New Statesman

Spotlight

REGIONAL DEVELOPMENT: "LEVELLING UP" POST-COVID

Bridget Phillipson MP / Dan Jarvis MP / Judith Blake / Jamie Driscoll

A slogan that needs substance

At the end of October, more than 50 Conservative MPs, led by the former Northern Powerhouse minister Jake Berry, delivered a stinging critique of Boris Johnson's "levelling up" agenda. The letter from the newly formed Northern Research Group, called for a roadmap out of lockdown and expressed concern "that the cost of Covid" could mean "northern constituencies like ours will be left behind".

It was a far cry from the 2019 general election, when the Conservatives swept to a surprisingly resounding victory, taking seats Labour had held for decades. Of the 41 MPs named in the letter, many were from former "Red Wall" seats.

Stark divisions between Westminster and "local leaders" have become a defining feature of the pandemic. While the government talks about the need to deal with coronavirus and protect the economy, the likes of Greater Manchester's metro mayor, Andy Burnham, have been vocal about the reality of the challenge for their local areas, and what support they need from the Chancellor Rishi Sunak.

The regions need investment in transport infrastructure, skills, and education to address disparities – the UK is one of the most regionally imbalanced economies in the industrialised world. But local leaders also want the "government to back us and give us the tools we need to deliver," as Julia Goldsworthy, director of economy and strategy for West Midlands Combined Authority, says in our leaders' symposium (see pages 4-5).

But the question remains: what does levelling up actually mean? As Bridget Phillipson, shadow chief secretary to the Treasury points out (see pages 8-9), there is an opportunity now to add substance to the concept.

Given the ravages of the pandemic, and the parallel catastrophe of the climate crisis, levelling up must incorporate the UK's transformation into a sustainable, clean energy economy. And, as the final report from Lord Kerslake's UK2070 Commission made clear, it must truly empower local leaders to grow their local economies. As Goldsworthy says: "We can't afford to wait." ●

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Is the "levelling up" agenda empty rhetoric? Or is this the beginning of a genuine strategy? Leaders from across the UK have their say

Anywhere but SW1: voices from the regions

Jamie Driscoll, Metro Mayor of the North of Tyne Combined Authority

Levelling up is just a slogan. What we're talking about here is power and wealth. And very little of that sits in the North of Tyne. Government departments are all based in London. So are most corporate HQs.

That will only change when regional mayors get the powers to shape policy for their regions. That means serious fiscal devolution. Not piddling top-ups like hotel tourist taxes. I want to create wealth, not tax poverty.

Let mayors borrow at base rate. I'd create a £500m Regional Wealth Fund to close the private sector investment gap between our region and the south-east. It creates jobs and increases tax take.

When we build a new £100m metro light rail extension, the land around it shoots up in value by at least that much. Land Value Capture as a legal power would enable regions to deliver sustainable growth at pace. A Transport for London-style system creates opportunity, tackles obesity and is climate-friendly.

The government must "invest to save". Devolved, upfront funding for better schools, adult skills education, transport and housing will increase health and productivity and pay itself back manifold. Levelling up means richer, healthier people, where no one is left behind.

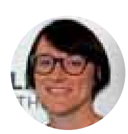
Judith Blake, Leader of Leeds City Council

There is little doubt the UK now faces some of the most ominous economic challenges in living memory. Recovering from the seismic impact of Covid-19 at a local and national level, coupled with the inevitable changes the UK's exit from the EU will bring, means a whole new era of cooperation and innovation is needed.

If we are going to meet these daunting challenges and have a chance to truly level up the country, it is imperative that Yorkshire is fully supported to maximise its vast economic potential, and is enabled to play its part in the nation's recovery and future growth.

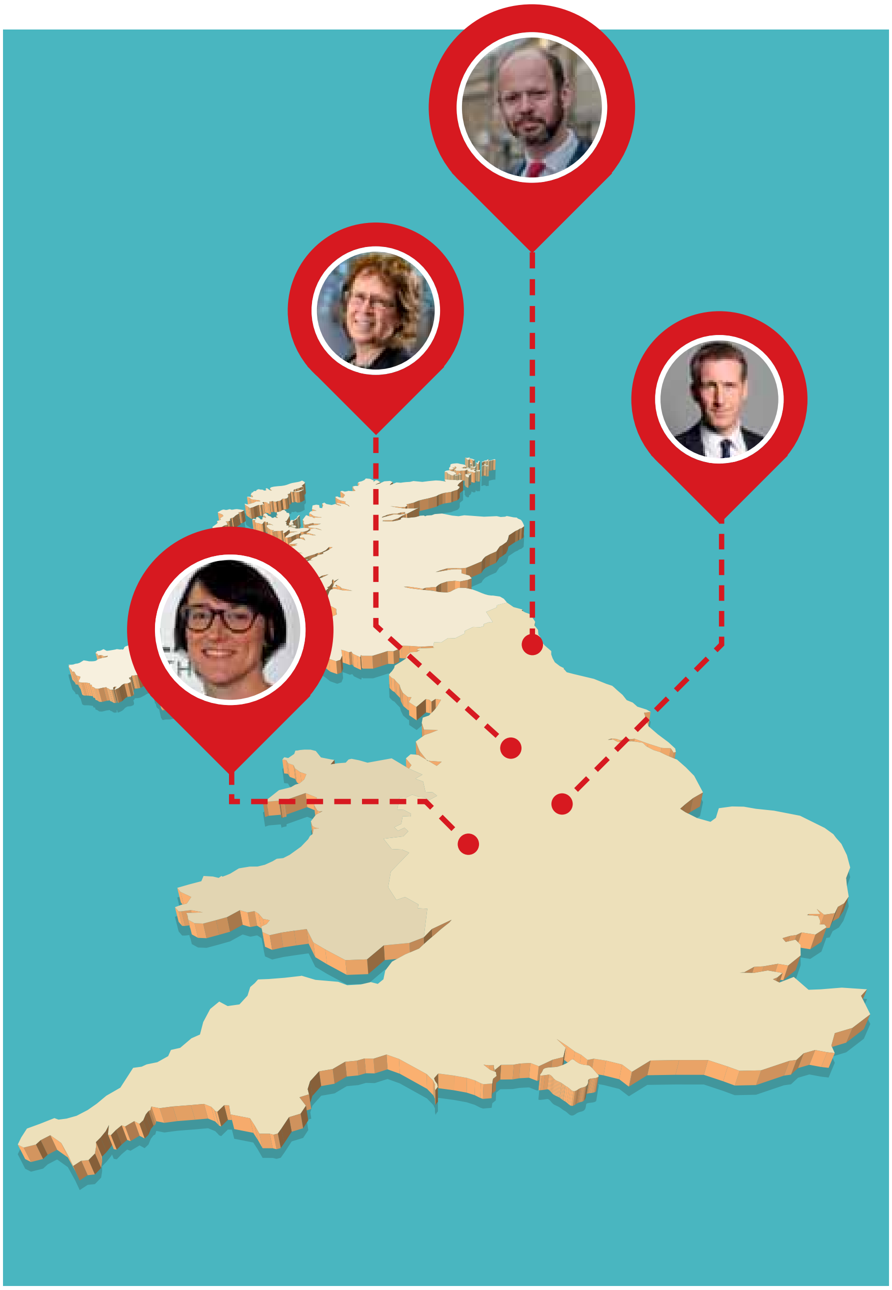
For that to happen, we need major and systemic improvements to our transport infrastructure, particularly rail, parts of which were built more than a century ago and have held northern England back for far too long.

It is also absolutely crucial the promise of more devolved powers is honoured. This would empower regions such as Yorkshire to raise living standards, improve local skills and training, and provide more support for those local businesses hit hardest by the pandemic.



Julia Goldsworthy, Director of Economy and Strategy, West Midlands Combined Authority

Securing HS2 earlier this year was a big deal for the West Midlands – even if February feels like ancient history. And



it matters that the Prime Minister chose Dudley as the location for his “Build, Build, Build” speech this summer. These infrastructure projects are more than bricks and mortar – we are already training the engineers and supporting the apprentices that will deliver them, and our businesses are tapping into new contracts and opportunities.

But levelling up is about more than capital infrastructure. While the slogan might be a recent invention, it is hardly a new concept to the West Midlands, where the formation of the Combined Authority itself was founded on the shared ambition to fulfil the region’s potential and address our biggest challenges by working together.

Never has this been more important. Covid has laid bare the stark inequalities in our region in health, wealth and opportunity. Our public services are doing an amazing job of coping with increased pressures, but to shift the dial we need investment and innovation. The importance of local leadership is now crystal clear. We need to move to a new way of working between Whitehall and the West Midlands, and we need government to back us and give us the tools we need to deliver. We can’t afford to wait.

Dan Jarvis, Member of Parliament for Barnsley Central and Mayor of the Sheffield City Region

The UK is an unequal nation. We have the greatest disparity between regions of any major developed country in the world.

The results of this inequality are felt every day and mean if you live in northern England, you are more likely to earn less, experience long-term employment and die younger. The Covid-19 pandemic threatens to make that worse.

The North has been hit disproportionately hard by this pandemic because of existing weaknesses. We have more workers in vulnerable sectors and fewer able to work remotely. Now, we’re bearing the brunt of local lockdowns. Rather than levelling up, the brutal reality is that we are on course for levelling down.

The government needs to understand that levelling up will only mean something when it is backed up with substantial investment to improve infrastructure, education and health. We cannot wait any longer, but this isn’t just about money. To be effective, a plan for levelling up should also deliver the meaningful devolution of powers and resources to every nation, region, city and town across the UK.

No one in the North has forgotten about the Prime Minister’s promise. Levelling up must be more than just a slogan. Instead of being a reason to delay, the current crisis is the most powerful argument for getting on with it.

To level up the economy, level up health

Addressing regional health imbalances should be a critical dimension of the government's levelling up agenda, says **Emma Spencelayh**, senior policy fellow at The Health Foundation

National, regional and local governments across the globe are struggling to control both the health and economic impacts of the Covid-19 pandemic. The policy choices they face are often depicted as a straight trade-off between health and the economy. The reality is not so simple. Losing a job or having education disrupted can damage people's long-term health.

