



# Northern Powerhouse strategy

November 2016



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# Contents

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	Page
Foreword	3
Chapter 1      Introduction	5
Chapter 2      Connectivity	11
Chapter 3      Skills	13
Chapter 4      Enterprise and innovation	17
Chapter 5      Trade and investment	21
Chapter 6      Engagement	23



# Foreword

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This government has great ambitions for the North of England. For too long, productivity in the North has lagged behind other areas of the country. My predecessor, the Rt. Hon George Osborne MP, was determined to change this. He set out a vision for a Northern Powerhouse, defined by a vibrant and growing economy, a flourishing private sector and a highly skilled population able to make the most of the great opportunities that the North has to offer. I will continue the excellent work that he started.

Delivering this vision is not only crucial for the North, but for the whole of the UK's success. The North is home to 15 million people and over one million private sector businesses. If the Northern Powerhouse were a country, it would be amongst the biggest economies in Europe. If we can make this region an economic powerhouse, the whole of the UK will benefit.

We have set out here our strategy for building the Northern Powerhouse. We will invest in the North's transport infrastructure, to improve connections between and within the North's towns and cities. We will continue to work with local areas to raise education and skills levels across the North. We will ensure the North is an excellent place to start and grow a business. And we will ensure the Northern Powerhouse is recognised worldwide for the trade and investment opportunities it offers. We are also announcing the next steps we will take to deliver this strategy, including over half a billion pounds of investment from the Local Growth Fund to improve transport links, unlock housing and enhance digital connectivity.

We are not starting from scratch. As the birthplace of the industrial revolution, the North has a long and rich history of innovation and entrepreneurship. There are more than 20 universities in the North, including four that are ranked in the top 100 universities globally. Over a quarter of the UK's total manufacturing output, and nearly a third of the UK's total renewable electricity, comes from the North.

Over recent years, working with local and combined authorities, universities, Local Enterprise Partnerships and the private sector, we have begun to make great progress in building on these strengths. We are investing £13 billion in transport in the North over the course of this Parliament. Earlier this year, the government and the North's local authorities and Local Enterprise Partnerships published the Northern Transport Strategy, setting out the long-term investment programmes needed to deliver the Northern Powerhouse. Next year, for the first time, Mayors will be elected in areas across the North. We are funding ground-breaking projects to develop the North's strengths across science, arts and sports.

And there are signs that these investments are starting to make a difference. Foreign investors are responding: in 2015-16 the North of England saw inward investment projects increase by nearly a quarter from the previous year – faster than the UK average. In the three months to August 2016, the North reached a record high employment rate of 72.6%, with 429,000 more people in work than in 2010.

This is an exciting time for the North of England. I am determined to make our vision for the Northern Powerhouse a reality.



Philip Hammond,  
Chancellor of the Exchequer





# 1 Introduction

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**The Northern Powerhouse is a vision for joining up the North's great towns, cities and counties, pooling their strengths, and tackling major barriers to productivity to unleash the full economic potential of the North.**

**1.1** The Northern Powerhouse's objective is to achieve a sustained increase in productivity across the whole of the North. It is at the heart of the government's ambition for an economy that works for everyone.

**1.2** This strategy sets out the government's priorities for delivering this vision. The government will continue to work with northern towns, counties, cities, Local Enterprise Partnerships (LEPs), businesses, universities, charities and others to address the fundamental barriers to productivity that the North faces. This means improving connectivity both within and between towns, counties and city regions; addressing the disparity in skills between the North and some other parts of the country; ensuring the North is an excellent place to start and grow a business; and promoting trade and investment across the North. This strategy also sets out a number of the next steps the government will take to meet this challenge. But the government cannot and will not deliver the Northern Powerhouse alone. This strategy is intended as the beginning of a wider conversation with northern stakeholders.

**1.3** The potential of the Northern Powerhouse is huge. As the heart of the industrial revolution, the North has a long history of driving national growth. It is home to over 15 million people and over one million private sector businesses.<sup>1</sup> The North's economy was worth £304 billion in 2014, similar to the whole of Belgium, and accounting for 19% of UK output.<sup>2</sup> The region produces 19% of UK goods exports, and is connected to the rest of the world through seven international airports and 12 major ports.<sup>3</sup> There are over 20 universities in the North, of which four are ranked in the top 100 universities globally.<sup>4</sup> And in the three months to August 2016, the North reached a record high employment rate of 72.6%, with 429,000 more people in work than in 2010.<sup>5</sup>

**1.4** And this is not just about the North of England. Many people travel from North Wales to the North West of England to work, and vice versa. Similarly, businesses do not recognise the border in their day to day operations. The Northern Powerhouse will provide fresh opportunities to drive improvements in connectivity and skills throughout the region and strengthen the cross-border economy.

