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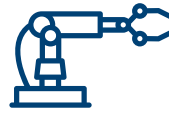
A survey of northern business leaders

Corporate North



**79%** of respondents are very or fairly positive about growth prospects in the North.

### Sectors to watch:



Advanced manufacturing



Digital



Financial and professional services

### Going global



**53%** of respondents do business with the rest of the world.



Only **5%** of companies would move their businesses from the North.

### Transport, transport, transport



**48%** highlight transport as **the** most important improvement needed.

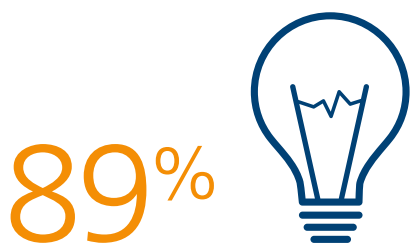


**80%** of respondents are in favour of devolved powers.

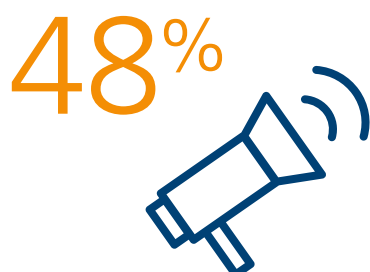


Respondents believe Northern Powerhouse Rail (HS3) to be **the** most important transport project.

## Powerful Powerhouse



**89%** of respondents are positive about the Northern Powerhouse initiative.



**48%** of respondents believe the North needs to market itself better.

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# Foreword

The Northern Powerhouse is our vision for a super-connected and globally-competitive northern economy with a flourishing private sector and a highly-skilled population.

With the North being home to over 15 million people – nearly a quarter of the UK’s population, half of the UK’s major cities and almost 30 universities – the potential of the Northern Powerhouse and its £330bn economy is huge.

This Corporate North report from CMS shows that there is strong and widespread support from the business community across the north of England to turn the Northern Powerhouse vision into a reality. We want to see quick and easy travel between and within the North’s great towns, cities and rural communities. That’s why, through the Budget and Industrial Strategy White Paper, we committed to a funding boost of £436m to improve transport connections within northern city regions through the Transforming Cities Fund. This builds on the record amounts we’re investing in northern transport – over £13bn between 2015/16 and 2020/21 – more than any Government in history. This is helping us to deliver real outcomes that really matter to those that live and work in the North: reductions in journey times, more frequent services, and less congestion on our roads.

Through working together with our coalition of private and public sector partners, we can continue to attract and retain the best talent and ensure long-term sustainable increases in productivity and growth in the North for generations to come.



**Jake Berry MP**

Minister for the Northern Powerhouse  
and Local Growth

Chart 1: What is the turnover of your business?

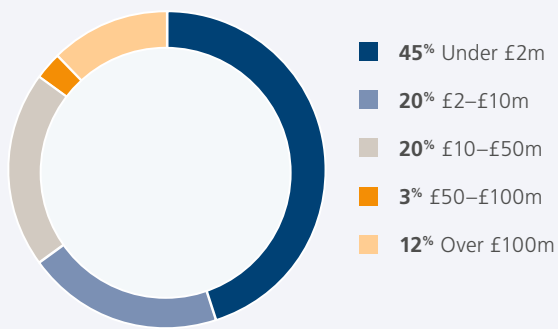


Chart 2: How long has your business been located in the North?

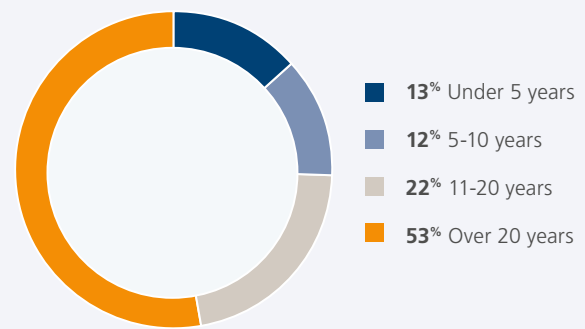


Chart 3: Which city are you closest to?

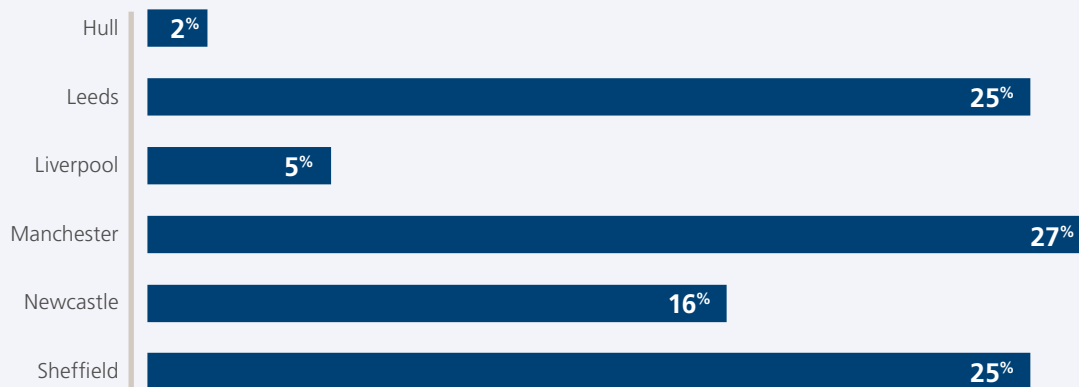
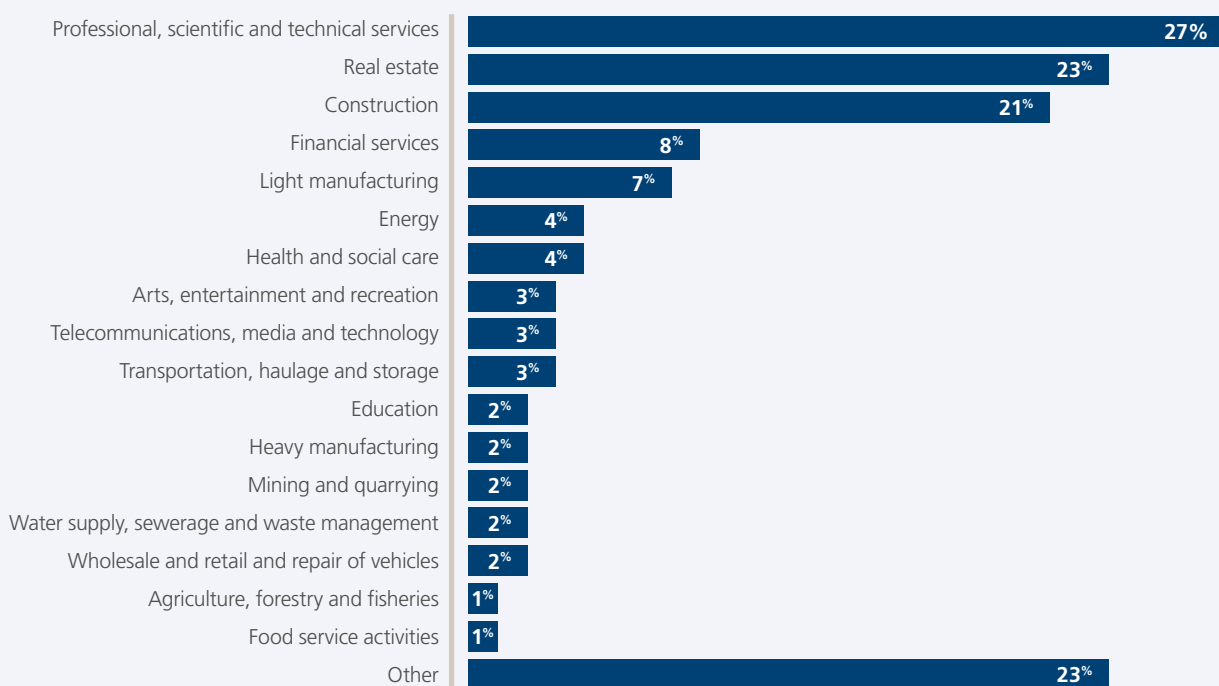


Chart 4: What sector(s) does your business operate within?