People in poor health have more limited opportunities to participate socially and economically, and poor health has been estimated to cost the UK economy £100bn per year in lost productivity. As such, people's health and the economy cannot be viewed independently. Both are necessary foundations of a flourishing and prosperous society. Good health is not simply an output of a fair and thriving economy. It is a vital input into a strong and sustainable economy.

Policymakers can make conscious choices about the type of economy they promote and these choices will materially affect long-term health outcomes. In his recent speech to the Conservative Party Conference, the Prime Minister recognised the "chronic underlying problems" of the UK, highlighting issues including skills deficits, inadequate transport, a lack of homes, and people feeling ignored and left behind. All of these have implications for the nation's health and have made the UK less resilient to the threat posed by Covid-19.

The pandemic has further exposed existing inequalities in health that have their roots in longer-term trends. A Health Foundation report, *Mortality and life expectancy trends in the UK*, showed that since 2011 improvements in life expectancy in the UK have stalled, and for certain groups they have gone into reverse. *The Marmot Review 10 Years On*, published in February 2020, found that regional and socio-economic differences in health are large and growing, with major implications for the nation's wellbeing and economic potential. Men living in the most deprived 10 per cent of areas in England can expect to live 18 fewer years in good health than men living in the least deprived.

People living in the most deprived areas are also experiencing a higher risk of exposure to Covid-19, while existing poor health puts them at risk of more severe outcomes if they contract the virus. For example, ONS figures show that between March and July, those living in the most deprived areas of England were more than twice as likely to die of Covid-19 as those in the least deprived areas. Measures introduced to control the spread of the virus are also likely to exact a greater social and economic price on those who are already most disadvantaged. This in turn has long-term consequences for health and health inequalities in those areas.

Rebuilding the economy after the pandemic and pursuing the government's levelling up agenda must be about improving health as well as the economy. The Health Foundation's report, *Using economic development to improve health and reduce health*

MATT WRITTLE

inequalities, produced jointly with the RSA and Demos Helsinki, outlines how more inclusive economies can promote people's health and well-being. For example, in an inclusive economy, we would expect to see a strong focus on tackling inequality and the variation in outcomes between people and places. Citizens should be at the heart of decision-making to ensure services meet the needs of those who would most benefit from them. We would also expect to see wider measures of success that go beyond a traditional approach centred on GDP growth.

If the goal of levelling up is to reduce the inequalities between different parts of the country, there is a lot that can be done at regional level to build economies that work for everyone and enhance health. This includes:

- Promoting economic systems that work for groups at the sharp end of inequality by engaging communities and designing services to meet their needs.
- Including health and wellbeing in the measurement of economic success.
- Actively managing any technological transitions and responding effectively to economic shocks.
- Promoting standards of good work and encouraging wide labour market participation.

The report also presents case studies from the UK and around the world that offer examples of these principles working in action. For instance, we explored the case of Saarland, an old mining and steel region in south-west Germany. Compared to post-industrial regions of the UK and US, Saarland avoided much of the social trauma associated with deindustrialisation because the regional government supported a gradual transfer of workers, technology and skills to alternative sectors. A key factor in creating economic resilience to this transition was strong regional governance arrangements.

Covid-19 has highlighted structural inequalities

Another example is Scotland's Centre for Regional Inclusive Growth – a partnership between government and academia – which has produced an inclusive growth diagnostic tool. This brings together data on health outcomes (such as life expectancy at birth) with indicators of economic performance (such as the number of businesses and total exports) to help local areas identify how inclusive their economy is and the needs of particular population groups. Its aim is to support local authorities in making evidence-based policy.

There are, of course, things that national government needs to do to support regions to level up as the country tries to recover from Covid-19. The government could target growth incentives towards sectors that contribute to sustainable development and growth in high-quality jobs. Now is also the time to develop new measures of government success that go beyond a traditional approach centred on GDP growth and place health at the centre, underpinned by a cross-government strategy to tackle inequalities.

Times of economic transition offer opportunities as well as risks. We have the chance to build back better by promoting more inclusive economies. The pandemic has forced us to hold a mirror up to our society and its strengths and weaknesses, showing us levels of pervasive and entrenched inequality that cannot be ignored any longer.

Improving health for all must now be a critical dimension of the government's levelling up agenda. Failing to act now will only store up more problems for the future. It is the right thing to do, for our country's health and for our economy.

The cost of complacency

It is still not clear what the government means by "levelling up", says Bridget Phillipson, shadow chief secretary to the Treasury

Last week saw Conservative MPs in seats won from Labour in 2019 starting to break cover on the inadequacy of the government's approach to regional inequality. Tory MPs are waking up to the reality that the prime minister's repeated rhetoric about levelling up doesn't appear to be accompanied by much that resembles an actual plan, still less the capability to deliver it.

For all Johnson's semblance of change, the reality is that the Conservative Party has been in power for over a decade now. Responsibility for the state of our country rests with them.

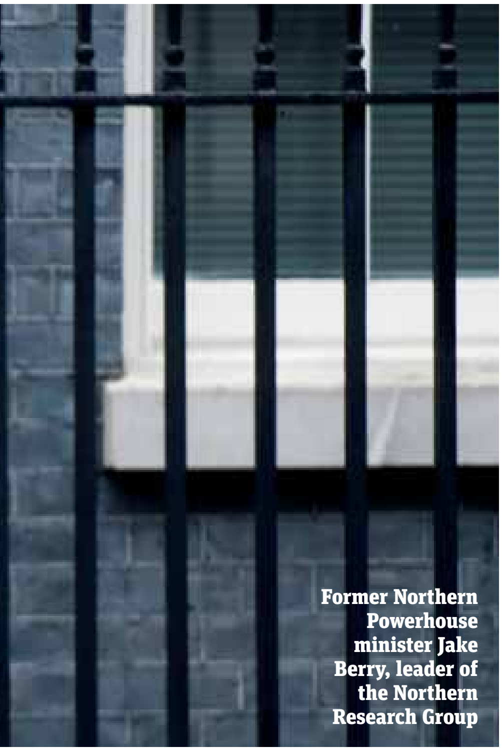
Of course, it still is not clear what the government means by "levelling up": whether it's incomes or living standards, communities or individuals, livelihoods or places. There is a simple narrative about regions of the UK which have done well out of the last 50 years, and regions which have not, but like most simple narratives it hides as much as it reveals.

For many measures, inequalities within regions are sharper than they are between regions. What's more, different areas face very different challenges in terms of jobs, skills, transport, and infrastructure.

And in Britain today, for too many people, where they live limits their opportunities and their chances to succeed. Central government must play a key role in tackling that. As recent weeks have shown, mayors and metro mayors have been powerful voices for change in their areas, but without either powers of their own or the government on their side, voices are sadly all they are.

The pandemic has made the picture more complex and at the same time more difficult. The areas hardest hit by the immediate effects of the last seven months do not map neatly on to the areas that have suffered the greatest relative decline over the last couple of generations. The need for rapid support now, and the long-term thinking and spending necessary to ensure a sustainable future for Britain's economy, demand different but connected strategies. The common thread is that, for areas across our country to survive and thrive, investment needs to be in people as well as in places.

In the months ahead, businesses in many industries face difficulties either because demand has – at least for now – dried up, or because the restrictions rightly in place to control the virus make



Former Northern Powerhouse minister Jake Berry, leader of the Northern Research Group

PETER SUMMERS/GETTY IMAGES

It is crucial to invest in infrastructure

it either impossible to operate at all or impossible to operate profitably. Instead of handing out billions of pounds in job retention bonuses to companies that don't need the money, Labour would have focused support much more carefully on the sectors that both need support now and are crucial for our country's future. Hearing the Chancellor claim that this was too difficult, or that preventing good firms going bust was "picking winners", was a powerful reminder of how far the Conservative Party has travelled from its days claiming to be the party of British business.

The coming one-year-only Spending Review will sadly tell us little about whether the government is serious about the challenges we face and the ambition that a "levelling up" agenda could include. Delaying a comprehensive spending review while the pandemic is raging is understandable, but it has undoubted downsides for our country. Local government and the devolved administrations face another round of being unable to plan investment, services, and spending for more than a year ahead. The lack of certainty about resource and capital budgets makes it impossible for them to profile investment spending in a way which best supports both rebuilding local economies and sustaining them in the difficult times ahead. What's more, it's evident the delay is a symptom of weaknesses wider than the pressures of the pandemic. It's now two-and-a-half years since the government received the National Infrastructure Assessment. The delay in publishing a full response is inexcusable and shows how little time, thought, and energy has been invested in the key challenges facing our country in the decades to come.

In the short term, as the shadow chancellor Anneliese Dodds set out in September, we need rapid action to recover jobs, retrain workers, and rebuild our economy. Attention in the last month has been on their job support schemes. But with hundreds of thousands out of work already, furlough now at an end, and the government's skills programmes not starting until April, the longer-term emphases on retraining workers and rebuilding businesses are just as important.

It's also why one of the real weaknesses of the government's approach to supporting jobs has been the lack of imagination in transforming our country, sustaining livelihoods, and planning for the long term. Labour would have integrated training into the job support scheme, as well as tying support to conditions around employment practices and environmental responsibility.

The government is grasping only half-heartedly the opportunity to marry the short term need to promote employment, with steps to accelerate the long term decarbonisation of our economy. Labour would have brought forward promised spending on improving energy efficiency for public buildings and private homes, fitting our country for a greener future.

Supporting retraining is crucial, because creating balanced and successful economies across the country is not simply about pictures of politicians in hard hats, vitally important as renewing Britain's infrastructure is. Instead it is about ensuring that, in every part of our country, our people have the skills we need as a country and the skills they need to succeed, as the economy and our society changes. We are a very long way from that. Analysis by the Centre for Cities shows that in many of our big cities and towns, including some of those captured by the Conservatives for the first time in 2019, less than half the working age adult population have A-levels or equivalent qualifications.