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<sup>1</sup> Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2015, Office for National Statistics (ONS); Business Population Estimates 2016, [Department for Business, Energy & Industrial Strategy](#) (BEIS)

<sup>2</sup> Regional Gross Value Added (Income Approach) 2015, ONS; Eurostat, 2016

<sup>3</sup> Regional Trade Statistics (Q2 2016), HM Revenue and Customs (HMRC); Department for Transport (DfT); UK ports and traffic, [Maritime and shipping statistics](#), DfT, 2016

<sup>4</sup> QS World University Ranking 2016-17

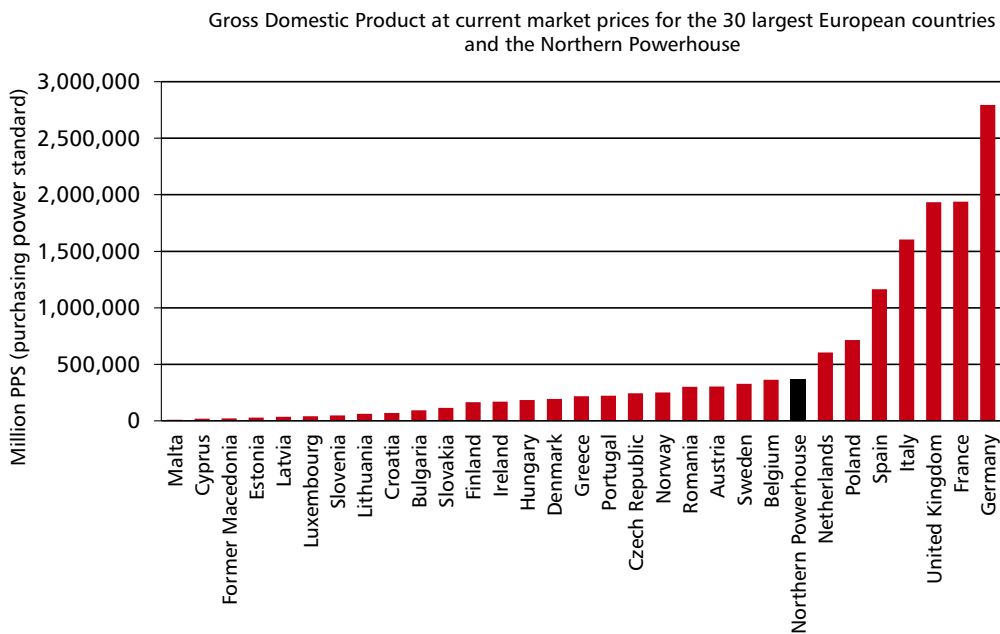
<sup>5</sup> Regional labour market statistics in the UK: October 2016, ONS (for North West, North East and Yorkshire & the Humber).

### Box 1.A: Economic Strengths of the Northern Powerhouse

As highlighted by Transport for the North's Independent Economic Review earlier this year, the North has significant strengths in a number of sectors. In delivering the Northern Powerhouse, we will build on these assets:

- **manufacturing:** Manufacturing was worth £46 billion in the North in 2014, over a quarter of the UK's total manufacturing output.<sup>6</sup> Over 650,000 cars were manufactured in the Northern Powerhouse in 2015; 42% of the UK's total car production<sup>7</sup>
- **pharmaceuticals:** The Northern Powerhouse exported £7.3 billion worth of pharmaceutical products in 2015, accounting for 45% of all medicinal exports attributable to UK regions<sup>8</sup>
- **energy:** 31% of the UK's total renewable electricity was generated in the Northern Powerhouse in 2015<sup>9</sup>
- **digital:** According to Tech UK, the North is home to seven of the UK's 27 key tech clusters, including the largest tech cluster outside of London, in Manchester<sup>10</sup>

Chart 1.A: Gross domestic product at current market prices for the 30 largest European countries and the Northern Powerhouse



Source: Eurostat, 2014

<sup>6</sup> Regional Gross Value Added (Income Approach) 2015, ONS

<sup>7</sup> SMMT Motor Industry Facts 2016

<sup>8</sup> Regional Trade Statistics (Q2 2016), HM Revenue and Customs (HMRC)

<sup>9</sup> Regional Renewable Statistics, BEIS 2016

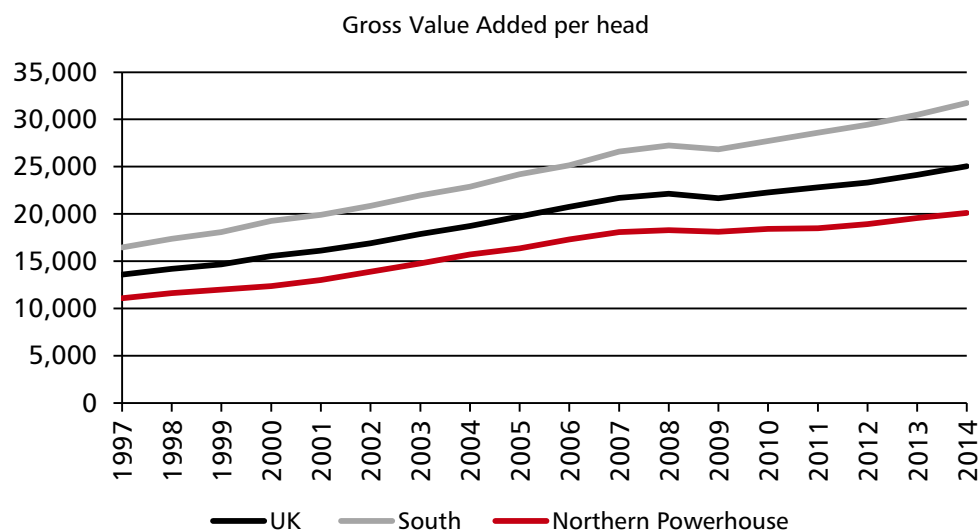
<sup>10</sup> Tech Nation 2016 Transforming UK industries

1.5 However, productivity is a longstanding problem in the North, where value added per worker is 13% lower than the UK average and 25% lower than the South.<sup>11</sup> This gap has widened steadily over many decades. Narrowing it will not happen overnight.

