

Transport for the North Scrutiny Committee Agenda

Date of Meeting	Wednesday 14 September 2022
Time of Meeting	11.00 am
Venue	Hilton Leeds City, Neville Street, Leeds, LS1 4BX

Filming and broadcast of the meeting

Meetings of the Transport for the North are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Item No.	Agenda Item	Page
7.0	<p>Northern Powerhouse Independent Economic Review (NPIER) Update</p> <p>To update the Committee on the development of the Northern Powerhouse Independent Economic Review (NPIER) programme, specifically detailing the work on the ongoing refresh element of the programme.</p> <p>Lead: Brian Sloan</p>	79 - 88

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Meeting:	Transport for the North Scrutiny Committee
Subject:	Northern Powerhouse Independent Economic Review Refresh Programme Update
Author:	Brian Sloan
Sponsor:	Tim Foster
Meeting Date:	14 th September 2022

1. Purpose of the Report:

- 1.1 The purpose of this report is to update the Committee on the development of the Northern Powerhouse Independent Economic Review (NPIER) programme, specifically detailing the work on the ongoing refresh element of the programme.

2. Recommendations:

- 2.1 The Committee is asked to note this update on the NPIER.

3. Main Issues:

- 3.1 The NPIER was first published in 2016, and a refresh of the work is being undertaken in the context of the changes in the near and longer-term outlook since that publication, and changes in the political landscape.
- 3.2 The refresh work is taking place in collaboration with Northern Partners.
- 3.3 This work will provide critical evidence to inform the development of the Strategic Transport Plan vision and objectives.
- 3.4 The current refresh programme has been split into two commissions, the first of which is complete and now informs the direction of the second commission, the "NPIER Economic Scenario Development".
- 3.5 The emerging scenario framework developed by the external consultants will be presented. The baseline economic scenario has been provided by the consultants, and they will present this and explain the differences in this work and previous NPIER work.
- 3.6 The refresh work being undertaken will retain the 2016 work's ambition of closing the productivity gap between the North and the rest of England less London.

4. Corporate Considerations:**4.1 Financial Implications.**

The current commission has been fully budgeted for as part of TfN's Business Plan 2022/23.

4.2 Resource Implications.

Internal project management for the commission is fully resourced.

4.3 Legal Implications.

There are no apparent legal implications as a result of this report.

4.4 Risk Management and Key Issues.

Risks related to the commission have been recorded in "Predict!" as part of TfN's internal processes.

4.5 Environmental Implications.

This report does not constitute or influence a plan or programme which sets the framework for future development consents of projects listed in the EIA Directive and therefore does not stimulate the need for SEA or EIA. Commentary on the sustainability characteristics of the different scenarios will be detailed in the presentation.

4.6 ***Equality and Diversity.***

Equality and diversity impact is detailed in the presentation.

4.7 ***Consultations.***

This is detailed in the presentation.

5. Background Papers:

5.1 There are no background papers to be included with this update.

6. Appendices:

6.1 Presentation slide pack, NPIER Programme Scrutiny

Glossary of terms, abbreviations and acronyms used (<i>if applicable</i>)	
a) NPIER	Northern Powerhouse Independent Economic Review
b) TfN	Transport for the North

NPIER Refresh Programme Update

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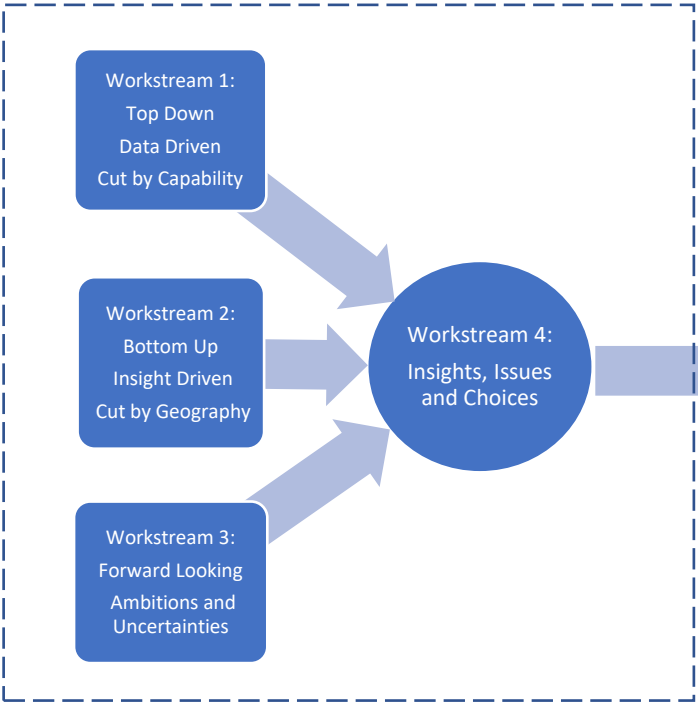


