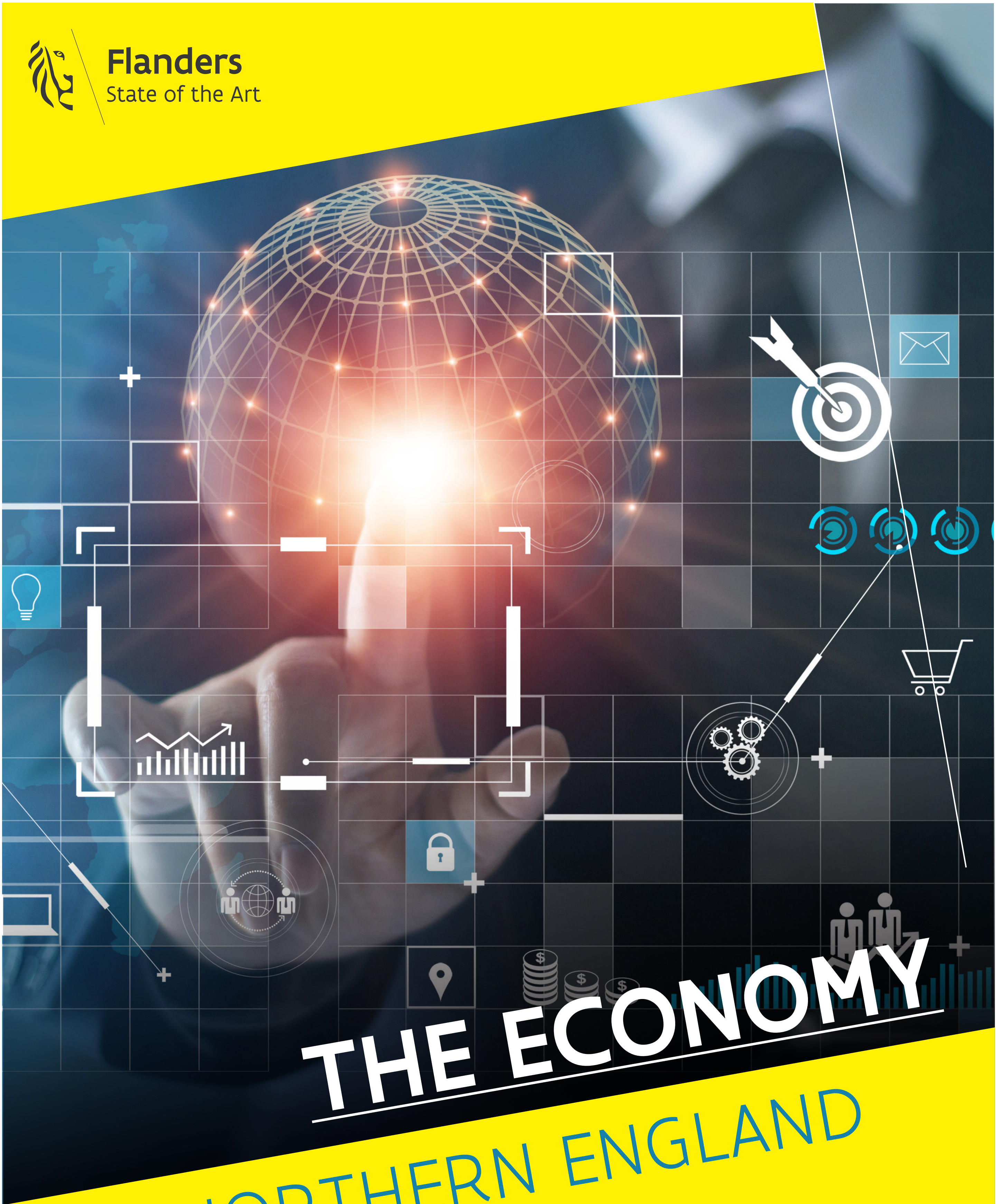
Flanders
State of the Art



THE ECONOMY IN NORTHERN ENGLAND

FLANDERS INVESTMENT & TRADE MARKET SURVEY

Market Study

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NORTHERN ENGLAND - MARKET STUDY

An overview of the Northern England economy since leaving the EU

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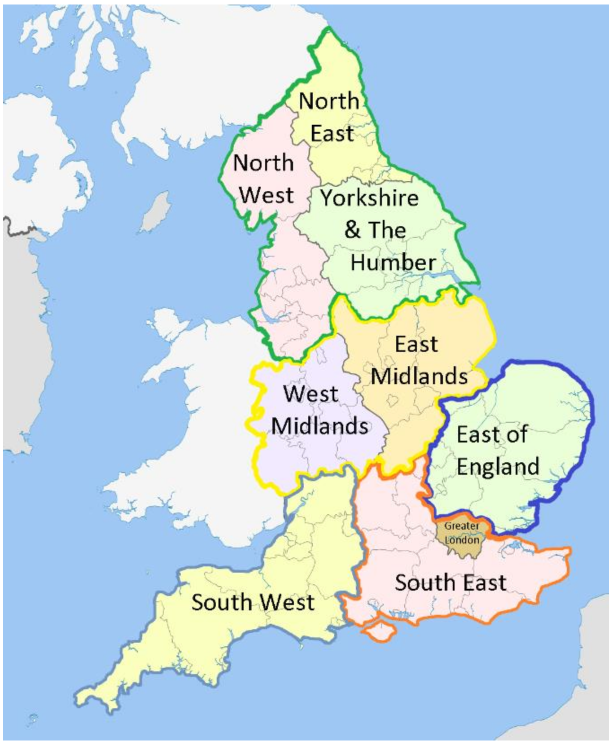

Comprising the regions of the North West, the North East, and Yorkshire & The Humber, the North of England has a combined population of 15.5 million people across an area of 37,331 km^2 and 17 cities
. Since the 1800s, the region has been heavily industrialised compared to Southern England, and hosted a wide range of industries: ship building, textiles, steel, coal mining, pottery, chemical works and more.
Indeed, the Industrial Revolution itself began in Manchester where the highly competitive factory owners pioneered new methods of increasing the production of their factories, leading to the invention of spinning wheels, steam power, and mechanised manufacturing. For a time, this industrial might made Great Britain enormously wealthy; Mancunian textiles, Sheffield steel, and Geordie ships were found all across the globe.

The North is not all about smog, industry, and the clanking of hammers, there are also 5 National Parks in the region (1/3rd of the UK's National Parks), making it a great place to visit if you enjoy the countryside and hiking.

From the 1970s onwards, industrial towns across the UK suffered from de-industrialisation as cheaper manufacturing was outsourced to other regions of the world, compounded by the Energy Crisis of 1979, and the 1980's recession. From 1900 to 2000 the number of coal mines, for example, fell from 3,000 to 30. Deindustrialisation hit the North particularly strongly, since it held a lot of the UK's industrial muscle, and unemployment shot up to over 15%[1]. The UK's share of global manufacturing output had risen from 9.5% in 1830, through the Industrial Revolution to 22.9% in the 1870s, but by 1973 it was 4.9% and stands at 2% today[2,3]. The South focused more on service industries and the financial sectors though, and so were able to weather the loss of manufacturing better than the North which relied heavily on its industry for economic growth. These economic factors are the primary driver in shaping the disparity between the North and South of England we see today[4].

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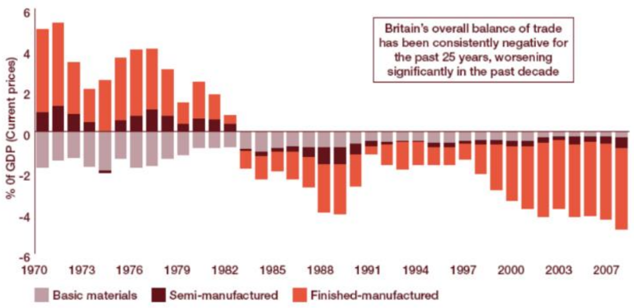
1 http://news.bbc.co.uk/onthisday/hi/dates/stories/january/26/newsid_2506000/2506335.stm
2 War in Human Civilization, Azar Gat, 2008, p.519
3 www.madeherenow.com/news/post/2017/01/27/britain-moves-up-the-world-manufacturing-league-table
4 www.cbr.cam.ac.uk/wp-content/uploads/2020/08/wp459.pdf

Fig 6. UK manufacturing balance of trade by product type as a % of GDP, 1970-2007



Since 1990 many cities across the North began diversifying their economies by moving away from traditional heavy industries, and investing in new sectors such as advanced manufacturing, digital and creative industries, renewable energy, and life sciences. Several cities in Northern England, including Manchester, Leeds, and Liverpool, have undergone significant urban regeneration efforts in recent years, which has involved revitalising former industrial areas, developing new infrastructure, and attracting new businesses and investments. The new developments still harken back to their industrial heritage, places such as the Print Works, Glass Works, And the Albert Docks. These efforts have helped to transform the physical landscape of the cities and boost their economic growth, whilst also improving the aesthetics of the places, making them more attractive for residents and visitors alike, though the work is still very much ongoing. 'Levelling Up' will be explored in more detail in Section 2.1.