I grew up in north-east England in the Eighties, and one of the abiding memories of my childhood is seeing people pushed into grinding poverty when a previous Conservative government stood by as jobs vanished from whole communities overnight. With the Chancellor focused narrowly on the cost of action rather than the risks of inaction, and with unemployment climbing as we head towards Christmas, working people across our country are at risk of being the biggest losers from a new generation of Conservative complacency. ●

The key to a dynamic economy

Local policy must be informed by local people, says **Matt Legg**, media relations manager at Sellafield Ltd

Cumbria is home to England's highest mountain, deepest lake, and largest National Park. And in Copeland, it boasts the parliamentary constituency with the highest average wage outside London. In 2015, the borough was behind only the City of London and Tower Hamlets in terms of take-home pay.

But the raw numbers don't tell the full story. Copeland's nuclear heritage allows it to punch above its weight in average salary terms. It is home to around one third of the UK's nuclear workforce and hosts the industry's most complex site: Sellafield. Yet the rewards are not evenly spread. Just ten miles from Sellafield's famous skyline, Whitehaven's Woodhouse estate sits in the top 3 per cent of most deprived wards nationally.

A 2019 report by the Cumbria Community Foundation found deep disparities in educational attainment across the county and a worrying number of young adults without any qualifications at all. Multiple research studies have found west Cumbria is economically over-reliant upon Sellafield. With the number of jobs on the site forecast to fall over the coming decades it is a built-in vulnerability which needs to be addressed. Sellafield Ltd, the site's operator and Cumbria's largest employer, is a key player in the battle to confront these issues. And Copeland's former MP, Jamie Reed, is leading the effort as the company's head of corporate affairs. "We're a not-for-profit, wholly-owned subsidiary of government with an internationally important mission," he says. "Safe, secure, and cost-effective decommissioning of the Sellafield site will always be our priority. But we're empowered by an act of parliament, via our owner the Nuclear Decommissioning Authority, to ensure our mission benefits local communities."

Copeland and the neighbouring borough of Allerdale, Reed explains, are "textbook examples" of the importance of the levelling up agenda. "When I was in parliament, I described areas like west Cumbria as being characterised by 'rugby league towns'," Reed says. "These are places on the periphery of larger conurbations, built on 20th century industries, underinvested, overlooked, but with an indelible sense of pride in their community."

According to Reed, national doctrines "don't always work" as they can "remove agency" and often aren't receptive to the needs on the ground. "Our social impact programme – Social Impact Multiplied – recognises this. It is built using local expertise and evidenced need and aligned to key Sustainable Development Goals identified by the United Nations. Our investment leverages funding from other sources – often three times as much – and addresses areas in need of improvement in those identified communities."

The "Six" programme

Sellafield's "Six" programme focuses on the following objectives:

1. Resilient economies

Projects that enable inclusive growth in the capacity, diversity and capability of our local economies.

2. Thriving communities

Projects that assist our communities to thrive by supporting sustainable

IN ASSOCIATION WITH

Sellafield Ltd

GETTY IMAGES/ CHRISTOPHER FURLONG

activities that create self-reliance and independence.

3. Social value chains
Projects that create the maximum social impact through the Sellafield supply chain.

4. Sustainable incomes
Projects that improve access to sustainable incomes, beyond Sellafield Ltd, by increasing skills, knowledge and access to economic opportunity.

5. Collective impact
Projects that leverage collective impact and investment by engaging with partners from our local communities.

6. Improved performance
Success across these objectives helps to drive improved performance in the delivery of the Sellafield mission and in the value provided to the taxpayer.

Since 2017, the approach has delivered significant success for communities closest to Sellafield's operations in Cumbria and Warrington.

Campus Whitehaven
Sellafield invested £10m into a new school campus which brought together a mainstream secondary school in need of replacement with a special educational needs (SEN) school.

The WELL project
Co-created with local schools and Cumbria County Council, the "Western Excellence in Leadership & Learning" (WELL) project is a £1.7m per year investment from Sellafield Ltd designed to raise attainment in every classroom in west Cumbria.

Economic development and diversification
In working to diversify those local economies most dependent upon Sellafield, investment has been made to leverage funding for the development of economic sectors unrelated to the nuclear industry.

Helping communities cope with crisis
When the Covid-19 pandemic affected those communities closest to its operations, Sellafield worked with local recovery agencies to help provide food for the most vulnerable as well as £200,000 for the procurement of 20,000 items of PPE for the NHS.

Warrington Youth Zone
Sellafield Ltd is a founder patron of Warrington Youth Zone, an exciting, much-needed facility to be built in the centre of Warrington which will give young people right across the town a place to call their own.

UTC Warrington
UTC Warrington, opened in 2016, has helped to secure apprenticeships, employment and higher education for its students. As well as providing financial support, Sellafield Ltd employees continue to support students with work experience and mentoring.

Increasingly, more is being asked of companies by their employees and the communities in which they are based. In 2019, the Edelman Trust Barometer found 67 per cent of employees expected their company to address social issues. Edelman recommends companies should care for the communities in which they operate by being "... part of the solution on education, inequality and infrastructure".

Last summer, after more than 40 years of adhering to principles that prioritised shareholder value above everything else, the American Business Roundtable (the US equivalent of the CBI) made a dramatic change to its definition of the Purpose of a Corporation. Its new Statement on the Purpose of a Corporation was signed by leading American CEOs, including those at JP Morgan, Johnson & Johnson and the Ford Foundation, who have now committed to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. "It feels like the world is catching up," Reed says. "We're not saying we've got everything right, we are learning all the time. But what I think we have proven is that collaboration and cooperation are key."

Communities have to build their own futures, he notes, and local people must be "listened to" and "empowered". Fundamentally, Reed says, it isn't possible for any business to succeed "if everything else around it fails... Sellafield brings this into sharp focus – we need a vibrant, dynamic community and economy in order to deliver our nationally important mission for decades to come."

London attracts the bulk of the UK's foreign direct investment, exacerbating inequalities. By Sebastian Shehadi

The uneven spread of FDI

Thirty years ago, London's Isle of Dogs was just another residential part of the city. Today, its business district, Canary Wharf, is home to around 105,000 workers (pre Covid-19), many of whom are employed by foreign companies.

Canary Wharf's skyscrapers have become a symbol of London's international prowess. Based on most methodologies, the capital attracts more foreign direct investment (FDI) than any other city in the world.

London dominates domestically, too. In 2018 it received 35 per cent of all greenfield FDI – job and facility creating projects – into the country. Runner up the West Midlands took home just 8.7 per cent. "These figures show London's dominance in the UK market, partially due to the country's high levels of regional economic inequality," says Dr Sultan Salem from the University of Birmingham's department of economics.

Regional inequality in the UK has become the worst of any comparable developed country, with health, jobs, disposable income and productivity increasingly polarised, according to the latest annual report of think tank IPPR North. Business and skills are clustered in the south-east, with cheaper, lower skilled workers elsewhere.

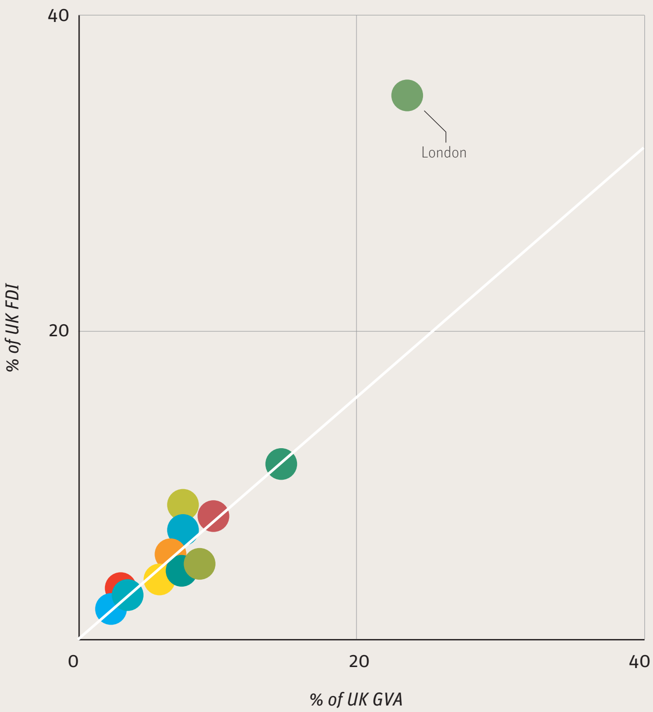
The capital received 35% of greenfield FDI in 2018

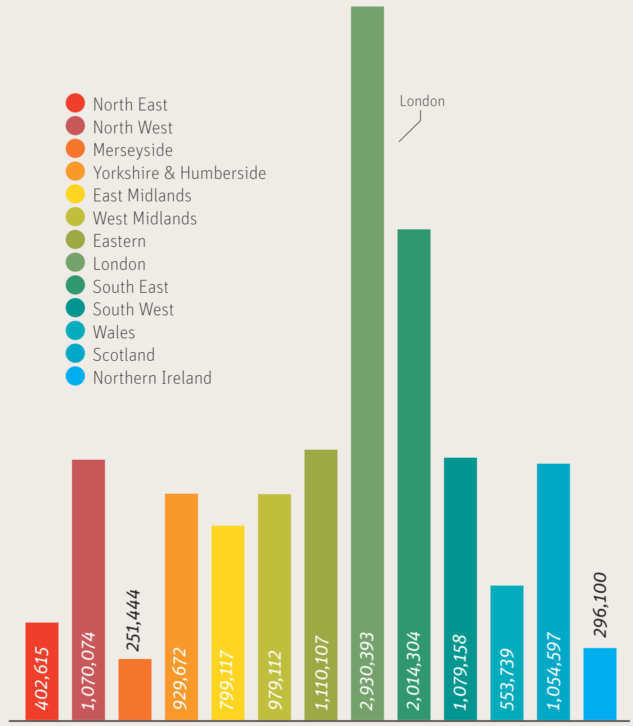
This is why Japan's Nissan keeps all of its manufacturing in Sunderland, but its designers in London and research engineering in Oxfordshire. Numerous foreign banks in Canary Wharf keep their call centres and back offices in northern England.

The UK capital is also the only region whose intake of national greenfield FDI (35 per cent in 2018) is significantly more than its contribution to the UK's gross value added (24 per cent in 2018). GVA has replaced GDP as the best measure of economic welfare in a population.