Northern Powerhouse Independent Economic Review Programme

- Collaboration across TfN, LEPs and Central Government
- NPIER published June 2016:
 - Defined seven key sectoral capabilities in the North
 - Identified £100bn pa additional GVA and an extra 850k jobs in transformational scenario
- Now undertaking a refresh programme in the context of:
 - TfN's role as a statutory body
 - Changing economic and political context since the 2016, and longer term economic outlook
- Refreshed NPIER (Autumn 2021 – end 2022) in collaboration with Northern Partners
 - Will provide critical evidence to inform the Strategic Transport Plan refresh

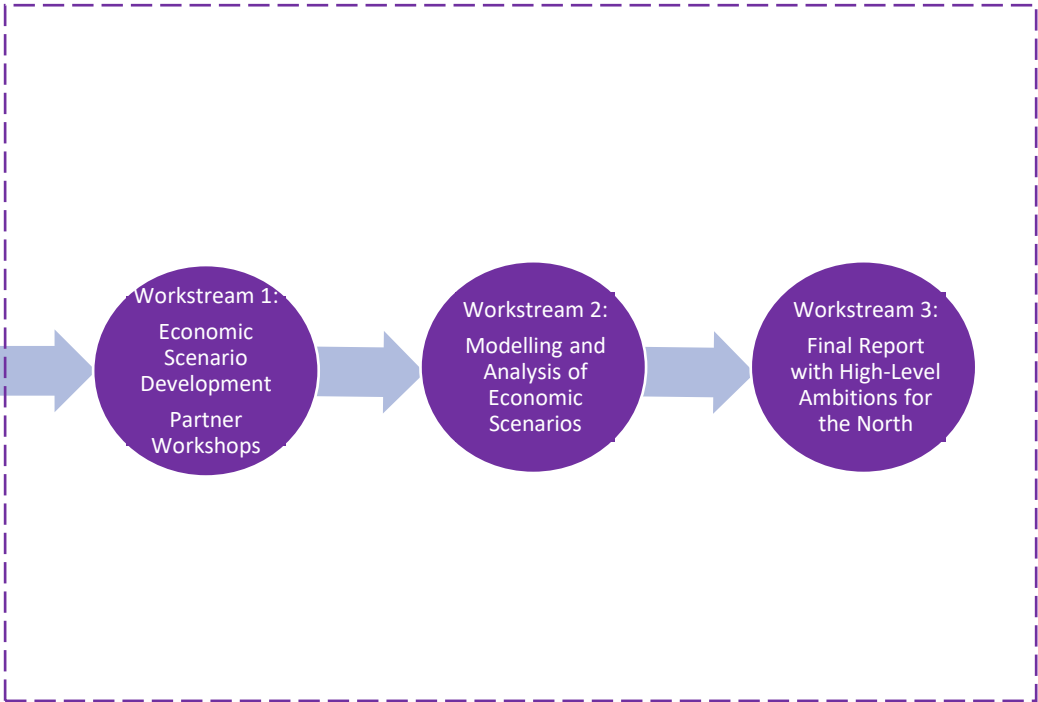
NPIER Refresh Programme – Two Commissions

Capabilities, Local Data and Narratives



November 2021 to May 2022

Economic Scenario Development



May to December 2022

Workstream 1 – Scenario Framework

Benchmarks

Change Scenarios

Adjusted Ambition



Baseline: BAU
What is the outlook for 2050 based on reasonable current assumptions?

Productivity Ambition
What would the outturn and rate of growth be if the North closed the productivity gap by 2050?

Investment Input
What would the outturn be if public investment in the North matched the rest of the UK over time?