# Methodology

We surveyed over 150 leaders of businesses balanced by geography, size and sector from across the north of England.

As seen in Chart 3 our survey respondents are based across the region including the Core Cities of the Northern Powerhouse, Sheffield, Manchester, Liverpool, Leeds, Hull and Newcastle.

They represent businesses, both large and small, by number of employees and turnover as set out in Chart 1. They are also a mix of well established and new, with varying levels of international activity.

Most are from the property and construction or professional services sectors, but a wide range of sectors is represented including education, manufacturing, transport, agriculture, arts, finance and communications (Chart 4).

The survey reveals a range of views explored in this report. The interviews are an opportunity to dive deeper into some of the findings on the Northern Powerhouse, as well as core issues for the north of England, such as skills, connectivity and devolution.

We have also drawn on existing research to build a narrative around the key future-facing themes for the Northern Powerhouse, and concluded with some recommendations.

“ Our location has had a significant bearing on the success of our company and continues to do so. We are attracting people from all over the world to complement the people and skills we can find locally. ”

*Sam Chapman, The Flow*



# Introduction

As a future-facing global law firm with a strong and long-standing presence in the north of England, we want to shine a light on the scale and ambition of businesses in one of the most dynamic regions of the country. This ambition is something we see day in day out. We live here and we work closely with a range of clients – both large and small and across diverse sectors and industries – to help build businesses that shape our environment in a myriad of ways.

By telling the stories of Corporate North through the voices of the leaders of some of the region's most innovative and successful companies, this report showcases the confidence and optimism of the north of England.

Few ministerial initiatives have captured the public's imagination quite like the Northern Powerhouse. In just over four years the political landscape has changed beyond recognition – Brexit, a new Government with new priorities – but the Northern Powerhouse has endured. It has gone beyond politics and has become a byword for pride and ambition across the North.

This report would not have been possible without the contributions of our interviewees and survey respondents. We would like to take this opportunity to thank all those involved. But it also takes soundings on what the North's business leaders think are the keys to unlocking the full potential of the Northern Powerhouse. We explore some of these themes – transport, devolution and skills – in more detail too.

Our survey respondents and report interviewees demonstrate pride, passion and enthusiasm about being in business in the north of England. This ranges from hard-headed confidence about their own commercial prospects, to wider optimism about the cities, towns and regions in which they are operating. Corporate North is confident.

There were also areas where our respondents recognise the need for greater focus, investment, and emphasis on the challenges to be overcome. Any economic development project must recognise where further political and policy attention is needed.

Overall there were a number of clear themes which come through in our research which we will explore further in the following pages:

- **Optimistic North**
- **Connected North**
- **The importance of place**
- **Global North**
- **Northern Powerhouse in action**

We hope this report is read widely. Its findings and interviews should inspire people living and working here, highlight the region's value to investors; and showcase a different narrative about the north of England. It is a statement of intent by northern business leaders to make the Northern Powerhouse a reality.



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# Optimistic North

Despite conventional narratives portraying the region as an area of economic deprivation, our report reveals a strong degree of optimism in the future growth potential of the North. The leaders we surveyed and interviewed were all optimistic about the prospects for their businesses to sustain growth and, more importantly perhaps, for the North's capacity to contribute more fully to the UK economy.

“ The future is bright. ”

*Dr Hakim Yadi, Northern Health Science Alliance*

For a number of people we talked to, 'Northern Powerhouse' as a marque is seen as both recognition of existing capability and an acknowledgement of the need to ensure the North's full potential is met.

Nearly 80% of survey respondents were either fairly or very positive about growth prospects for their companies for the next year (Chart 5). Only 6% felt negative. Two-thirds of survey respondents anticipated recruiting additional staff over the next six months (Chart 6). Only 1% of respondents expected to reduce headcount. This is a great story for employment prospects in the North.

“ We must be clear, for many firms, families and communities across the North there were 30 painful years of de-industrialisation. We lost a lot of factories, employment opportunities, income and identity for families and their wider communities. What has survived and developed through this period and against that backdrop is truly world class. ”

*John Cridland, Transport for the North*

Chart 5: How do you feel about your growth prospects for the next year?

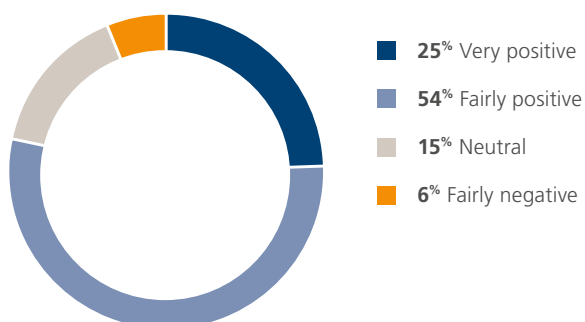
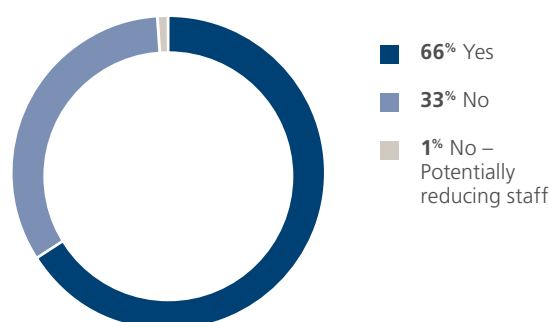