For all other parts of the UK, excluding the West Midlands and the north-east, the trend is the exact opposite. This suggests that those regions are not

London punches well above its weight for FDI:
Greenfield FDI projects vs. GVA for UK regions, 2018





Number of people with degree-level qualification or equivalent, 2018

SOURCE: DIT/ONS WITH WMGC ANALYSIS/ ONS

attracting as much foreign investment as they deserve, or that London punches above its weight – possibly both.

What is clear is that the skills challenge has hamstrung much of the UK for decades. The Covid-19 recession has made this an even more pressing problem. As the pandemic grows the digital and home-working economy, concentrated in London, there is a risk that the capital's outsized share of the pie will become even bigger, says Salem.

Covid-19 may also accelerate the decades-long issue of London draining most UK cities of their degree holders, he adds. Relative to the size of its population, the capital has the highest proportion of people with degrees.

Another issue is that London receives a lot more public sector investment in R&D than other parts of the country (excluding Oxford and Cambridge). Public sector investment moves more slowly here than private sector investment in the north of the country. A similar criticism could be made with regards to the levels of autonomy that London uniquely enjoys.

Henry Overman, an economist at the London School of Economics, highlights the risk of spreading investment too thin. "We need well-targeted investment in public transport, [city centres], education & social policy. More years of austerity won't deliver that."

London has the highest proportion of degree holders

This means boosting cities that already have some momentum, he adds. Encouraging companies – foreign or domestic – to move to parts of the UK where the skills and market do not exist would only create more low level jobs, if any at all.

Value-added foreign investment can play a key role in supporting regional development across the UK, but the government needs to help lay the groundwork first. ●

Sebastian Shehadi is a senior editor at Investment Monitor.

Why ports are vital in driving regional growth

The UK's supply chains for food, energy and medicine depend on reliable transport infrastructure, says **Julian Walker**, chief commercial officer at Associated British Ports

The global coronavirus pandemic has highlighted the critical importance of the ports and maritime sector to the UK economy. Throughout the period of disruption caused by the pandemic, key workers in ports across the country worked tirelessly to safeguard essential supply chains for food, medical supplies and critical fuels. As we look to rebuild and level up the economy in the months ahead, our ports can serve as important engines for sustainable growth in coastal communities around the country.

The UK's ports are already central to our economy, handling some 95 per cent of the nation's trade in goods. Associated British Ports (ABP) is the UK's leading ports owner and operator, with 21 ports around the UK handling a quarter of the nation's seaborne trade. ABP's ports serve as vital trading gateways that connect businesses, manufacturers and industry across the UK to global markets. In fulfilling this role our ports support 119,000 jobs and contribute £7.5bn to the UK economy every year.

Our ports sit at the heart of coastal communities with proud maritime traditions. In addition to facilitating the free flow of trade, ports are also hubs for economic activity and drivers of local and regional growth. Despite this important economic function, however, many port towns are still marked by the decline in heavy industries and manufacturing and many have become the focus of the government's levelling up agenda.

An ambitious freeports policy has the potential to enhance ports' capacity to generate economic activity that benefits the whole economy. Freeports can serve to grow UK trade and exports but they can also deliver other important goals by supporting decarbonisation and regional economic development. By reducing tariffs and duties, streamlining customs, reducing operating costs and simplifying the planning process, freeports have the potential to become magnets for inward investment in new manufacturing, without compromising high levels of labour and environmental protection. This could result in the creation of thousands of quality long-term, high-skilled jobs in communities and regions where traditional industries have faced challenges or decline.

ABP's ports on the Humber, in Southampton and in South Wales are well placed to deliver on the stated objectives of the freeports policy; establishing hubs for global trade and investment, supporting regeneration and job creation, and creating hotbeds for innovation and decarbonisation. ABP's ports are already vital enablers of growth in the hydrogen and renewable energy sectors and offer the scale, infrastructure and connectivity to become successful freeports.

ABP's ports are located on key global and European trade routes and form part of important domestic industrial clusters and logistics hubs. The Humber ports of Hull, Goole, Grimsby and Immingham collectively handle £75bn of trade for businesses across the North and the Midlands. Southampton is the UK's number one export port, handling £40bn of exports every year on behalf

ASSOCIATED BRITISH PORTS

of UK manufacturers. In South Wales, the ports of Newport and Port Talbot are critical assets in supporting the steel sector through production to the export of finished product. Freeport status can further strengthen the role of these vital trading gateways in driving trade and exports both with the European Union and the rest of the world.

Several ABP ports offer ideal sites for new port-centric manufacturing, with large areas of strategic development land close to deep water, connected by road and rail to major conurbations and distribution centres. ABP's portfolio includes 960ha of strategic development land in prime locations across the country. Ports often have a long history of supporting manufacturing, having been built and expanded to support these growing industries. These ports can now support the establishment and growth of future industries.

Ports handle 95 per cent of the UK's trade in goods

Freeports can help to accelerate the growth of renewable energy clusters and innovation hubs, helping to deliver shared objectives on environmental protection and decarbonisation. The Humber ports already constitute an important industrial cluster which is at the forefront of renewable energy, driving the continued growth of the offshore wind sector through manufacturing, assembly, installation, operations and maintenance. This role in supporting the offshore wind sector is set to become even more critical following the Prime Minister's pledge to power all UK homes from wind energy by 2030 and the ambitious targets to reach 40GW of installed capacity. The Humber ports are also key to the development of emerging green technologies, including hydrogen and carbon capture, utilisation and storage (CCUS), which are central to the Zero Carbon Humber initiative.

The development of these industrial clusters could be enhanced through collaboration with academic institutions to develop the necessary skills base. Our ports benefit from close working relationships with leading universities and higher education colleges that could provide an important link to upskilling and training services for businesses within a prospective freeport. Southampton is home to the Marine and Maritime Institute and renowned academic and research facilities, which can provide an important draw for potential investment in new technologies or processes.

The government should take concerns that freeports in other parts of the world have been used to reduce workers' rights and dilute environmental regulations seriously, and steps should be taken to ensure a bespoke UK model offers robust protections in these areas. As a port operator, ensuring the health and safety of employees is our priority and we will remain committed to safeguarding the rights of our colleagues wherever we operate. We strive to create a great place to work for all our staff as we encourage more people from diverse backgrounds to seek rewarding careers in the sector.

ABP is committed to the highest standards of marine and environmental protection and this will not change in areas that are granted freeport status. While national and international regulations will continue to apply within freeports, these zones can potentially serve as useful testbeds for simplified planning procedures that facilitate development and deliver improved environmental outcomes. Across ABP's group, 17 of our 21 ports already have renewable energy projects and we continue to develop new ways to reduce the impact of our operations and support decarbonisation in the wider supply chain. Freeports status can support this effort by improving the planning process and enabling ports to implement new renewable energy projects with far greater scale and efficiency.

The current economic challenge calls for bold policy initiatives and a focus on building back better, not a return to business as usual. Freeports offer the potential to bring real change to coastal communities and support our collective efforts to decarbonise and rebalance the economy.

Why our city centres will survive Covid

Urban spaces can adapt to cope with the pandemic, says Paul Swinney, director of policy and research at the Centre for Cities

The resurgence of our biggest cities in recent years has been symbolised by the boom of their commercial centres. The gleaming glass towers that have emerged out of the ground are signs of the renewed vim that the centres of London, Birmingham and Manchester have enjoyed since the early 1990s, with jobs, residents and visitors flocking to them once again. Covid will not see a reversal in this trend.

Tracking how people have started to use city centres again since the phased lifting of lockdown in June shows a large divergence in the ways they have bounced back. Small and medium-sized city centres – places such as Birkenhead, Bournemouth and Wigan – have seen strong recoveries. The opening of non-essential shops, pubs and restaurants saw patrons arrive back again, and by September average footfall was either equal to or above pre-lockdown levels.

The same is not the case for large city centres. The opening of amenities did not see large increases in the number of people on the streets of London, Manchester and Birmingham. Indeed, while the rise is obvious when looking at the data after lockdown restrictions were lifted in smaller city centres, there was much less change in the centres of the largest cities. They have, to a large degree, remained in lockdown.

The main reason for this is that the boon to them before March – the army of office workers they pulled in on a daily basis, who spent money in shops, cafés and bars – is now an Achilles heel. In Leeds and Birmingham, just 15 per cent of city centre workers have returned to their place of work. And in London and Manchester, that figure is around 16

OLI SCARFF/AFP/GETTY IMAGES

I do not doubt city businesses are "viable"

per cent. That is around 120,000 fewer workers coming into central Manchester (enough to fill the city's Etihad Stadium twice over), and 1.5 million in central London. That's quite a hole to fill, and is why the Prime Minister was so keen for office workers to return at the end of August, before the rise of the second wave of Covid-19 necessitated a reversal in the policy.

There have, of course, been many commentators who say that the Prime Minister was out of touch in his calls for people to return to their desks. They argue that now people have embraced working from home, they will not be in any rush to return. This is fuelled by companies such as Microsoft and Facebook telling employees they can work from home indefinitely. In this version of the world, those gleaming glass towers will become redundant, and our city centres will no longer be hubs of activity as we retreat into a digital world.

Proponents of this view should look at the history of the city, and reflect on three key points. The first is that cities have always been petri dishes of disease. Gathering people together helps us realise our key strengths, but it is also our weakness – people bring disease, and density helps disease spread. This is a threat that cities have had to deal with throughout the six millennia of their existence and, crucially, they have continually adapted too. The Romans invented aqueducts to bring fresh water into towns and cities, for example, and the Victorians invented sewers to take London's dirty water away.

Secondly, Covid-19 is not the first epidemic that people in cities, in east Asia in particular, have lived through in the last 20 years. The current pandemic follows Sars, bird flu and swine flu. These diseases have not caused the hollowing out of successful cities there.

Thirdly, the value of face-to-face interaction is likely to become more important to the UK economy in the coming decades. Research by the Centre for Cities has shown how the UK economy has been concentrated in its city centres since the late 1990s, and this greater concentration has been at the heart of the boom that a number of large city centres have experienced. This concentration has happened despite the costs of a city centre office, and despite the rise of communications technologies (Skype was first released in 2003). This shows that certain types of businesses are willing to pay a premium for face-to-face interaction.