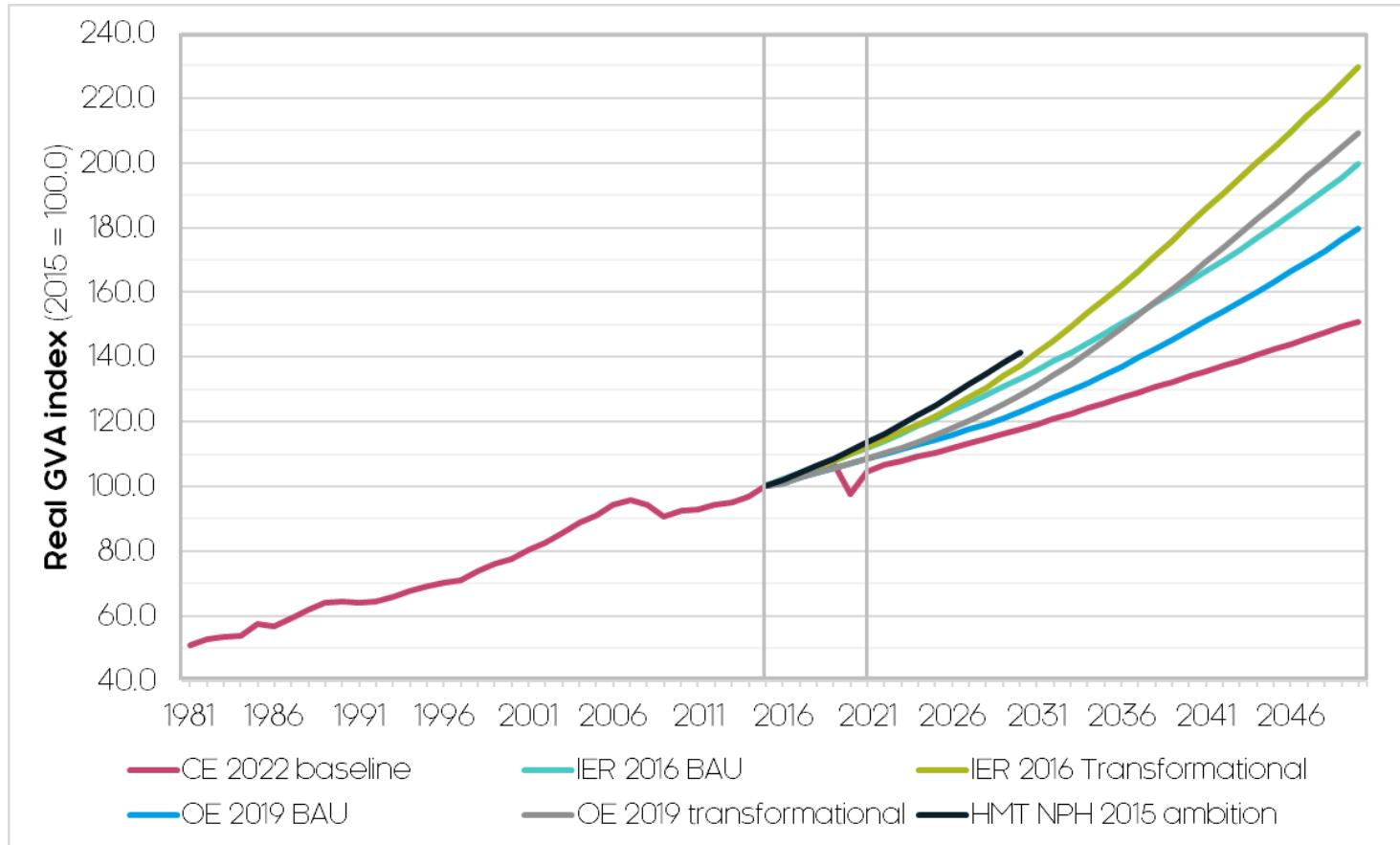
Technology Transformation

Inclusive Productivity

Market Supply

Adjusted Productivity Ambition
Productivity ambition adjusted in light of the potential 'levers and ambitions'

