

NPIER Refresh Programme Update

**Scrutiny Committee
23 November 2022**

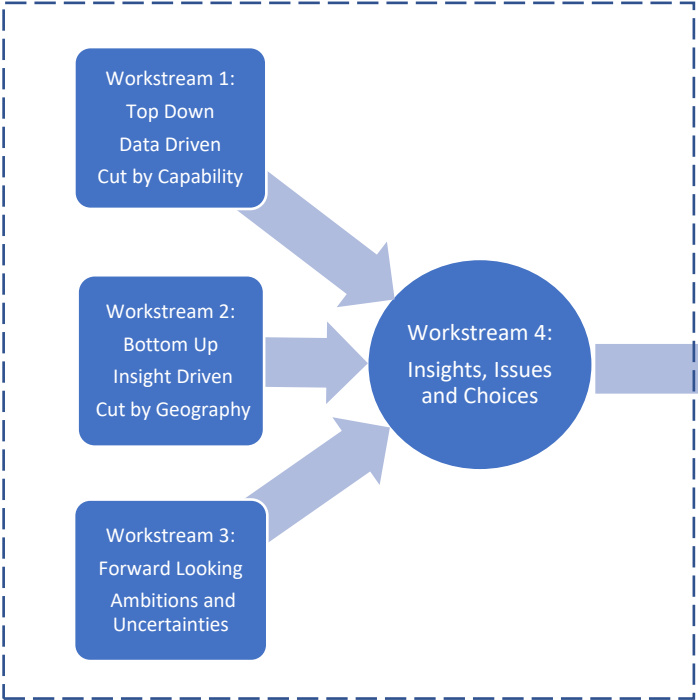


Northern Powerhouse Independent Economic Review Programme

- 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

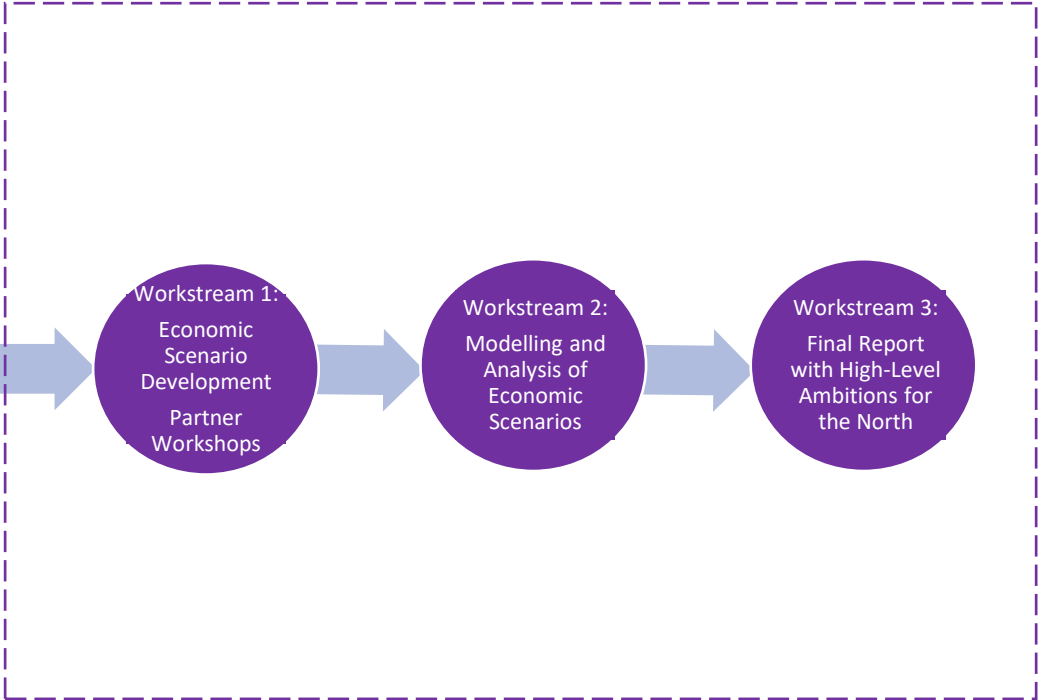
NPIER Refresh Programme – Two Commissions

