

NORTHERN POWERHOUSE: BUSINESS OPPORTUNITIES FOR IRISH COMPANIES

Message from the CEO



The UK is Ireland's number one export market, representing a value of €7.5 billion exports and 35% of our total exports. As long-standing trading partners, the UK is, and will remain, the largest export market for indigenous Irish companies.

As Brexit negotiations progress, without doubt, significant challenges remain for Irish companies. The slowdown in the UK economy and continued currency volatility is impacting the profitability of Irish companies and we expect 2018 to be a particularly challenging year for Irish companies.

However, while there are challenges, opportunities remain and in this regard, Enterprise Ireland has increased resources and is focused on supporting Irish companies to consolidate and grow exports to the UK market, while also supporting them to diversify their export markets across the globe.

The Northern Powerhouse, a UK Government initiative to rebalance the UK's national economy, is an example of the strong business and partnership opportunities which exist for Irish companies in the UK. Within the Northern Powerhouse framework, significant opportunities for growth have been identified in construction, life sciences digital technology and cleantech and these very much play to the strengths of a large cohort of Irish companies.

Enterprise Ireland will play a central role to support Irish companies to navigate and access these opportunities and I hugely welcome the collaboration from our UK partners on this.

A handwritten signature in black ink that reads "Julie Sinnamon". The signature is written in a cursive, flowing style.

Julie Sinnamon
Chief Executive Officer
Enterprise Ireland

Overview of Opportunities

Northern Powerhouse, a UK Government initiative to rebalance the national economy, was developed in 2014 to address the North of England region's economic disparities in comparison to other regions such as London and the South East of England.

The region covers an area of approximately 14,400 square miles, with a population of some 14.9 million at the 2011 Census. If it was a country, it would be the 10th largest economy in Europe. It exports £50 billion worth of goods and had a GVA of £317 billion in 2015, representing 19% of overall UK GVA.

The North of England is engaged in an impressive and historic transformation from its industrial past to a bright and successful future characterised by attractive and vibrant cities and globally competitive knowledge-based economic activities.

The Northern Powerhouse approach is to maximise the combined potential of the North's cities and city regions to achieve a critical mass where the whole is greater than the sum of the parts. The goal is to create a collection of northern cities – sufficiently close to each other that combined they can take on the world.

That aim is to be achieved principally by improving connectivity between city regions through substantial improvements to transport infrastructure.


Northern Powerhouse has a number of activity strands being taken forward by a wide range of bodies. The initiative has also been adopted with enthusiasm by businesses, city governments and other organisations located in the North.

Overall, the Northern Powerhouse is creating a wide range of opportunities for business both within the region and externally.

This report identifies three key pillars supported by a range of other measures, which provide a useful framework for more detailed investigation of these opportunities.

These pillars are:

 **Growing city regions experiencing substantial investment and regeneration, with new Mayoral authorities and increasing powers devolved from central Government**

 **Improved connectivity, primarily achieved through improved transport infrastructure**



New growth economic activities, utilising emerging strengths and capabilities, particularly in science and innovation and including advanced manufacturing, digital, energy, and life sciences and healthcare.

There are also a number of supporting measures which should develop as key components of Northern Powerhouse. These include improvements to skills and education, culture, and international engagement, including exporting.

There are significant opportunities arising from these developments. These include increased trade, participation in growth developments, the growth of science and innovation clusters, and participation in the overall development of Northern Powerhouse as it seeks to achieve greater overall prosperity.

Standout opportunities for Irish businesses include:

- The construction of 500,000 new homes, particularly affordable housing
- Flagship regeneration projects, including the International Advanced Manufacturing Park in the North East, the Mayoral Development Corporation at Redcar, and Sheffield's Advanced Manufacturing Innovation Centre
- The development of new life sciences and healthcare facilities
- Collaboration on scientific research and innovation projects
- The supply of engineering products and services related to renewable and nuclear energy
- Collaboration with digital start-ups through virtual clusters
- The construction of major rail and road developments
- Cultural collaboration, including joint productions and the construction of new facilities.

Realising these opportunities will require detailed and extensive business intelligence and development. The principal aim of this report is to provide a high-level guide to the Northern Powerhouse and how it could develop. Accessing individual opportunities will require targeted activities by interested businesses and their representatives, and this guide will hopefully provide a context and a framework for that activity.