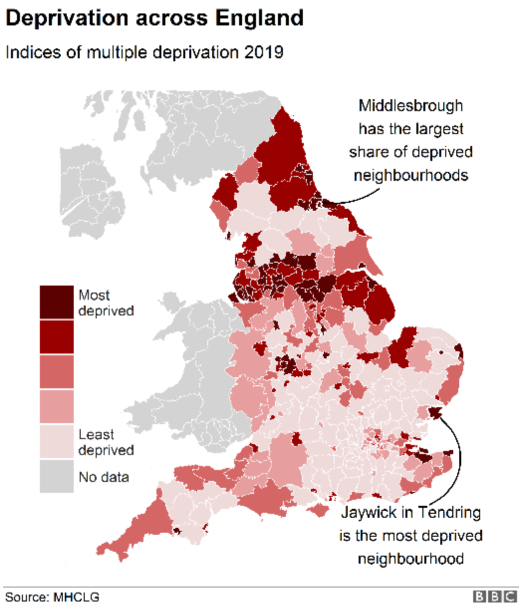
POLITICS

Although an economic study, it is worth giving a quick overview of the politics of Northern England, and the seismic changes that have been seen over the past few decades. Traditionally, since the early 1900's, Northern England has always voted for the Labour party (left wing), and the North has been called the "red wall" due to the difficulties of other parties in gaining Parliamentary Seats there. Towns and villages were centred on the local colliery, mine, or steel works. Jobs were heavily unionised, and there was a tight-knit community feeling amongst your neighbours and colleagues, and voting for Labour was almost universal, like Stoke-on-Trent which elected a Labour MP in every election from 1950 to 2019.[5, 6]

After deindustrialisation and the closing of the mines and factories, the close community was lost. In Thatcherite Britain there often was no measures put in place to retrain or re-employ the workers, meaning places like Consett near Newcastle experienced 32% unemployment for over a decade. The loss of the heavy industry jobs in the North is still evident today when looking at deprived areas of the UK, as evidenced on the map to the right.[7]

5 https://en.wikipedia.org/wiki/Stoke-on-Trent_North_(UK_Parliament_constituency)
6 www.ft.com/content/929022d8-d3fd-49ba-8ad1-3321a3c894e1
7 www.bbc.co.uk/news/uk-england-49812519

A higher proportion of people in these areas *"lack the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary patterns, customs and activities."*[8]



Although there are pockets of deprivation in East London and Birmingham, the vast majority of England's poverty stricken areas are in the North.

This malaise went on for 40 years in some places, until the General Election of 2019 where Boris Johnson's Conservative Government "demolished" the Red Wall,[9] with some of the reasons given being:

- the lack of support for miners by the Labour Party during their strikes in the 1980's,[10]
- the closing of heavy industry, which led to the loss of the community and the Trade Union
- the lack of personal benefit derived from globalisation (the "Left Behind" argument).[11]
- The UK Independence Party (UKIP) poaching disenfranchised traditional working class factory workers,[12] Labour voting Northern working people to switch to the right,[13] since they didn't feel kinship with the modern, university educated, socially liberal, pro-European side of the Labour Party.
- the unpopularity of the more left-wing Jeremy Corbyn as Labour leader,[14]
- and Boris Johnson's promise of a "Levelling Up" to finally revitalise the regions that were hit hardest by Thatcher in the 1980's, which is more ambitious and had better marketing than Labour's 'Regional Development Agencies' introduced in 1998.

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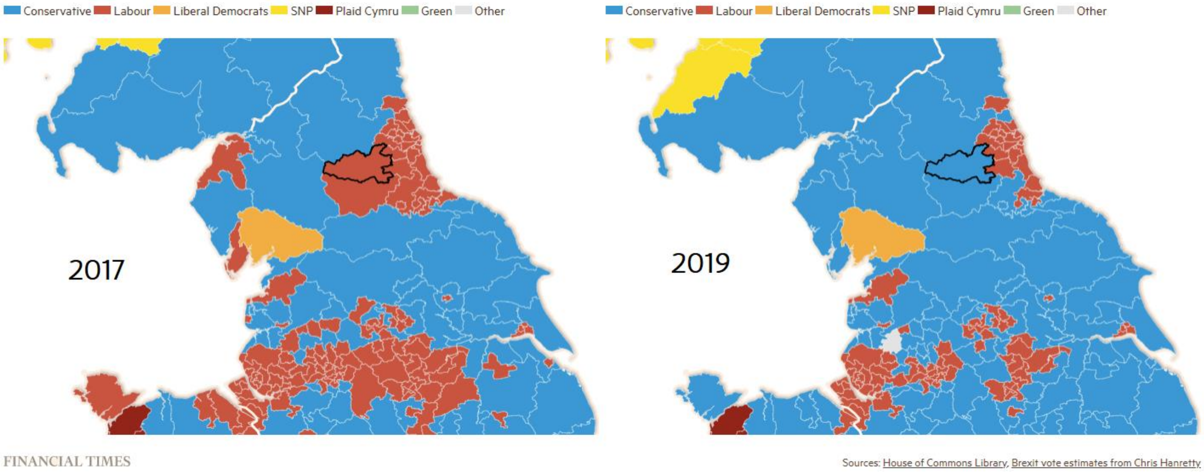
[8] Poverty in the United Kingdom, Peter Townsend, 1979
[9] www.theguardian.com/politics/2019/dec/13/labours-red-wall-demolished-by-tory-onslaught
[10] Adeney, Martin; Lloyd, John *The Miners' Strike 1984–5: Loss Without Limit* p.294 (1988)
[11] www.theguardian.com/politics/2016/jun/25/left-behind-eu-referendum-vote-ukip-revolt-brexit
[12] www.reuters.com/article/uk-eu-election-britain-ukip-idUKBREA3M16M20140424
[13] Revolt on the Right: Explaining Support for the Radical Right in Britain, by Robert Ford and Matthew Goodwin, 2014
[14] www.bbc.co.uk/news/av/election-2019-50794645

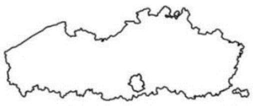


The result was a landslide victory for the Conservative Party in 2019 and an overturning of the “Red Wall” by gaining 48 seats throughout the country, whilst Labour suffered their worst ever defeat, losing 60 seats in total. This ironic turnaround exemplifies the dissatisfaction that has been growing in the North, simmered since the 1980’s, but was fired up by populism since 2008, leading to several previously unforeseen outcomes.

It is in this background that we find The North, a region that sits apart and very different from London, with a strong generational divide between parents who worked in heavy industry, and their children who have grown up with a different education, a different economy, and different technologies. A loss of productivity, but a plethora of young talent and ambition.

2. THE ECONOMY

At a Glance

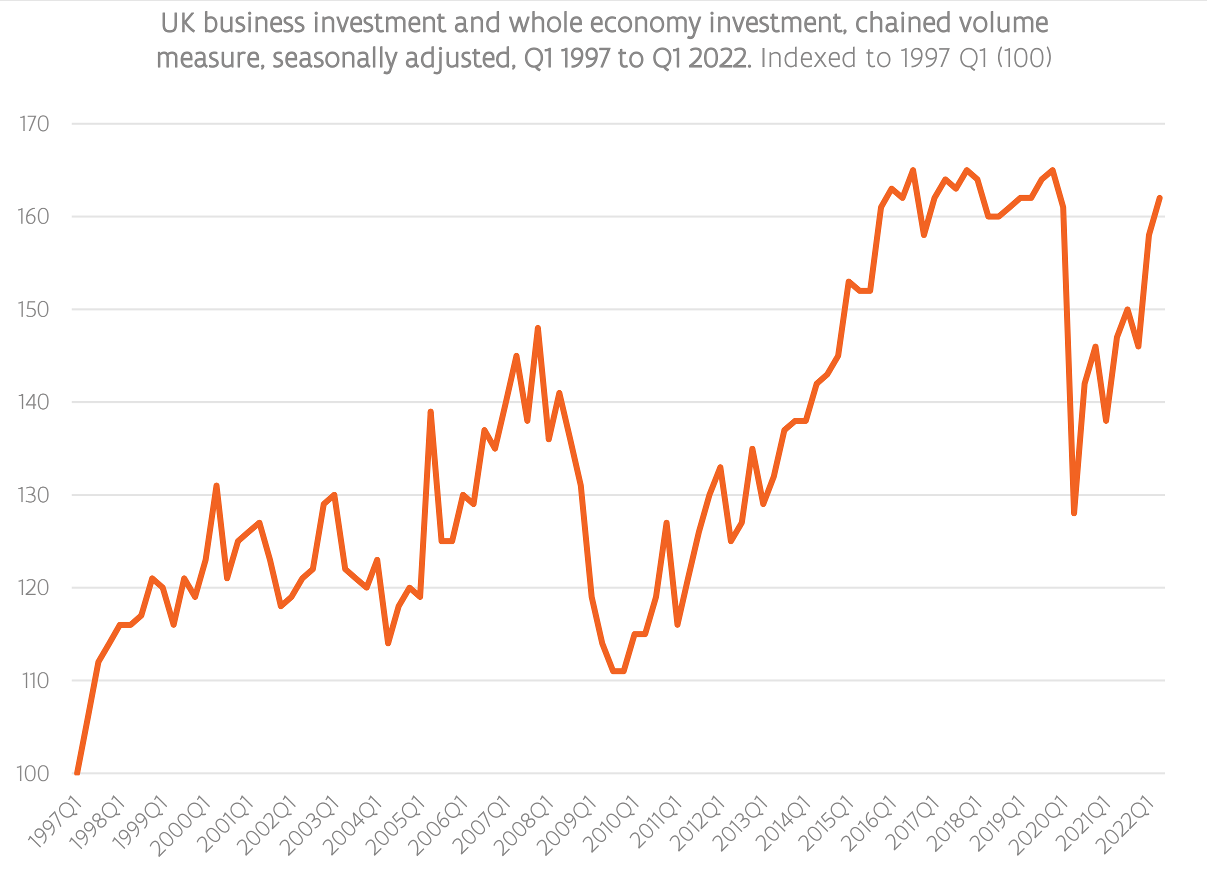


	Flanders	The North	London
Area	13,624 km^2	37,331 km^2	1,572 km^2
Population	6,600,000	15,550,000	8,800,000
GDP	€270 Billion	€467 Billion	€572 Billion
GDP per Capita	€41,000	€30,000	€65,000
Average Salary	€25,000[15]	€13,000	€47,000[16]

[15] www.vlaanderen.be/statistiek-vlaanderen/inkomen-en-armoede/persoonlijk-inkomen
[16] www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2022

If The North was an independent country, in GDP terms at €467 Billion, it would be the 33rd largest economy in the world, on par with Austria, Malaysia, and Nigeria, [17] and is also larger than Wales, Northern Ireland, and Scotland combined.

