The Northern Powerhouse: Analysis
Creating the Northern Powerhouse calls for significant investment in all kinds of new infrastructure:

- Smart motorways and better road links to cut congestion
- Electrified high-speed rail services to provide additional capacity
- A 30km Trans-Pennine road/rail tunnel to improve east-west connectivity
- Ports and multi-modal distribution centres to promote international trade
- Flood defences to boost resilience against climate change
- Renewable energy to reduce the north’s carbon footprint
- Superfast fibre optic broadband to help businesses become more competitive

This paper summarises key political, economic, social and technical factors bearing on the successful delivery of such infrastructure and the Northern Powerhouse vision.
There must be a clear, streamlined process of decision-making that involves business.

POLITICAL ANALYSIS

Real powers must be shifted to the North

Party politics and external threats
There has been significant investment of political capital in the Northern Powerhouse concept by central government yet the political control of cities is a major barrier to shifts in governance. Pragmatism has to triumph over party politics.

Political emphasis on Scotland and London, followed by the promise of an EU referendum, threaten to overshadow the Northern Powerhouse agenda.

Governance and engaging the private sector
In late 2014, Mark Whitworth, chief executive of Peel Ports Group, noted that past lessons on governance needed to be learned: “Devolution is not a new concept and the limits of traditional, centralised models have been well demonstrated over decades of failing to deliver growth in key regions in the UK. The North has yet to achieve a model of localised governance that really delivers the public services and investment priorities that the area needs…”

A key element of the solution, Whitworth maintained, is to include the private sector in leadership: “Those of us with a tangible commitment to the region must demonstrate strong leadership and a collective vision of investment strategy and benefits. There must also be a clear, streamlined process of decision-making that involves business.”

Ed Cox, director at think tank IPPR North, urged the government to create a Great North Plan which includes spatial planning. This would give further clarity to the private sector.

Opportunities and challenges
The Institute for Government says the Northern Powerhouse offers “serious devolution of powers and budgets for any city that wants to move to a new model of city government.” This would involve a local governing executive body headed by an elected mayor, allowing areas ready to take on new responsibilities, such as Greater Manchester, to do so quickly.

Historic rivals, however, would prefer more spatially focused devolution deals for historic counties like Yorkshire.

The Northern Powerhouse must resist becoming another body on a list that already includes local authorities, Local Enterprise Partnerships, transport authorities and combined authorities all with their own agendas.

Conditions for progress
The Institute for Government identifies various obstacles to shifting power away from Whitehall – these are instructive in outlining the kinds of measures, actions and attitudes required to make the Northern Powerhouse successful.

Level of support
Whitehall departments and local authorities need to relinquish functions and powers. Senior national – even prime ministerial – support may be required.

Clear roles
Accountability is needed early on, so that all actors are aware of their responsibilities. This will reassure those relinquishing or sharing responsibility that they will not be held to account should problems arise in areas removed from their control.

Staying power
Mechanisms such as referenda may be required to ensure that the powers vested in the Northern Powerhouse are not simply “reorganised away” in five years’ time.

Making the case
There is a need to better articulate the case for the Northern Powerhouse to overcome concerns about the scale of required interventions: the creation of Transport for the North is one instance of how this case is already being made.

Bringing the public on side
The more sectarian attitudes among the population, voter apathy, and ‘small c’ conservative tendencies towards the status quo could all undermine the project.

Safeguarding local interests
Identity is important, as illustrated by experience in the West Midlands, where progress towards combined administration was slowed by fears that the Black Country boroughs would be swallowed up by Birmingham.
The economy of the North
The North is a large economy, generating Gross Value Added of £285bn in 2013, a little over one-fifth of the UK total. But it underperforms compared with the UK as a whole. More people are “inactive” or unemployed than the national average. There are fewer graduates and more people with no qualifications at all, and fewer people in managerial positions and more in “elementary” occupations. Pay is lower.

If the growth and participation agenda is to be realised, local connectivity, or “routes to prosperity”, require investment. The Northern Powerhouse discussion often focuses on the core cities (Newcastle, Leeds, Manchester, Liverpool and Sheffield), but most of the North is rural. The rural areas are home to a large population; and urban areas close to the core cities – such as Sunderland, Wakefield, Warrington, Doncaster or Oldham – have many more people than do the core cities.