CLEANTECH & RENEWABLES



The North East and Yorkshire are among the UK's leading regions with respect to renewables including **wind energy, water and power generation.**

Major interest in the region has seen **Siemens** build its offshore wind blades in Hull, and Denmark's **Ørsted** (previously Dong Energy) announcing they expect to invest **£1 billion** in local businesses in the North East by 2019 as part of its **North Sea wind projects.**

Key projects include the Able Marine Energy Park in the Humber Port, Green Port Hull and the Wind Turbine Blade Test facilities in Blyth.

LIFESCIENCES



Northern Powerhouse is home to leading **biotech clusters** in Manchester's Alderly Park with over **150 small biotech firms** located here. **Pharma manufacturing has seen huge investment** in high technology manufacturing and the region counts for **13% of EU biopharmaceutical production.**

Darlington is home to **£38 million project in Biologics** with one of Europe's largest biologic manufacturing clusters in Speke also included.

From a **medtech** perspective there are strengths in orthopaedic, wound care and surgical.

Key players: Unilever, CRODA, Nestle, Quorn, Davy Process Technology, ThermoFisher, GSK, MSD, Piramal, Aesica, Eli Lilly, Actavis, Fujifilm Diosynth Biotechnologies Medimmune and Seqirus, Smith and Nephew, Waters, Surgical Innovations, Reckitt Benckiser, JRI Orthopaedics, Swann Morton and DePuy.

DIGITAL TECHNOLOGIES



The **digital economy is booming**, and the North is currently at the forefront of this transformation. Each of the North's regions has a unique digital specialism – from **data analytics** in Leeds, to **digital media** in Manchester, to **gaming** in Sunderland – and the North's digital economy is worth **£9.9 billion** to the national economy, accounting for 5.2 per cent of the region's GVA.

Key players include the BBC, ITV, TechCulture, HS Digital, Rockstar Games, Sky's Betting, JD Sports and Shop Direct.

CONSTRUCTION



In recent years, many of the cities within the Northern Powerhouse region have experienced a **significant increase in new building and infrastructure projects.** Greater Manchester's boom across transport, energy and residential sectors has been led by the **ongoing regeneration at Manchester Airport and Salford Quays.**

A strong pipeline of key investments is supporting further development in the wider **North West** including **HS2** and **Liverpool Docks.**

Key players in the region are spread across the private and the public sector; at a local, national and international level. Leading contractors in the region include Laing O' Rourke, Vinci, Morgan Sindall, John Sisk & Son and Mace.

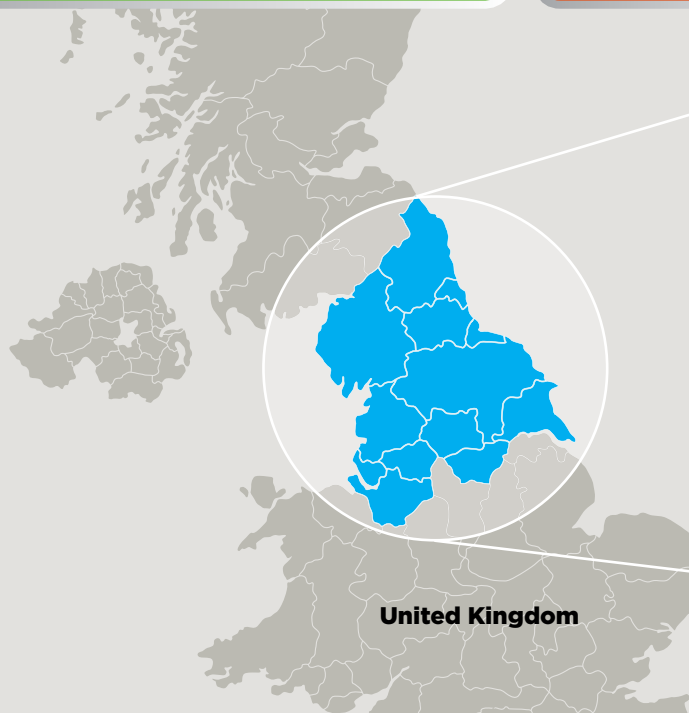
ENGINEERING & MANUFACTURING



The North of the UK remains a **key production area for high end manufacturing, automotive, off highway and Rail OEM supply chain activity across the North East and West as well as strong aerospace clusters.**

As industrial digitalisation transforms manufacturing, IOT, AR, 3D Printing and robotics will become more important with the location of the Advanced Manufacturing Research Centre at the University of Sheffield.