According to the Office of National Statistics, Northern England mirrors the rest of the country in that its economy is now predominantly service-sector based, with 82% of workers working in this sector, compared to 83% in the whole of the UK. [18] Those working in manufacturing are slightly higher than the rest of the UK, with 9.5% opposed to 7.6%, Since the 1980's the industrial heartland has diversified across many industries: Life Sciences, IT, Digital Technologies, and also utilised its industrial experience to push the boundaries of industrial skill with advanced materials research, advanced manufacturing clusters, and renewable energy research.



Source: ONS, Economics Observatory[19]

The growth in private sector investment has been sorely lacking since the Referendum in 2016, particularly after the rapid growth in the early 2010's, and reflects the lower levels of confidence in the market, or indeed in the country, since leaving the EU. This is compounded by businesses facing long term losses in productivity, [20] and decreased imports and exports, meaning businesses themselves won't be creating enough capital to reinvest in themselves, and investors will

[17] www.ippr.org/files/IPPR%20North%20-%20State%20of%20the%20North%20briefing.pdf?noredirect=1
[18] www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05
[19] www.economicsobservatory.com/how-has-brexit-affected-business-investment-in-the-uk
[20] www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/timeseries/lzvd/prdy

be looking for more lucrative avenues for gaining returns in other regions, or countries. Research by the Centre for European Reform paints an even gloomier picture, finding that the UK's GDP was 5.5% lower by the second quarter of 2022 than if Brexit had not occurred. It also found that UK investment was 11% lower and trade 7% lower than it would have been without Brexit.[21]

The UK has experienced the slowest growth in export volumes in the G7 since Brexit, and the trade in some goods has actually shrunk. For example, between 2019 and 2022 exports to the EU of fruit and vegetables fell 38%, clothes fell 33%, and footwear fell 45%.[22] David Bharier, Head of Research at the British Chambers of Commerce summed up current business sentiment as, "*three years of economic shocks - Covid lockdowns, global supply chain crises, inflation, and Brexit - have taken a significant toll on UK SMEs*."[23] In the words of the Office of Budgetary Responsibility in April 2023,

"The post-Brexit trading relationship between the UK and EU, as set out in the 'Trade and Cooperation Agreement' (TCA) that came into effect on 1 January 2021, will reduce long-run productivity by 4 per cent relative to remaining in the EU... Both exports and imports will be around 15 per cent lower in the long run than if the UK had remained in the EU... New trade deals with non-EU countries will not have a material impact, and any effect will be gradual."[24]

Having said that, the Confederation of British Industry predicts business investment to return to, and outpace, pre-pandemic levels by the end of 2024, with a rise of 1.9%,[25] and the UK has thus far avoided entering a recession.

[21] www.cer.eu/insights/cost-brexit-june-2022
[22] www.gov.scot/publications/brexit-and-scotland-june-2023-update/
[23] www.britishchambers.org.uk/page/economic-data
[24] https://obr.uk/forecasts-in-depth/the-economy-forecast/brexit-analysis/#assumptions
[25] www.cbi.org.uk/media-centre/articles/uk-economy-set-to-grow-and-business-investment-to-rise-following-brush-with-recession-cbi-economic-forecast/

LEVELLING UP

In 1998 Tony Blair launched the Regional Development Agencies in a bid to reduce regional inequalities in the UK. These agencies were succeeded by the Northern Powerhouse initiative in 2014, and then Levelling Up which was a key pledge of the 2019 General Election. As the chart below shows, little progress has been made in 33 years since Thatcher's Government, and 25 years since the Government started targeted actions to reduce the North-South divide – the divide is still clear and becoming even clearer.

The chart below clearly illustrates the reasoning behind the need for regionalised development strategies such as Levelling Up; GDP Growth, regardless of the lower starting position, has been much higher in London and the South East over the past 2 decades than in the 3 Northern regions. Starkly, the economy in the North East has doubled since 1998, whilst London's is 2.7 times larger. This growth is despite the North having twice as many people as London, people who are largely similarly well-educated, with decent skill sets, and on the surface having the same opportunities in life. However, their productivity per head remains stubbornly half as much as their Southern peers.[26] [27] What Westminster is aiming for is if a new London or Londons can be created in other parts of the country, the argument stands that it will benefit their peripheral regions too; using London's assets to grow Manchester will subsequently lift up Liverpool, making her wealthier, which will in turn make Lancashire wealthier, and so forth. If the current divide maintains, the UK will continue to see the gulf between the wealthier south and the poorer north become more and more pronounced with every passing year, to the detriment to the whole country.

Levelling Up is the targeted use of £4.8 billion of investment to decrease wealth and opportunity inequality around the UK by:

- improving jobs, pay and living standards
- making streets safer
- protecting health and wellbeing
- investing in high streets and town centres
- improving local transport[28]

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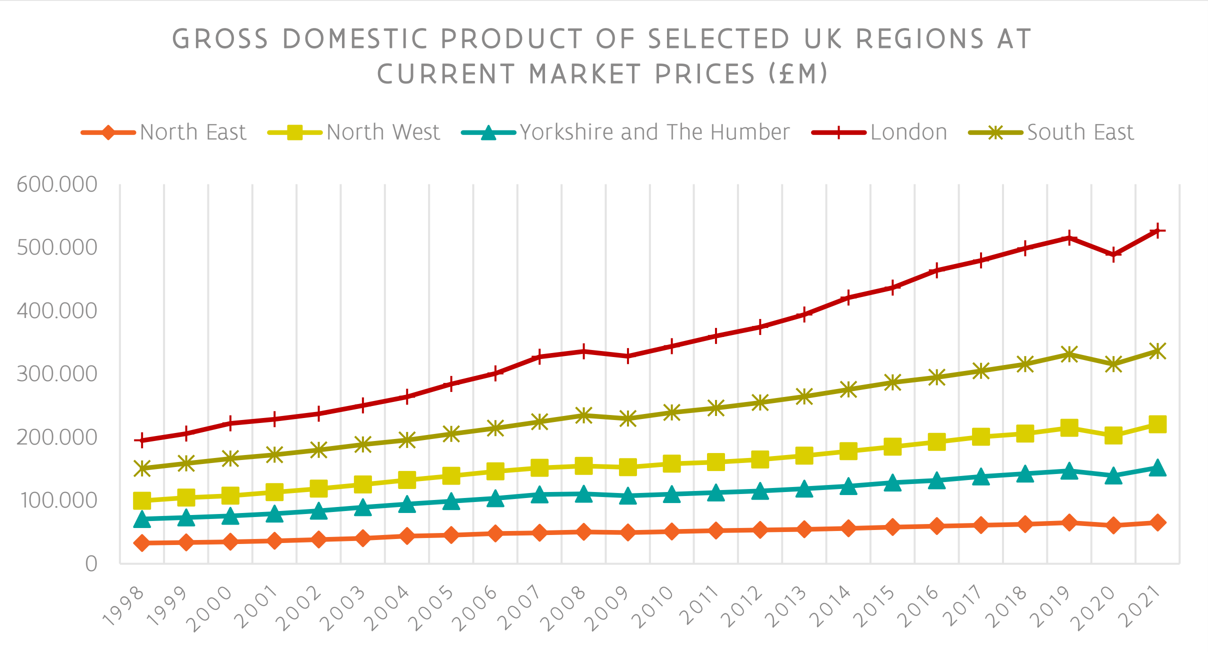
[26] www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/quarterlycountryandregionalgdp
[27] www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalregionalgrossvalueaddedbalancedperheadandincomecomponents
[28] https://levellingup.campaign.gov.uk/what-is-levelling-up/



The projects that have won bids are predominantly focused on civic infrastructure; transport, town centre regeneration, public offices, and community spaces. This takes inspiration from other urban renewal projects in the past, where happier, healthier, safer citizens are more productive and ambitious, which encourages growth and investment.

