

# THE NORTH EAST AFTER BREXIT

# BREXIT STUDIES SERIES

Series Editors: Alex De Ruyter, Jon Yorke and Haydn Davies,  
Centre for Brexit Studies, Birmingham City University, UK

With the vote on 23 June 2016 for the UK to leave the European Union it has become imperative for individuals, business, government and wider society to understand the implications of the referendum result. This series, published in collaboration with the Centre for Brexit Studies at Birmingham City University, UK, examines a broad sweep of topics related to Brexit. It aims to bring together academics from across the disciplines to confront and examine the challenges withdrawal from the EU brings. The series promotes rigorous engagement with the multifaceted aspects of both the 'leave' and 'remain' perspectives in order to enhance understanding of the consequences for the UK, and for its relationship with the wider world, of Brexit, and aims to suggest measures to counter the challenges faced.

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# THE NORTH EAST AFTER BREXIT

Impact and Policy

EDITED BY

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AND

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# FOREWORD

Northumbria University is now a Top 50 British University with a research and a teaching mission rooted in helping the North and the regional economy to transform and develop a more competitive base that will provide a better future.

The challenges of this task have always been daunting, as anyone who understands the history of this North East region of the United Kingdom will relate. The coal, iron and steel industries shaped the region, together with shipbuilding and heavy engineering and chemicals, and this complex industrial past still matters. Many of the advanced manufacturing industries of today have evolved from this history and traditions. However, since the 1930s onwards regional and urban policies have sought to transform and modernise the region and encourage growth in new industries through inward investment and the indigenous growth of small firms.

The challenges of regional and city development and of regional governance and devolution and leadership are at the heart of debates about how best to advance the interests of the region in a global economy, and how best to respond to Brexit and build and secure employment in the advanced industries of the future. The academic team at Newcastle Business School presented here is at the forefront of regional and public policy debates nationally and internationally. The contributors to the chapters in this timely manuscript argue that

there needs to be a much greater focus on place, leadership and the role of the region in global and European economies.

Policies are constantly changing, and now we must deal with the Brexit moment. In recent years, we have seen the Regional Development Agencies replaced by the Local Enterprise Partnerships and the North East LEP is leading the way with its Strategic Economic Plan, in response to Brexit and now the new local industrial strategy. The new devolved Combined Authorities for the North of the Tyne and Tees Valley and now the rise of the Northern Powerhouse: both demand new ways of working, as well as an imperative for North East leaders to collaborate with their North West and Yorkshire and the Humber counterpart regions by working more closely together.

In this complex arena, Universities and Business Schools are focussing on both their Civic University roles and missions, and on Knowledge Exchange priorities for graduate employment and community and social and environmental development. More multidisciplinary research is required to shed a spotlight on some of the most challenging problems, whether in housing and social policy or health, transport and in energy and climate change. Greater evaluation is required of the effectiveness of existing programmes and evidence-based research must be at the forefront of policy initiatives. Recent debates have focussed on the role of Civic Universities in transforming the United Kingdom in the decade ahead, and on the specific importance of Business Schools and Universities in an age of increasing uncertainty.

Northumbria's mission is to join the Top 30 UK universities in research leadership and to play a leading role in the future of regional economic development in the North East. The essays presented here are designed to help people inside and out with the region to think through some of the key drivers of change which we face as the next decade

approaches, and to present up-to-date analysis of what more needs to change if the region is to alter its path of development and take greater advantage of the devolution process.

Whether it is the Industrial Strategy, Enterprise Zones, Free Ports or the new ‘Strength in Places’ or ‘Shared Prosperity’ Funds, Newcastle Business School and Northumbria University intend to be at the heart of modern public policy debate, and will continue to work alongside its key stakeholders in the public, private and third sectors across the region to understand how we might better boost competitive advantage in the North East over the coming decade.