Covid doesn't fundamentally change this. And given that it is "knowledge-based" businesses that are likely to play an ever-increasing role in the national economy in the years to come, city centres are likely to remain popular business locations, even if employees work some days each week from home. A recent Google poll of the tech giant's employees suggested that a clear majority would like to return to the office at some point – even if it's just on a part-time basis.

Where there are workers there will be demand for cafés, bars and restaurants. Our city centres will continue to be places of leisure as well as places of work. The very real policy challenge right now, though, is whether those current amenities will still be there when staff return. Many of these businesses will have been hanging on for workers to get back to their desks after a gruelling summer, and the second wave of Covid-19 may well spell the end for a number of them.

The Chancellor's change of heart about offering support to businesses by effectively extending the furlough scheme might mean that many more hang on through the winter than would have otherwise been the case.

I do not doubt that many of them are "viable", to use the Chancellor's own words, in a world where Covid-19 is successfully managed. But he has already shown that he is reluctant to offer support indefinitely. And so while the workers will return one day, whether the existing set of high street businesses are there to serve them now seems to depend on this return happening by next spring, when the recent extension of financial support comes to an end. ●

Boosting regional prosperity

Amazon employs nearly 40,000 people in the UK and is creating opportunities across the country

The government has committed to focussing on UK areas with traditionally lower economic activity and higher levels of deprivation – to boost prosperity outside of London and the south-east. There is an opportunity for businesses to play an active role through the creation of jobs, by investing in training and skills development, by supporting small businesses, and by playing a meaningful role within local communities.

Since Amazon launched in the UK over 20 years ago, we have grown from a single office in Slough to a company with nearly 40,000 employees working across the UK. Since 2010, we have invested a total of £23bn around the country. Keystone, an independent macroeconomic consultancy, estimates this has created nearly £45bn in value-added GDP.

The majority of jobs created from these investments are outside of London. This year alone, we are adding 10,000 new permanent roles and 20,000 seasonal positions across more than 50 sites in regions across the UK. We have also recently opened a corporate office in Manchester, and have long-standing research and development sites in London, Cambridge and Edinburgh where we employ highly skilled staff, such as software development engineers and data scientists.

Amazon provides some of the most advanced workplaces of their kind in the world, with industry-leading pay, processes and systems to ensure the well-being and safety of all employees. Pay starts at a minimum of £10.80 p/h in the London area and £9.70 p/h in other parts of the UK for all full-time, part-time, temporary and seasonal roles in our fulfilment centres, sort centres and delivery stations. Permanent staff are offered life assurance, income protection, a company pension plan, and other benefits. Amazon has launched a pilot programme, offering free, regular Covid-19 testing to UK employees. This testing complements the extensive safety measures already in place to protect our people.

We also offer employees an innovative programme called Career Choice, which pre-pays 95 per cent of tuition for courses in high-demand fields, up to £8,000 over four years, regardless of whether the skills are relevant to a career at Amazon. In addition, Amazon has recruited more than 700 apprentices during 2020, helping young people begin their careers in fields ranging from automation engineering and IT to digital marketing and fashion buyers, with pay of up to £30,000 a year for degree-level apprenticeships.

It is often said that small businesses are the lifeblood of the economy. We provide support and opportunities for tens of thousands of UK-based small and medium-sized enterprises that sell their products on Amazon. More than 60 per cent of them export to customers all over the world through our stores, achieving total export sales of more than £2.75bn in 2019 alone. Many of these businesses are located in areas such as the North of England and the Midlands, and have supported the creation of more than 85,000 job opportunities.

Jem Skelding, CEO of Naissance, started his ethical skincare and cosmetic ingredients business from his spare bedroom in Neath, Wales. Jem's company exports products to over 90 countries with packaging in five languages, and turns over in excess of £10m. Naissance was voted Amazon's Exporting Small Business of the Year. "Thanks to our growth, we have been able to create many new jobs within our

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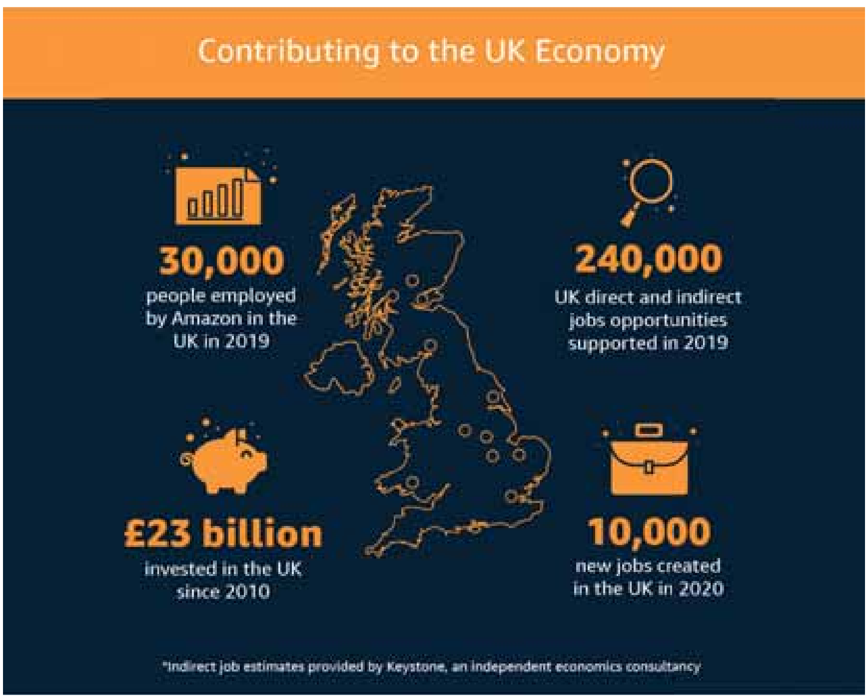
Jem Skelding, CEO of Naissance, has grown his business on Amazon



Amazon is committed to upskilling its staff

local community as we now employ more than 100 people," says Jem.

In June, to help small businesses like Naissance, we launched the Amazon Small Business Accelerator in partnership with small business support network Enterprise Nation. The Accelerator will help 200,000 small businesses and 1,000 offline businesses get online. Businesses can access free online learning, training and support, and join an intensive week-long bootcamp.

We launched our first local Accelerator in the Midlands in collaboration with the West Midlands Combined Authority. We expanded the programme in response to new research by Enterprise Nation revealing that 77 per cent of small businesses across the West Midlands wanted to increase their digital skills as a result of the impact of the pandemic and economic lockdown.

As lockdown restrictions eased this summer, we worked with the British Chambers of Commerce to offer up to 1,000 businesses tours of our fulfilment centres. This helped them to learn about the Covid-19 safety measures we put in place within our own operations, enabling them to re-open their own physical premises safely.

There are many opportunities for businesses and policymakers to work together at a local and national level to encourage regional investment and to support communities. This means actively developing regional growth priorities, workforce skills and the wider regional development agenda, as well as providing support and creating opportunities in communities that need them the most.

During these unprecedented times, we continue to use our logistics network and expertise in service of communities across the UK, including supporting the NHS to deliver over three million Covid-19 testing kits free of charge to homes across the UK, and distributing more than one million healthy breakfasts to disadvantaged children across the UK in partnership with charity Magic Breakfast.

Our commitment to the UK's regions is demonstrated by our continued investment in jobs, skills and communities over the last decade. The whole of the UK is full of opportunity and we are excited by the potential to continue to invest, invent, and create jobs in communities up and down the country. ●

To find out more about Amazon's work in the UK, visit: blog.aboutamazon.co.uk

Supporters of a 25-year plan to plant a Northern Forest think it will bring jobs, as well as protect the environment.
By Samir Jeraj

How trees can help rebalance the economy

In 1941 Piotr Sieminski, an escaped Polish prisoner of war, arrived at Liverpool Docks. In England, Sieminski, who would later change his name to Peter Skye, trained as a tank commander. After the war, he worked in a textile mill in Huddersfield.

Skye always remembered his home in Poland, a village with a forest nearby. When he retired, he donated money to plant two acres of trees at Scammonden Reservoir, close to the place he had made his home, on a landscape scarred by intensive farm use and pollution from the mills.

Today, those two acres are part of the UK's most ambitious forestry project: the creation of a Northern Forest between Liverpool and Hull. Its supporters believe it will create jobs, generate tourism and improve the environment.

Creating the Northern Forest will take an estimated 25 years and cost some £500m. The plan is to plant 50 million trees, hopefully generating £2.5bn in social and environmental benefits. The Woodland Trust calculated in 2017 that every hectare of woodland produces around £3,000 of direct economic benefits per year, from tourism and wood products such as timber. On top of these direct benefits are lower costs for the NHS, climate change mitigation, and reduced flood risk. At the end of last year, it was predicted flooding in northern England led to an estimated £120m in insurance losses.

"We need to think beyond physical infrastructure and see nature as a big part of the levelling up and devolution agenda", says Luke Murphy, head of the environmental justice commission at IPPR, a think tank. While some local leaders have embraced this vision, he says, others are yet to seize the opportunities provided by investment in nature.

The road to Scammonden Reservoir winds through the Colne Valley, which will also be part of the Northern Forest. The view is littered with large mill buildings, and on the outskirts of Huddersfield are rows of stone terraced houses. Guy Thompson, who has been working in community forestry for 30 years, explains that a local group called the Colne Valley Tree Society began planting trees across the valley in 1964 to restore the local environment. Since then, they have planted hundreds of thousands.

Supported by Yorkshire Water, which owns most of the land, a large part of the reservoir has been planted in phases over 20 years as part of a partnership called the White Rose Forest. As the trees grew, so came the walkers. "People didn't come here before," Thompson says.