Current key players in the region include Airbus, Rolls Royce, Bae, Raytheon, Nissan, General Motors, VW (Bentley) and Jaguar Land Rover, Magellan Aerospace, Thyssenkrup Aerospace, Caterpillar, Hitachi, Cummins and Elddis Caravans & Motorhomes.



Regional Examples

NEWCASTLE NNE

 Gross Value Added (GVA)
£38.7bn
 GVA per Worker
£43,116
 Population
1,970,000

Key Sectors
Digital and Tech, Advanced Manufacturing & Automotive, Financial & Professional Business Services, Life Sciences and Energy

Includes
Newcastle, Gateshead, North Tyneside and South Tyneside and Sunderland

Source: North East Local Enterprise Partnership. 2016 figures

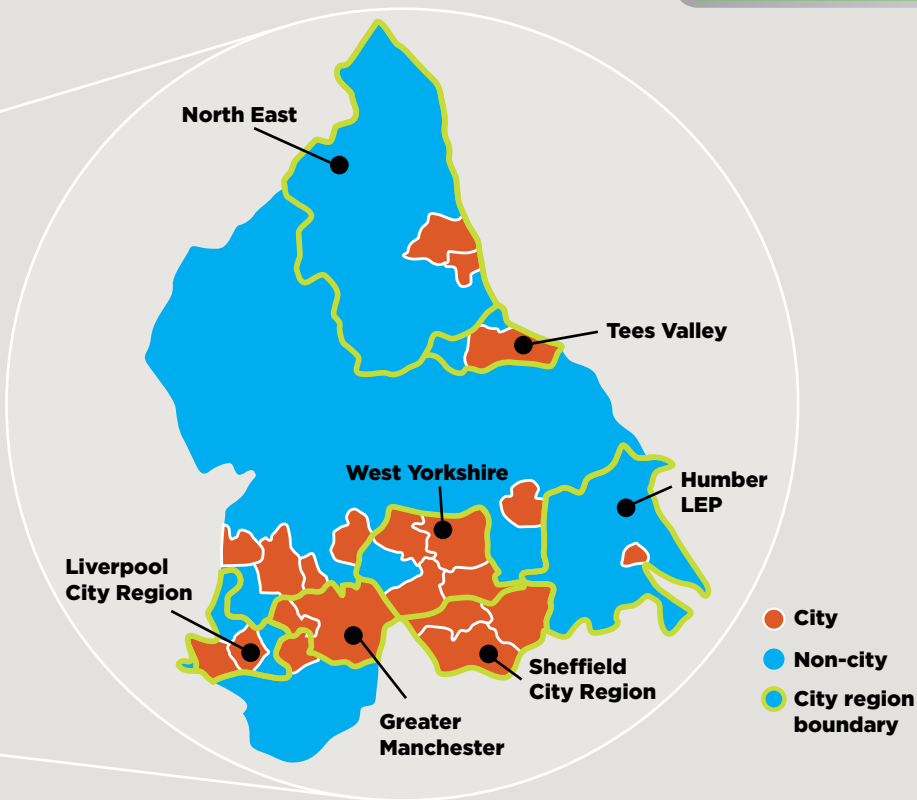
TEES VALLEY

 Gross Value Added (GVA)
£12.6bn
 GVA per Worker
£45,700
 Population
667,500

Key Sectors
Advanced Manufacturing, Creative & Digital, Lifesciences, Biomass, Process & Chemical

Includes
Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees

Source: <http://www.centreforcities.org/tees-valley/>



SHEFFIELD REGION

 Gross Value Added (GVA)
£24.3bn
 GVA per Worker
£43,700
 Population
1,374,600

Key Sectors
Advanced Manufacturing, Creative & Digital, Lifesciences, Biomass, Financial & Professional

Includes
Barnsley, Doncaster, Rotherham and Sheffield

LIVERPOOL REGION

 Gross Value Added (GVA)
£29.5bn
 GVA per Worker
£48,100
 Population
1,524,500

Key Sectors
Advanced Manufacturing, Creative & Digital, Lifesciences, Biomass, Financial & Professional

Includes
Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral

Source: <http://www.centreforcities.org/liverpool-city-region/>

GREATER MANCHESTER

 Gross Value Added (GVA)
£59.6bn
 GVA per Worker
£48,100
 Population
2,756,100

Key Sectors
Advanced Manufacturing, Creative & Digital, Lifesciences, Biomass, Financial & Professional, Education

Includes
Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan

Source: <http://www.centreforcities.org/greater-manchester/>

Pillar 1:

City Regions

The Rebirth and Future Growth of Northern cities

In many respects, Northern Powerhouse is a vision for the growth of the great cities and towns of the North. The ongoing renaissance of the North's major cities is the most visible manifestation of the initiative.

