

THE NORTHERN WAY GROWTH STRATEGY

PROGRESS REPORT: MAY 2004

NEW CONFIDENCE - A NEW CHALLENGE

There is a new confidence in the North of England. In the Deputy Prime Minister's February report on the *Sustainable Communities Plan: Making it Happen: The Northern Way*, he called for new proposals to build on this confidence. The DPM therefore welcomed the proposal from the three northern Regional Development Agencies to prepare *The Northern Way Growth Strategy* to harness the untapped potential for economic growth in the North of England along key economic and transport corridors.

In March the three RDAs established the Northern Way Steering Group, chaired by Sir Graham Hall to guide the preparation of *The Growth Strategy*. Membership includes the Chairpersons of the three RDAs (who are drawn from the regions' business communities), the leaders from the three Northern Assemblies, the Chair of English Partnerships, representatives from the Core Cities, the housing sector, universities and developers. The attached annex provides additional detail on governance arrangements and process.

This short report summarises our thinking so far. Clearly, this work is particularly important and pertinent at this time, in the context of the current debate over devolved decision making and the forthcoming referenda on Elected Regional Assemblies.

OUR VISION

We offer a simple vision for the North:

The Northern Way Growth Strategy will establish the North of England as an area of exceptional opportunity combining a world-class economy with a superb quality of life.

It will set out how we will develop the North's current and potential future assets in a staged manner to deliver this vision by 2025.

This is a vision for the long-term sustainable growth of the North. We will seek to ensure that the Northern regions have the necessary powers, freedoms and flexibilities to enable them to be able to realise this vision by 2025 through:

- investing in the city regions in the North to make them more attractive places to live, work, and visit;
- ensuring that our universities are world class in their teaching and research, and work well with businesses to boost economic success;
- supporting the creation of more indigenous businesses and attracting more entrepreneurs to the North,
- ensuring that the North's companies can compete effectively in global markets;
- creating a skilled workforce and reduce the number of people out of work;
- improving road, rail, air and sea transport;
- creating vibrant sustainable housing markets which meet the North's economic aspirations; and
- selling the North.

In some respects, this will entail a northern interpretation of national policies. In other respects, this will feature the benefits that would derive from devolving authority to make decisions on how to make better use of planned levels of Government expenditure. It could also entail ensuring that the three Regions have sufficient flexibilities to be able to do things differently or work together more effectively in key areas. Overall, *The Growth Strategy* will build on the existing evidence base, particularly that provided through the Regional Economic Strategies, work undertaken by the Core Cities, and the evidence gathered for the Regional Economic Disparities PSA targets developing a series of proposals and programmes that will provide real added value across the whole of the North.

A NORTHERN WAY OF WORKING

In taking this work forward we will only be addressing those areas where there is a demonstrable added-value in doing so on a pan-northern basis. The Northern Way will show how the North, as a whole, offers a critical mass – of markets, businesses, universities, and entrepreneurs – which together enables the region to compete more effectively in Europe and the world. In doing so we will be working the northern way, through a process of strong partnership and collaboration between regions and between sectors and stakeholder groups.

THE NORTH: ASSETS AND OPPORTUNITIES

Today, the North offers immense strengths and assets:

- 14.3 million **people** live in the North of England. The talents, the skills and the character of these people are our most valuable strengths, now and in the future.
- The North is home to a broad, diverse range of world-class **businesses**; they create the North's wealth. Some 700,000 **businesses** are located in the North.
- In many respects our **city regions** are the main drivers of the North's economy. They accommodate most of the North's most successful companies. They offer some of the finest historical architecture in the country and now, some of the best contemporary urban districts in Europe.
- The North is at the cross-roads of nationally strategic east-west and north-south **transport** corridors. The North sits astride the E20 route between Ireland and Northern Europe. Manchester Airport, is a major international hub and the North is served by several other regional airports. The Humber Ports are the busiest in the UK.
- The North is home to some of the country's best **universities**; with eight in the Times Educational Supplement top 30.
- The North boasts magnificent **countryside and coasts**. This is key to the superb quality of life which the North offers. All the Northern cities have a **vibrant, deep, long lasting, culture**.