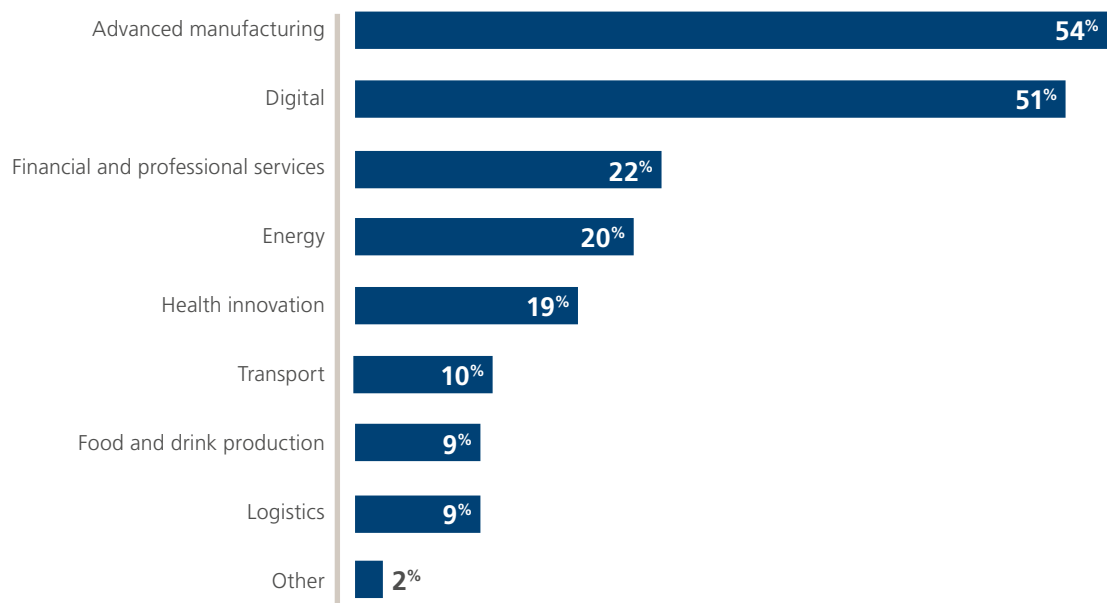
Chart 6: Do you anticipate recruiting additional staff in the next six months?



What lies behind this confidence? The *Northern Powerhouse Independent Economic Review* provides some clues on those areas that are increasingly seen as the prime capabilities of the North – namely advanced manufacturing, energy and health innovation. Our survey responses name digital industries (media, telecoms and IT) and advanced manufacturing as being industries likely to have a significant impact on Corporate North in the short to medium term (Chart 7). Special mention should also go to financial and professional services. Both Leeds and Manchester already have thriving businesses in the sector; which is also now growing steadily in other northern centres.

We also conducted face-to-face interviews with leaders from companies and organisations operating in some of these sectors. For many of them a recognition of the historical footprint of their activities – whether traditional manufacturing or energy generation – has galvanised a capability which gears them appropriately to face the future.

Chart 7: Which sector(s) are the ones to watch in the north of England?







Ørsted

Matthew Wright, Managing Director

We're investing in the north of England because it is where we can build our energy assets at scale. We have an exciting pipeline of projects stretching out to the mid-2020s, which will see billions of pounds of further investment into the UK. Building these major projects will help boost the supply chain for renewable energy, as well as the local communities where our operations are based. And it will bring forward internationally significant infrastructure assets for our future energy system.

To illustrate the scale: our Hornsea 2 offshore wind farm, the most recent development with Government consent, will have an electricity output of 1.4GW. In comparison, the last nuclear power station built in the UK, which was Sizewell B, is 1.2GW. Hornsea 2 will provide enough electricity to power 1.3 million homes and will be the world's biggest offshore wind farm. Importantly, the majority of turbine blades will be made in Hull.

We're in the North because of the North Sea and the Irish Sea. The North Sea in particular has wind speeds and shallow water depths to rival anywhere in the world as a location to position an offshore wind farm. You can scour the globe and you will not find many,

if any, better places. So, it is no accident that we are building our operations and maintenance for the east coast at Grimsby and at Liverpool and Barrow to serve our west coast operations. Our investments and the employment we are providing is helping to regenerate communities which have suffered from traditional industrial decline.

Geography is important, but there are many other reasons. The UK is the leader globally in offshore wind capability. We have taken a nascent technology and industrialised it. We're delivering en masse and at scale and critically driving down the costs. There are 3,500 turbine generators in UK waters; that is 3,500 opportunities to improve

design and operate these assets. From a standing start, over the last 15 years the UK is now world leading. It has a supply chain and capabilities to deploy and operate the offshore wind project. We collaborate closely with a number of the universities across the North, leveraging their expertise and problem-solving capability and of course we work closely with our various suppliers.

The Government has supported the industry which has enabled us to become established and drive down the cost of electricity production. We continue to work and collaborate with governments. We continue to invest, which helps to develop the supply chain so that we then create clusters of capability that can then export and bring a benefit to UK plc.

The task now is to take the next step for UK plc to ensure benefits from all the investment remain here and to maintain that lead globally in all that we do and we are in the North.

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# Connected North

Transport links and connectivity have been a defining feature of the Northern Powerhouse concept since its inception. It is an issue that has long been a characteristic of the narrative about the development of the North and came through strongly in our survey and interviews. It has often been seen as a brake on growth and an emblem of under-investment.

Transport for the North, the body recently granted statutory status, is charged with making the case for pan-northern transport improvements to support economic growth. Its transport strategy has been widely consulted on and will form the backbone of a long term and much-needed investment plan for the north of England. As a number of our interviewees commented, Transport for the North is the prime example of the Northern Powerhouse in operation: working across the region for the benefit of the whole of the north of England, focused on a strategic issue that can only be resolved satisfactorily at scale.

Our survey respondents overwhelmingly believed transport is the principal agent of transformation of the North. Throughout the survey and the interviews, the business leaders we engaged with placed a strong emphasis on the importance of enhanced connectivity to support businesses and regional economic growth.

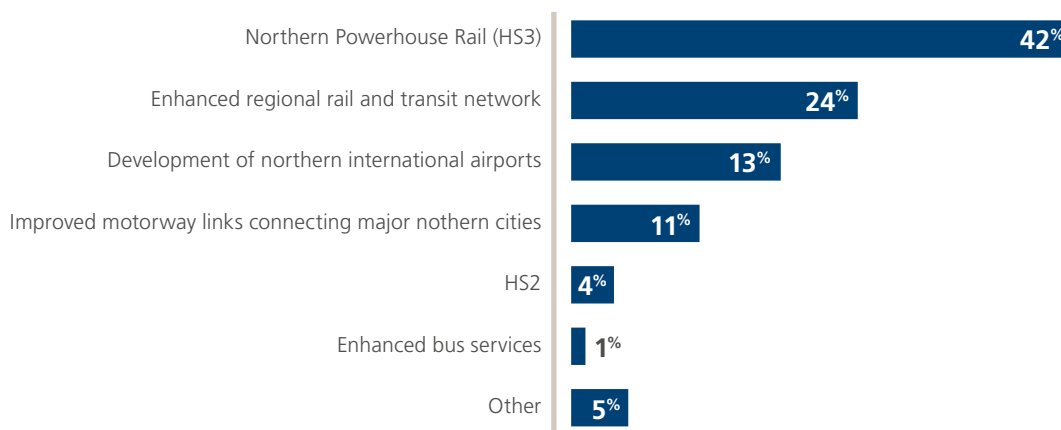
We asked respondents to consider their prioritisation of the various transport projects currently under discussion. The priority for our respondents was overwhelmingly Northern Powerhouse Rail (or HS3), the proposed


east-west route across the north of England, with 42% stating this as the top priority (Chart 8). Others included the enhancement of regional transport networks (24%) and the development and enhancement of international airports located in the north of England (13%).

HS2, the high speed line which will run north-south initially from London to Birmingham, eventually linking up further north to Manchester and Leeds was seen as a priority for just 4% of our respondents.