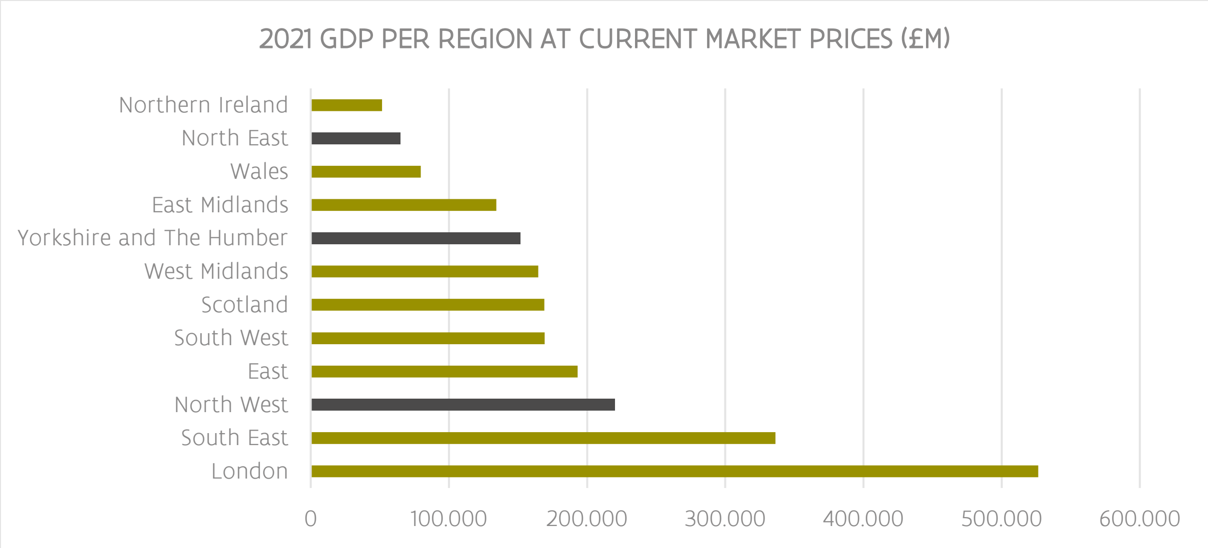
Some examples of Levelling Up projects which are currently underway include:

- £20m for Ashton to regenerate their Town Hall, build cycle paths, and build new residential and commercial spaces.[29]
- £20m for a new Civic and Enterprise Hub in Radcliffe, including a library, swimming pool, and council offices.[30]
- £20m for a new skills academy and sustainable housing in Sunderland.[31]
- £20m for transport infrastructure development to the west of Leeds, improving road and cycle connections to Horsforth and Pudsey.[32]

At the time of writing, 216 projects have been funded so far, and an interactive map of projects can be found here: https://levellingup.campaign.gov.uk/projects-near-me/

A full list of case studies can be found here: www.gov.uk/government/collections/levelling-up-case-studies

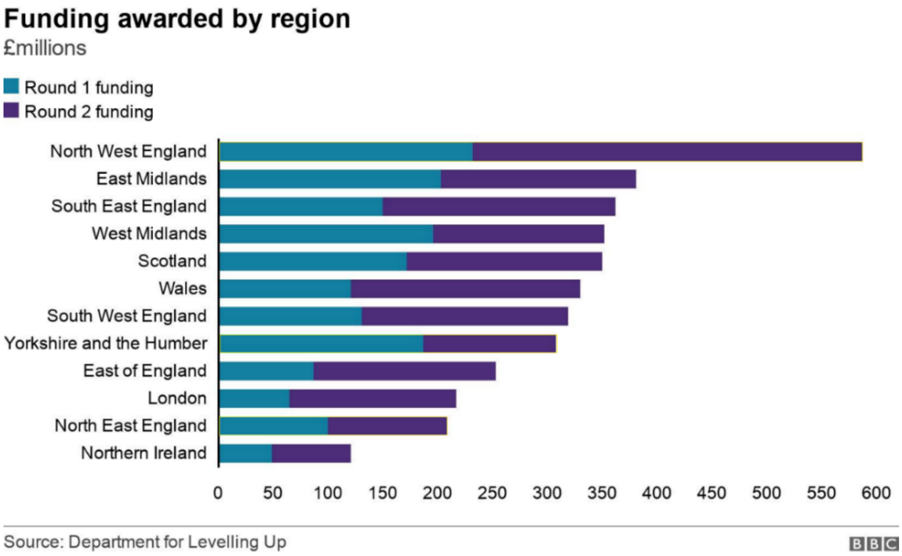
[29] www.gov.uk/government/case-studies/20-million-funding-to-regenerate-ashton-town-centre
[30] www.gov.uk/government/case-studies/20-million-for-a-new-civic-and-enterprise-hub-in-radcliffe
[31] www.gov.uk/government/case-studies/20-million-funding-for-skills-academy-and-sustainable-housing-in-sunderland
[32] www.gov.uk/government/case-studies/20-million-to-connect-west-leeds



Along with investment in projects, the Government is also moving Civil Services jobs out of London, the aim being 22,000, with 12,000 moved so far. This is in an effort to ensure the Civil Service is run by people from all over the country, rather than just those who can afford to live in London. This is being done by creating clusters in Darlington, Leeds, Sheffield, and Manchester, noted by Alex Burghart, Cabinet Office minister when he said, "a commitment to the people of Sheffield that local people will have a central role to play in the development of major national policies,"[33] These well-paying, stable jobs in the area will also allow for more people to contribute to the local economy, and influence regional strategy in their favour. Added to the increased investment in education and innovation, with the establishment of research and innovation hubs, universities, and centres of excellence in various fields, this investment and redevelopment will have the knock-on effect of boosting private investment into local businesses, attracting more investment from further afield, and in doing so, "Level Up" the whole economy.

From a business point of view there are opportunities to get involved in this Levelling Up project with education and training, housing, infrastructure, civil engineering, raw materials, and public services. Notice though, on the chart below, how little Northern Ireland, North East, and Yorkshire get, despite how low their GDPs are, and how high their levels of deprivation are. The Manchester-Liverpool region are the clear winners.

[33] www.ft.com/content/84b81dab-991e-4734-8624-a9574ac03854



EFFECTS OF LEAVING THE EU

The North of England has historically had strong trade ties with the EU, particularly in food and drink, textiles, and heavy industry. Brexit has resulted in changes to trade regulations, tariffs, and customs procedures, which have created uncertainties and disruptions for businesses. Some industries in the North of England that relied heavily on EU markets have experienced challenges in exporting their goods and services, which could impact their economic performance. Historically, the North has performed well with its exports, the North East in particular being the only UK region to consistently export more than it imports (2016 figures).[34] However, their largest export markets include Germany and the Netherlands, which have suffered losses since leaving the EU.

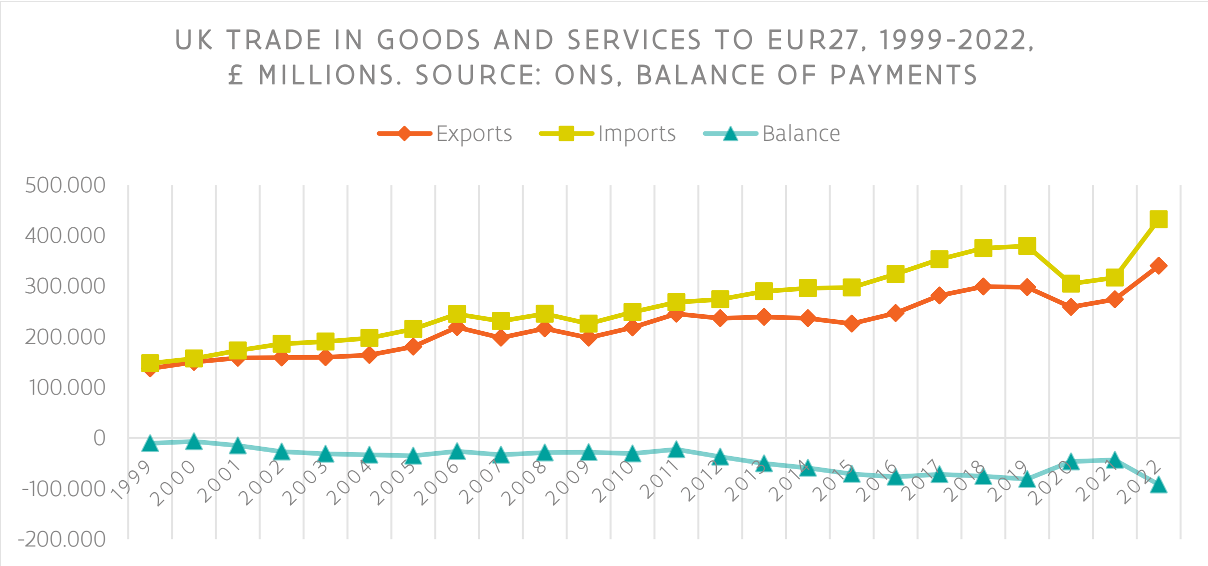
The below chart made with data from the Office of National Statistics covers trade data between the UK and EUR27 from 1999 to 2022. [35] Although we can see a pause in growth from 2018 to 2019, import and export volumes have since surpassed pre-Brexit levels, seemingly. It is important to note that this data is based on concurrent prices, and is therefore not adjusting for inflation across industries, nor the huge rise in costs of the import of natural gas; Scotland making a great case study of this effect. It is therefore difficult to determine the exact impact leaving the EU has had on trade with Britain in isolation, since, fortunately for the incumbent Government, the pandemic and war in Ukraine has masked the deleterious effects of leaving the EU very well.

BBC Question Time held a special "7th Anniversary of Brexit" episode on the 22nd of June, 2023 in the town of Clacton-on-Sea which was famously the only UK constituency to vote in a UKIP MP to discuss the people's thoughts on Brexit now that 7 years had passed.[36] An audience member raised the question of bureaucratic "red-tape" that has come into force since leaving the European Union and has meant that the longer lead-times, added cost, and increased complexity of trade is making their import and export of goods with the EU more difficult, to the point where they have

[34] www.chroniclelive.co.uk/business/business-news/north-east-exports-top-12bn-10991790
[35] https://commonslibrary.parliament.uk/research-briefings/cbp-7851/
[36] www.bbc.co.uk/news/politics/constituencies/E14000642

stopped trading with the EU altogether. This sentiment has been echoed in the Chambers of Commerce,[37] the national media,[38] and in a wide variety of commodity trading businesses over the past 2 years, and naturally, is not going away.