THE NORTH: DISTINCTIVE CHALLENGES

The North also faces distinctive challenges. By comparison with the rest of the UK, the economy is underperforming. The North is home to 24% of the UK's population but only 19% of its businesses producing only 20% of the UK's Gross Value Added (GVA).

FOR BRITAIN TO PROSPER, THE NORTH MUST PROSPER

All of the most successful larger economies in Europe feature at least two main regions driving growth; they do not rely on one region. All evidence suggests that accelerating the rate of growth of the North, and better links between the North and International growth poles elsewhere, are key to boosting the performance of the nation's economy. As *Making it Happen: The Northern Way* showed, if the three northern regions improved their productivity to that of the current English average, the UK would be some £35 billion per annum better off.

In preparing *The Northern Way Growth Strategy* we are concentrating on what is distinctive about the North - our main assets and the challenges that we face in bridging this gap. We are looking carefully at where these strengths are located, where the economic growth is most likely to take place in the coming years, and the importance of the key transport corridors. *The Growth Strategy* will set out a northern way of utilising our assets to approach these challenges, thereby boosting the productivity of the wider UK.

SPATIAL FOCUS

The Northern Way Growth Strategy is focusing on a broad corridor containing the North's major cities from Liverpool and Manchester through to Sheffield, Leeds and Hull and up through the Tees Valley to Newcastle. This where most of the North's key economic assets are located.

The Growth Strategy will bring significant benefits to the broad travel to work areas around the North's major urban centres. These comprise the North's city regions. This is where most of the North's economic growth will take place. Strengthening our city regions will bring significant benefits to the North as a whole by attracting more investment more visitors, and more talent.

The North's magnificent landscapes, lakes, rivers, and coastlines are also of central importance to *The Growth Strategy*. These natural assets, and our rural communities, are key to the superb quality of life which the North offers and the image of the North which we wish to promote through the Northern Way.

The Northern Way Growth Strategy will complement the existing efforts of the RDAs and other regional agencies to promote growth across the entire North.

PROSPERING CITY REGIONS

Most of the people in the North live and work in our city regions. If these city regions do not prosper, the North will not prosper. We are currently exploring the role of seven city regions surrounding Liverpool, Manchester, Sheffield, Leeds-Bradford, Hull-Humber Ports, the Tees Valley and Newcastle-Gateshead-Sunderland. We are also looking at Preston-Blackburn. Today, each of these city regions plays a different economic role; we are now undertaking an audit of their main assets. *The Growth Strategy* will show how we plan to harness their assets and bring about the catalytic role that city regions play in the wider region to drive the growth of the North as a whole.

WORLD CLASS UNIVERSITIES – KNOWLEDGE ECONOMY

Our universities are at the heart of the emerging knowledge economy throughout the North. Currently, all our universities recognise that they must change to compete more effectively both in Europe and the rest of the world. In Manchester, this has led two leading institutions to decide to create a new university. Yorkshire's leading research universities are collaborating through the White Rose Consortium. In *The Growth Strategy* we are looking at how better to encourage far more joint planning of provision by higher education institutions and how we can retain more graduates to live and work in the North. We will also be exploring the potential for developing more effective ways of universities and business working together to innovate utilising world-class research.

It is widely recognised that in light of the existing world-class research strengths of the North's universities, the North does not earn a comparable share of either Government or private expenditure on research and development. *The Growth Strategy* will highlight why this must change and how best to do so. We are looking at the scope for creating additional world-class research centres.

MORE ENTREPRENEURS – STRONGER INDUSTRIES

Today, we start far fewer businesses in the North than elsewhere in the UK. This is one of the most significant weaknesses in the economy. In *The Growth Strategy* we will demonstrate how we can start more new businesses ourselves and attract more entrepreneurs from elsewhere. This will happen mainly, but not exclusively, in the North's city regions.