1.6 The North faces persistent barriers across a range of areas fundamental to productivity:

- **connectivity:** the North’s economy is fragmented. Employers in northern cities draw workers from smaller areas than in the South: in 2011, almost half a million commuters travelled over 30km to work in London, double the number that travel the same distance to work across all six major city regions in the North.<sup>12</sup> This limited reach of northern cities’ labour markets means that workers choose from fewer employers, and vice versa, holding back wages and productivity.
- **skills:** the proportion of graduates in the North is 4.4 percentage points below the UK average, and the proportion of people with no qualifications is 1.2 percentage points above the UK average.<sup>13</sup>
- **enterprise and innovation:** the North has 34% fewer patents per head than the UK average and 17% fewer businesses per head.<sup>14</sup>
- **trade and investment:** the number of foreign direct investment (FDI) projects per head in the North is 66% lower than in London and the South East.<sup>15</sup>

**Chart 1.B: Gross Value Added per head**



Source: ONS Gross Value Added, ONS population

1.7 We have made good progress in meeting this challenge in recent years. From the establishment of Transport for the North, which has moved a step closer following receipt of their proposal to form the first Sub-National Transport Body, to the agreement of mayoral devolution deals, and from the commitment to a £70 million Northern Powerhouse Schools

<sup>11</sup> Sub-regional productivity: March 2016, ONS

<sup>12</sup> Distance travelled to work (workplace population), Census 2011

<sup>13</sup> Annual Population Survey Jan-Dec 2015, ONS

<sup>14</sup> Patents by Regions, 2013, Organisation for Economic Co-operation and Development (OECD); Business Population Estimates 2016, BEIS

<sup>15</sup> Inward investment results 2015 to 2016, Department for International Trade (DIT)

Strategy to investments in northern scientific strengths like the Cognitive Computing Centre at Daresbury and the Sir Henry Royce Institute in Manchester, the government has started to take the steps necessary to make the Northern Powerhouse a reality. The government is not alone in this endeavour: the Northern Powerhouse has been, and will continue to be, driven by local and combined authorities, LEAs, Transport for the North, businesses and, from next year, new directly elected Mayors.

**1.8** To successfully tackle the barriers constraining the North's economy, central and local government, as well as private businesses, universities and charities, need to maintain the momentum that has built up over the past couple of years. This document sets out the next steps the government intends to take. These include investing in the North's transport infrastructure to improve connections between and within the North's towns and cities, improving the skills system at all ages, building on the North's existing science strengths, and continuing to promote the North to foreign markets and investors.

**1.9** The next steps set out here are not the end of the story. This is a long-term project, which can't be delivered by national government alone. Over the coming months, the government will work with stakeholders across the North to understand what more government – local and national – and others can do to deliver the Northern Powerhouse.

### **Box 1.B: Government support for the Northern Powerhouse**

**£13 billion** on transport in the North over the course of this Parliament

**£150 million** to support the rollout of smart and integrated ticketing across the North

**£161 million** to accelerate transformation of the M62 into a smart motorway

**Over £3.3 billion** allocated to Local Enterprise Partnerships across the North through Growth Deals for investment in local infrastructure projects

**£60 million** development funding for Northern Powerhouse Rail

**£70 million** for the Northern Powerhouse Schools Strategy

**£235 million** to the Sir Henry Royce Institute

**£38 million** for the National Graphene Institute in Manchester

**17** Enterprise Zones across the North by April 2017 in addition to two University Enterprise Zones

**£400 million** Northern Powerhouse Investment Fund for investment into SMEs

**£20 million** to the National Ageing and Innovation Centre

**£15 million** to the National Institute for Smart Data Innovation, Newcastle, subject to business case

**£6 million** for Tech North, part of TechCity UK, to accelerate the northern digital economy

**£15 million** for Northern Powerhouse trade missions

**£7 million** to establish the Northern Powerhouse Investment Taskforce

**£78 million** for the Factory theatre in Manchester

**£5 million** for the Great Exhibition of the North in 2018 and **£15 million** legacy funding

**£15 million** for projects for the Hull UK City of Culture 2017



## 2 Connectivity

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**We need to improve connections within and between the great towns and city regions of the North. This is at the heart of our plans to build a Northern Powerhouse.**

**2.1** The North's population is over 15 million.<sup>1</sup> It contains five of the UK's ten largest cities.<sup>2</sup> But commuting between towns, counties and cities in the North is constrained by the transport infrastructure available. For instance congestion on the M62 means that it can take more than two hours to travel the 40 miles between Manchester and Leeds.<sup>3</sup> This makes it harder for people to find jobs, for firms to find workers, and for ideas to be shared and developed. Ultimately, this lack of connectivity is holding back growth and productivity.