Projects like Gateway²Britain will make the trading relationship easier, and there are still many opportunities for customs and logistics experts to educate UK businesses on how to properly manage their new trading situation, ultimately though, the British Government needs to give more support to businesses in the finer points and expertise of international trade so that UK exports and imports can return to normal levels.



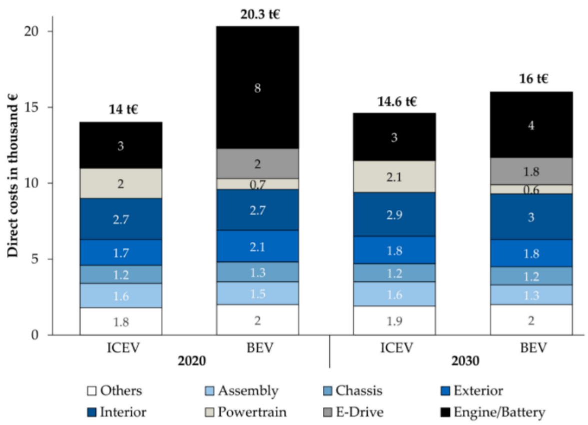
The uncertainty surrounding Brexit and the potential impact on the business environment has also influenced investment decisions, as illustrated in Section 2.0, particularly in businesses with close ties to the EU. This uncertainty has the potential to affect business confidence and investment levels in the North of England.

Conversely, some business have begun work on securing the thus far elusive 'Brexit Benefits'. Nissan's factory in Sunderland (which recently celebrated completion of its 11 millionth car)[39] has invested £400m to produce the new Qashqai model. The company has also announced plans to build a new electric vehicle hub at its Sunderland plant, which will create 1,650 jobs, Meanwhile Britishvolt, a start-up that is planning mass production of electric car batteries in the UK. The company has secured government funding for its proposed factory in Northumberland, which is expected to create 3,000 jobs.[40] The UK government will invest £100m in Britishvolt as the car battery manufacturing start-up seeks to build Britain's first large-scale "gigafactory" in the north-east of England.[41] Britishvolt has also raised around £1.7bn in funding

[37] www.britishchambers.org.uk/news/2023/05/bcc-welcomes-fresh-tack-on-eu-regulation-reform
[38] www.bbc.co.uk/news/business-64052849
[39] https://uk.nissannews.com/en-GB/releases/release-e06be09f8af8cdde90bfd6596f19f06f-a-car-every-two-minutes-for-37-years-nissan-sunderland-plant-passes-11-million-milestone
[40] https://www.bbc.co.uk/news/business-60066432
[41] https://www.theguardian.com/environment/2022/jan/21/britishvolt-electric-car-battery-uk-gigafactory-blyth-jobs

from warehouse provider Tritax and investment group Abrdn to construct its factory in North East England.[42]

The way the UK-EU TCA is designed, manufacturers from a range of sectors in the UK can cleverly adjust their supply chains to gain maximum benefit from Rules of Origin. As one example, an electric or hybrid vehicle manufactured in the UK must have 55% of its value made in the UK/EU, whilst 45% may originate from outside, and still benefit from tariff-free trade with the EU.



For many electric vehicles, the battery alone comprises a third of the cost of manufacture, meaning that having the battery satisfying Rules of Origin, so there can be strong benefits found for Japanese and American car manufacturers exporting components to the UK for final assembly, which can then be exported to the EU tariff-free, and indeed to other UK-FTA markets like Australia, even India and the CPTPP in the future.[43] Estimates show that an EU national importing a Nissan Leaf from the Newcastle plant will be able to save around £3,000 on their purchase compared with domestic produce, making the UK more competitive in the auto industry.[44]

British manufacturers are now reviewing their supply chains to see where they can import at maximum efficiency, and likewise export at maximum efficiency to find ways the post-EU trade landscape can provide advantages; ultimately it looks like 'the Hong Kong model' but focused on final assembly of products, whilst also possessing the monetary backing of a strong financial sector.[45]

LABOUR

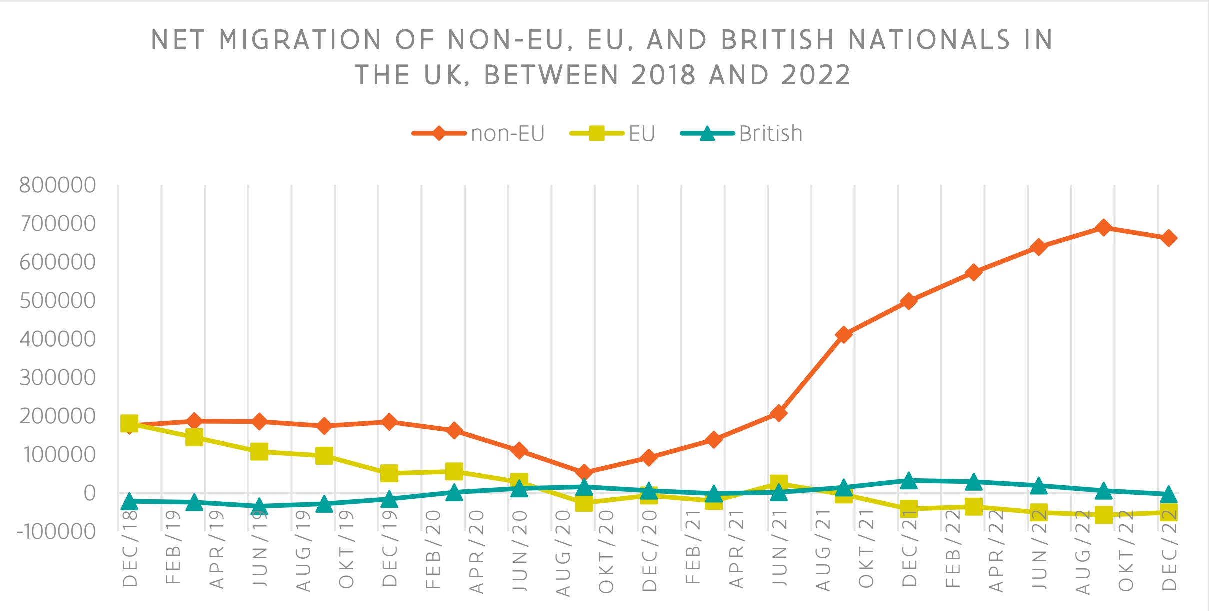
Currently the UK labour market is in flux, reportedly 3 jobs in every hundred are unfilled,[46] or a total of roughly 1 million job vacancies.[47] The job shuffle that occurred during the pandemic when hundreds of thousands of workers left the retail, hospitality, and travel sectors hasn't yet been rectified, and many workers decided on early retirement, only to discover they couldn't afford it,[48] [49] though the number of people who became 'economically inactive' since the pandemic is

[42] www.ft.com/content/96020ff3-4c01-41f7-9618-894fd65018d2
[43] www.automotivelogistics.media/news/automotive-sector-welcomes-eu-uk-trade-deal/41442.article
[44] www.theguardian.com/business/2021/jul/01/nissan-sets-out-plans-for-1bn-electric-car-hub-in-sunderland
[45] www.bbc.co.uk/news/uk-politics-eu-referendum-36639261
[46] https://inews.co.uk/news/uk-industries-worker-shortages-why-cleaning-staff-hgv-drivers-2364377
[47] www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest
[48] www.gov.uk/government/statistics/immigration-system-statistics-year-ending-march-2023/list-of-tables
[49] www.telegraph.co.uk/business/2023/05/16/early-retirement-gathers-pace-100000-return-to-work

steadily dropping as people return to the workforce or finish retraining. Despite this, in a BCC survey conducted in Q4 2022, over 80% of businesses reported to be experiencing difficulties in recruitment, particularly in the hospitality, manufacturing, construction, professional services, education, and health sectors.

As Jane Gratton, Head of People Policy at the British Chamber of Commerce stated, "Businesses are crying out for people to fill job vacancies at all skill levels, and this must be the number one focus for government if it's serious about economic growth. There are still a huge number of vacancies, currently sitting at 1.134 million, and this is stopping firms in their tracks. It means they are struggling to meet the orders on their books, and it puts any plans for growth far out of reach."[50]