But as Nick Roberts of Atkins points out, innovation and technology in transportation will bring fresh opportunities for an increasing array of businesses. The digital integration of infrastructure can have a significant impact on decisions we make about how we move around our cities and indeed, from a macro point of view, how we plan and give shape to the future of our cities. Transport for the North is actively considering how we can maximise technology to future proof our transport infrastructure to aid the economic transformation of the region over the next 30 years.

Chart 8: Which transport project in the north of England is the most important?



A high-speed train, primarily light blue with a yellow nose, is positioned on tracks inside a large industrial facility. Two workers in orange safety gear and white hard hats are standing in the foreground, looking at the train. The facility has a high ceiling with exposed steel beams and large windows on the left side.

“ If there’s one thing you could ask government for, what would it be? That’s a hard question. It must be the east-west link. And I think we’re getting there. It must be re-drawing the map so not all roads lead to London. ”

*John Cridland, Transport for the North*

“ Imagine SMART motorways where there are no gantries giving you the information about road conditions, upcoming queues or speed restrictions, but rather it is talking directly to your car’s computer system. ”

*Nick Roberts, Atkins*



## Transport for the North

John Cridland, Chair

Improving connectivity in the North is about giving people better life chances. Transport unlocks chances for people; for young people and for disadvantaged communities. That's your productivity gap right there.

If you take the young person in Salford or Burnley who wants to work for Boeing or McLaren in Sheffield, the cost and time of travelling currently might be prohibitive. However, if we can reduce the journey time, it starts to become within reach. That is our goal.

There's a pent-up frustration which wants to liberate a pent-up potential. This potential demands an enhanced transport system for the north of England. This is a long-term mission though. Over the next 30 years we will transform our road, rail, sea and air connections. Through our transport strategy, we are now translating our economic vision into a working methodology. We are reviewing the investment

decisions that will need to be made to better connect our prime economic assets. A core part of this will be how we ensure that the corridors of economic activity can be effectively invested which will drive economic growth. These are the sectors where the north of England is globally competitive and highly skilled. The role of transport is to better connect people, businesses and to facilitate the movement of goods and labour. These are issues that affect everybody's lives; it is about enabling a person to do something next year that they cannot do today.

The context is important. Transport and connectivity are issues that affect everybody. We must be clear: for many firms, families and

communities across the North there were 30 painful years of de-industrialisation. We lost a lot of factories, employment opportunities, income and identity for families and their wider communities. What has survived and developed through this period and against that backdrop is truly world class. It is about how the Ordsall Chord in Manchester can help to better connect a city and indeed the wider region. It is about how greater numbers and varieties of job opportunities can become viable due to a shorter, faster commute, how our clusters of economic activity can become closer and better connected.

The North acting as one and thinking at scale is important, though we are quite early on the journey. If we go back ten years, there weren't the LEPs and we didn't have Metro Mayors. Our Transport for the North Board is the beginnings of this.



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“Over the next 30 years we will transform our road, rail, sea and air connections. Through our transport strategy, we are now translating our economic vision into a working methodology.”

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## SNC-Lavalin

Nick Roberts, President of Atkins

In 2018, Newcastle, Gateshead and the wider North East showcased the Great Exhibition of the North, a strong visceral signal of the Northern Powerhouse as a movement. The Great Exhibition gave a full throated voice to the North, recapturing pride and excitement, drawn from the past and projected forward.

It is fitting that a core part of our story will be about how innovation and technology born in the North have shaped, and will continue to shape, our lives. There is perhaps no better emblem than Stephenson's 'Rocket', built at the Forth Street Works in Newcastle upon Tyne.

Transport continues to have a key role in terms of how we think about the Northern Powerhouse. In Transport for the North we have the potential to go even further by attracting substantial public investment into the North. As an example, we are currently working on station masterplans at Leeds, Sheffield and Newcastle. All will deliver new transport gateways to their respective cities and to the wider North. This is a significant opportunity for the North, not just

because of how we might add capacity to the system through investment, but rather how through an interconnected web of passenger rail, road and freight systems we can better connect people, places and goods to move around the North and indeed across the wider UK and the rest of the world.

But, what does the future of transport in the North look like and how will this play out over the next five years? We hear a great deal about Hyperloops, smart ticketing solutions, smart motorways, electric vehicles and autonomous travel. As interesting as all these elements are, it is not the individual elements, but rather their integration, the glue that binds them, that is most exciting.

'Intelligent' mobility is about how we use technology to develop smarter infrastructure that enables us all to make easier, cheaper and faster decisions about how we travel. Imagine SMART motorways where gantries are replaced by remote systems that notify your car's on-board systems about weather conditions, speed restrictions and delays. Or perhaps you receive personalised travel itineraries on your phone that help you to better navigate the train journey from Selby to Liverpool. That has implications for us as drivers, but also for the cost of building this infrastructure. These developments have implications for us as passengers, but also for us as engineers and designers. In the North, George Stephenson pioneered train travel. With smart infrastructure we can build on his remarkable achievements.

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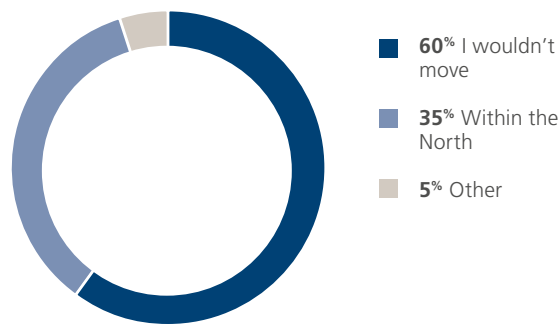
“ 'Intelligent' mobility is about how we use technology to develop smarter infrastructure that enables us all to make easier, cheaper and faster decisions about how we travel. ”

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# The importance of place

Our survey shows that people are passionate and committed to the north of England. It was evident in their sense of place, their commitment to not moving anywhere else, and indeed their desire to see the North grow. We asked respondents if they would like to move their business at no cost and, if so, where. 60% said they would prefer to stay put, with a further 35% saying they would only go elsewhere within the North. Just 5% said they would leave. It's clear that Corporate North is loyal and committed.

Chart 9: Would you move your business to anywhere else?



We asked our survey respondents what they thought was the most exciting opportunity for potential investors in the north of England. The responses were varied, but one of the most common themes related to human resources, with respondents citing the large skills bases around the universities in the North and the eagerness and good attitude of the workforce. This linked closely with affordability, realistic wages, well-priced commercial property and cost-effectiveness compared to the South East. Also mentioned were prospects for growth (particularly citing untapped markets) and investment. All of this paints a picture of a positive business environment, echoing the comments made in these pages by our interviewees.

## A selection of quotes from answers to the survey question "What would you say is the most exciting opportunity for potential investors in the north of England?"