**2.2** The government is therefore investing £13 billion in northern transport over the course of this Parliament, as well as investing in HS2, to better connect the North's cities to Birmingham and London. Through devolution deals, the government is giving elected Mayors the necessary powers and funding to ensure their areas work collaboratively and function effectively as cohesive economies. Earlier this year, the government and the North's local authorities and Local Enterprise Partnerships, working together through Transport for the North, published the Northern Transport Strategy. This set out our joint plans for developing the long-term investment programmes needed to deliver the Northern Powerhouse. These will provide a better coordinated transport network in the North, with more choice, information and greater reliability for passengers.

**2.3** There are already a number of vital infrastructure projects in the North that are underway or due to start soon. These include:

- upgrading the A1 to complete the motorway corridor all the way from Newcastle to London
- upgrades to the Trans-Pennine route, cutting journey times between Manchester and York (via Leeds) by up to 15 minutes
- the Northern Hub rail scheme which will improve services around Sheffield, Liverpool and Manchester
- upgrading the M1 to become a smart motorway between J32 and J35a
- improving the A556 trunk road between Knutsford and Bowdon to create a modern dual carriageway

**2.4** The government will continue to make the investments necessary to support the North's economy to prosper. **The government has announced additional funding for infrastructure through the Autumn Statement. This will support areas across England, including the Northern Powerhouse, to improve transport connections, unlock housing, and enhance digital productivity.** Specific allocations will be announced in due course.

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<sup>1</sup> Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2015, ONS

<sup>2</sup> Census, 2011

<sup>3</sup> High Speed North: A National Infrastructure Commission Study

**2.5** The government has also announced its **preferred route for Phase 2b of High Speed 2, from Crewe to Manchester and from the West Midlands to Leeds**. HS2 will become the backbone of the national railway network, and will transform connectivity and journey times between the great cities of the North and the Midlands, as well as to London. For example, it will improve journey times to Leeds by up to 50 minutes from London and 69 minutes from Birmingham.<sup>4</sup> By improving these connections, HS2 will also generate jobs and economic growth across the North of England and North Wales.

**2.6** The government announced at Budget 2016 that it would complete studies into major road improvements for the North. **We can now confirm that transformative improvements to strategic road routes will go ahead. The Manchester M60 North West Quadrant and the Pennines A66 improvements will be included as part of the next Road Investment Strategy. Dualling the A66 will improve trans-Pennine connectivity, whilst improvements to the M60 North West Quadrant will ease congestion. The government will also continue to consider other routes across the Pennines and will upgrade two junctions on the A69 using the pinch-point fund.**

**2.7** The government has previously provided £60 million funding to develop options for Northern Powerhouse Rail. Route development work is continuing, led by Transport for the North. **The government will work with Transport for the North to consider these options over the coming months, and will announce next steps in 2017.**

**2.8** The Local Growth Fund was created to support local areas to invest in local infrastructure. The eleven northern Local Enterprise Partnerships are receiving over £2.8 billion through the first two rounds of Growth Deals. **The government will provide a further £556 million to northern Local Enterprise Partnerships through a third round of Growth Deals.** This will support Local Enterprise Partnerships to make the investments necessary to support local economic growth across the North of England.

**2.9** Finally the government **can also announce that four new projects in the North have been successful in bidding for business case development funding within the Local Majors Fund.** Further announcements from the Local Majors Fund will be made in due course. The successful projects in the North are:

- the A1079/A164 Jocks Lodge Junction (East Riding)
- Tees Valley East-West connections
- Sheffield Supertram renewal
- the Warrington Waterfront Western Link

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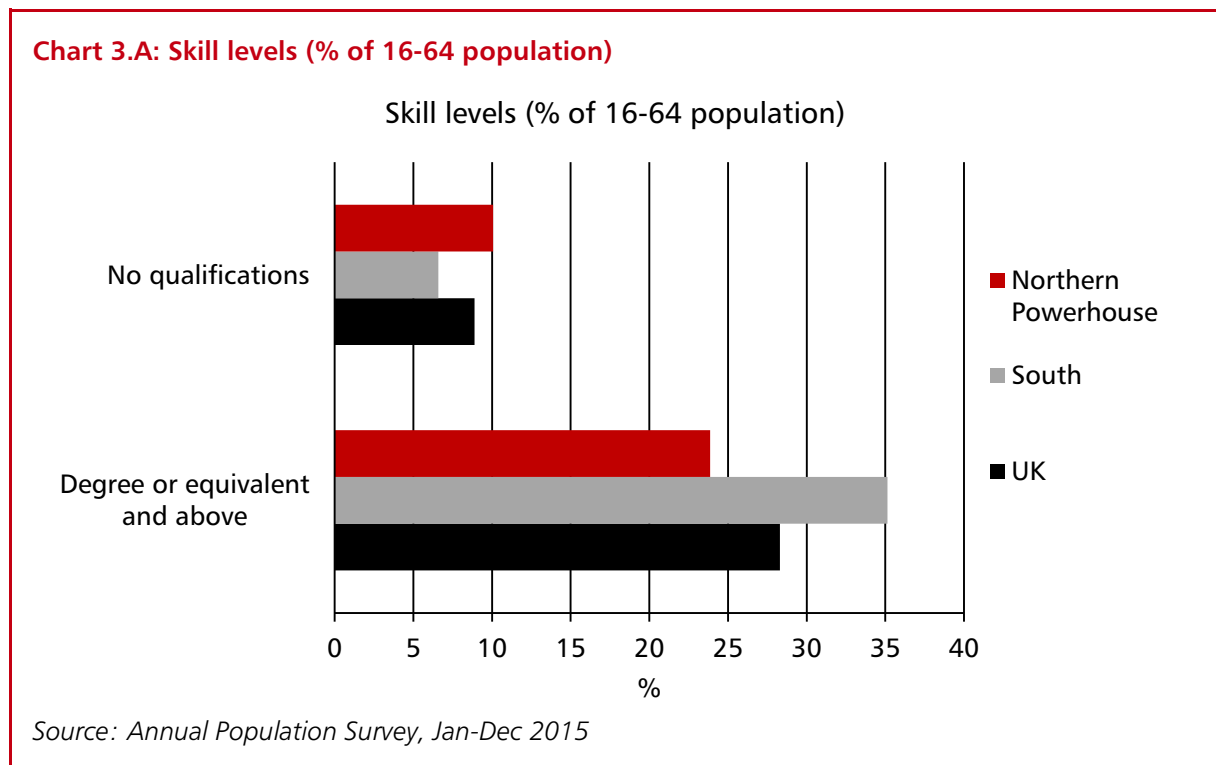
<sup>4</sup> High Speed Two Phase 2b Strategic Outline Business Case Strategic Case