Workstream 2 – Baseline GVA Projection



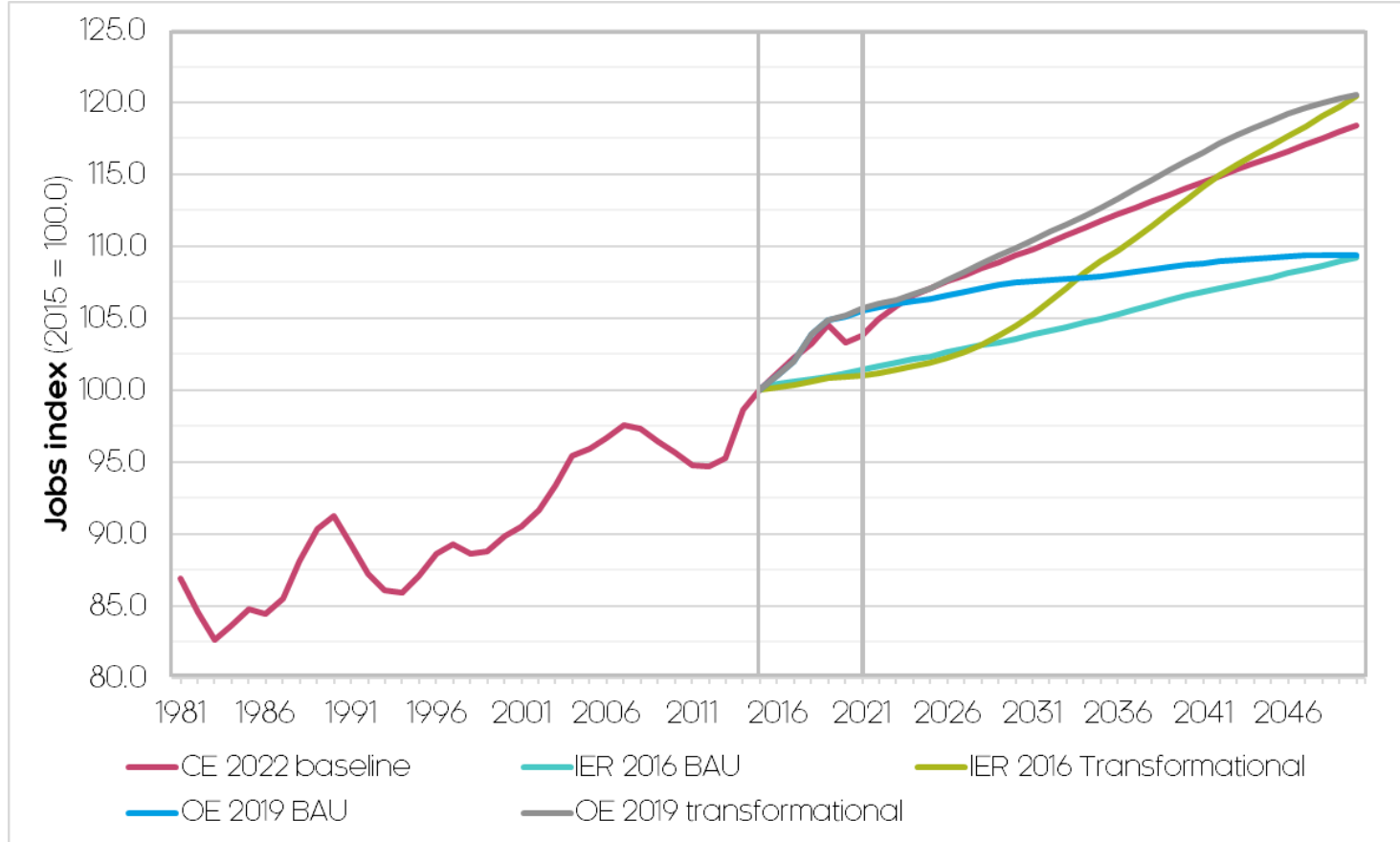
- Outlook for GVA however much more pessimistic than previous projections
- Cambridge Econometrics '22 baseline 50% lower than NPIER BAU, 30% lower than Oxford Economic BAU in 2019
- Largely due to less optimistic productivity outlook
- Productivity forecasts over past decade consistently proven to be over-optimistic
- 'Low and slow' productivity growth now an accepted assumption
- Oxford Econometrics forecasts were already moving in that direction

Source: various (Cambridge Econometrics, Oxford Economics, Northern Powerhouse IER)

Note: projections have been indexed to 2015 to allow comparison across different sources, timeframes etc.

GVA presented in real terms

Workstream 2 – Baseline Job Projection



- Labour market outlook much more positive than in 2016
- Cambridge Econometrics' '22 baseline within distance of NPIER's and Oxford Economics transformational
- NPIER and Oxford Economics BAU, with hindsight, appear subdued
- Why the change in outlook? Labour market continues to prove doubters wrong
- Expected to remain highly flexible (esp. in terms of people moving into work)
- Post-Covid/Brexit prospects better for labour-intensive industries

Source: various (Cambridge Econometrics, Oxford Economics, Northern Powerhouse IER)

Note: projections have been indexed to 2015 to allow comparison across different sources, timeframes etc.

Headline Messages and Next Steps

Headline Messages:

- Refreshed NPIER will reset the 2050 outcomes, but the ambition remains about closing the productivity gap.
- Will use outputs as basis to agree the appropriate level of ambition in the STP.

Future Activity:

- Partner engagement session 19th September to finalised economic scenarios and metrics before scenario modelling work begins.
- Modelling of the proposed scenarios, with outputs at the level of the North available late-October, for partner engagement then TfN governance and sign-off in December for STP input.
- Disaggregation of results to LEP level and final report writing, again engaging with partners on nuance of messaging.

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