch and Andy Clarke, Chief Executive, ASDA Stores Ltd

Neil Lees, Deputy Chairman, The Peel Group
Steve Fraser, Managing Director, United Utilities

Session 8

The Chancellor's moves towards creating a UK sovereign wealth fund utilising local authority pension funds is an exciting initiative with potential for accelerating the delivery of Northern Powerhouse related outcomes. The Government should set an example to the financial services industry by establishing a dedicated Northern Powerhouse Fund, which would encourage markets to establish their own private equity products and services, allowing investors to play an influential role in the long-term future of the region.

Finance is the fuel of regeneration and an increasing commitment from the public sector to invest in infrastructure will remain central to the delivery of Northern Powerhouse outcomes because it helps to shape investable products which can be instrumental in attracting further long term private sector investment.

The Northern Powerhouse needs to develop clear investable propositions and market them to international institutions. Sitting on the doorstep of London – arguably the world capital for financial services, addressing a worldwide audience that already understands the UK is one of the most secure places to keep their money suggests this challenge should be achievable.

The real growth in the UK economy will come from creating a diversified multicity offering similar to that of Germany and that is why the success of the Northern Powerhouse is important to the country as a whole. Although the sums of money needed is more likely to be measured in billions than millions, industry commentators such as Bruce Dear, Head of Institutional Investment at Eversheds believes now is the time to be bold and points to the track record of public infrastructure in France and the Netherlands as examples of what can be achieved.

Taking the initiative now will help deliver a new type of momentum to the Northern Powerhouse project, spreading responsibility beyond the public sector and allowing a wider group of wealth creators to share in creating the success of the region. Apart from this "big idea", panelists considered whether entrepreneurs had sufficient access to and choice of financial services to aid business development. It was noted that major providers of commercial finance were looking at whether the Northern Powerhouse could be a test bed for new specialist financial products which would accelerate the development of new businesses, especially as new funding models such as crowdfunding were proving increasingly popular amongst SMEs.

It was generally agreed the opportunity to reduce risk through commercial collaboration was attractive as well as consideration of how accountancy practice could be reformed especially in relation to securitisation of land assets. It was noted that Leeds and Manchester had the highest concentration of professional services companies outside London and the potential to play a pioneering role in developing this key aspect of the Northern Powerhouse proposition.

In addition to direct interventions from UK Government, a review of Local Authorities powers to raise money for investment in technology and infrastructure should be instigated without delay. The UK Government has created the British Business Bank to become a lender of choice to growing SMEs in the Northern Powerhouse. With more backing from the Chancellor, it is logical to suggest this institutional architecture could be extended to support larger scale publicly financed projects requiring private backing.

Research from the Organisation for Economic Co-operation and Development (OECD) supports the view that now is the best time in the investment cycle to make these commitments and indicates that for every pound of public sector investment a return to the economy of £3 is being generated.

It has been suggested public investment in infrastructure is a more productive form of Quantitative Easing (QE), a practice previously used by UK Government to repair the damage to the economy following the 2008 banking crisis.

Investing in infrastructure now should be regarded as a form of QE with two important attributes – it supports jobs and training programmes in the construction industry as well financing major long term projects through that part of their fiscal cycle where they cannot produce commercially relevant returns. This form of public investment is allowing some of our largest private sector institutions and pension funds such as Legal & General and Aviva to regard infrastructure projects as secure investments which will produce returns in the long term.

But if financing grand projects in the North of England is a means of establish its credibility as an international investment destination, the importance of ensuring startups get access to funding is an equally important device to support wealth creation at community level. The £400m committed by the Chancellor to establish the British Business Bank is a good example of the recognition of this issue and has been instrumental in a new breed of finance specialists entering this market.

The outcome can be quite challenging to the entrepreneur; alongside having an idea of how much they want to borrow, the terms on which money is available are potentially broader plus their approach to risk requires further scrutiny and consideration.

Understanding the changing market in commercial lending is now becoming an integral part of business planning as internet players such as Crowdcube – the crowdfunding specialists have loan books in excess of £250million in the past year.

Investment in a going concern in the North of England has never been a more attractive proposition but the North has to improve its approach to making its case. In a world where money moves at the touch of a button, the Northern Powerhouse needs to ensure it provides a coherent and compelling proposition in a fiercely competitive global market and presenting that case is an industry in its own right.