All of the core cities of the North have experienced major transformations over the past 30 years. These include Liverpool, Manchester, Newcastle upon Tyne, Sunderland, Middlesbrough, York, Leeds, Sheffield, Hull and Doncaster.

The key components of these transformations have been the physical rebuilding of areas previously characterised by large-scale dereliction; the emergence of new leisure and cultural facilities and activities; the increased prominence of universities and substantial student populations; and the growth of new economic activities, particularly of a high technology nature.

Transformational Developments

These transformational developments are ongoing and are spreading to other parts of the North's city regions. This represents a major, multi-billion euro opportunity for construction and development at least on a par with anywhere else in Europe. The opportunity encompasses major flagship developments as well as a great many smaller-scale and more diffused developments.

Major flagship developments currently ongoing include:

Energy Central - a 200-hectare deep water access development focused on offshore energy businesses in Blyth, Northumberland

International Advanced Manufacturing Park - a new location for automotive supply chain and advanced manufacturing businesses, next to the Nissan car manufacturing plant in Sunderland

Able Marine Energy Park - a 250-hectare development focused on offshore and renewable energy manufacturing at the Humber Enterprise Zone, North Lincolnshire

The Innovation District - a 800-hectare development encompassing Advanced Manufacturing Park and Sheffield Business Park in Sheffield/Rotherham

Leeds South Bank - a 185-hectare city centre location comprising multiple mixed-use developments, including the location for the HS2 station, Leeds

Manchester City Centre - a major building boom that is set to continue through several major mixed-use developments, including 40,000 homes, substantial office space, cultural and leisure facilities, continuing the transformation of Manchester to a world-class city

Knowledge Quarter - a major city centre development based on education and innovation, including healthcare facilities in Liverpool

Salford Quays and Trafford Wharfside - continuation of recent regeneration which includes Media City and facilities for the digital sector in Salford, Greater Manchester

Housing

A particular opportunity also exists in respect of housing. There has been a substantial shortfall in the number of housing units constructed in England over the past two decades. The shortfall is estimated at 2.5 million units and is growing at a rate of 100,000 each year.

While the most pressing shortage is perceived as being in London and the South East of England, there is also both need and scope in the North. The opportunity includes refurbished units throughout the city regions and potential new 'garden' towns. In addition, as regeneration has progressed, there has been a return to living in central urban locations, accompanied by leisure and other local service amenities, which will present further opportunities.

It is worth noting in relation to these opportunities that the general local authority approach in the North has been, and continues to be, pro-development.



Strategic Economic Plans

Over recent years, local areas have been developing Strategic Economic Plans (SEPs), particularly focused on developing indigenous capabilities and strengths in the knowledge economy. These have included digital businesses in Newcastle, media in Manchester, professional services in Leeds and advanced manufacturing in Sheffield and Sunderland.

Key to the development of these SEPs are the Local Enterprise Partnerships (LEPs), which bring together local business and political leaders. There are 11 LEPs in the North: Cheshire and Warrington; Cumbria; Greater Manchester; Humber; Lancashire; Leeds City Region; Liverpool City Region; North East; Sheffield City Region; Tees Valley; York; and North Yorkshire and East Riding.

Funding Supports

The development of programmes to support local projects has been funded through a number of City Deals, Growth Deals and, most recently, Devolution Deals.

City Deals commenced in 2012 and are essentially agreements drawn up between local city authorities and their LEPs on the one hand, and central Government on the other. They are based on the 'Localism' principle that local leaders are best placed to identify the needs of their areas. They include the transfer of funding and decision-making powers for specific purposes. Investments under the deals have included skills development, transport infrastructure, urban regeneration, housing, and low carbon initiatives.

Growth Deals were introduced in 2013, and are implemented by LEPs to progress their Strategic Economic Plans. Similar to City Deals, they are focused on funding for specific projects.

Devolution is now being advanced in England in a quite ambitious manner. From May 2017, additional powers, budgets and responsibilities have been devolved from central Government to new combined authorities, with 'Metro Mayors', which are intended to encompass entire city regions. Seven such deals have been agreed, four of which are in the North: Liverpool, Manchester, Tees Valley and Sheffield. A further, North of Tyne, deal has also been agreed in principle.