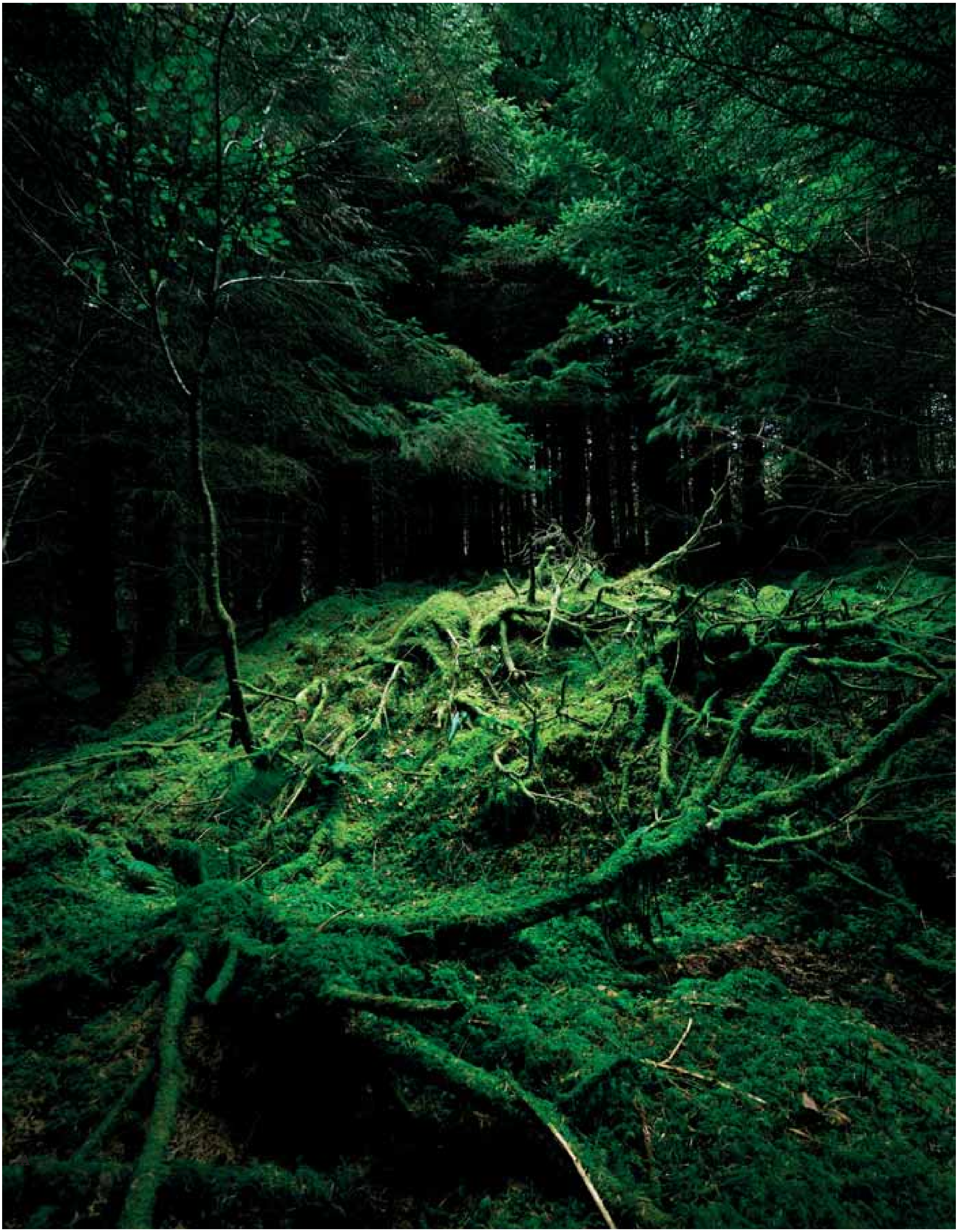
The National Forest, a forestry scheme started in the Midlands in 1995, has "delivered £140m of net public benefit", the Woodland Trust said in a 2017 report. It also generated 333 jobs in forestry, farming and woodland businesses. The Northern Forest aims to be more than five times larger than this.

John Healey of Bangor University believes the most significant economic impact of new forests could be in transforming construction, by providing timber to be used instead of carbon-intensive materials such as concrete and brick. This would reduce the need to import wood.

"If we actually start to be clever in the engineering uses of timber... then this will make a major contribution to increasing the environmental efficiency of house building", he says.

At the moment, 10 percent of England is forest. The area where the Northern Forest is planned represents less than 8 per cent. In France and Germany, around a third of land is covered in forest. This has yielded economic benefits. In 2018, forestry in the UK employed 32,000 people and generated around £2.5bn for the economy, according to the Forestry Commission. In Germany, by contrast, it employs 1.3 million people and brings in 170bn euros.

Still, covering 12 percent of England in



ALEX STEMMER/SHUTTERSTOCK

Flooding this year in East Cowick, northern England

forest is a "very ambitious target", says Gabriel Hemery of the Sylva Foundation. He points out that the UK lags behind in tree planting, with 13,400 hectares a year planted out of the target of 20,000 set by the Climate Change Committee. Hemery's organisation published a report in October that highlighted bureaucracy and a lack of funding as the barriers to creating more forests.

The Woodland Trust is working with community forestry projects in Manchester, Liverpool, Hull and Leeds. It is also providing funding for tree-planting by farmers and public and private landowners. Any landowner who participates in the schemes has to register the project with one of these community forests, so they can offer support with design, funding and delivery, and work with partners.

Planting trees also raises the value of nearby property by around 4 to 6 percent, as an area becomes more desirable to live, work and invest in. Businesses near green space have happier and healthier workers, according to proponents of the project. Across the area of the Northern Forest, the plan is to build 650,000 homes over 20 years. Planting trees will increase the value of each home by an estimated £5,000, will mitigate the impact of flooding and provide the environment to attract developers, residents and businesses.

But this sounds like the old economics of house-price-led growth and consumption. As a Natural England report said in 2014, rising property prices transfer wealth from buyers to sellers and lead to poorer people being "priced out".

Murphy points out that this is a challenge with any investment in infrastructure. Wider housing market reform is needed to address those problems, he argues.

"Nature should be at the heart of the recovery in the north of England," he says. IPPR North has highlighted the jobs created by planting trees and restoring peatland. Their research found that, across the UK, 46,000 jobs could be created from investment in nature over the next ten years, with the nature-rich North likely to benefit the most.

Similarly, deprived areas are most likely to benefit from the reduced flood risk, improved air quality and access to nature from a restored woodland. "These things won't happen automatically," he says, "we need to make sure fairness is at the heart of the agenda."

Murphy and IPPR North have pointed out that the Northern Forest, while welcome, will only make a dent in forest coverage, raising it just below 1 percent in the area. They are advocating for a more ambitious programme of half a billion trees in the UK to meet climate targets. They also want to see a longer-term plan to manage and protect new woodlands, ensuring the benefits are maintained. "It's not just about planting and moving on", Murphy says.

"Nature should be at the heart of the recovery in the North"

Communities are already seeing benefits from the Northern Forest. Miles away from Scammonden, on the edge of Greater Manchester, a working-class area is part of the same Northern Forest. The land by the Hillock Estate, now called Boz Park, was gifted to the community by a farmer in memory of his son Colin Boz Tracey. However, the local council had never been able to make the most of its potential as a park or green space.

"Nobody knew about it, other than the people around it," says councillor Andrea Simpson. Recent budget cuts contributed to a feeling of neglect. The area was regularly vandalised, and the nearby main road meant it was vulnerable to fly-tipping.

The City of Trees initiative, a local organisation that is part of the Northern Forest programme, worked with councillors to start planting a community forest. This is part of the 537,000 trees they have already planted across the Greater Manchester area. "It's an amazing resource," says Kevin Wigley, operations manager at City of Trees, who grew up just five minutes away.

During lockdown, locals made good use of Boz Park. The space was used for nature scavenger hunts and to give out books and activities for children. "People who weren't walking have started walking", says Simpson.

The Northern Forest is many different things to many people, leveraging investment to create jobs, while improving the quality of life for communities that have been at the sharp end of economic change and austerity. The challenge will be growing that ambition to make nature a larger part of an equitable economy. ●

OLI SCARFF/AFP/GETTY IMAGES

Embracing Industry 4.0 in the North

Partnerships between industry and academia are key to a competitive UK economy, says **Glyn Jones**, service delivery director at BAE Systems Air and chair of the Made Smarter North West Digital Technology Pilot

As I write, politicians, community leaders, people delivering education, and those managing businesses of all sizes, are trying to find the best way through the unprecedented challenges being brought on by the pandemic. Covid-19 has brought into sharp focus the need for new ways of doing things that ensure our nation remains competitive in the future.

Here, I believe, the defence, aerospace and security industry within which I have spent my career has an obvious role to play as a driver of economic recovery, growth, skill development and technology adoption. The sector employs more than 130,000 people and supports around 5,000 apprentices up and down the country and in the north of England alone, BAE Systems employs 21,000 people across 12 sites developing fast jet aircraft and their maintenance, munitions, submarines and providing cyber security to our customers at home and abroad

Our company provides highly skilled employment on long-term programmes such as Dreadnought nuclear submarines in Barrow-in-Furness and the planned Tempest future combat air system in Lancashire. On Tempest, BAE Systems will be directly employing 2,500 people by next year and between 2026 and 2050 we forecast the programme will be supporting circa 20,000 jobs every year, and contributing at least £25.3bn to the UK economy in the first 30 years.

At BAE Systems we are utilising Industry 4.0 solutions to create the smart factories of the future, exploiting the latest AI and digital technologies and expertise to drive down costs and improve efficiencies in manufacturing. We are working with organisations such as the Advanced Manufacturing Research Centre based at the University of Sheffield which is establishing a new centre in Lancashire to work with manufacturing companies and their supply chains to drive growth, innovation and productivity. Our teams are also setting up a test bed for 5G technology inside that facility which links to our own Factory of the Future, based just 20 miles down the road at our site in Warton, Lancashire where we are linking together manufacturing technologies into a true Internet of Things. And through our work with the Made Smarter North West Digital Technology Pilot, of which I am chair, we are supporting more than 130 businesses from a wide range of sectors in embracing digital technologies.

For example, I have met a food firm which is bringing in sensor and software control technology to its production line making vegan and free-from chocolate bars. I also met a manufacturer of agricultural equipment now using robotic welding techniques. Both have been supported by Made Smarter's £3m grant programme.