Professor John Wilson  
Pro Vice-Chancellor (Business and Law),  
Northumbria University, UK  
November 2019

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# PART I

## THE IMPACTS OF DEVOLUTION ON THE NORTH EAST

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# 1

## AN UNDERPOWERED NORTHERN POWERHOUSE: INFRASTRUCTURE IN THE UNGOVERNABLE NORTH<sup>1</sup>

*Nicola Headlam*

*Much like English grammar – English devolution is all exception and no rule.*

*Is it going to be a Strategic strategy? Or – y’know, the other kind?*

INTRODUCTION: A CRISIS FAST AND SLOW

*Fundamental questions of constitutional structures, centre-region relations, institutional co-ordination and public expenditure ... are addressed as the perhaps unglamorous dimensions of sub-national government and governance. (Pike & Tomaney, 2004, p. 249)*

*Some of the most radical changes to the globalizing world are being written, not in the language of law and diplomacy, but rather in the language of infrastructure space. Massive global infrastructure systems, administered by mixtures of public and private cohorts and driven by profound irrationalities, generate de facto, undeclared forms of polity faster than any even quasi-official forms of governance can legislate them. (Easterling, 2014)*

#### FIVE YEARS OF THE NORTHERN POWERHOUSE AND THE DEVELOPMENT OF TRANSPORT FOR THE NORTH

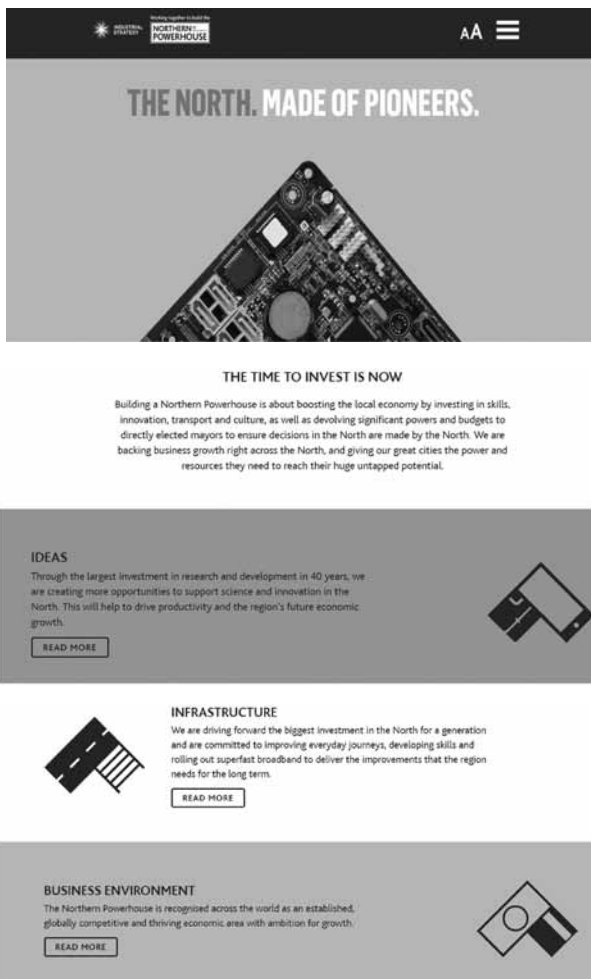
The Northern Powerhouse across the three Northern regions is a diverse and innovative economy, representing a shared commitment to delivering good jobs in a wider Northern region that takes pride in its industrial heritage and its natural capital. Government is delivering on this commitment through: focussing on maximising connectivity across the North; supporting innovation, seeking greater levels of research and development (R&D) and strategically important industries; and emphasising the centrality of clean and inclusive growth to our future prosperity (Box 1.1).

*We will ensure cities, towns and more rural areas all contribute to a Northern Powerhouse that trades successfully as a highly-productive economy with partners around the world.*

The North of England was the first region in Europe to industrialise. It led the world in manufacturing, extraction and international trade. Numerous cities and towns grew exponentially across the North, pulled by national and global demand and



## Box 1.1. The Northern Powerhouse Brand.



**THE NORTH. MADE OF PIONEERS.**

**THE TIME TO INVEST IS NOW**

Building a Northern Powerhouse is about boosting the local economy by investing in skills, innovation, transport and culture, as well as devolving significant powers and budgets to directly elected mayors to ensure decisions in the North are made by the North. We are backing business growth right across the North, and giving our great cities the power and resources they need to reach their huge untapped potential.

**IDEAS**

Through the largest investment in research and development in 40 years, we are creating more opportunities to support science and innovation in the North. This will help to drive productivity and the region's future economic growth.