# 3 Skills

**A highly skilled and educated workforce is critical to economic growth and productivity. The government is committed to working with the Northern Powerhouse to improve educational standards and skills levels across the region.**

3.1 The government recognises that there are regional disparities in the education and skills system. Where a child grows up remains a key influence on attainment and choices made at 16. Northern businesses also report that they struggle to attract the highly skilled workforce that they need. Addressing these challenges is crucial to delivering the Northern Powerhouse.



3.2 Of course, the imbalances in the system do not only affect the North. Across England, notwithstanding improvements, outcomes for the most disadvantaged continue to be weaker compared to wealthier households. Children in receipt of free school meals routinely do worse than other children across all phases of education and drop out of the system earlier. The government has undertaken a number of ambitious reforms to tackle these challenges at both a national and regional level.

## Schools

3.3 At a national level, the government has strengthened the curriculum; introduced the pupil premium, which is providing £2.5 billion to help the most disadvantaged children; reformed teacher training; and will soon introduce a national funding formula for schools and early years. There are 1.4 million more children in good and outstanding schools today than there were in 2010.

3.4 The government launched the Northern Powerhouse Schools Strategy at Budget 2016. We announced that Sir Nick Weller would produce a report examining educational

underperformance in the North and we committed £70 million to support educational improvement in the region.

**3.5** We welcome Sir Nick Weller's independent report which identifies the need to increase the supply of high-quality teachers and senior leaders in the North, the limited capacity of multi-academy trusts (MATs), and the need for more schools to offer a stretching curriculum, as key challenges in the North.

**3.6** We will consider the specific recommendations in the report further, but we particularly welcome Sir Nick's proposals on attracting and retaining high quality teachers. The quality of teaching and teachers is the single most important factor influencing how well pupils achieve in schools. It is crucial to supporting school improvement.

**3.7** We will design, fund and test a range of approaches (such as effective professional development) to attracting and retaining high-quality teachers in the North, including in Opportunity Areas. This will help us to understand what works, and support schools to build and share evidence more widely.

**3.8** We also agree that building MAT capacity is fundamental to driving up standards. **We will invest in developing strong multi-academy trusts and sponsors to improve schools and grow capacity in the North, including in Opportunity Areas.**

**3.9** We will look to engage the regions and the sector to work up plans in these areas. We will provide more details on this in spring 2017.

**3.10** Improving schools is at the heart of the government's strategy for raising skills levels across the North of England, but there is also more we can do to support other parts of the system, including in the early years. Outcomes at age five are a key indicator of how children will perform later in life. **The Department for Education will therefore work with the northern city regions and other areas in the North of England facing the greatest challenges, to explore options for improving the delivery of early years outcomes.**

## Skills and careers

**3.11** At a national level, the government has introduced reforms to improve skills provision. These include the Apprenticeships Levy, reforms to strengthen technical education pathways and the Higher Education and Research Bill. The government is also legislating to ensure that publicly-funded basic digital skills training will be offered free of charge to adults in England who need it, to ensure that everyone is able to participate in the digital economy.

**3.12** We are keen for local areas to have the influence they need to shape skills offerings to meet the needs of their local labour market. Mayors in the North will therefore have control of the Adult Education Budget from 2018/19, giving them the ability to spend this money in accordance with local need. We are keen to build on this work through the Northern Powerhouse Strategy.

**3.13** The provision of careers education, advice and guidance is crucial to supporting young people to make the right choices about their futures. **The government will work with the North to ensure that local priorities are fed into the provision of careers advice, so that it is employer-led, integrated and meets local needs.** This will involve joint working on the design of careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service. Where the government is piloting new approaches to careers advice and guidance, we will ensure areas in the North have the opportunity to be part of any trials taking place.