Capabilities, Local Data and Narratives



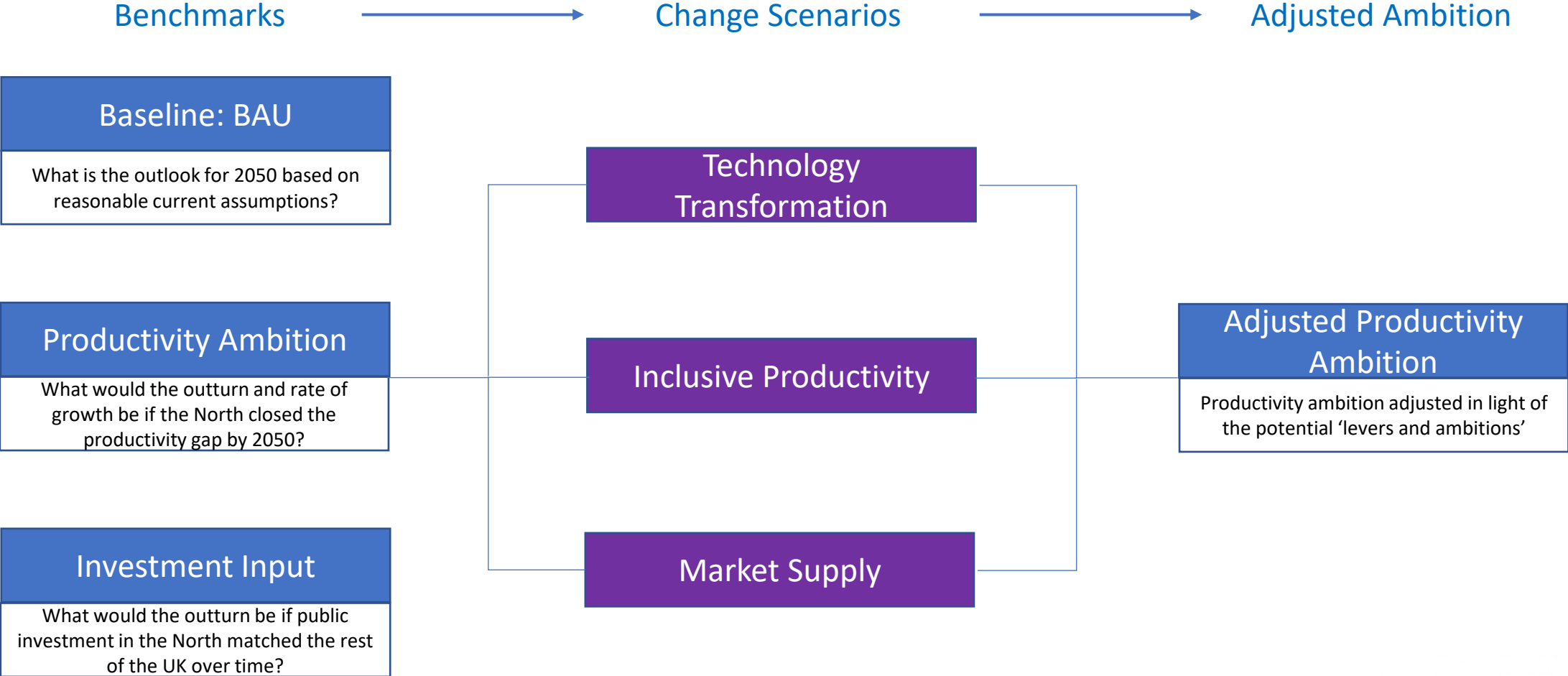
November 2021 to May 2022

Economic Scenario Development

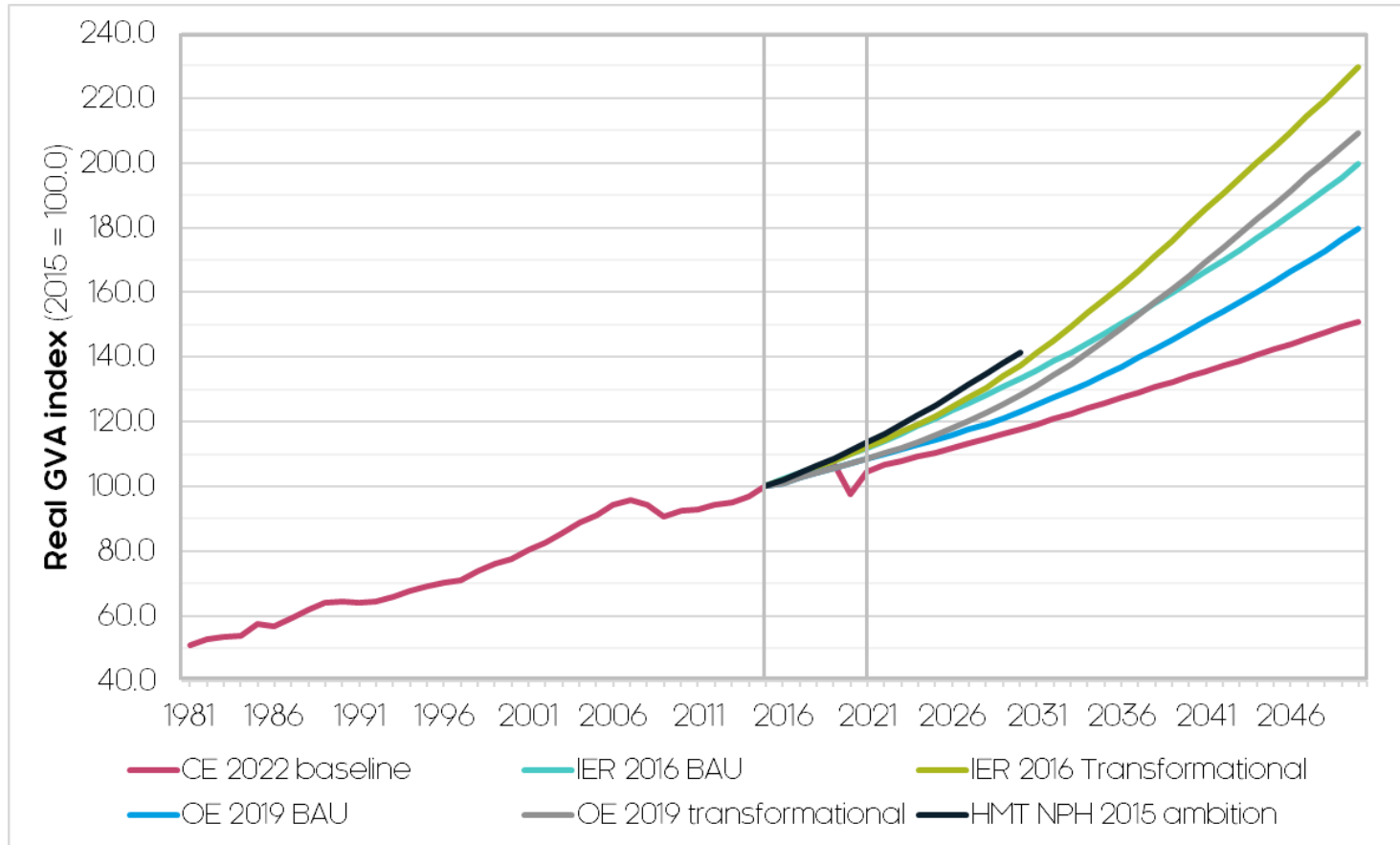


May to December 2022

Workstream 1 – Scenario Framework