The Metro Mayors are directly elected, and have powers and responsibilities to make strategic decisions across city regions. The exact functions they manage vary across different combined authorities, depending on the detail of the devolution agreement reached with central Government. The majority of city regions are focusing on gaining powers over skills, housing and transport.

These Devolution Deals will be central to the design and delivery of many Government policies in Northern Powerhouse. They will boost the capacity to achieve the aims and objectives of Northern Powerhouse, and confirm that cities and city regions which can combine together where appropriate are the essential building blocks for the future.

Pillar 2: Transport



Connectivity and the Creation of a Single Economic Area

A great global city has many things. Great jobs and businesses. Fast and effective transport connections. Strong universities and hospitals, colleges and schools. It also has the entertainment, the green spaces, the housing, culture and sport that make for a good lifestyle.

North of England cities possess all of these things but are separately quite small on a global scale. The Northern Powerhouse is aimed at addressing this by combining them into a collective which is greater than the sum of its parts. That will be achieved by providing fast, reliable, frequent and sustainable transport connections between them.

This will connect the cities of the North to establish a single economic area that is able to make the most of its capabilities and strengths and to develop these further.

Transport for the North

This investment in critical transport connectivity is now taking place and growing in scale and ambition. A key early development was the creation of Transport for the North (TfN) as an organisation that brought together local government leaders and local businesses, primarily in the form of representatives of the LEPs, to facilitate the transformation of the transport system across the North. TfN will be put on a statutory footing this year and will complement existing local transport bodies and add strategic value at the trans-Northern level.

The UK Government shares the view that improving transport is critical to the Northern Powerhouse and over £13 billion in transport investment has been committed during the lifetime of the current Parliament.

The construction of the HS2 High Speed Railway from London to Birmingham and then onwards to the North is at the core of England's national rail development. HS2 Phase 2b will see the lines proceeding from the English Midlands on to Manchester and Leeds. A further £300 million has been committed to enable the incorporation of onward links to other key cities in the North.

Northern Powerhouse Rail

This further phase will also see the development of HS3, or what is now being termed Northern Powerhouse Rail. This will create new East-West links, including high-speed routes between Leeds and Manchester, and further improvements to Liverpool in the West as well as to the North East.

The development of Northern Powerhouse Rail, and its links into HS2, will in many ways be the crowning achievement of this initial phase of the Northern Powerhouse.

These developments present direct opportunities during their construction and operation. They will also bring about major investment opportunities in their immediate environs, such as the Leeds station area. They will transform the connectivity of the North with other parts of the UK, notably with London and the South East of England.

Most importantly perhaps, they will transform the connectivity between the North's key cities and towns, creating new opportunities for employment, growth, productivity, sustainability and quality of life.

Pillar 3: Sectoral Strengths



Emerging Sectoral Strengths and Capabilities

Science and innovation have been key aspects of the Northern Powerhouse vision since its inception. The North is undergoing a major shift in its economic structure. This utilises existing strengths and capabilities in the North, in many cases associated with world-class universities and teaching hospitals. They are also aligned with world-wide demand, and as such are likely to constitute major sources of growth and future prosperity.

The economy of the North is dominated by services activity, in common with elsewhere in the UK. Much of this is of a local nature, but there are also important tradeable services, including logistics, professional services, media, tourism, healthcare and education. IT and digital services are also a growing feature of many of the North's cities. Complementing these service activities are important clusters of manufacturing and productive activity, including manufacturing and chemical engineering.

Future Opportunities

The most significant future opportunities are likely to arise from new economic activities and clusters which are largely based on science and innovation. The LEPs have all identified opportunities for the future, and have included these in their Strategic Economic Plans and investment plans.

The Northern Powerhouse Independent Economic Review matched these opportunities with wider, international market and technological changes and identified four supporting Pan-Northern 'Prime' Capabilities:

- Advanced manufacturing
- Energy generation, storage and low carbon technologies
- Health innovation, including e-Health and the integration of health and social care
- Digital, including high-performance computing, data analytics, and machine learning.

Three 'Enabling' Capabilities were also identified:

- Financial and professional services to support the development of the 'Prime' capabilities, while being sources of growth in their own right
- Logistics, including ports and airports
- Education, primarily higher education, providing research capability and knowledge excellence.