**3.14** The introduction of the Apprenticeships Levy in April 2017 will fund a step change in apprenticeship numbers and quality in England. **The Department for Education will work with the northern city regions, to support them to work with employers and providers to develop an ambitious, locally owned plan for promoting uptake of high quality apprenticeships.**

### **Making the North a great place to live and work**

**3.15** From its thriving city centres to its national parks, and from its vibrant cultural offer to its world renowned sports teams, the North has a huge amount to offer people who live and work in the region. But too often, young people feel they need to move to other parts of the country to pursue their careers.

**3.16** In order to enable northern businesses to access the skills they require, there is a need to do more to attract graduates and other highly skilled workers. The government is interested in supporting the region to trial new approaches to tackling this challenge. This means focusing on interventions which increase information about highly skilled jobs that are available. Sheffield's RISE scheme offers a promising model, involving placing recent graduates from Sheffield universities into local SMEs. **The government will work with the northern city regions, and other local stakeholders, to develop innovative proposals for attracting skilled workers.**

**3.17** This also means ensuring that the North of England has the right housing offer to attract and retain skilled workers. Building more homes is central to this government's vision of a country that works for everyone. We will shortly publish a Housing White Paper setting out measures to help us deliver this ambition. At the Spending Review, we announced over £8 billion of investment in affordable housing, and **at Autumn Statement we are announcing a further £1.4 billion to deliver an additional 40,000 housing starts by 2020-21. Alongside this, we are relaxing restrictions on grant funding to allow providers to deliver a mix of homes for affordable rent and low-cost homeownership, helping them to respond effectively to local needs.** Through devolution deals, the government is working with Mayoral Combined Authorities to align planning powers with functional economic areas, including through supporting the development of statutory spatial plans in Liverpool City Region and Greater Manchester. **The government will continue to ensure that we build more of the right homes in the right places, recognising the role the housing sector plays in economic growth.**

**3.18** The North's natural capital assets and iconic landscape make it one of the most beautiful places in the country for tourists and residents. 14% of the North's population live in rural areas.<sup>1</sup> The government will continue to work with the region to create growth and improve life chances for residents across the whole area, ensuring we have the right conditions for rural communities and businesses to thrive.

**3.19** Finally the government recognises the importance of culture in place making and local growth. Art and culture is the medium through which regional identities are forged. It is also part of what attracts and retains a skilled workforce to a region. That is why **the government continues to support regional cultural projects including through providing £5 million for the Great Exhibition of the North which will be hosted in Newcastle and Gateshead in 2018, £15 million for projects associated with Hull's UK City of Culture in 2017, and £78 million for a new theatre in Manchester called the Factory.**

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<sup>1</sup> 2011 Rural-Urban Classification of Local Authorities and other geographies, Department for Environment, Food & Rural Affairs, 2014

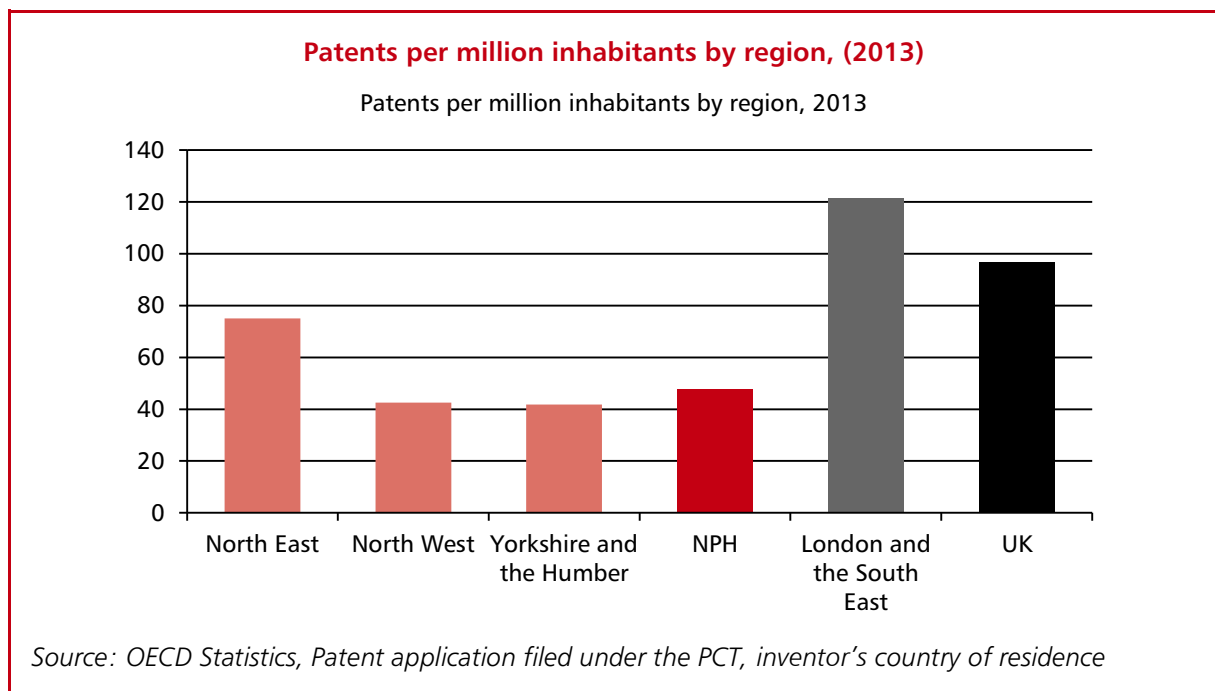


# 4 Enterprise and innovation

**The government is committed to ensuring that the North continues to be an excellent location to complete groundbreaking research, develop innovative ideas, and start and grow a business.**