Cities are widely recognised as engines for growth, and major initiatives such as HS2 aim to reinforce this function. But a focus on cities will be more easily saleable if it benefits other areas and their sector specialisms.

The rural areas and outliers offer unique opportunities but also face special challenges associated with poor infrastructure. Success for the North in sustainable development terms requires them to perform as well.

One North: A Proposition for an Interconnected North, published in 2014, identifies the Dutch Randstad (centred on Rotterdam and Amsterdam) and the Rhine-Ruhr (centred on Cologne and Dusseldorf) as broadly comparable to, but outperforming, the North. We might add Southern New England (Massachusetts, Connecticut and Rhode Island). Per capita GDP in the Randstad and Rhine-Ruhr is around £25,000 per head compared to under £20,000 in the North; in Massachusetts the figure approaches £50,000. One North largely attributes this to better transport links and greater concentrations of very large firms.

Achieving economic growth
Projections by the Office of Budget Responsibility indicate that, up to 2030, the North’s GDP will grow at a slower rate than the UK average. The Northern Powerhouse initiative aims to match the UK average, boosting the regional economy by £44bn a year.

Matching UK average growth would require either 1M extra jobs, or an overall 15% improvement in productivity, or some linear combination.

The main economic benefits from transport investment include faster journey times and reduced accidents, but also agglomeration effects. By promoting specialised supply chains and labour markets, and through other external economies of scale, agglomeration enables firms to buy factors of production more easily and cheaply, raising productivity; and, perhaps, also reducing the equilibrium rate of unemployment.

The transport effects summarised above, and the other supply side effects discussed elsewhere in this paper, should ideally be complemented by active measures to raise demand in the economy. Government has already recognised this need through measures such as promoting foreign direct investment and doubling the number and size of enterprise zones across the Northern Powerhouse.
The Northern Powerhouse risks political, social and equality failure unless it can demonstrate that it prioritises the poorest communities.
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Boosting connectivity and growth

Transport and non-transport infrastructure

Transport is at the heart of the Northern Powerhouse initiative, and it is here that planning in some areas is most advanced. Rapidly evolving structural, civil engineering and project management techniques offer potential to support more rapid and cost-effective construction of railways (including HS2), tunnels and roads; smart ticketing may bring further benefits.

Recent flooding has drawn attention to inadequacies in defence and drainage systems, but a more important challenge is systematic action to ensure that land and premises are released in sufficient quantity, and with all utilities available, to meet the growth objective.

Cost-benefit analysis is imperfect but, properly applied, it can promote agreement about the merits of projects. It is essential that analyses include a comprehensive micro-level assessment of costs and benefits with appropriate allowance for their distributional effects, as well as taking the wider macro-view.

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Trans-Pennine tunnel

A 30km combined twin-bore road and rail tunnel is proposed for the Trans-Pennine route. Such a length for a road tunnel is beyond anything in existence. Key considerations include:

- Ventilation
- Fire and life safety
- The psychological effects of driving through such a long confined space.

Future technology should be taken into consideration: autonomous vehicles and electric vehicles would reduce pollution, improve safety, and increase tunnel capacity by enabling greater vehicle headways.

Broadband services

Superfast broadband access is improving but many areas, especially but not exclusively in rural areas, are still not well served. The availability of competitive infrastructure must be comparable with London and the expectations of global enterprises. Initiatives over the years have typically been focused on one city. Future telecoms initiatives should be across the Northern Powerhouse and alongside transport initiatives if the full benefits are to be achieved.

Flexibility for future needs

The development of infrastructure, especially transport infrastructure, is not without significant risk. Photographic and video evidence of the impact on communities and businesses in places where there have been large changes in land use and transport infrastructure can provide useful guidance for future planning.

The new industry standards for development management are designed to improve the quality of planning and to deliver more robust projects. These should become the foundation for the development management system that will underpin the Northern Powerhouse and ensure that the benefits are delivered in a way that is sustainable and meets the expectations of local people and businesses.