Emerging Clusters

Major clusters of activity in these areas are emerging across the North, and there are very significant opportunities to become engaged in their development. These clusters are being supported by a range of measures and dedicated business investment funds, such as the new £400 million Northern Powerhouse Investment Fund. The activities within these clusters are generally of a world-class nature and are in market areas that are growing rapidly, and are in demand internationally.

Many of the developments within these clusters have been supported by national UK Government funding. This has included funding from Innovate UK Programmes and the Catapult Programme, with key elements of the latter programme located in the North, including those for offshore renewable energy, high-value manufacturing and digital.

It is now of particular importance that these areas of focus and their development are aligned with the new UK Industrial Strategy which was launched in December 2017 and is aimed at identifying the opportunities and requirements of new economic activities that can be suitable for the UK. This will deliver ongoing support, momentum and investment and further facilitate the creation of internationally successful clusters, providing growth, exports, and opportunities for the Northern Powerhouse.

References

Digital References

<https://www.ippr.org/publications/devo-digital>

Cleantech & Renewables

<https://www.siemens.co.uk/en/wind/hull.htm>

<https://assets.dongenergy.com/DONGEnergyDocuments/uk/Offshore%20Wind%20Week/REGENERIS%20DONG%20Impact%20on%20the%20Humber%20Study%20-%20FINAL.pdf>

Engineering References

<http://www.bbc.co.uk/news/uk-england-south-yorkshire-38906972>

<https://www.gov.uk/government/news/boeing-to-open-new-production-facility-in-sheffield>

Construction References

<http://www.centreforcities.org/reader/move-public-sector-jobs-london/relocation-bbc-activities-salford/2-regeneration-salford-quays/>

<https://www.manchestereveningnews.co.uk/business/business-news/manchester-city-centre-development-highest-12527535>

<https://www.my.glenigan.com/#/insight/a6A2000000Gp58EAC>

Lifesciences References

<https://www.n8research.org.uk/media/The-NPH-Life-Science-Pitch-Deck.pdf>

<https://www.armstrongceilings.com/content/dam/armstrongceilings/commercial/europe/case-studies/national-biologics-manufacturing-centre-case-study.pdf>

<https://www.pharmafield.co.uk/features/2017/06/Top-5-RD-hubs-in-the-UK>

Enterprise Ireland Supports

Helping you succeed in the UK

Enterprise Ireland assists clients entering new markets with

Pre-Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-Market Support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International Trade Events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional Supports

Introductions to specialists in all areas, including legal, recruitment, PR and taxation

Access to Mentors

Enterprise Ireland has built up an excellent network of individuals in the UK who are available to work with Irish client companies looking to develop their business. This includes market and sector specialists, business accelerators and members of Irish business associations.

Want a hot tip? Book a hot desk

Enterprise Ireland's offices at Shaftesbury House, in the heart of London, offer hot desk facilities to client companies. To book, log on to uk.bookingbug.com/home/33936-Enterprise-Ireland. It also has a range of meeting rooms, subject to availability, capable of holding between four and 18 people. Contact Enterprise Ireland to find out more.

Keen to accelerate your market entry?

For a comprehensive list of business accelerators, incubators and co-working spaces in London check out capitalenterprise.org.

Contact details

Marina Donohoe

UK and Northern European Director
Marina.donohoe@enterprise-ireland.com
+44 207 438 8701

Deirdre McPartlin

UK Manager
Deirdre.mcpartlin@enterprise-ireland.com
+44 748 408 6686

Sean Long

Senior Market Adviser
Engineering incl Aviation & Aerospace
Sean.Long@enterprise-ireland.com
+44 207 438 8726

Sheila O'Loughlin

Senior Market Adviser
Lifesciences
sheila.oloughlin@enterprise-ireland.com
+44 207 438 8721

John Hunt

Senior Market Adviser
Construction - Built Environment
John.hunt@enterprise-ireland.com
+44 207 438 8719

David Corcoran

Senior Market Adviser
BPO/Services
David.corcoran@enterprise-ireland.com
+44 207 438 8725

Darragh Cotter

Market Adviser
Cleantech
Darragh.cotter@enterprise-ireland.com
+44 207 438 8713

Padraic Geraghty

Market Adviser
Digital Technologies
Padraic.geraghty@enterprise-ireland.com
+44 207 438 8724

Anne Corr

Market Adviser
Construction
Anne.corr@enterprise-ireland.com
+44 207 438 8706



Enterprise Ireland, The Plaza,
East Point Business Park, Dublin 3
Tel (01) 727 2000 Fax (01) 727 2020
www.enterprise-ireland.com