Adopting Industry 4.0 technologies such as automation, data analytics and artificial intelligence is central to the future of the North's manufacturing sector. I believe embracing them and upskilling will help the UK compete and be better placed to counter the challenges we face.

How tech is transforming the manufacturing sector

Donna Edwards, director for the Made Smarter North West Pilot, on the programme's early success

It has been almost two years since I stood shoulder to shoulder with Juergen Maier, chair of Digital Catapult and co-chair of Made Smarter, to launch the Made Smarter north west adoption pilot. This £20m industry-led, government-backed programme has been supported by 200 manufacturers including BAE Systems, Rolls-Royce, Jaguar Landrover and Siemens.

Designed to embed digital tools and technology in SME manufacturers across the north west, our goal to engage with thousands of businesses in Cheshire, Cumbria, Lancashire, Greater Manchester and Merseyside, to boost growth, productivity, efficiency and create high-value, well-paid jobs of the future, and to play a vital role in accomplishing the UK's aim of reaching net-zero greenhouse gases by 2050, was ambitious, and remains so.

To date, the programme has supported nearly 500 SMEs with specialised advice and £3m of funding. This support includes: technical impartial advice from industry experts; digital transformation workshops to help manufacturers take their first steps to identify practical solutions to overcome business challenges; a leadership programme developed in partnership with Lancaster University; and digital technology interns, fully funded student and graduate placements to help businesses to implement technology projects.

Over 100 of the businesses have also secured matched funding, which is forecast to deliver an additional £113m in gross value added (GVA) for the north west economy over the next three years.

Businesses working with Made Smarter are solving their challenges across a range of manufacturing functions, through the adoption of a range of industrial digital technologies, including data analytics, artificial intelligence (AI), augmented reality (AR), industrial internet of things (IIoT), additive manufacturing and robotics. By adopting these cutting-edge technologies, these businesses are also enhancing integration with supply chains, opening new markets and products, and reducing their environmental impact.

Parity Medical, a manufacturer of mobile wireless computer carts and specialist clinical computing devices for the NHS and private healthcare sector, used our support to invest in a software package which will enable it to sell to

AI and automation have boosted productivity

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customers via a virtual showroom. The innovative solution integrates with the Wirral company's administrative, sales and production systems and will reduce travel time and costs, significantly accelerate the sales process, and cut its carbon emissions by 11 per cent.

CCS Contactless Check Solutions (CCS), a fire door manufacturer based in Maryport, has developed an industry-first solution to make safety inspections faster and more accurate, in the wake of the Grenfell Tower tragedy. Made Smarter support accelerated the innovation, which uses RFID pins, an app and cloud technology, and could transform the fire safety industry.

Plastic Card Services (PCS), a manufacturer in Macclesfield, used Made Smarter support to invest in game-changing digital printing technology which resulted in the business winning a £1.5m identity card contract, increasing turnover by 8 per cent, and opening an entirely new market.

The coronavirus pandemic had a huge impact on manufacturing and poses widespread repercussions for the economy. Made Smarter's manufacturers reacted to the different circumstances they found their businesses facing with resilience and innovation. Some used emerging technologies to navigate the impact, switching production to make medical scrubs, ventilator parts and PPE to help the frontline fight against the disease. Others harnessed new capabilities to ramp up production to meet increasing demand and continue operating while staff self-isolate to prevent the spread of Covid-19.

Nutree Life, manufacturers of plant-based nutrition products based in Preston, had just completed the first phase of a project with Made Smarter to boost its capacity using automation technology shortly before the lockdown began. When it experienced a substantial surge in orders it was able to cope with the extra demand. The benefits it experienced have prompted the business to fast-track the second stage of its digital transformation.

Storth, a manufacturer of agricultural machinery for slurry management in Cumbria, worked with Made Smarter to introduce a robotic welding system into its production line to reduce delivery times and maintain quality. The technology also allowed the business to continue operating when welding staff were self-isolating.

Digital technologies have allowed other manufacturers the option of running operations virtually, remotely or with minimised human intervention. These tools have helped to not just maintain production and processes during the instability, but also increased the chance of businesses weathering any unexpected circumstances as they occur.

These stories show just how important emerging technologies are to the future of manufacturing. But while our daily conversations with makers find great enthusiasm about the benefits of adopting new technologies, it is tempered by uncertainty of how to go about it. The Made Smarter team is as determined as ever to support even more businesses and encourage them to take advantage of what I truly believe is a once-in-a-generation chance to boost their growth and create the high-value jobs of the future. My hope is that our success in the north west becomes a blueprint that is rolled out across the country, helping every region to accelerate digital transformation.

For more information, please visit: www.madesmarter.uk

MADE SMARTER

How ARU Peterborough plans to grow the local knowledge economy. By Rohan Banerjee

Can a university change a city's fortune?

The UK's some 140 universities are engines of employment and research. Universities UK, this country's higher education trade body, estimated that in 2011/12 they generated more than £73bn a year in output for the overall economy, contributing nearly 3 per cent of GDP in that period.

In January, at the opening of Durham University's new Teaching and Learning Centre, the then science minister Chris Skidmore spoke effusively about how higher education can catalyse regional growth in "every corner" of the UK. The idea of "north versus south" must become a thing of the past, he said. Skidmore said universities are essential to the government's levelling up agenda, as he outlined its commitment to doubling investment in the UK's research and development (R&D) funding to £18bn by 2024-25.

Universities provide employees across various industries, create their own jobs, and help sustain local businesses. According to Universities UK, for every 100 full-time jobs within universities themselves, on average another 117 full-time equivalent jobs are created through knock-on effects.

Universities are not only essential in training the next generation of workers, says David Sweeney, executive chair of Research England, but also as "centres of innovation" and "valuable partners" to private businesses looking to increase their productivity. In his speech in January, Skidmore also made reference to "knowledge networks" that could encourage experts and business leaders to "flock" to areas with a particular talent pool or expertise.

So, can a new university in Peterborough – which a recent Centre for Cities study declared was the fifth-most "at-risk" UK city from the economic impact of the coronavirus pandemic – help revitalise the local economy?

Initially run as an extension of Anglia Ruskin University, which has multiple campuses across the south-east, ARU Peterborough is due to open in the autumn of 2022. ARU Peterborough will be built mainly on the city's North Embankment by the River Nene. It aims to gain degree-awarding powers in its own right by 2030, but its focus will be on practical skills and training.

The project, which is expected to cost around £30m, is a joint venture between the city council, Anglia Ruskin University, and the Cambridgeshire and Peterborough Combined Authority (CPCA), which was formed in 2017.

ARU Peterborough will launch with four faculties, covering business and entrepreneurship, creative and digital arts, agriculture and environment studies, and healthcare education. The courses, designed in collaboration with local employers, are a mix of traditional classroom teaching, remote and practical learning. Many will involve work placements or internships.

The Conservative mayor of CPCA, James Palmer, first raised the idea of a university when he was elected in 2017. Shortly after the CPCA was established, an independent economic review identified the north of the region as having greater rates of social deprivation and child poverty, as well as poorer rates of social mobility.

While nearby Cambridge and Norwich have established universities – the University of Cambridge and the University of East Anglia respectively – Palmer told *Spotlight* in an email that Peterborough was a comparative "cold spot" for higher education, and risked being "left behind" without serious investment and direction.

Palmer says that addressing "education deprivation" – Peterborough is in the bottom 10 per cent of all UK cities in terms of its number of qualified adults – was one of the principal reasons for the ARU Peterborough project. According to the Centre for Cities study, Peterborough's economy is at risk because of its "low-tech industrial base".

Although the city has relatively high

An artist's sketch of the planned ARU Peterborough campus, which will be based on the city's North Embankment

ARU PETERBOROUGH

employment levels, its skills growth has not kept pace. Local businesses, the study suggested, are struggling to hire the staff they need for more senior positions. Meanwhile, new companies that could offer high-value jobs are being discouraged from investing in the area.

Palmer says the goal is to create an "ecosystem" to generate high-skilled workers in the city in order to become more economically competitive. The focus is on degree-level apprenticeships, rather than R&D.

Covid-19 underscores the importance of ARU Peterborough, rather than offering a reason to delay it or scale it back, he says. The need for better growth in Peterborough has "only become more pressing" because of the pandemic.

But ARU Peterborough should not be understood as a new university in the traditional sense, notes Professor Roderick Watkins, the vice-chancellor of Anglia Ruskin University. Rather than becoming a "destination campus" for students from across the UK, ARU Peterborough's priority is to attract and train local students, he says.

Watkins is hopeful that by 2022 "things will be different" in terms of the impact that Covid-19 is having on higher education. But ARU Peterborough will make sure that learning remains flexible.

"Obviously, we have to take social distancing into account. We will have a mix of online and classroom learning. We will retain the option of having online-only courses for some students," says Watkins. The university is projected to have around 2,000 students in its first cohort in 2022. Applications are due to open in August 2021.

Anglia Ruskin University is already an established provider of degree-level apprenticeships. Watkins says ARU Peterborough will look to offer "full, three-year programmes with work placements", as well as shorter "bite-size" and "outreach" qualifications, including training in management or digital skills.

Tuition fees at ARU Peterborough will vary. Most courses can be covered using the apprenticeship levy – a 0.5 per cent tax on UK employers with an annual wage bill exceeding £3m.

"Importantly," Watkins says, "degree apprentices won't have to take out a student loan [at least for their tuition fees]." Exact pricing is yet to be agreed on different courses, but the full three-year programmes will "definitely be lower" than the current £9,250 a year that most universities charge for degrees. Watkins says that ARU Peterborough wants to be viewed as a viable option for people from "every kind" of socio-economic background.

Post-pandemic, with fewer people able or willing to commute for work, and a growing emphasis on a more equitable economy, a new city hub for training and education should be a positive step. As Sweeney says, the impact of universities can be felt "locally, nationally and internationally".

The UK government has praised the successes of freeports such as Singapore

The freeport debate

The government is championing free economic zones, but experts are sceptical. By Sebastian Shehadi

Addressing the nation in 1931, the leader of the Liberal Party and former prime minister, David Lloyd George, said: "No human system is perfect, but the system of freeports with all its faults has built up for us the greatest international trade in the world." Lloyd George was making an impassioned speech in defence of free trade, set against an eerily familiar backdrop of rising right-wing populism and protectionism across Europe.