[READ MORE](#)

**INFRASTRUCTURE**

We are driving forward the biggest investment in the North for a generation and are committed to improving everyday journeys, developing skills and rolling out superfast broadband to deliver the improvements that the region needs for the long term.

[READ MORE](#)

**BUSINESS ENVIRONMENT**

The Northern Powerhouse is recognised across the world as an established, globally competitive and thriving economic area with ambition for growth.

[READ MORE](#)

Source: BEIS – <https://northernpowerhouse.gov.uk/>

pushed by the talents and energy of its people. Yet in the North's historic strengths were also the seeds of future problems. Technological and market change left capital and people intensive industries behind. Linkages between cities and other forms of settlement which had grown up around a single industry lost purpose and linkages with prosperity as traditional industries declined. The multiplicity of municipal actors across the north made it difficult to develop coherent strategies for the north. And policy-makers in London lost track of the North's needs.

#### THE NORTHERN POWERHOUSE 2014–2019

Now, we want the North to be attractive again to global investors and to develop a positive balance of trade with the rest of the world as a region once again characterised as an export giant. We also want the North to be a place where people choose to move to, to build careers and bring up families.

Officials have been developing proposals for a cross-government strategy that clearly demonstrates government's commitment to the North of England. As the Industrial Strategy for the North, the Northern Powerhouse Strategy should set a new ambitious plan for growth in the Northern Powerhouse as we leave the European Union (EU).

This vision is a shared ambition developed with key civic leaders, businesses, Local Enterprise Partnerships and communities across the North for better places. It includes opportunities driven by a new hybrid quango – Transport for the North (TfN) – around Northern Powerhouse Rail (NPR), with strategically supported industries and a focus on clean growth. It identifies opportunities to maximise the North's natural capital and quality of life to the heart of a thriving and innovative economy that delivers good jobs and prosperity to

its residents, and productivity-led growth for the North and the rest of the country. As we look to leave the European Union, these connections will become even more important to build on the brand and recognition of the Northern Powerhouse to the international community.

As the recent ‘Power up the North’ campaign by northern newspapers and associated engagement shows, there is a working consensus among northern stakeholders about what is required to mend decades of underinvestment in the North’s economy. We think the strategy will need to address this head on, with success measured regionally in these relatively headline terms.

The ‘Power up the North’ campaign asks:

- Deliver a fundamental shift in decision-making out of London, giving devolved powers and self-determination to people in the north.
- Commit funding immediately to make NPR a national priority.
- Overhaul the region’s road and rail network as a part of a wider environmental plan, with devolved funding and powers.
- Put full weight behind a bespoke Industrial Strategy for the North of England to enable every sector of the economy, from manufacturing to farming, to flourish.
- Make additional investment available for the North’s schools, colleges and universities to boost skills training.
- Set out a programme to build a new generation of social housing and affordable homes.
- Accelerate investment in the north’s digital infrastructure, particularly in rural areas, and support creative industries.

- Commit that the government's 'shared prosperity fund', intended to replace EU structural funding after 2014–2020, to be fully devolved in long-term tranches to enable strategic decisions of scale rather than areas having to bid in for smaller amounts, piecemeal.
- Elevate the post of Northern Powerhouse minister to Cabinet status, with full powers, as a clear signal that government intends to take the Northern Powerhouse seriously.

A refreshed Northern Powerhouse strategy which does not address these issues will lack credibility with all the regional stakeholders. In order to face the challenges of the knowledge society in the North we recommend consolidating the foundations of productivity and the Grand Challenges from the modern Industrial Strategy with the jointly developed priorities emerging from the new northern Local Industrial Strategies into three strands of activity:

- Northern strengths ideas, business environment, people;
- Northern links connectivity, infrastructure and the future of mobility;
- Northern places making and shaping places for people through devolved and new pan-Northern institutions.

#### THE NORTHERN POWERHOUSE: A PRODUCTIVITY AND PERFORMANCE LAG

TfN's Northern Powerhouse Independent Economic Review (NPIER) outlines the gaps in productivity and performance between the Northern Powerhouse when compared to London, the rest of England and comparator regions internationally. This gap widened, rather than narrowed between the early 2000s and 2013.