*"High quality people. Great skills and attitude at realistic salary levels."*

*"Strong skills and work ethic."*

*"Pent-up enthusiasm to improve and succeed."*

*"R&D at lower financial investment levels with excellent business and university backdrop."*

*"Individuals/companies often don't have the same financial pressures as those in London, which can mean they have the time and space to think differently and produce unique results."*

*"Affordability. Work-life balance. Good attitude of people."*

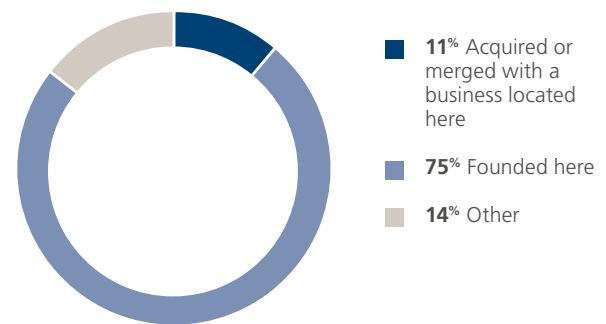
*"Availability of skilled labour and room to expand both on ground and upward of ground."*

Sam Chapman of The Floow, a telematics company that was founded in 2012 and has since grown rapidly across the UK and internationally, partly attributes growth to basing the business in Sheffield. This has kept overheads low, reduced risk related to investing for expansion and enabled them to focus on development of intellectual property via the pipeline of talented people graduating from local universities. He pointed to the cities across the North each having their own capabilities and, more importantly, a similar pipeline of talent from the strong university presence in each.

Several interviews pointed to the need for the cities and towns of the North to come together to plan on a strategic level, in order to better achieve scale that matters to a global North, focused on growth. Equally many cited the importance of recognising and embracing the rich diversity that exists between the clusters of capabilities across the Pennines and up and down the coasts.

This point of variety and difference across the North ran through the survey and interview responses. Different sectoral capabilities, depth of connectivity, and a host of other features including bands, artists and cultural heritage each play into the identity of place. The Northern Powerhouse has many layers to it.

Chart 10: Why is your business in the North?



Facts are vital, but perceptions of a place count too. The survey and interviews drew out varied perceptions of each of the core cities of the north of England.

Strengths	Culture and leisure	Quality of the business environment and quality of life	Culture and leisure	Political leadership and the quality of the business environment	Quality of life and culture and leisure	Quality of life and the educational institutions
	Hull	Leeds	Liverpool	Manchester	Newcastle	Sheffield
Improvements	Transport, skills and labour	Transport, local political leadership	Transport, skills and labour	Transport and housing	Transport and access to investment	Transport and local political leadership

Clearly these perceptions matter and play well into the mood that has supported Transport for the North's mandate and the importance of the work by John Cridland and the wider team. But it also provides some clues to regional political leaders about how their cities are perceived and might help them consider how their strengths can be nurtured and challenges addressed.



## The Floow

Sam Chapman, Chief Innovation Officer  
and Co-Founder

When we first formed as a company we were in stealth mode in order to develop our technology before we launched it on the market. As part of that, we needed to work out where we would be located; where we would have good staff retention, where we would have that stability and that base of operating where we wouldn't get a constant churn of staff.

If you're trying to build a stable product, you need people who stay around, because if you lose the skills that are making that on a regular basis, you are not taking your IP forward and you're not taking your business forward. This was the basis of our decision to stay in the north of England, though leveraging our connections in London and Silicon Valley.

Some years on and it is clear that others are now thinking much harder about the north of England and we're seeing investors interested in the region's businesses, which was not evident just a few years ago. There's a huge pace of change at the moment in the north of England and it is that pace of change which is what is of interest, because it points to the potential. This was not the case just five years ago.

A few years ago people talked about the Shoreditch explosion because 'Silicon Roundabout' was a phrase that stuck in people's minds. We're talking now about much wider regions with much wider skill bases and much wider capabilities with a whole range of different businesses which empower new supply chains. The value of the Northern Powerhouse is bringing that scale into the limelight.

Similarly, the Northern Powerhouse has brought a focus on infrastructure – road, rail, international ports and digital – and skills. These are things that business thrives upon. For our business, Sheffield is and will be the right place. In our business we have a lot of people with very strong analytical skills which is allowing us to do what we do. If we were based in London they'd be diluted

across the financial sector and elsewhere, but here we're able to take advantage of that skill base in the local area. There is a huge potential here mostly because the skills are fantastic so it's the right place to take advantage of those capabilities.

Our location has had a significant bearing on the success of our company and continues to do so. We are attracting people from all over the world to complement the people and skills we can find locally. We now have a team who between them speak 17 different languages – people from across Europe, the US, Australia and New Zealand. Increasingly we're finding people who studied here and went away. For many the quality of life, opportunity and cost differentials are a significant part of their decision to come back. The north of England is a place where you can buy a good house and grow a family. Critically for our business as we continue to invest in our product development, we are retaining people. If you want to keep staff happy and engaged in your organisation, being in the North is actually hugely helpful.

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“ For our business, Sheffield is and will be the right place. In our business we have a lot of people with very strong analytical skills which is allowing us to do what we do. ”

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## Barnsley Digital Media Centre

Tracey Johnson, Digital Media Centre Project Manager

The Northern Powerhouse is an identity. It's something for the North to really take ownership of and to say to the rest of the world that there is something different and important here.

We can all be a little tribal in our mentality sometimes. A lot of that is to do with place and the importance of our cities. We've got several major industrial cities that were the heartland of the industrial revolution. These places have very particular identities, histories and cultures and working together, whilst not impossible, can be difficult. What's great about the Northern Powerhouse is it enables you to bring all those diverse parts of the North together under one banner.

We can also use this time as an opportunity to reflect on how we work together and to look at what these political and administrative boundaries mean. Looking through the lens of the digital tech sector, those boundaries are not important. What's important is talent, networks, connectivity and opportunity.

The digital sector is the fastest growing part of the economy, but we shouldn't think of digital tech as one sector. Digital is unlike

other industries as there's an opportunity within it to enable so much innovation in other industries which are the backbone of our places. That could be marine tech in Hull or Liverpool, fintech in Leeds or agricultural tech in rural areas. That is where the Northern Powerhouse presents a great opportunity.

There's an assumption that the North wants to compete with London. We don't. We're not in competition. The knowledge, diversity, skills, everything that sits within London is a powerful and compelling proposition and we need that to empower the rest of the UK. But London doesn't have the spaces and places that the rest of the UK has; London doesn't have the affordability and most importantly, London doesn't have the industrial diversity the rest of the UK has. London needs the North.

We need production facilities, innovation facilities, advanced manufacturing knowledge and

expertise, places to test products and knowledge of an industry. That's what the North can offer. We can be part of that growth and we can contribute to success in London and beyond.

The North is so much more than cheaper property, it's about the value we can add. It's not enough anymore to just be a shed off a motorway. People want that sense of place and if there's one thing the North has – it's sense of place, a sense of identity and personality. If you can pull that all together – the various personalities, the specialisms, the cultural distinctions, the heritage, the history – you've got a fascinating story to tell and real opportunity for London to be a part of the success of the North.

There are people with brilliant ideas in London but with the advent of IoT, AI and automation, where are the markets and the supply chain? Is it in a shoebox in Shoreditch? Bring that idea up here. There is a huge logistics and manufacturing sector in this part of the country and we have those relationships that get a foot in the door. It's something which is easily undervalued, but relationships are crucial to the success of the North.

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“ There's an assumption that the North wants to compete with London. We don't. We're not in competition. The knowledge, diversity, skills, everything that sits within London is a powerful and compelling proposition and we need that to empower the rest of the UK. ”

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## Northern Health Science Alliance

Hakim Yadi, CEO

The future is bright. I work in Health Innovation, a competitive, globally significant, research-intensive sector where the North is, by any standard, world class. This is a sector that we are good at.

