

How to re-boot the Northern Powerhouse

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Let's be honest: the future of the north of England is not likely to be top of the new government's agenda. But it is not something to overlook. The EU referendum result took the bookmakers and the establishment equally by surprise. It was driven by disgruntled voters in northern England, especially in the half forgotten industrial towns distant from city centres (which voted to stay), and by retired and older folks in the south, sharing the same set of traditional values. If we want to keep our national social cohesion it's clear that something must be done.

Does George Osborne's departure signal the end of his Northern Powerhouse plan? In some ways it might. Civil servants have an immense task ahead of them in unscrambling laws and delivering a reasonably smooth and amicable exit from the EU. There won't be much capacity in the traditional central government machine. And if there is a recession in the offing, government's tax revenues will fall (and its borrowing costs could rise).

But the new architecture which Osborne set in motion for northern governance should continue to unfold. Unless the final parliamentary stages are delayed, we shall soon have several new metropolitan mayors in the north, directly elected by millions of people. Their combined mandate, in terms of voting populations, will be huge. It is a safe bet that the metro mayors will come together to look for a common agenda. And we will soon have a new statutory body for the north - called Transport for the North - with important

responsibilities for transport priorities, although not for other matters. So can we re-boot the Northern Powerhouse idea to make better use of the available resources?

I'd suggest a five point plan:

First, invest in transport, but put on hold the grand projects which have so captivated some politicians. There's no immediate need for new rail and road tunnels under the Pennines between Manchester, Leeds and Sheffield. That can come later. Instead, concentrate on 'doable' projects which can bring the whole of the north together. Finish off the rail electrification and upgrading between Liverpool and Leeds which has already been started and get some quality trains on order. There's no need for a completely new 'HS3'. Instead create something more like the London Overground, where existing facilities are linked up, upgraded and rebranded, with new trains. Create an east west spine route and a network which reaches out to the old industrial towns, as well as the city centres (some months before the Chancellor's Powerhouse speech the late Peter Hall, David Thrower and I published a paper which showed how this could be done, and at low cost).

Second, think again about the northern science agenda, In truth it's something which Mr Osborne failed at. His first statement as Chancellor to the Coalition government talked about keeping up expenditure on science. But all four big national projects in that statement were in London and the south. This imbalance has to be tackled and in a smart and cost effective way. For example, why not ask each northern Russell Group University to identify its single strongest research department? Create three new professorial posts in each, with salaries at double the current level, designed to attract the best candidates in the world (and thus the best PhD students).

Third, do some real long term planning, and not just for transport. Take a leaf out of the American book and support the creation of a new long term planning body for the north as a whole, led and largely funded by the private sector, with a small yet expert team, and a wholly independent board of trustees. 'Regional Plan North' could look head 50 years, identifying and making the case for investments the North needs. It could not be the victim of politics or short termism.

Fourth, take implementation seriously for the North as a whole, not just the big cities. Create a new Government Office for the North, similar in scale and

function to the former Scottish or Welsh Offices, with a crack team of civil servants, working alongside private sector secondees.

Fifth, and most important, establish a new Northern Investment Bank with the ability to create municipal bonds for investment in infrastructure and in fast growing local companies, rebuilding the local banking infrastructure the north has lost over the last 40 years. This would not be a charitable institution. It would be looking for investment projects that make a real return, in dollars and cents.