**4.1** As the birthplace of the industrial revolution, the North has a long history of fostering innovation and supporting entrepreneurs. The North has over 20 universities, including four that are ranked in the top 100 in the world.<sup>1</sup> It is already home to many leading centres of scientific excellence, including in advanced manufacturing, energy research and health innovation. There are over 167,000 more businesses in the North than in 2010, an increase of almost a fifth.<sup>2</sup>

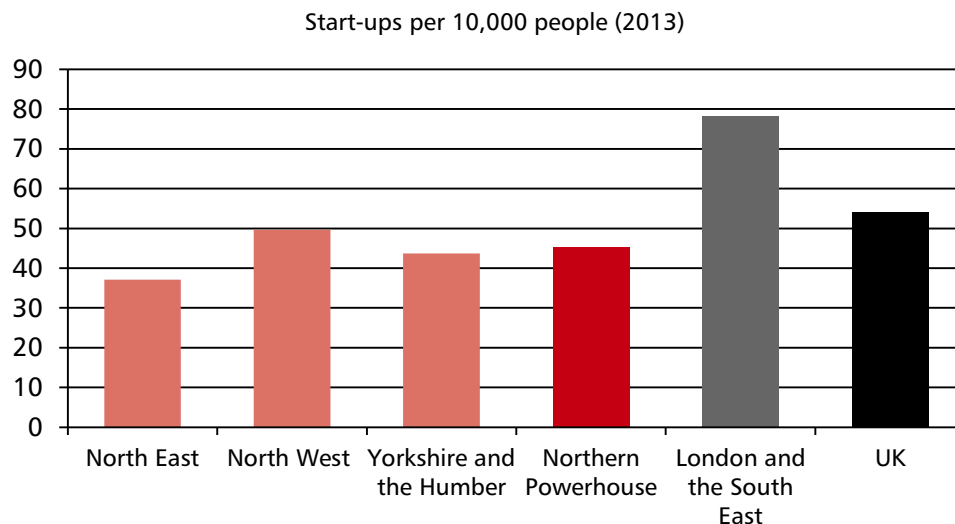
**4.2** But there is more that needs to be done. The North is below the England average for the proportion of jobs in knowledge intensive sectors. There are fewer start-ups per year in the North's major cities than elsewhere in the country. The North is considerably below the UK average for the number of patents per capita.



<sup>1</sup> Transport for the North, the Northern Powerhouse Independent Economic Review; QS World University Ranking 2016-17

<sup>2</sup> Business Population Estimates 2016, BEIS

**Chart 4.A: Start-ups per 10,000 people (2013)**



Source: ONS, Business demography

**4.3** Working with local areas, the government has made significant investments in the North, which will help to address this challenge:

- £235 million for the Sir Henry Royce Institute for advanced materials research and innovation
- £113 million at the Hartree Centre in Daresbury to expand one of the world's highest performing computers
- £20 million to support Health North, building on the North's strengths in health science to create 'Connected Health Cities' across the North
- creating 17 Enterprise Zones by April 2017 in addition to the two University Enterprise Zones the government is supporting in Bradford and Liverpool.

**4.4** The government will continue to invest to support Northern businesses. The government is now confirming arrangements for the **£400 million Northern Powerhouse Investment Fund** which, in collaboration with the LEPs in the region and the **British Business Bank** will invest in **local smaller businesses**. This will be supported by funding from the European Regional Development Fund and the European Investment Bank. **The government can now confirm that the Fund will make its first investments by early next year.** This fund, combined with the North East's fund for SMEs, will facilitate over £500 million of investment in northern businesses in the coming years.

**4.5** More broadly, the government has guaranteed all European Structural and Investment Fund projects signed before the Autumn Statement, and has also provided a guarantee for all projects signed after the Autumn Statement and before the UK's departure from the European Union, if they provide good value for money and are in line with domestic strategic priorities. **This guarantee ensures the North's LEPs have the certainty they need to continue prioritising this funding to support local growth.**

**4.6** The government is also committed to strengthening incentives for local areas to support economic development, by allowing them to keep more of the additional tax receipts generated by growth in business activity in their area. By the end of this parliament, local government

across England will retain 100% of the Business Rates local authorities raise. **The government is in discussions with Liverpool City Region and Greater Manchester to pilot approaches to 100% business rates retention from 2017.**

**4.7** Directly elected Mayors across the country, including in the North, will be well placed to make their areas attractive places for businesses to locate. The government has agreed devolution deals with areas across the North of England, including Greater Manchester, Liverpool City Region and Tees Valley. These include additional bespoke investment funds. **The government will give mayoral combined authorities powers to borrow for their new functions, which will allow them to invest in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury. The government will also consult on lending local authorities up to £1 billion at a new local infrastructure rate of gilts + 60 basis points for three years to support infrastructure projects that are high value for money.**