Importantly too, we know that we can be even better with vast potential for growth. Private sector investment recognises this, as does the Government, through our work with its Industrial Strategy Life Sciences Sector Deal. We have the in-depth knowledge to guide Government to grow the sector, and critically, make the necessary changes to the UK economy.

Health Innovation is one of the four most dynamic and productive sectors in the northern economy as identified in the Northern Powerhouse Independent Economic Review – Advanced Manufacturing, Energy, Health Innovation and Digital. The North is home to over 1,000 life science companies, employing over 40,000 people and contributing more than £10bn to the UK economy. If we include hospitals and universities, those numbers rise to over £17bn and 570,000 staff. This is forecast to grow by 44.6% by 2030. Our members make a significant difference to people’s lives across the North and globally each day.

We are a vital hub of research. In 2014 the north of England was in receipt of £273m in research funding, and with recent investments in biomedical research, antimicrobial resistance and the Connected Health Cities big data programme, the region is a burgeoning centre of global expertise in health innovation.

The North undertakes a large proportion of clinical trials – such as experimental cancer medicine trials in Manchester and end-of-life care research in Newcastle. In this sense the North is at the forefront of new treatments. The real strength in Northern Health Science communities lies in the place-based clusters, their local assets, and the interrelationships between them. These include:

- Manchester and Cheshire Life Sciences corridors, which combine the assets in Alderley Park – originally a large AstraZeneca site but now home to over 150 small biotech firms: many spin-offs from the University of Manchester; the

Health E-Research Centre (HeRC); the Antimicrobial Resistance Centre; Precision Medicine Catapult Node; Salford Lung Study; and the new Medicines Discovery Catapult.

- Liverpool city region’s biologics cluster, with the world renowned Liverpool School of Tropical Medicine and Europe’s largest biologic manufacturing clusters in Speke.
- In the North East, the universities of Newcastle and Durham have developed an international reputation for work on ageing and photonics, while Darlington is host to the Biologics Factory of the Future and the National Biologics Manufacturing Centre.
- In Yorkshire and the Humber there is a strong medtech cluster with key medical equipment, prosthetics and tissue repair manufacturers linked closely with innovation and knowledge hubs at Leeds and Bradford universities; the Advanced Wellness Research Centre and Advanced Manufacturing Research Centre in Sheffield; and NHS Digital, the NHS Data Spine, bioinformatics and cancer therapeutics specialisms in Leeds.

We are already great – but we could be even better. Through better connectivity across the North and targeted investment, we could be a super cluster of organisations and talent, creating a lower risk environment that is more attractive to growth capital and to our huge pipeline of talent coming through our universities.

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“ Health Innovation is one of the four most dynamic and productive sectors in the northern economy as identified in the Northern Powerhouse Independent Economic Review. ”

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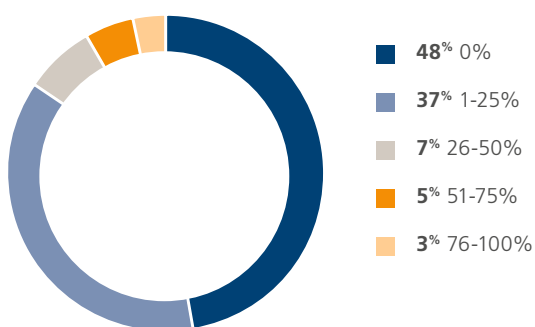
# Global North

The north of England is integrated into the global economy. Whether you look at a firm's sales or supply chains, the role of international finance in our cities' built environments, or the origin of students being educated at universities, the picture is clear: the north of England is doing business with the world and is keen to do more. But it's fair to say there is significant scope for improvement.

We asked respondents how much of their business came from overseas (Chart 11). 37% of businesses said overseas sales comprised 1-25% of their turnover, 7% said overseas sales comprised 26-50%, and 8% said international orders represented over half their turnover. The flipside of this is that 47% said their business was purely domestic.

This clearly matters at the aggregate level, but its importance varies between firms. When we look at some of the secondary data it points to a more interesting situation. According to *HM Treasury's Northern Powerhouse Strategy* (November 2016), the north of England accounts for 19% of UK goods exports, with a strong focus on chemicals, machinery and transport goods. According to the Department for International Trade, this is valued at £60bn to the UK economy.

Chart 11: What percentage of your turnover is international?



Our interviewees pointed strongly to the value of the international economy to their operations and, in particular, flows of international capital for projects.

Lynda Shillaw of Manchester Airport Group talked about how Manchester Airport is a critical part of the North's infrastructure, providing an access point to the world, increasingly well-connected to the whole country. Each new route brings additional access points to the growth centres of the global economy. The relatively recently attained route to Beijing brings some £50m of benefit to the northern economy.

Simon Marshall of Scarborough Group said the Northern Powerhouse marque has a clear and important role to play. The Northern Powerhouse provides scale, UK Government endorsement and a call to action. For many foreign investors, the North becomes an obvious place to explore, set against the backdrop of the UK's long history of being a successful destination for investment.

“ If you need to spend the first ten minutes of a meeting with an overseas business person explaining where your project is in relation to somewhere else, it is a tough sell. The Northern Powerhouse brand works globally, providing a platform to showcase the talents, capabilities and opportunities for growth. ”

*Simon Marshall, Scarborough Group*





## Manchester Airports Group (MAG)

Lynda Shillaw, Divisional CEO Property

Airports act as bridges between domestic and global economies. We are conscious of how the success of our business is intrinsically linked to both the growth of the northern economy and the UK more generally, whether it is unlocking routes for exporters, showcasing our region to investors, connecting educators, researchers and international students, or providing routes to and from popular holiday destinations.

The Northern Powerhouse concept is about ensuring the towns, cities and key assets of the North punch above their weight, both in terms of their contribution to the UK economy, and in their international competitiveness. Connectivity sits at the heart of realising this vision. It is key to linking the North's economic assets with each other, and to linking the North to the rest of the world.

Manchester is a rapidly growing airport both in terms of passenger numbers, and the routes and places we serve. More than 23,000 people are employed across the thriving Airport campus (which is also home to Airport City), working for MAG, wider airport service providers, their supply chains and cargo and logistics operators. We estimate this figure will exceed 50,000 over the next decade.

The success and growth of the Airport has been supported by investment in infrastructure and services. You can't create an aviation strategy dislocated from your surface access strategy. Working with the Greater Manchester Combined Authority and Transport for Greater Manchester (TfGM) we have created a multi-modal transport hub at the Airport through improvements in road networks, increasing heavy rail capacity, and

bringing the tram network from the city centre into our transport interchange. But we need to do more to continue to drive growth.

Northern Powerhouse Rail (or HS3) will not just link the North's major cities, it will connect them to Manchester Airport, tripling the number of people within two hours of the airport by public transport to 10 million. That, in turn, will dramatically increase the number of commercially viable long haul routes. As many as 20 new services could be secured as a result of the airport's catchment area being increased in this way, each of which will deliver hundreds of millions of pounds of economic value, through enhanced trade, investment and tourism.