Financing the Powerhouse



Images (clockwise from top)

Keith Morgan, CEO, British Business Bank
Ezra Nahome, CEO, Lambert Smith Hampton
Dan Sheahan, Divisional Director, Investec
and Tom Ground, Head of Ventures,
Legal & General Capital

Recommendations

I'm part of the
biggest commercial
conversation
in a generation.



The recommendations in this report were identified from each of the Conference debates and are based on actions that can be taken by the UK Government and its stakeholders to accelerate the achievement of some defining outcomes for the Northern Powerhouse. The recommendations respond to the Northern Powerhouse context (existing and emerging), the conference themes and the key messages emerging from the individual sessions debates.

1

Simplified Governance. Setting & Owning the Business Case.

The future of the Northern Powerhouse should not be defined purely by the Government's Devolution "City Deals". In order to ensure the Northern Powerhouse meets the expectations made of it, retains coherence, and encourages participation, simplified governance arrangements are required.

2

New Risk Taking Powers For Local Government.

Local authorities must get genuine revenue raising powers. The UK is one of the world's most fiscally centralised states. Public investment is inefficiently and unevenly distributed. This must change. Local authorities need extensive rights to raise (and reinvest locally) rates, property and council taxes and developer contributions. Both local authorities and central government should be braver about borrowing to invest in infrastructure and housing. Their cost of capital is at an all-time low. Prudent long term borrowing for capital projects could dramatically improve the prospects for the region.

3

An Internationally Recognised Brand – A new Northern Powerhouse Export Organisation.

The Northern Powerhouse needs a sales and marketing strategy and a credible organisation to deliver it, which is complementary to UKTI. Review of the relevance of this issue and identification its modus operandii for commerce in the Northern Powerhouse should be considered by the Minister of State for Trade & Investment.

4

A Regional Strategy for Science, Research and Skills.

A pan – Northern skills strategy owned by business is needed to raise productivity, identify gaps and propose solutions. The Conference Organisers have taken an immediate next step to consult with stakeholders to establish the viability of a UK Northern Powerhouse Skills Summit, which will require business representative organisations to build closer relationships with public sector skills bodies, as well as engaging with the Innovation Plans of Northern universities. However, to be productive, this initiative must be supported by the UK Government.

5

Transport for the North must be responsible for rail network capacity.

Transport for the North must take over responsibility for the rail network in the North to ensure promised investment is delivered at the earliest opportunity, integration with HS2 is achieved and capacity for passengers and freight is optimised.

6

Better engagement with corporate transport infrastructure users and providers.

Highways strategies need to reflect a balance between investment in infrastructure with tactical incentives for road users in order to promote the optimum use of road space. Airport Passenger Duty “holidays” are needed to assist the growth of regional airports.

7

Long term approach to Energy Generation subsidies.

Better understanding of energy generation’s role as an industry as well as an essential service is needed to ensure Government subsidy is secured for the long term. Clarity on a long term strategy for investment in energy generating capacity is essential to leveraging the high level of private investment sought in new plant, technology and jobs. If it is not forthcoming the global competitiveness of this key industry will be threatened.

8

Integration of Enterprise Zones into the Northern Powerhouse concept.

The eight principal Enterprise Zones in the North of England should be promoted as one of the central “products” of the Northern Powerhouse concept and could be supported by additional business rate incentives, in those areas presently the subject of City Deals. Enterprise Zones have proved to be successful in leveraging new business investment in key locations. By aligning this successful Government initiative with the likely outcomes of the Northern Powerhouse Independent Economic Review, the North could quite easily produce a compelling investment proposition to attract new industries.

9

A Northern Powerhouse Investment Fund.

The Chancellor's moves towards creating a UK sovereign wealth fund utilising local authority pension funds is an exciting initiative with potential for accelerating the delivery of Northern Powerhouse related outcomes. The Government should set an example to the financial services industry by establishing a dedicated Northern Powerhouse Investment Fund, which would encourage markets to establish their own private equity products and services, allowing investors to play an influential role in the long term future of the region. The British Business Bank's remit could be extended for this purpose and could result in the development of innovative products such as City Bonds.

10

New applications of technology to facilitate collaborative working.

The IT industry should propose how it could develop bespoke innovative software products to assist the creation and delivery of Northern Powerhouse projects. An early outcome should be the establishment of a Northern Powerhouse Commercial Services Register to provide intelligence about the geographic location and density of specialist industries and supply chain clusters.