**4.8** The government will continue to support the North to make this region an outstanding location for research and innovation. Over the past year, Science and Innovation Audits have taken place in Greater Manchester and East Cheshire, and Sheffield City Region and Lancashire. These audits help places to develop the evidence base for their research strengths, giving them a strong basis from which to compete in national competitions for awards of science and research funding. **The government will now take forward four further audits in the North. These audits will cover Leeds City Region, Liverpool City Region, the Bioeconomy of the North (led from York and involving capability and expertise from across the North) and Offshore Energy (involving the North East, Liverpool, Tees Valley and Humber LEPs as well as Scottish Enterprise).**

**4.9** Funding of £100m will also be provided until 2020-21 to incentivise university collaboration in tech transfer and in working with businesses. This will support universities across England, including in the North, to commercialise research. The N8 universities – Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York – have proposed a programme of support for start-up and scale-up businesses in the North, and the creation of a network of Urban Transformation Centres to translate research excellence into direct action. **The government will work with the N8 universities to explore these proposals further, including whether and how this additional government funding could support delivery of these ideas.**

**4.10** The Northern Powerhouse is establishing itself as a centre for global excellence in digital innovation. In 2014, the government announced £6 million funding to establish Tech North, building on Tech City UK's programme to build the digital economy across the country. The government remains committed to supporting high tech industries in the North. Financial technology is one of the major potential growth sectors in this region. **The government has appointed Dr Christopher Sier and Claire Braithwaite as Northern Powerhouse FinTech Envoys to promote the region's FinTech sector. The government will also support a FinTech North event in 2017.**

**4.11** The government is also supporting the shale industry in the North where a significant proportion of the UK's shale gas resources are located. It is clear that a thriving shale industry has the potential to play an important role in the regions in which it is developed, driving local growth and investment and creating new jobs. The government is committed to ensuring that the benefits of economic growth and investment are spread as widely as possible. The Shale Wealth Fund delivers on the government's manifesto commitment that local communities should share in the proceeds of shale developments. It could deliver up to £1 billion funding over its lifetime. Local communities could benefit from up to £10 million from each shale development, and they will decide how it is spent in their area.

**4.12** Finally, the government is committed to ensuring people and businesses across the economy have access to the support and information they need to innovate. **The government**

will therefore pilot Intellectual Property Office representatives in key locations, starting with pilots in the Northern Powerhouse, to stimulate effective intellectual property commercialisation and to provide advice which catalyses local growth. This will ensure that intellectual property is fully integrated within the local business support landscape and that people in all areas can access the support and information they need to build innovative businesses.



# 5 Trade and investment

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**The Northern Powerhouse is now recognised across the world as a great place to do business, and the home to billions of pounds worth of exciting opportunities for international investors.**

**5.1** In 2015-16, the North saw inward investment projects increase by nearly a quarter from the previous year. This was faster than the UK average, creating 13,700 new jobs.<sup>1</sup> The North accounts for 19% of UK goods exports, mainly comprising of chemicals, machinery and transport goods.<sup>2</sup> North Wales also continues to perform strongly, reflecting the region's close connection to the economies of the North.

**5.2** To support this progress, the government has provided £15 million to support Northern Powerhouse trade missions and £7 million to establish a Northern Powerhouse Investment Taskforce, which will bring together the local authorities and businesses of the North to present a single internationally competitive offer to the world.

**5.3** The government is committed to working with local areas to do everything possible to promote the Northern Powerhouse abroad, and support northern businesses to access foreign markets. **The Department for International Trade will continue to lead work with stakeholders in the North of England and North Wales to develop a collaborative, unified approach to promoting the Northern Powerhouse to foreign investors.**

**5.4** This will include:

- **continuing to build international understanding of the 'northern offer'** to increase the number of foreign direct investment projects that land in the region, and the number of companies that successfully export from the region
- **putting in place sector and infrastructure/regeneration specialists** based in the North who will have detailed knowledge of the opportunities and business networks in the North
- **supporting missions overseas to promote the Northern Powerhouse**, and major export and investment events in the North, building on the International Festival for Business in Liverpool and Innovate 2016 in Manchester

**5.5** The government will also continue to provide a shop window for the best investment opportunities the North has to offer. **The government recently published a Northern Powerhouse Investment Portfolio, containing projects worth over £5 billion. The government will continue to work with northern businesses and authorities to ensure this portfolio provides investors with an up-to-date picture of the most exciting investment opportunities available across the North.**

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<sup>1</sup> Inward investment results 2015 to 2016, Department for International Trade (DIT)

<sup>2</sup> Regional Trade Statistics (Q2 2016), HMRC



# 6 Engagement

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**The government will engage with local authorities, Local Enterprise Partnerships, businesses and others across the North to consider what more can be done to support the delivery of the Northern Powerhouse.**

**6.1** The government remains firmly committed to delivering the Northern Powerhouse. This strategy makes clear the areas the government believes it is necessary to focus on in order to deliver growth and productivity in the North:

- strengthening **connectivity** between and within city regions
- ensuring the North develops, attracts and retains **skilled workers**
- making the North a great place for **enterprise and innovation**
- promoting **trade and investment**

**6.2** This strategy sets out the next steps the government intends to take across these four areas. But this is not intended as the end of the story. Over the coming months, **the government will engage with local authorities, LEPs, businesses and others across the North to consider what more can be done to support the delivery of the Northern Powerhouse.**





### **HM Treasury contacts**

This document can be found in full on our website: <http://www.hm-treasury.gov.uk>

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