
Meeting: Transport for the North Scrutiny Committee
Subject: Northern Powerhouse Independent Economic Review
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Meeting Date: 23rd November 2022

1. Purpose of the Report:

- 1.1 Update on the Northern Powerhouse Independent Economic Review (NPIER) programme, specifically detailing the work on the ongoing refresh element of the programme.

2. Recommendations:

- 2.1 That the Committee notes the update and the intention to brief TfN Board on the emerging conclusions in December.

3. Main Issues:

The NPIER was published in 2016 and identified seven key sectoral capabilities in the North that had the potential to support transformational growth in the region if supported by policy initiatives such as investment in transport connectivity, skills, research & development, encouraging graduate retention and inward investment. By doing this the North could close the productivity gap with the rest of England and generate an economic prize of an additional £100bn GVA per year and create an additional 850k jobs than if a “business as usual” trajectory was followed.

- 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 programme to update the NPIER is taking place in collaboration with Northern Partners, including Local Transport Authorities (LTAs) and Local Enterprise Partnerships (LEPs), This work will provide the critical evidence to inform the economic objectives within the refresh of the Strategic Transport Plan currently being progressed by officers. The refresh builds on the extensive programme of research undertaken by TfN and the wider partnership about the scale of economic potential that could be unlocked and what would be required to deliver on that potential.
- 3.3 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”. The emerging conclusions from the first phase of work are as follows:
- A widening of the productivity gap between the North and other parts of the UK since 2016, making the closing of the gap harder to achieve by 2050.
 - The importance of the “foundational” economy to the North, alongside the seven prime and enabling capabilities identified in the 2016 NPIER.
 - The “foundational economy” is estimated to employ 67% of the workforce and generated 63% of all output on a GVA basis in 2018-19.
 - Baseline projections under “business as usual” showing the likelihood of stronger employment growth by 2050, but lower than required GVA growth to close the productivity gap or increase prosperity for households.

The “foundational economy” is that part of the economy engaged in providing the basic goods and services that people require, e.g. public services (including healthcare), utilities, critical transport and food/consumer essentials.

- 3.4 The consultants are currently modelling a number of future scenarios that will demonstrate the alternative trajectories under different policy scenarios and, ultimately, will enable the Board to agree the level of economic ambition in the Strategic Transport Plan. The emerging conclusions of both the research and scenario modelling will be presented to the TfN Board in December.
- 3.5 At the Committee meeting on the 23rd November, officers will briefly update the Committee on the latest position. It would be helpful for the committee to consider and discuss:
- The positioning of the NPIER within the next STP given the increasing economic challenges faced by the UK economy.
 - The links to local growth priorities, recognising that sustained growth will require a place-based focus and investment in wider policy levers such as skills and Research & Development (R&D).
 - The implications for transport investment following the Autumn Statement on the 17th November which is expected to clarify the status of the previous government’s Growth Plan which identified a wide range of Northern schemes that should be accelerated including Northern Powerhouse Rail and the A66 upgrade.

4. Corporate Considerations:

4.1 **Financial Implications.** The commission to cover this update is in the 2022/23 budget.

4.2 **Resource Implications.** Internal project management for the commission is fully resourced.

4.3 Legal Implications.

The contractors conducting the current commission were selected following a mini competition and have signed a contract with TfN. The work described helps enable TfN to fulfil its statutory duty and exercise its powers.

4.4 Risk Management and Key Issues.

Risks related to the commission have been recorded in the relevant risk register.

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 stimulate the need for SEA or EIA.

4.6 Equality and Diversity.

Will be detailed in the presentation.

4.7 Consultations.

Will be detailed in the presentation.

5. Background Papers:

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

6. Appendices:

6.1 Appendix 1 - Presentation slide pack.

Glossary of terms, abbreviations and acronyms used (*if applicable*)

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| a) NPIER | <i>Northern Powerhouse Independent Economic Review</i> |
| b) TfN | <i>Transport for the North</i> |