MAG is investing £1bn to increase capacity at the Airport for passengers and airlines, creating a new terminal, lounges, car parks, retail and other amenities. We are focused on sustaining growth and optimising capacity from our two runways. We continue to expand the number of direct flights to prime cities around the world. From 2018 we will have flights directly to Mumbai and Addis Ababa, opening up India and Africa to the region as destinations for trade and leisure.

Our ability to keep adding routes is a critical component of the

northern economy. Direct connectivity to key markets will drive regional growth in the North and contribute to a balanced UK. A good example of this is Hainan Airlines' route to Beijing launched in June 2016. Our research shows that the introduction of this route:

- stimulated fresh, latent demand for travel to China by c40%;
- increased export values from Manchester to China 265% to £200m a month;
- generated £140m in visitor economy spend in the first year;
- doubled Manchester's inward investment pipeline in the year;
- helped Manchester University's international student numbers grow at double the national average.

It is important to think about our talent pool. Talent has global aspirations beyond Manchester, London or the UK. The North can offer fantastic education, quality of life, and great standard of living and affordability. Now it is increasingly able to offer an open and varied career path, and one that is connected to the world.

Innovation continues to thrive in the North, evidenced by our growing tech sector, universities and the investment we are attracting from global brands on some of the most cutting-edge products, services and future-scoping technologies. Think McLaren, Sky, the BBC, Rolls-Royce and Siemens all investing in the North and all easily connected to their global markets and centres of excellence. They are here to access skills and the research power of the universities. Enhancements to transport will expand that labour pool, and in doing so, the attractiveness of the North for investment.



## Scarborough Group

Simon Marshall, Co-Chief Executive

We're confident about the North. We are a property development and investment company which over the last 3–4 years has been focused on priming our major developments and bringing them to reality, creating new residential communities and vibrant commercial hubs.

In Sheffield we've speculatively developed an 80,000 sq ft office block (which has now been let and sold to the international investor market). In Leeds we are driving forward a major regeneration 1.2 million sq ft mixed-use development at Thorpe Park with a new road and train station. In Salford we are well underway on the first phase of a major regeneration project, right next to the centre of Manchester where we are building 2,215 residential units and 1 million sq ft of commercial space. The first 571 units are under construction now for completion later this year.

We're confident – as indeed our project partners in China, Singapore and at Homes England are – because we have spent a lot of time here. We have over 40 years' experience of successful schemes, cycles and the characteristics of demand. We work closely on the ground across the community and with the political leaders who are seeking to propel their towns, cities and wider regions forwards.

For our overseas partners, the Northern Powerhouse initiative has been incredibly valuable because it provided an endorsement and call to action for an area not as readily understood globally as London. If you need to spend the first ten minutes of a meeting with an overseas business person explaining where your project is in

relation to somewhere else, it can become a tough sell. The Northern Powerhouse brand works globally, providing a platform to showcase the talents, capabilities and opportunities for growth. We are demonstrating in Salford, Leeds and Sheffield that global investors are making good returns in the north of England. The North is the obvious place to look.

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“ For our overseas partners, the Northern Powerhouse initiative has been incredibly valuable because it provided an endorsement and call to action for an area not as readily understood globally as London. ”

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An important part of this story is the people in these places, and in particular the students. Each of the cities in which we operate, and many others across the North, are alive with talented, educated, aspirational young people. As they graduate they are looking for opportunities. Increasingly we're seeing that their decision matrix is focused on staying in the North. And why not? The accommodation

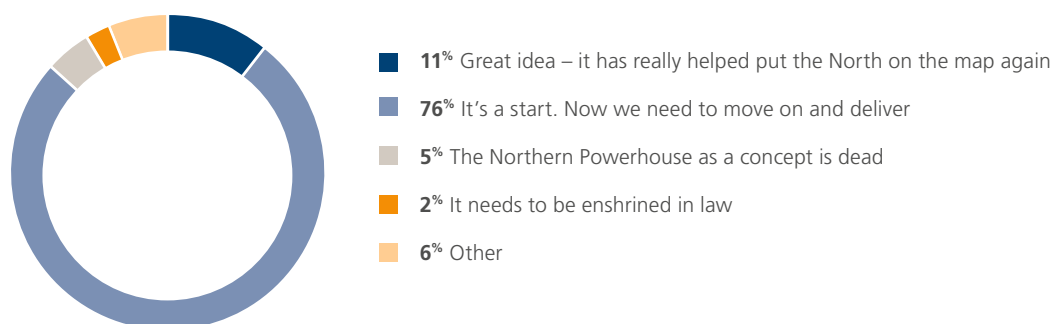
costs are significantly less, the opportunities are expanding and there is no degradation of quality of life. There is a similar decision matrix for firms: 80% of the FTSE 100 are already here. London is easily accessible if that is necessary for you, but with significantly lower accommodation costs than in London and a creative pool of talent looking for fulfilling and rewarding job opportunities.

We work closely with the local authorities across the north of England. What impresses us is how, increasingly, local governments are embracing and developing new and innovative ways to work with investors and developers. We often share the same objectives around place-making and regeneration and can bring different types of value to a project to de-risk it and move it forward through the project cycle. Considering the public attention they face and the constraints internally, it's encouraging to see this level of forward thinking. It provides us with the confidence for tomorrow.

# Northern Powerhouse in action

There is clear faith in the Northern Powerhouse as a concept. When asked their views on the initiative, 76% of our respondents stated that it was a start, but needed to move on and deliver. Others considered it a great idea which, to paraphrase Scarborough Group’s Simon Marshall, has really helped put the region on the map. Encouragingly, fewer than 5% thought that the concept was dead.

Chart 12: What phrase best summarises your view of the Northern Powerhouse initiative?



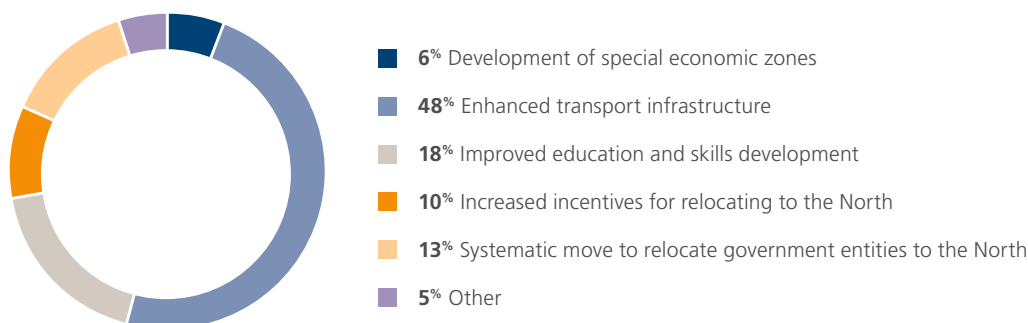
“ The Northern Powerhouse initiative is increasing visibility of the region, and that creates an ecosystem in which venture capital firms are interested in opportunities in the north of England, something they weren’t necessarily five years ago. ”

*Sam Chapman, The Fflow*

We also asked what single initiative respondents would like to see to advance Corporate North (Chart 13). Improving transport and connectivity is clearly at the top

of many people’s wish lists, with 48% stating this as their priority.

Chart 13: What one development would you like to see in the north of England to help your business?