Workstream 2 – Baseline GVA Projection



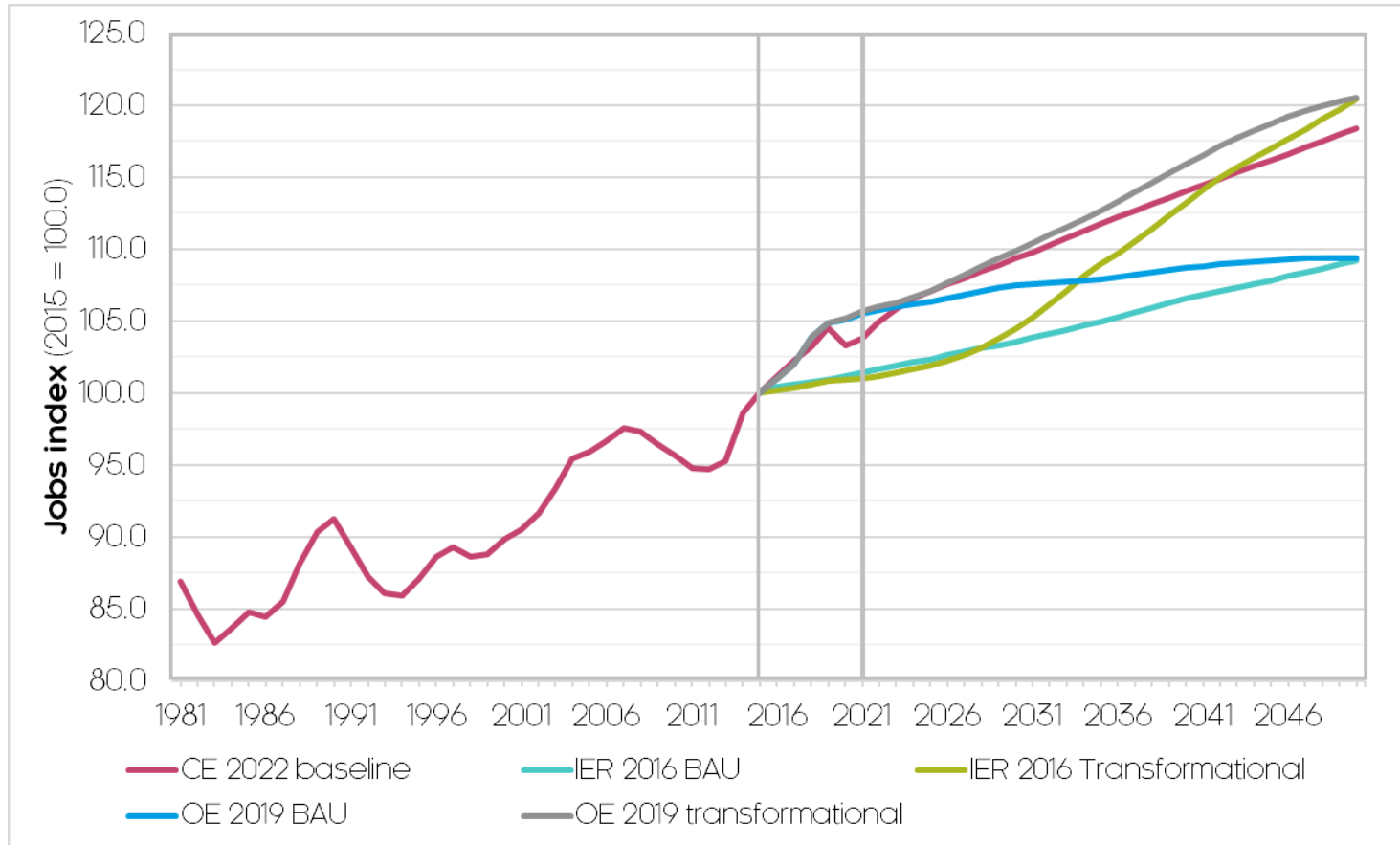
- Outlook for GVA however much more pessimistic than previous projections
- Cambridge Econometrics '22 baseline 50% lower than NPIER BAU, 30% lower than Oxford Economic BAU in 2019
- Largely due to less optimistic productivity outlook
- Productivity forecasts over past decade consistently proven to be 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