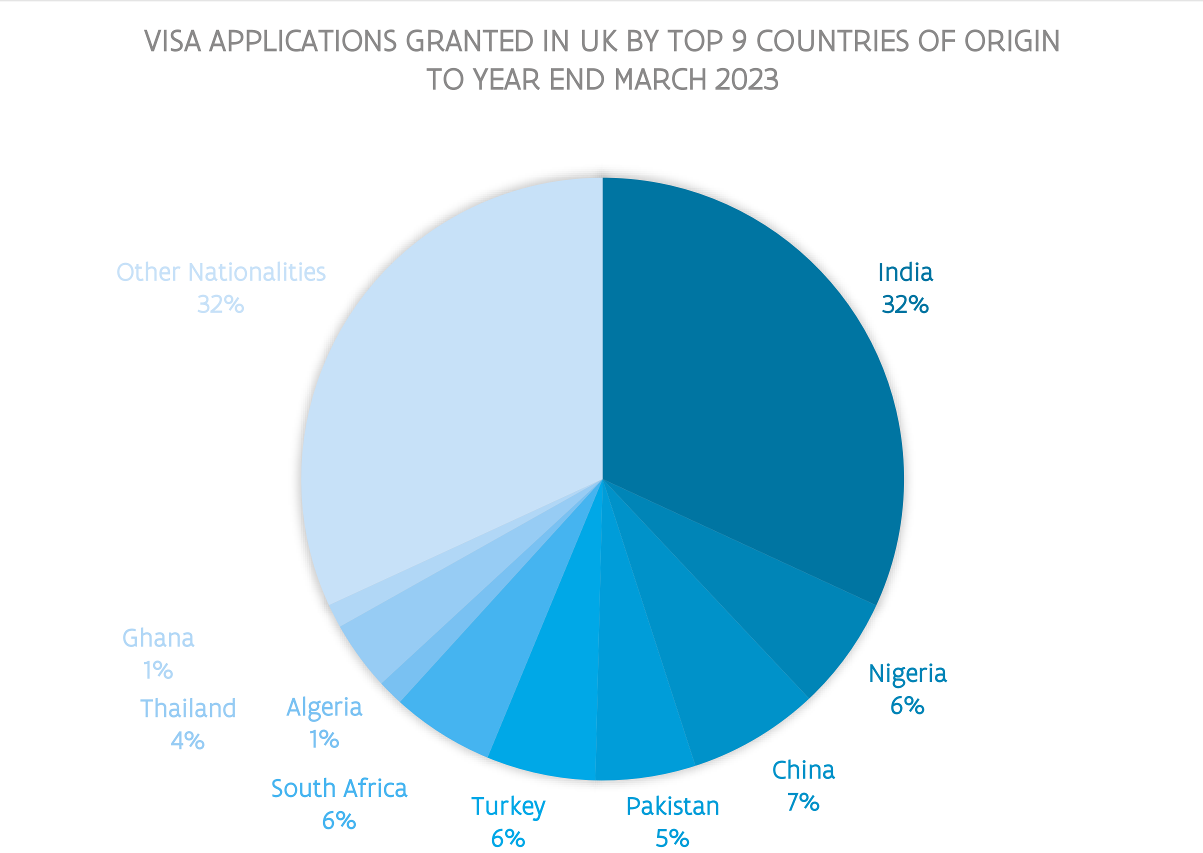
Since deciding to leave the European Union, migration of EU Nationals to the UK has dropped significantly, and since the pandemic there has been a net-decrease of EU nationals living in the UK per year, which has been very heavily offset by the increase of non-EU nationals arriving since the pandemic. Although the number of work visas granted has more than doubled since 2018, the largest increases come from both humanitarian routes and student visas, both of which are largely transitional and not economically active. In July 2023, Senior Conservative MP and Brexit supporter George Eustice called on the government to "commence bilateral negotiations with EU member states … to establish a reciprocal youth-mobility visa scheme,"[51] in an effort to address the labour shortage; clearly showing some level of "Bregret" over decisions made in the past 8 years.



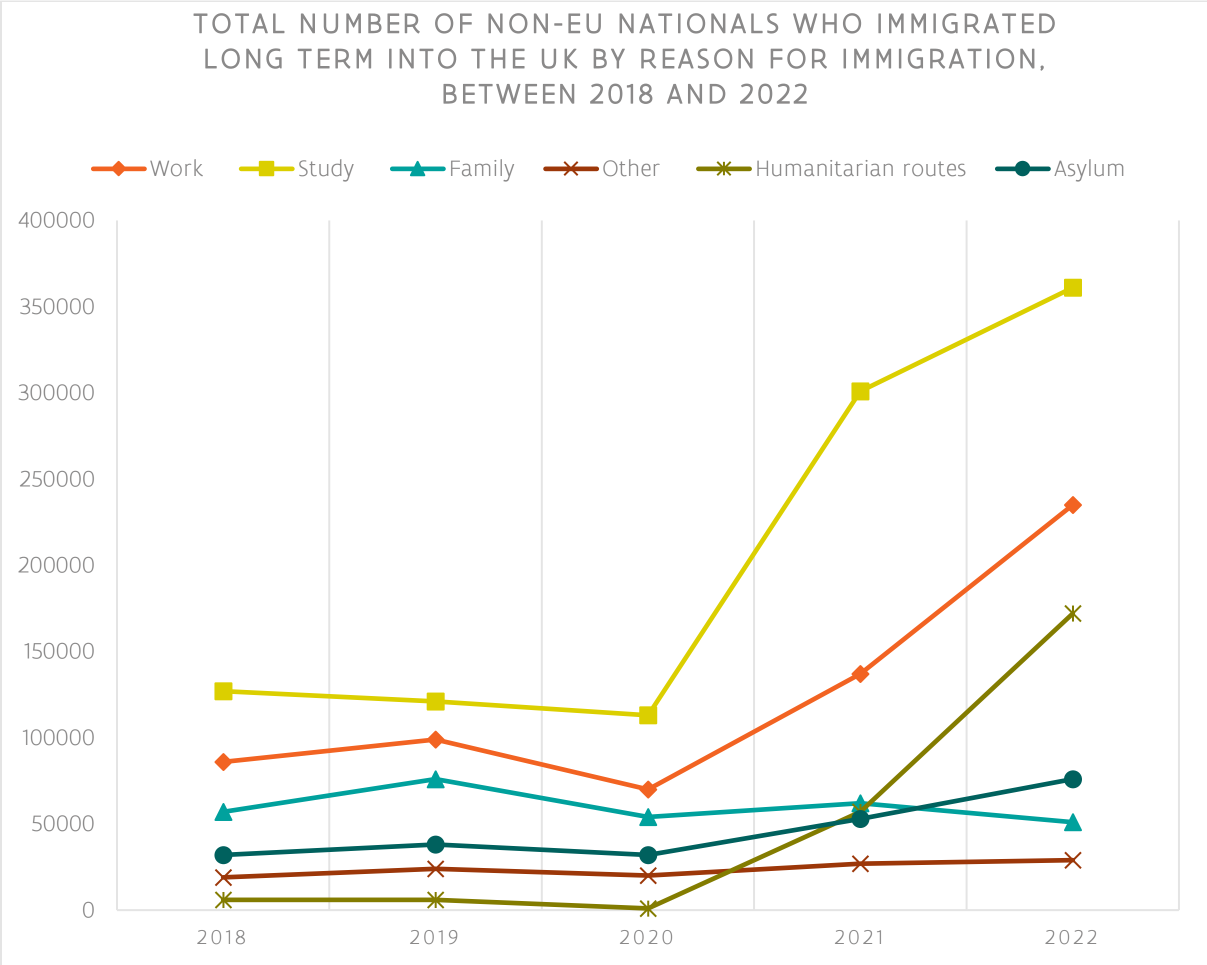
The North of England, much like the rest of the UK, has benefited from the freedom of movement within the EU, which allowed businesses to access a wider pool of talent and skilled workers. Since the pandemic, however, the ONS has reported over 500,000 people in the UK becoming

[50] www.britishchambers.org.uk/news/2023/02/labour-shortage-a-huge-drag-on-economic-growth
[51] www.theguardian.com/politics/2023/jul/08/tory-brexiter-george-eustice-visas-young-eu-workers-labour-shortage

'economically inactive' as they take early retirements,[52] or suffer from long term sickness. Coupled with the fall of EU migrants, businesses sorely need the influx of non-EU migrants to fill vacancies in the labour market. There's also been the introduction of the Post Study Work visa for students who have graduated, are allowed to work in the UK for 2 years, possibly finding a sponsor for a longer term Working visa. There's also the Skilled Working Visa which focuses directly on particular shortages in the UK labour market, a full list of the skills in need can be found on the Gov.uk website.



[52] https://inews.co.uk/news/uk-industries-worker-shortages-why-cleaning-staff-hgv-drivers-2364377



3. KEY INDUSTRIES AND CLUSTERS

Advanced Manufacturing Research Centre - Sheffield

Arla Foods – Large manufacturer of dairy products - Leeds

BritishVolt – Start-up aiming to produce EV batteries - Newcastle

Cranswick Country Foods – Large food manufacturer, mostly of pig products

Drax Group – Power generation

Forge Masters –Steel manufacturers - Sheffield

Graphene Institute - Manchester

Inovyn – Large chemical manufacturers in Runcorn.

