

JOINT STATEMENT BETWEEN THE NORTH'S CORE CITIES AND GOVERNMENT

NORTHERN POWERHOUSE PHASE 2

Building the Northern Powerhouse is crucial to rebalancing the national economy. This agenda is based on the sound economic theory that through working together and better connecting its cities, the north can be more than the sum of its parts. By 2030, the Northern Powerhouse could provide 250,000 more jobs and £37 billion additional GVA to the national economy.

Following the initial wave of devolution deals, we are now moving into Phase 2 of the Northern Powerhouse. Devolution will continue throughout this parliament. But we also need to focus on how powers are used, as well as where they sit. We are therefore committing here to work together to consider how we can use our shared powers collaboratively to deliver our vision for the Northern Powerhouse. We will work with every part of the north to meet our shared objectives. We want to ensure that we release the talents of our workforce and support renewed aspiration and opportunities for our young people. We will build on the strong progress made through the development of the Northern Transport Strategy over the past eighteen months, and will expand our focus to look in particular at skills and employment, trade and investment, enterprise and innovation, and housing.

The full potential of the Northern Powerhouse can only be unlocked through long term sustained investment in people, places and infrastructure. Over the past 18 months, we have made good progress on ensuring that cities have the powers they need to fulfil this potential. This process is not complete: the government remains committed to devolving powers throughout this Parliament.

And we have also taken strong steps towards improving connectivity across the Northern Powerhouse. This has included the establishment of Transport for the North, the development of the Northern Transport Strategy, and most recently the National Infrastructure Commission's study on the future transport investment priorities for the North.

Following the initial wave of devolution deals, we are moving into Phase 2 of the Northern Powerhouse agenda. We now need to expand our focus to consider not just what powers places have, but also how these powers are used. In particular, we need to ensure that the powers that sit at national and local level are used in a coherent, collaborative way. It is only through working together that we can achieve our shared vision for the Northern Powerhouse.

So we set out here our commitment to do just this. We will work together across the whole of the North over the coming months to look at what more we can do to tackle key challenges across a number of specific policy areas.

This work will build on the Independent Economic Review commissioned by the northern leaders. This has taken a rigorous and independent look at the factors driving the north's economic performance and the industries and sectoral strengths that could lead the economic growth of the north over the next 30 years. It has shown that there are four

prime pan-Northern 'capabilities' with global significance: advanced manufacturing, energy, health innovation, and digital.

Critically, this work has shown that although enhancing connectivity is a crucial element of delivering the Northern Powerhouse, it is not sufficient on its own. We need to foster greater levels of innovation and entrepreneurship; develop, attract and retain highly skilled workers; promote international trade and investment; and ensure the Northern Powerhouse has sufficient housing capacity to meet the needs of a growing population. Over the coming months, we will work together to develop joint proposals responding to each of these challenges:

- **Skills and employment:** devolution of adult skills budgets will enable the north's city regions to take a lead in ensuring that skills match the needs of the local economy. We will work, alongside business, to consider how we ensure that in high value pan-northern sectors we have the right skills available to support growth, create the right pathways to those sectors and attract and retain talent.
- **Enterprise, innovation and industrial strategy:** devolution deals have given city regions the funding and flexibility they need to invest in infrastructure and economic development. Science and Innovation Audits will support areas to identify their key research and innovation strengths. And the £400m Northern Powerhouse Investment Fund will unlock significant new investment in local SMEs to support enterprise in the region. We will now work together to consider how we can use our respective powers and responsibilities to facilitate the development of clusters of high productivity, knowledge intensive industries, and build on the North's existing research strengths. We will identify the private sector led investment and growth projects of significance across the north, and identify what we can do to support them.
- **Trade and investment:** we will work together to develop a collaborative approach to promoting the Northern Powerhouse to foreign investors, and to helping Northern exporters access foreign markets.
- **Housing:** we will work together to ensure that housing supports the growth ambitions of the Northern Powerhouse, recognising the role of local housing markets and the powers that exist at local authority, city region and LEP level.

Signed:

Lord O'Neill of Gatley – Commercial Secretary to the Treasury

Sir Richard Leese – Leader, Manchester City Council

Judith Blake – Leader, Leeds City Council

Julie Dore – Leader, Sheffield City Council

Joe Anderson – Leader, Liverpool City Council

Nick Forbes – Leader, Newcastle City Council