Each of the three RDAs has prepared a Regional Economic Strategy with a wide range of key partners in their regions. These identify the key sectors of industry which are of prime importance. In *The Growth Strategy* we will show how we can create the conditions which will ensure that the companies in these key industries can prosper against intense competition from elsewhere. Some, but by no means all, of the key industries in which we will be fostering growth through greater regional collaboration include: chemicals, advanced engineering, food-drink, energy and environmental technologies, and financial and professional services.

A BETTER SKILLED WORKFORCE – FEWER OUT OF WORK

School attainment across the North is lower than it needs to be to underpin future economic growth. We are looking at whether there is scope for a northern wide initiative to boost secondary school and college attainments. If so, our proposals are likely to feature enterprise in education across the North and further efforts to raise the aspirations of our young people.

Most of the people who will be working over the next twenty years are already in the workforce. These people are the North's most valuable asset in the global knowledge economy. In *The Growth Strategy*, we will set out how best to ensure that universities, colleges and other training providers provide the training to meet the needs of the North's employers.

Far more people are without work in the North by comparison with elsewhere in the UK. This explains a significant proportion of the prosperity gap with the rest of the UK. *The Growth Strategy* will feature proposals on how best to ensure that those who want to work can do so therefore increasing participation rates in labour markets across the North.

BETTER ROAD, RAIL, AIR, AND SEA TRANSPORT

The North of England is at the heart of Northern Europe. To prosper, there must be continuous investment to improve our road air, rail and sea transport links to the rest of Europe, the rest of the UK, within the North, and within each of the city regions. The E20 (M 62) is the prime link between Ireland and Europe. In preparing *The Growth Strategy* we will move towards identifying some of the road, rail, air, and port investments that are key to boosting economic growth and will seek to influence national transport plans on a pan northern level.

MANY MORE QUALITY NEW HOMES

In some communities in the North, housing markets are strong but in other communities, many homes fall well below acceptable standards. *The Growth Strategy* will highlight the need to accelerate substantially the rate of house building and renewal over the next two decades. We will be promoting planning policies which will ensure that private developers build more homes to higher design standards in balanced and sustainable communities. The Housing Market Renewal Pathfinders are the first stage in what will be an ambitious programme to expand the supply of high quality homes throughout the North. It is likely that *The Growth Strategy* will have important implications for the Regional Spatial Strategies now being prepared in each Region.

SELL THE NORTH

The Growth Strategy will feature much stronger campaigns to ensure that the North, as a whole, is well regarded in the rest of the UK, and the rest of the world, as offering desirable places to live, work, invest and visit.

MORE SELF RELIANT – MORE PRIVATE INVESTMENT

Our final report will show that all of the above elements of *The Growth Strategy* are dependent on one another. Our approach to “smart delivery” will highlight how best to harness mainstream public expenditure to attract more private investment.

NEXT STEPS

Early in May, the Steering Group presented a Progress Report to the Deputy Prime Minister. We intend to submit our Final Report during the summer after the results of the forthcoming Comprehensive Spending review are known.

In developing *The Northern Way Growth Strategy*, we need to capture the aspirations and understanding of key regional and national stakeholders that drive the economic regeneration of the North. This short report is designed to facilitate this. A number of stakeholder events will be held in June to ensure there is widespread consultation and that everyone has an opportunity to become involved and have a say. We are also keen for you to send or [email](#) the team your ideas or feedback on this report:

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THE NORTHERN WAY GROWTH STRATEGY: PROCESS

Governance Structures

In taking this work forward, the RDAs have viewed *The Northern Way Growth Strategy* as a process whose effectiveness is dependent on capturing the aspirations and understanding of the key regional and national stakeholders already involved in the economic regeneration of the North. The success of the *Northern Way Growth Strategy* will therefore undoubtedly depend on effective communication. The distinctiveness of the North is already reflected in the way that this project is being taken forward, the northern way, through a process of strong partnership and collaboration between regions and between sectors and stakeholder groups. This is reflected in the membership of the Steering and Task Groups and in how the work has been taken forward thus far.