MBDA UK – Manufacturers of missile technologies - Bolton

Media city – Cluster of media companies, like the BBC HQ - Salford

Nissan factory – Sunderland

Sage Group – Accounting Software for businesses - Headquarters in Newcastle

Siemens Gamesa – Offshore wind production facility - Hull

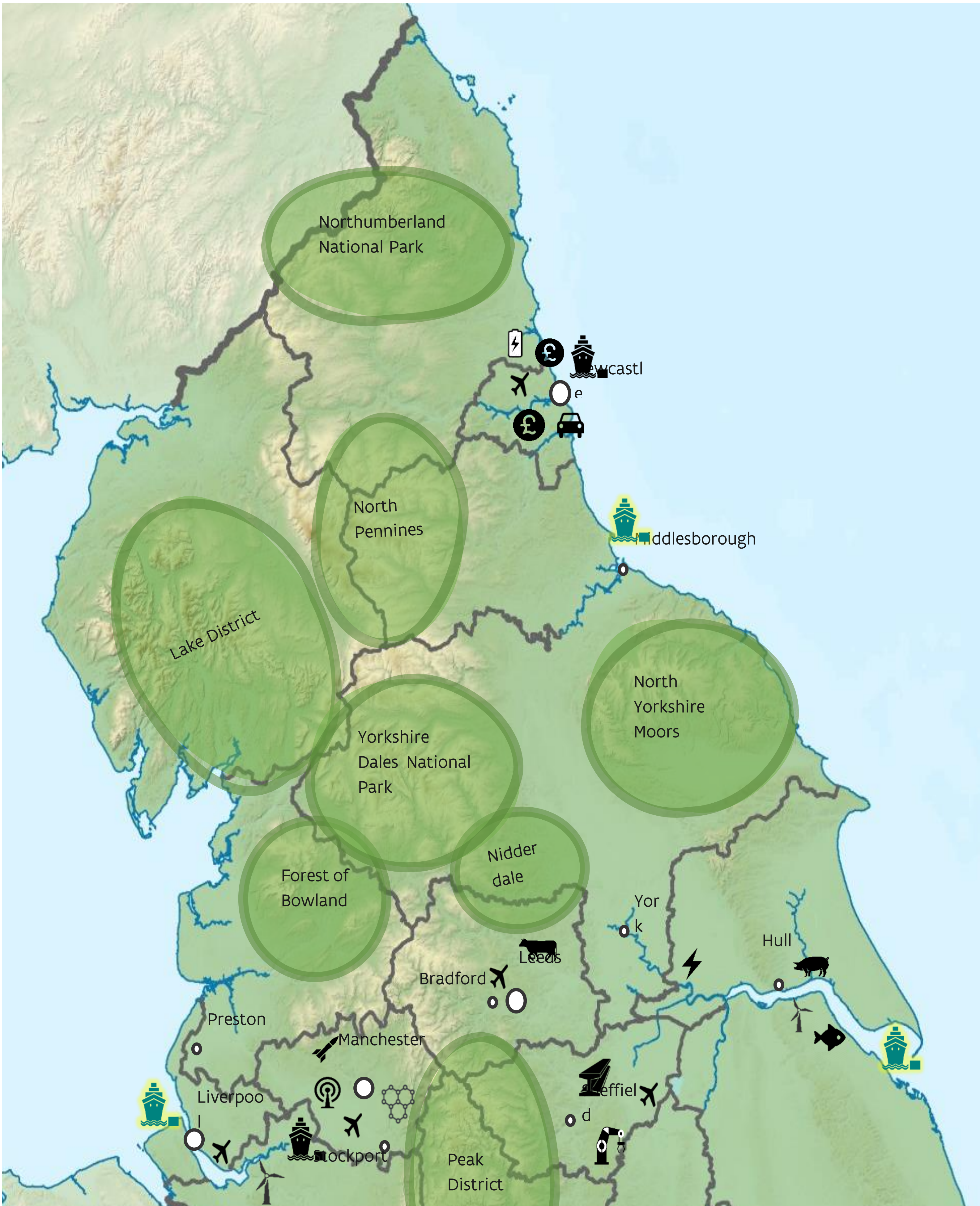
Vesta’s Celtic Wind Technology – Warrington

Virgin Money – Banking Group – Headquarters in Newcastle

Young’s Fish – Hull

Business Incubators

[Platform](), [Nexus](), [Eagle Labs](), [Dotforge](), [Manchester Technology Centre](), [AvenueHQ](), [MerseyBIO]()



CITIES

Liverpool

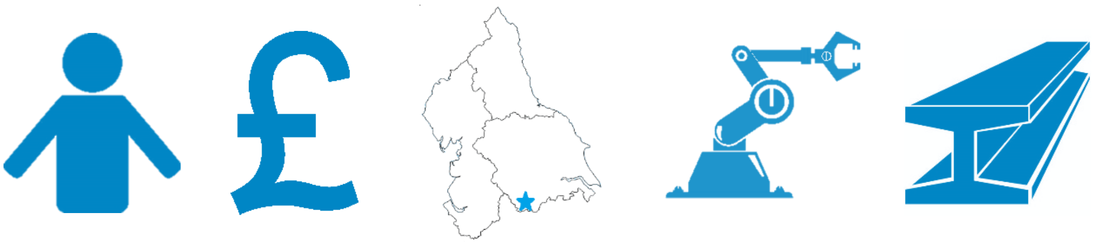
   

486,100 £51.5bn Port

Liverpool's history as a major industrial and economic hub dates back to the late 17th and early 18th centuries. Its strategic location on the River Mersey, which flows into the Irish Sea, made it a prominent port for maritime trade with the Americas, Africa, and the Caribbean, centred on Albert Docks (picture below). During the Industrial Revolution in the 18th and 19th centuries, Liverpool became a significant centre for manufacturing and trade. It played a pivotal role in the cotton trade, with numerous cotton mills and factories producing textiles, iron, and machinery. Liverpool's port was a vital gateway for exporting goods manufactured in the nearby industrial heartlands of Lancashire and Yorkshire. The city's mercantile heritage and global trade connections were key drivers of its economic growth during this period. Since leaving the European Union, the Humber area has been designated as one of England's 8 free ports, more information can be found here.

Liverpool is known for its music, arts, and film, and it hosts numerous festivals and events throughout the year, for instance Eurovision this year, and being Europe's Capital of Culture in 2008, drawing tourists and generating economic activity. In recent years, Liverpool has seen growth in the digital and creative sectors, with an increasing number of start-ups and businesses focusing on areas such as digital marketing, software development, and creative content creation. The city also has a strong logistics and transportation industry, with its port being one of the busiest in the UK, handling various types of cargo, including automobiles, containers, and bulk goods. Additionally, Liverpool has a growing renewable energy sector, with investments in offshore wind farms and sustainable energy projects like Vesta's Celtic Wind Technology in Warrington. Overall, Liverpool's economy today is characterised by its diversity, with a mix of creative and cultural industries, tourism, education, retail, leisure, logistics, transportation, and renewable energy sectors contributing to its economic vitality.

Sheffield

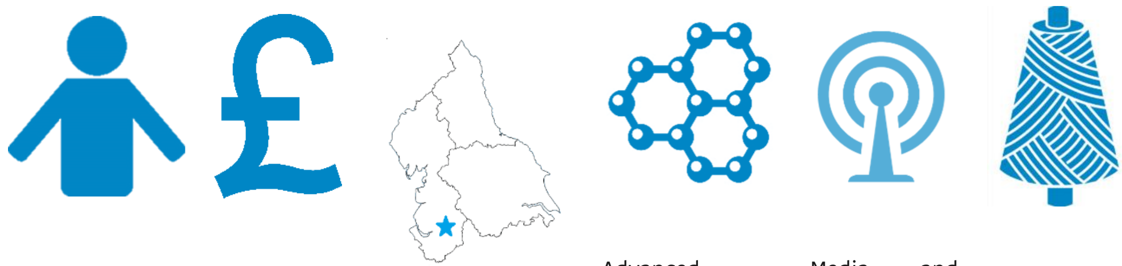


556,000 £15bn Advanced Manufacturing Steel

Sheffield, located in South Yorkshire, England, has a long-standing reputation as a major centre for steel and cutlery manufacturing, earning it the nickname "Steel City." The city's economic and industrial history can be traced back to the medieval period when it was known for its skilled metalworking. During the 18th and 19th centuries, Sheffield emerged as a leading industrial powerhouse, driven by advancements in steelmaking and metalworking technologies. The availability of high-quality local iron ore and coal, as well as the construction of canals and railways, further fuelled Sheffield's growth as a manufacturing hub. Sheffield became a centre for the production of steel, cutlery, tools, and machinery, supplying both domestic and international markets.

While steel and manufacturing still play a role in Sheffield's economy, today Sheffield has a more diversified economy that includes advanced manufacturing, engineering, healthcare, education, and creative industries, building on its historical industrial heritage while adapting to changing economic trends. Sheffield is known for its expertise in advanced manufacturing and engineering, with companies like ARM Holdings, NXP Semiconductors, and Tata Steel Europe specialising in aerospace, automotive, and precision engineering. The city is also home to the Advanced Manufacturing Research Centre and innovation hubs, which drive entrepreneurship and attract investment.

Manchester



2,700,000	£89.2bn		Advanced Materials	Media and Broadcasting	Textiles

Manchester played a pivotal role in the Industrial Revolution and has a rich industrial and economic history. During the 19th century, it became known as the "Cottonopolis" due to its significant role in the cotton industry. Manchester was a leading centre for cotton spinning and weaving, with numerous cotton mills and factories that processed raw cotton imported from the United States and other countries. The city's cotton industry fuelled its economic growth, attracting investment and workers, and contributing to its rapid urbanization and population growth. Manchester was also known for its innovations in manufacturing, with advancements in machinery and technology driving increased productivity and efficiency in textile production. These developments helped establish Manchester as a global centre for the cotton trade and positioned it as a powerhouse of the industrial revolution.

Today, Manchester is known for its strong financial and professional services industry, with numerous multinational corporations and financial institutions operating in the city, including banks, insurance companies, and law firms. The city is also a major centre for digital and creative industries, with a growing tech sector and a reputation as a hub for digital innovation and entrepreneurship. Manchester has a vibrant cultural scene, with a thriving music, arts, and media industry, including film production, advertising, and digital marketing. The city is also known for its world-class universities and research institutions, which drive innovation and contribute to the knowledge-based economy. The city has excellent transport links, including an international airport and extensive rail connections, which contribute to its connectivity and attractiveness for businesses and investors.

Overall, Manchester's economy today is characterized by its diversification, with a mix of financial and professional services, digital and creative industries, manufacturing, engineering, retail, leisure, sustainability, and education sectors contributing to its economic vibrancy and growth, and is continuously competing with Birmingham for the title of Britain's 2nd City.