Today, the Conservative government is championing freeports, too. They are a key part of Boris Johnson's much-trumpeted "levelling up" agenda.

Like Lloyd George, the government claims to be fighting for free trade, though today's campaign is driven by proponents of Brexit. Chief among these has been the Chancellor Rishi Sunak. His 2016 report, *The Freeports Opportunity: How Brexit Could Boost Trade, Manufacturing and the North*, criticised EU law for holding back the potential of British ports.

The UK government's vague use of the term "freeport" refers to special economic zones, also known as "free zones". These are designated areas within a country (inland or coastal) that benefit from special business perks, such as reduced tariffs, taxes and regulation.

The exact composition of the proposed freeports remains unclear. However, the latest government consultation – undertaken in October – says their mission is to "turbo-charge post-Brexit trade [and] create jobs, drive investment and regenerate communities".

There are several thousand free zones around the world, the vast majority of which are in emerging markets. The Conservative government has praised the successes of freeports Singapore and Hong Kong.

"Freeports make sense for those locations, but not for the UK," says Peter Holmes from the UK Trade Policy Observatory.

Unlike Hong Kong, the UK is not a port city located in a country where tariff rates are high.

Free zones have been deployed with greatest success in less developed countries where, outside them, companies are hindered by a combination of heavy custom duties, red tape, poor infrastructure or legal instability. "Traditional free zones solve problems in the developing world that basically don't exist in Britain," explains Meredith Crowley, an international trade economist at the University of Cambridge.

One of the main objectives of the UK's freeports, as per the latest report from the government, is to simplify customs procedures and duty suspensions on goods."But the UK already has very low tariffs and streamlined regulations, so there's almost nothing to be gained by giving tariff exemptions," says Holmes.

This traditional use of free zones – focused on tariff reductions – is aimed at manufacturing and logistics companies, a limited pool of economic activity. In his 2016 report, Sunak praised free zones of this kind in the United States, citing the tens of thousands of jobs they have ostensibly created.

"However, the UK doesn't have high tariffs on intermediate goods, the kind of materials you use to process stuff into a finished car, for example. The US does, and therefore benefits more from these free zones," explains Alex Stojanovic, a researcher at the Institute for Government.

The US context is very different. "The comparison is complete nonsense," says Holmes. "If we apply the American model to the UK, the only real sector that would benefit is dog food, literally." Crowley is equally scathing: "The American zones are basically a tax relief program for larger US firms who know about, or can afford, the legal costs of becoming part of a free zone.

"It's not that many jobs were being created by the existence of the free zones. Companies just realised they could move their factory – and thousands of workers – into a zone, on

"The only sector that would benefit is dog food"

paper. Then, the US just draws a line around them," she adds.

There is also the fact that the vast majority of business activity in US free zones goes towards production and warehousing, according to Sunak's 2016 report.

"The UK regions outside of London need free zones that attract value-added companies, not more low-skilled assembly-type jobs. R&D centres and professional services don't import parts and components, so they don't care about tariff removals," says Holmes.

Although tariff reductions are part of the UK's freeport strategy, the government is also taking a broader approach akin to the enterprise zones of the 1980s and the George Osborne era. In essence, these are free zones that focus on decreasing tax, not tariffs.

"Enterprise zones of the past didn't really create many jobs, but displaced companies who just shifted their economic activity to new locations to get tax benefits," says Stojanovic.

The only unequivocally successful enterprise zone has been the Royal Docks, which created Canary Wharf.

However, the only reason it was able to generate high-skilled jobs was due to its location in London, a high-skill catchment area that benefits from numerous public transport links.

Freeport tax incentives will not move jobs from London to Sunderland, but from regional capitals like Newcastle to Sunderland, contends Holmes. Research from the Centre of Cities shows the importance of supporting these regional capitals, and the risks posed by spreading government investments – such as free zones – to areas of the UK that lack a sufficient base line of skills and infrastructure.

Can freeports help deprived parts of the UK attract high skilled jobs?

"Depressed regions of the economy need more than a few tariff and tax cuts. There's a much deeper problem: a lack of skills and infrastructure," says Crowley. "Freeports are not needed to boost infrastructure, housing and education spending, or experiment with regulation such as much-needed improvements to planning permissions," she adds. To "streamline" planning processes is one of the freeports' key missions.

Reducing regulation just in free zones could also have negative environmental consequences. "There's a risk of freeports becoming Wild West zones, not least as offshore havens for corrupt elites to stash artworks and launder money," says Holmes. In this regard, Transparency International has raised serious concerns, while the EU has long been suspicious of freeports.

Despite these risks, and the hazy evidence supporting their regenerative impact, many locations have shown extreme enthusiasm in receiving freeport status. The bidding process will formally begin at the end of the year.

Stojanovic thinks that some bidder-locales are not even sure of the benefits. "But they don't want to lose out on competitors and they take every opportunity to get extra funding from the national government." Extra funding for local authorities is indeed sparse.

Covid-19 has made the "levelling up" of the UK's unequal economies more urgent than ever. But Johnson's "freeports", whether the term is an homage to Lloyd George or not, will do little to bolster the regions in the economic crisis.

Sebastian Shehadi is a senior editor at Investment Monitor

ROSLAN RAHMAN/AFP/GETTY IMAGES

Coping with a crisis together

Richard Warneford, wastewater director at Northumbrian Water Group, explains how the company is fulfilling its social responsibility during difficult times

With more than 4.6 million customers relying on our essential services, Northumbrian Water Group has continued to innovate and develop to resiliently meet those needs during challenging times. Our company, which operates as Northumbrian Water in the north-east of England and Essex & Suffolk Water in the south-east, has made several bold steps to ensure that we will assist with the nationwide build-back following the devastating Covid-19 pandemic.

Employing more than 3,000 staff, with many classed as key workers, the business has continued to provide services to 2.7m people in the North and to 1.9m customers in the South, throughout the most difficult months of the pandemic. Without our services, the prospect of staying at home would seem impossible.

As people are washing their hands more often, and with tiered lockdowns taking place, our services are more essential than ever when it comes to keeping customers safe and warm at home. As the reality of the pandemic became clear, we quickly moved to support our customers by introducing schemes for those who needed it most.

Thousands of three-month payment breaks were agreed, and we are continuing to encourage any customers in financial difficulties to apply for the service. Vulnerable people are also able to sign up to a Priority Services Register which includes options for billing, language translation services, password schemes, and mobility awareness.

With 1,858 sites across our operating areas, the well-being of our people was at the top of the agenda. Without a workforce that was well, in both mind and body, we could not continue to deliver our essential services to those who need them. Of course, that includes our incredible NHS. We supported the NHS Trusts and care facilities by putting the infrastructure and supplies in place to make sure our wonderful NHS staff and facilities had exactly what they needed.

In March, we made the decision to refrain from furloughing any of our staff who were unable to continue as either key or home-workers. As a business we believe we have a social purpose that goes far beyond delivering the essential public service that we do. We decided to invest in retraining our people who were unable to carry out their normal roles as a result of the pandemic and to provide further support to our communities at a time when it was needed most. Almost 170 colleagues volunteered to support different charities and public services within the local communities.

In September, we held our fourth annual Innovation Festival. This was extremely important for both the business, our partners and all attendees as we focused on how to build back better following the pandemic. Although this is usually a physical week-long event, it was hosted entirely online for the first time, and gave us a chance to assess what else we could be doing to improve services for our employees and customers in such strange times.

At NWG, we pride ourselves on being leading innovators. Whether we are looking at ways to help our employees, or providing extra support to our customers, our focus is to remain adaptable and resilient in our core services.

For more information, please visit: www.nwg.co.uk

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Beyond beaches: why the south-west can be an economic hub

Gary Streeter, chair of the All-Party Parliamentary Group for the Great South West, on what the region has to offer

It is an honour to chair the All-Party Parliamentary Group for the Great South West. If you think we are all about cream teas and sandcastles, think again. We have so much going for us, so much potential, but we want more.

We see an economic revolution based upon our blue economy – coastline and maritime resources – and our green economy – the rich, rural expanse of our four counties and potential to generate green power. Our regional economy is already worth £64.4bn. With the right opportunities to bring our economy in line with the UK average, it could be worth £121.7bn by 2035. While these figures were developed pre-Covid-19, they highlight the economic development that is eminently possible.

We are home to the largest single infrastructure project in Europe, at Hinkley Point; we will host Europe's first horizontal launch spaceport in Cornwall; we house the largest naval base in western Europe at Devonport; and in Dorset, we boast one of the country's leading centres for financial services.

The impact of the pandemic is stark. Recent research highlights that across the south-west, approximately £2.2bn of anticipated turnover in the tourism sector between January and July was lost. And it is not just those working in the tourism sector directly who have suffered. It is estimated that this lost tourism income led to at least £162m less spending in the wider supply chain, with the potential for a negative impact of £647m.

So far, while there has been a significant drop in overseas visitors to the region, we have seen a marked increase in visitors from other parts of the United Kingdom – in the case of Somerset, by as much as 63 per cent, according to the GSW Coronavirus Business Impact Survey earlier this year.

Government support for the tourism and hospitality sector has been crucial. Local MPs have been in regular contact with representatives from the industry throughout this crisis. We are actively lobbying for the support and finance this industry needs, and safeguarding and developing relevant skills and training is more crucial than ever to the south-west's future. We are home to seven universities across the four counties and boast a strong further education offer, as well as University Technical Colleges delivered in partnership with leading employers such as the Royal Navy and Babcock. We must ensure that we persuade our homegrown and non-local graduates to stay in the south-west to establish their careers. That is why post-Covid, support such as the government's Kickstart Scheme and the Lifetime Skills Guarantee is crucial to the economic recovery of our region.

In the Great South West, we have a coherent plan and an exciting offer to government through our recent GSW Prospectus, leading the way in green energy, marine autonomy, aquaculture and smart ports. We believe we can be the first region to achieve a net zero carbon economy and become a net exporter of clean energy. With levelling up across the country, I believe we have everything we need within the four counties to not only recover from Covid-19, but build back to be even stronger than we were before.