Almost half the respondents put improved transport infrastructure at the top of their wish list. The second priority area, identified by 18% of respondents, was skills. While the skills available in the North were cited earlier as positives, particularly around universities, there is clearly room to improve.

Although the skills gap – particularly in practical, vocational and technical areas – in the UK generally is something that will need top-down change from Government, there is clearly a role for business to play here too. Our interview with British Steel shows the investment that industry makes in its workforce. Ørsted also invests in local communities. One survey respondent stated that businesses needed to *“Meet more. Pay it forward to younger and newer business people. Mentor. Don’t just ‘network’. Help each other out”* and another stated that businesses needed to provide *“Employment for the bright sparks. Stop the best moving to London because they think they have to.”*

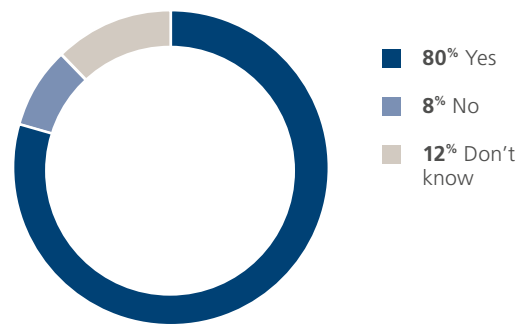
There is huge faith in the power of devolution amongst our survey respondents. 80% of respondents were in favour of further devolution. This can be seen as a vote of confidence in the work of Northern Metro Mayors Andy Burnham, Steve Rotherham and Ben Houchen, and a tall order for further Metro Mayors to live up to.

The survey and interviews show a clear need for

“ The North is still very much perceived as secondary to the South. This needs to be addressed. The advantages of the North are the people, green spaces, quality of life and a determination to make things happen. ”

*Respondee comment*

Chart 14: Will further devolution of powers be positive for the region’s further economic success?



businesses themselves to step up to help achieve the ambitions of the North, whether that’s working together to lobby decision makers, or making responsible business decisions that will drive forward growth and attract investment. 48% think there is a greater need for marketing of the North as a business location (Chart 15).

*“Keep communicating the positive happenings in the business.”*

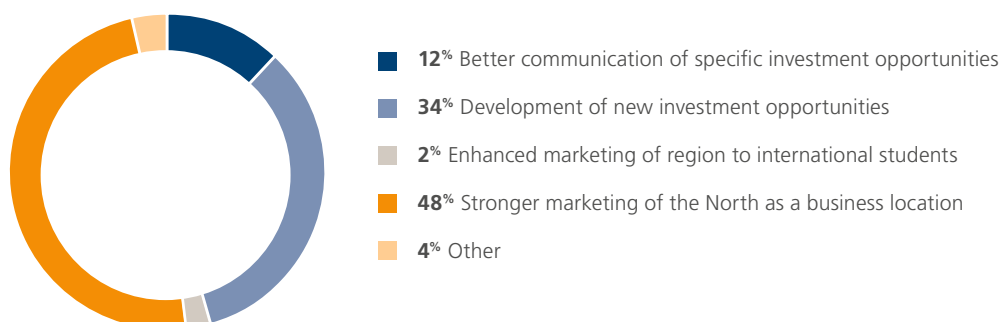
*“Speaking with one voice to pressure the Government of whatever party to seriously invest time and funding in the North.”*

*“Stand behind the capable political leaders around a core set of issues such as transport, devolution and marketing investment opportunities.”*

*“Start making positive decisions about the future which will drive growth, uncertainty is driving stagnation.”*

This theme of business stepping up to the plate is evident in our interview with Steve Hutchinson of British Steel. Formed out of the sale of TATA UK, British Steel prevented the closure of a number of strategic steel plants and the corresponding supply chains, and is now investing in R&D and training, future-proofing a key northern industry.

Chart 15: Which one of these would be most effective in increasing investment in the North?





## British Steel

Steve Hutchinson, Corporate Development Director

The UK needs steel. It is elemental to our functioning. Each of us uses it and are close to it pretty much all the time. Whether it is our cars, rail lines, the material for our workplaces, the power stations that energise us, or the slightly less usual pieces of kit for warships or power stations, steel is a critical material for an advanced economy for a multitude of reasons. It is not going away. Whether it is Crossrail 2, HS2, Northern Powerhouse Rail, Hinkley Point C, infrastructure developments need steel.

We make steel on Teeside and in North Lincolnshire for UK and global clients – whether rail, specialist equipment or the automotive sector. We operate at scale, have a significant footprint in our locations and have substantial supply chain and logistics needs. Not only are some of our products large, but so is the scale of the iron ore and coal we need to create it. For each job operating in our facilities, there are an additional four in the supply chain. Whichever way you look at it, steel is a core strategic asset for the UK operating in a global marketplace.

We form part of the industrial landscape of the north of England, but we're very much in the now and focused on growing into being a national champion in the future. Part of this is ensuring we have the right products, and that is about our investment in R&D, which we are taking forward. It is also partly about ensuring we have the right people with the right skills.

Behind each of our products is knowledge and a skillset. That is quite something when our facilities can create 1,600 different product specifications. We continue to

invest in our people, putting our money where our mouth is. We have a workforce of 5,000 people which demands a pipeline of new talented, skilled people joining our business. In the last 18 months we've had 900 new people join us, training to be engineers, technicians and chemists, through to commercial, legal and strategic planning roles. Our relationships with the colleges and universities across the region are vital to ensure that we can maintain that flow of people towards us.

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“ ...in the last 18 months we've had 900 new people join us, training to be engineers, technicians and chemists, through to commercial, legal and strategic planning roles. ”

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# Conclusion and recommendations

As much as the Northern Powerhouse has been about promoting the North, it is also an admission that things are not as good as they could be. Whilst optimism is a strong thread that runs through our interviews and survey responses, there is also a sense of frustration about the untapped potential of the region.

“Does the Secretary of State get it?” *John Cridland*: “Yeah, he gets it. I spent six months negotiating with the Secretary of State about our statutory powers which is a complex legal negotiation. We got most of what we wanted.” ”

**The north of England is in the ascendency.** The Government-inspired Northern Powerhouse initiative has provided emphasis, political direction and a platform for more extensive international engagement. At its heart is a recognition that there is huge capability in the north of England. The job now is to enhance the potential.

The people who live here, work here and the people building businesses here are passionate about the place and its potential. It was clear in our survey and our discussions with our interviewees that they believe in the North and its resilience. Critically, here in the North, our survey and discussions demonstrate clearly that we have the technology, skills, R&D and appetite in abundance. We have globally significant companies shaping how we will experience tomorrow.

Whether in energy, advanced manufacturing, health innovation or in our digital clusters, the North is buzzing with capability and bold visions for the future. Drawing on the previous chapters, we have highlighted a list of recommendations that would propel us further and faster. These are:

- Bringing forward Northern Powerhouse Rail, as well as improving connections within cities;
- Skills investment, from both business and Government;
- Further devolution of powers and spending from central Government to regions;
- Businesses playing their part, driving forward growth, investing in their futures, making themselves heard; and
- Pan-North collaboration – acting at scale. This involves collaboration between businesses, LEPS, city regions, collaboration with Government and collaboration overseas. This will require a new mode of political leadership.



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