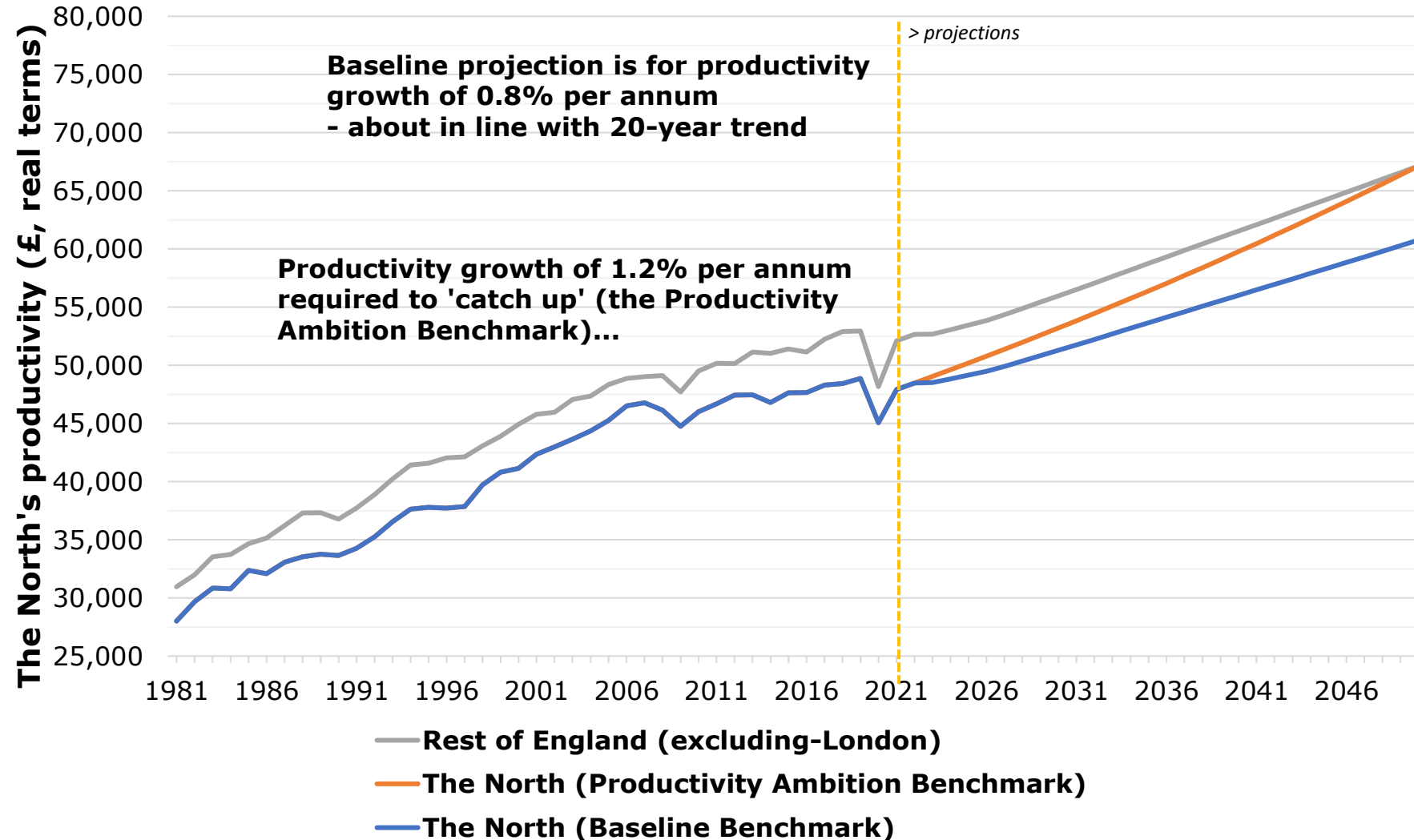


- Labour market outlook much more positive than in 2016
- Cambridge Econometrics' '22 baseline within distance of NPIER's and Oxford Economics transformational
- NPIER and Oxford Economics BAU, with hindsight, appear subdued
- Why the change in outlook? Labour market continues to prove doubters wrong
- 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.

The Productivity Ambition – Closing the Gap



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:

- Agree the conclusions from the evidence with LEPs and pan-Northern groups.
- Advise TfN Board in December on the implications for the STP.
- Wider conversation with Northern Partners early 2023 about broader implications and solutions emerging from this work.