Next Steps

Next Steps

The Northern Powerhouse is an opportunity to do things differently, to achieve more through collaboration, encourage innovation, manage scarce resources and act with agility. It presents an unparalleled opportunity to drive delivery of outcomes through enhanced public and private collaboration and could demonstrate there are already sufficient democratic structures in the North to provide accountability for the public resources. This can be instigated by using leading edge cloud technology to allow existing public authorities to work together more easily on Northern Powerhouse project planning and manage engagement with prospective private sector partners.

The Cloud could also be used to establish a Northern Powerhouse commercial services register to assist authorities, entrepreneurs and investors to better understanding the concentration and distribution of expertise in the Northern Powerhouse. Such an action involving voluntary participation is a practical way of building the spirit of collaboration necessary to drive the economy of the North forward and as a universal source of information to aid future engagement.

It is not the role of the contributors to this report to provide a conclusion to the Northern Powerhouse concept, but for the reader and participants the picture is clear – the Northern Powerhouse is a big opportunity not only for the North of England but also for the UK as a whole.

If the Northern Powerhouse is about anything it must become the home of entrepreneurial thinking – a place where change for the better can happen.

This report contains a number of recommendations which could help to build a Northern Powerhouse and which may form the basis for further enquiry by both the public and private sectors.

The UK Northern Powerhouse International Conference & Exhibition has a role to showcase this new thinking and to demonstrate the creativity and diversity which is the “New” North of England.

Copies of this document will be circulated in Parliament and made available to UK Government ministers. It can also be downloaded from the UK Northern Powerhouse website, www.uk-northern-powerhouse.com

Comments and responses are welcomed and as many as possible will be shared on our website.

The debate about the Northern Powerhouse goes on. If you feel strongly about the future of the North of England and want to make sure your voice is heard, please join us at the second UK Northern Powerhouse International Conference & Exhibition at Manchester Central on 20/21 February 2017.

Opposite (left to right)

Tom Bloxham MBE, Chairman, Urban Splash and Tom Riordan, Chief Executive, Leeds City Council



Debate Participants



Opposite

John Mothersole
Chief Executive, Sheffield City Council

Debate Participants

In order of appearance

Tom Bloxham MBE

Chairman, Urban Splash

Ged Fitzgerald

Chief Executive, Liverpool City Council

John Mothersole

Chief Executive, Sheffield City Council

Pat Ritchie

Chief Executive, Newcastle Upon Tyne City Council

Sir Howard Bernstein

Chief Executive, Manchester City Council

Tom Riordan

Chief Executive, Leeds City Council

Mark Robinson

Group Chief Executive, Scape Group

Dr Catherine Raines

CEO, UK Trade & Investment

Dr Herbert Jakoby

CEO, NRW:Invest GmbH Dusseldorf

Peter Finnegan

Director Office of Economy & International Relations, Dublin City Council

Niels Erik Andersen

Head of International Office, Central Denmark Region

Ben De Smit

Economic & Commercial Counsellor, Flanders Investment & Trade (Belgium)

Chris Corlett

Chief Executive, Dept of Economic Development, Isle of Man Government

William Nash III

Partner, EMEA, Squire Patton Boggs

Prof Nigel Weatherill

Vice Chancellor, Liverpool John Moores University

Prof Chris Brink

Vice Chancellor, Newcastle University

Prof Liz Towns Andrews

Research & Enterprise, Yorkshire Universities

Peter Simpson

Director, N8 Research Partnership

John Bancroft

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David Brown

CEO, Transport for the North

Alex Hynes

Managing Director, Arriva Rail North

James Cooper

Chief Executive, ABP

Graham Botham

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Sean Potter

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Mark Whitworth

CEO, Peel Ports

Paul Griffiths

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Marc Davies

Head of Environment, WYG

John Cridland CBE

Chairman, Transport for the North

Tim Hawkins

Corporate Affairs Director, Manchester Airports Group

Jim O'Sullivan

CEO, Highways England

Kate Willard

Chair Atlantic Gateway & Corporate Affairs Director, Stobart Group

Giles Fearnley

Managing Director, First Bus

Graeme Mason

Planning and Corporate Affairs Director, Newcastle International

Keith Howells

Chairman, Mott MacDonald

Brendan Dick

Managing Director, BT Regions

Andy Clarke

Chief Executive, ASDA Stores Ltd

Stephen Miller

MD, Bank of America Merrill Lynch

Steve Fraser

Managing Director, United Utilities

Neil Lees

Deputy Chairman, The Peel Group

Jonathan Jones

Partner, Squire Patton Boggs

Lord Haskins of Skidby

Chair, Humber LEP

Andy Koss

Managing Director, Drax Power

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Matt Cooper

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