Membership of the Steering Group (Chaired by Sir Graham Hall) is drawn from across the North and includes the Chairpersons of the three RDAs (who are drawn from the regions' business communities), the leaders from the three Northern Assemblies, the Chair of English Partnerships, representatives from three of the Northern Core Cities and representatives from housing, the region's universities and developers. The Group has met twice to discuss the remit of the work and the main issues that *The Northern Way Growth Strategy* will seek to address (1 April) and to contribute to and agree the emerging policy propositions outlined in the interim report (26 April). The Steering Group will meet again in July to discuss the final report and the means by which *The Growth Strategy* will then be taken forward. The Steering Group will also be meeting with the Deputy Prime Minister on 24 May to discuss the Interim Report.

The Task Group chaired by Alan Clarke (Chief Executive of One NorthEast) responsible for the project management, stakeholder engagement and drafting of the report, have met on a fortnightly basis since the beginning of the process in March and will continue to do so until July. Membership of this Group includes the three northern RDAs; ODPM; HMT; DfT; The Government Offices; the Core Cities; and a Regional Assembly representative. The key discussions in the meetings are being facilitated by the consultants Shared Intelligence who have been appointed through a tendering process to help structure and write the report and facilitate innovative thinking. Additional expert input has been secured through an academic 'Sounding Board' and similar event is planned for May to draw on the expertise of developers and investors.

The Process

Building the Story: The short timescales combined with the breadth and complexity of the issues has necessitated a strong focus throughout the process. This has been provided by facilitating the Steering and Task Groups and the Academic Sounding Board to draw on their existing knowledge and experience to build a "story" of the north today and a set of policy propositions for further examination. This approach enables us to focus the work as it is marshalled forward, while providing sufficient flexibility to allow the propositions to evolve through the process as the work matures and additional evidence and expertise is brought to bear.

Drawing the Evidence Base Together: The *Northern Way Growth Strategy* process

draws on the existing evidence base, particularly that provided through the Regional Economic Strategies, the Regional Emphasis Documents, work undertaken by the Core Cities, and the evidence base gathered for the Regional Economic Disparities PSA targets. This existing evidence base and additional commissioned work has been, and will continue to be, searched to provide the evidence to confirm, or refute, the proposed key messages and policy propositions. The rigorous process of defining the nature of the evidence necessary to underpin “the story,” and then ensuring that this evidence is robust, is an essential component of *The Growth Strategy*. This process is also generating additional important facets of the story.

Stakeholder Engagement

Securing Contributions / Ownership of Key Stakeholders: Many of the members of the Steering Group have particularly valuable, distinctive contributions to make to the development of the story. In addition, it is important that we secure the valuable contributions as well as the endorsement of the numerous additional key stakeholders. The Sounding Boards have begun and will continue to play an important role in this respect. In addition we have begun a process of securing contributions and endorsement from key individuals and groups.

Securing Wider Engagement: There is also a much wider range of national, regional and sub-regional stakeholders who have an interest in *The Northern Way Growth Strategy* propositions particularly as it is likely that emerging actions will require involvement and participation from these partners. Some are represented on the Steering Group and Sounding Boards; many are not. It is therefore important that wider stakeholders are able to buy-in to the development process and that it is viewed as a collaborative one, building confidence in the regions’ ability to work together to gain significant added value. In order to do this, we are taking forward an engagement process to ensure that stakeholders have a clear understanding of:

- the purpose of *The Northern Way Growth Strategy*;
- *The Growth Strategy* process and timetable;
- on going progress;
- the opportunities for them to engage, constructively, in the preparation of the reports; and
- the role that they can play in the delivery of the *Northern Way*.

The three RDA's have begun a process of engaging with stakeholders within and between their own regions. Individual RDAs have also held a wide range of bilateral meetings and briefings with regional stakeholders including MPs, MEPs, Local Authorities, HEIs, LSCs, business representative organisations, housing bodies and the private sector. Written submissions have already been received by a range of interests and have been fed into the work stream process. Wider stakeholder events will be held in June to ensure widespread consultation.