Leeds and Bradford

1,178,000 £76.2bn Digital, Apps Global HQ's Textiles

Leeds, located in West Yorkshire, England, has a rich history as a major economic and industrial centre. The city's history can be traced back to the Middle Ages when it was known for its wool trade and textile production. During the Industrial Revolution in the 18th and 19th centuries, Leeds emerged as a leading centre for the textile industry, particularly in the production of woollen cloth. The city's fast-flowing rivers, such as the River Aire, provided a source of water power for mills, and its skilled workforce helped establish Leeds as a centre for textile manufacturing. The city's economy flourished, with numerous textile mills and factories producing cloth that was exported globally. As the textile industry grew, so did other related industries, such as engineering, machinery manufacturing, and transportation. Leeds also became a hub for banking, commerce, and trade, with the development of a strong financial sector and a thriving retail industry. In the 19th and 20th centuries, Leeds also experienced growth in other sectors, such as printing, chemicals, and food processing. Today, Leeds has a diversified economy that includes finance, insurance, legal services, manufacturing, digital technology, and creative industries. The city continues to be a major centre for commerce, trade, and innovation, building on its historical strengths in industry and trade while adapting to changing economic trends.

Leeds and Bradford are both dynamic and diverse cities with their own unique economic strengths. Leeds, known as the financial, business, and cultural hub of West Yorkshire, has a strong financial and professional services industry, with a large number of banks, insurance companies, law firms, and consultancies operating in the city. It is also a major centre for retail, with a thriving shopping scene that includes a mix of high-street brands, luxury retailers, and independent boutiques. Leeds has a vibrant digital and creative sector, with a growing tech industry, advertising agencies, and digital marketing firms. The city also has a strong healthcare sector, with several hospitals, research institutions, and medical technology companies. Education and research are significant contributors to the economy of Leeds, with a number of universities and research centres driving innovation and knowledge-based industries.

Leeds has also become home to the headquarters of many national and international businesses and organisations: PWC, Rockstar Games, Channel 4, Capita, Asda, the Conservative Party, NHS Digital, GHD, Jet2, First Direct, BT, LabCorp, Sky, and Sky Bet. Having this range of employers in the city promoting forward-thinking and innovativeness has left its mark, with the start-up scene being particularly strong as citizens take the skills and experiences gained from the larger firms and put into their own businesses. 'Business scale-ups' – companies which have achieved three years of 20% growth in revenues or employees – is a key element of Leeds' economic strategy, and they are currently one of the UK's foremost centres for fast growing firms, behind only London and Cambridge."[53]

Bradford, on the other hand, has a rich history in textiles and manufacturing, with a number of companies specializing in textiles, apparel, and industrial machinery. While manufacturing continues to be an important sector in Bradford, the city has also diversified its economy in recent years. It has a growing digital and creative sector, with start-ups and creative agencies driving innovation in areas such as digital media, design, and marketing.

Overall, the economies of Leeds and Bradford are characterised by their diversification across multiple sectors, including financial and professional services, digital and creative industries, manufacturing, retail, healthcare, education, and cultural sectors. The two cities have their own unique strengths and contribute to the economic vibrancy of the West Yorkshire region.

Hull

573,000 | £6.8bn | Port | Food & Drink | Renewable Energy

[53] www.leeds.gov.uk/leeds-economy

Hull, officially known as Kingston upon Hull, is a city located in East Yorkshire, England, with a rich history as an important port and industrial centre. The city's history can be traced back to the Middle Ages when it was a thriving trading port, exporting goods such as wool, timber, and fish. In the 18th and 19th centuries, Hull's economy boomed as it became a major hub for maritime trade, particularly in the whaling, fishing, and shipping industries. Hull's port grew in importance, handling goods from all over the world, including coal, timber, grain, and manufactured goods. The city's maritime connections and skilled workforce also led to the development of shipbuilding and repair industries, as well as the production of sails, ropes, and other maritime-related goods.

In the late 19th and early 20th centuries, Hull's economy diversified with the growth of chemical and engineering industries, particularly in the manufacturing of soap, paint, and machinery. During World War II, Hull suffered extensive damage due to bombings, but it was rebuilt in the post-war years, with a focus on modernising its port facilities and developing new industries. Today, Hull's economy is diverse, with sectors such as renewable energy, healthcare, education, and creative industries playing an increasingly important role. The city's maritime heritage is still evident in its port, which remains a vital centre for trade and transportation, and Hull continues to be a key economic and industrial centre in the region.

The port of Hull remains a significant economic driver for the city today. It is one of the busiest ports in the UK, handling a range of cargo including containers, bulk materials, and ferry services to Europe. The port supports various industries, such as logistics, transportation, and manufacturing, and contributes to the local economy through trade, shipping, and associated services. Since leaving the European Union, the Humber area has been designated as one of England's 8 free ports, more information can be found here.

Hull has also been focusing on diversifying its economy beyond the port, with a growing emphasis on renewable energy and environmental technologies. The city has invested in renewable energy infrastructure, including wind energy projects, and has developed expertise in renewable energy research, development, and manufacturing. These are currently being aimed at the Hornsea and Dogger Bank offshore winds sites. Hull is also home to a number of environmental technology companies, providing services and solutions related to environmental conservation, waste management, and sustainability.

Overall, the economy of Hull is characterized by its diverse mix of industries, including the port and logistics, renewable energy, cultural and creative sectors, education, healthcare, and emerging sectors such as digital and tech industries. The city has been focusing on diversifying its economy, investing in renewable energy, promoting cultural tourism, and supporting entrepreneurship and innovation to drive economic growth and create opportunities for its residents.

Newcastle upon Tyne

774,000 £9.9bn Port Automotive

Newcastle upon Tyne, located in the northeast of England, has a rich history as a key industrial and economic centre. The city's history can be traced back to Roman times when it was an important trading and transportation hub. During the medieval period, Newcastle became a prominent centre for coal mining, with abundant coal reserves in the nearby region of Northumberland. In the 16th and 17th centuries, Newcastle emerged as a major coal port, with coal being transported via the River Tyne to fuel the growing demand for energy in Britain and beyond. The development of coal mining and shipping drove Newcastle's growth as a major industrial and economic powerhouse during the Industrial Revolution in the 18th and 19th centuries. The city's coal was used to power steam engines, fuel manufacturing processes, and support the expanding railway networks. Newcastle also had a thriving shipbuilding industry, producing vessels for global trade and transportation. The city's industrial success was further enhanced by the development of heavy engineering, manufacturing, and chemical industries. However, in the late 20th century, Newcastle, like many other industrial cities in the UK, faced economic challenges due to changes in global trade, deindustrialization, and economic restructuring. Today, Newcastle has a more diversified economy that includes sectors such as digital technology, healthcare, education, and creative industries, while its industrial heritage continues to be an important part of its identity and history.

Newcastle has also been investing in its infrastructure and urban regeneration, with significant redevelopment projects such as the Stephenson Quarter and Newcastle Helix, which aim to attract new businesses and create employment opportunities. The city has a supportive business environment, with business networks, incubators, and initiatives to support entrepreneurship and innovation. Since leaving the European Union, the Humber area has been designated as one of England's 8 free ports, more information can be found here.

Overall, Newcastle's economy is diverse, with a mix of sectors including digital and tech, cultural and creative industries, healthcare, retail, and hospitality. The city has been focusing on driving innovation, investing in infrastructure, and supporting entrepreneurship to create a dynamic and thriving economy that offers opportunities for its residents and businesses.

4. SUMMARY

As with the rest of the UK, and indeed, the rest of the world, the North of England has suffered several major shocks in recent years: the pandemic, supply chain difficulties, rising energy prices, inflation, and in the UK's case, austerity since the 2008 financial crash, and the effects of leaving the European Union on trade, migration, and business confidence. These issues have struck the North of England particularly hard because of the lower starting point they found themselves in at the turn of the century, given by the long term effects of deindustrialisation which hasn't be fully tackled over the past 40 years. Businesses in Northern England are in need of investment, financial stability, skilled labour, cheaper commodities, cheaper energy, and a break from the turmoil.

In spite of that, the North of England remains optimistic, buoyant, and developing. The lower starting point brings with it untapped potential and opportunity; a sandbox that is hungry for success, where businesses can come and leave their mark. The Levelling Up fund is bringing jobs, investment, and infrastructure to the places that need it, several industry sectors: finance, renewable energy, robotics, advanced manufacturing, and aerospace, are keeping innovation, talent, and wealth in the region. In the medium term, too, both the Conservative and Labour Parties support Levelling Up and the Net Zero pledge so we can believe these policies will remain for some time. Despite heavy disruptions to trading with the EU, normalisation is underway, with SME's assuredly learning to navigate customs and documentation, the Trade and Cooperation Agreement becoming more familiar, and upcoming initiatives like Gateway^{2}Britain will further help promote and ease the trade routes.

The population of the North is focused on some "sticky" cities like Manchester, Leeds, and Sheffield; people go there to study and work, and end up setting down roots. There is a lot of drive to make things happen, and they have the skills and ambition to make it happen. These cities are very proud of their achievements, and their heritage, formidably illustrated in Tony Walsh's poem, This is the Place.

5. DISCLAIMER

The information in this publication is provided for background information that should enable you to get a picture of the subject treated in this document. It is collected with the greatest care based on all data and documentation available at the moment of publication. Thus this publication was never intended to be the perfect and correct answer to your specific situation. Consequently it can never be considered a legal, financial or other specialized advice.
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