GATEWAYS TO THE NORTHERN POWERHOUSE

A northern ports strategy

Laurie Laybourn-Langton, Jesse Corlett and Ed Cox | June 2016
www.IPPR.org/North | @IPPRNorth

IPPR NORTH

Read online or download at:
http://www.ippr.org/publications/gateways-to-the-northern-powerhouse

60-SECOND SUMMARY

The north of England's major ports represent a massive growth opportunity for the northern economy. Sitting at the heart of some of the most dynamic national growth clusters, they are vital assets for the future of industry in the North, including areas such as renewable energy, automotive technologies and process industries. While northern ports already punch above their weight in respect of the proportion of freight traffic they handle, recent port investment puts them at the forefront of a revolution in global trade and logistics that could transform the north of England into an east–west supercorridor connecting Atlantic shipping with continental Europe.

Yet all this potential stands or falls on the ability to coordinate private and public investment and to take strategic policy decisions that will address current blockages and unlock the skills and talent that can restore northern ports to their role as the foundation of the region's success throughout its history.

Northern ports are faced with some significant challenges and to date they have not featured prominently in conceptions of a northern powerhouse. The decline of the North's foundation industries and coal-fired power have resulted in significant decreases in bulk movements, while the growth in the size of container ships has placed great strain on existing port infrastructure and eroded their competitiveness. This has been exacerbated by the lack of investment in east–west freight and logistics capacity, with around half of all containers arriving in southern ports ending up north of Birmingham, and the lack of coherent energy policy or industrial strategy on the part of successive governments.

In order to mitigate the challenges and maximise the opportunities that ports can offer to the northern economy, local partners must collaborate more effectively to nurture clusters of economic development around their ports; urgent investment must be made in trans-Pennine road and rail links to open up the east–west freight supercorridor; government must adopt a consistent and long-term energy policy and promote a move from road to rail and coastal freight traffic; and the northern ports, freight and logistics sector must learn to speak with a clear and coherent voice.

KEY FINDINGS

As the global gateways of the North, northern ports are a primary asset in realising the potential of the northern economy, and are an integral part of the region's logistics chain. **Northern powerhouse strategies that prioritise connectivity should recognise that the ports are important nodes that facilitate global connectivity**.

Ports, and the wider freight and logistics sectors, are faced by a number of significant changes in both the supply and demand of goods and services, including:

- an unprecedented rise in the volume and frequency of international freight movements which has placed great strain on port operations and increased pressure on the North's logistics chain
- the decline of the North's foundation industries and coal-fired power resulting in significant decreases in bulk movements.

However, ports also face some important opportunities, including, for example:

- established and developing industrial clusters focused around port infrastructure such as the automotive industry around Port of Tyne or process industries around Teesport
- the vital contribution all ports are making to supplying future energy needs; for example, importing biomass and developing renewable energy around the Hull and Humber ports
- port-centric logistics across the Mersey ports through the development of the Liverpool2 container terminal and multi-modal facilities along the Manchester ship canal.

One of the most significant opportunities and challenges concerns the role of ports within the wider freight and logistics chain. As logistics processes become ever more automated and sophisticated **there is** a **massive opportunity for the north of England to be at the cutting edge of new patterns of freight distribution through a series of multimodal distribution parks and strategic rail freight interchanges and an east–west freight supercorridor linking Atlantic traffic with the European mainland**.

However, these opportunities are severely constrained by poor road and rail infrastructure, the suboptimal decisions made by freight distribution and shipping companies, and weak incentives to support modal shift from road to rail or to coastal 'feedering'.

The four major port operators in the north of England have invested over £1 billion in the past five years in developing port infrastructure to seize local economic opportunities and changes in global logistics, but this has not been matched by public investment to support freight movements beyond the port boundaries. Indeed, public investment in transport infrastructure has typically privileged passenger travel without recognising the potential for capacity improvements for both forms of transportation by taking freight off the roads.

The ports, freight and logistics sector also faces significant challenges in relation to its workforce which that driven by demographic ageing, technological developments and poor perceptions of employment in the sector. There is a pressing need for a new assessment of current and future skills requirements and a pan-northern approach to recruitment and retention within the sector.

The challenges and opportunities facing northern ports are great, but to date the sector has been fragmented and competitive. There is a growing appreciation that in order to maximise the opportunities presented through the northern powerhouse narrative and the formation of Transport for the North, **there would be considerable value in the major port operators in the North collaborating to promote the opportunities of using their ports for international connectivity and industrial development**.

RECOMMENDATIONS

The findings highlighted above have led us to identify fifteen separate recommendations for central government, for local government and local enterprise partnerships, and for northern ports, freight and logistics companies themselves. Our primary recommendations include the following.

- For northern port operators, together with local businesses, local authorities and local enterprise partnership (LEP) partners, to develop **local port growth strategies** focusing on opportunities in established, developing and emerging industry clusters, energy and logistics; and a requirement for each major port, working in conjunction with its local planning authorities, to develop an **adopted port master plan**.
- For Transport for the North to work with the Department for Transport and Network Rail to prioritise the **creation of an east–west freight supercorridor** by accelerating gauge improvements on this axis as part of wider passenger capacity improvement.
- For Transport for the North and government to develop **new models of scheme appraisal that better take account of the value of freight movements to the wider economy**.
- For government to set out **a clear, consistent and long-term energy strategy** on which businesses – in the energy sector and their supply chains and ancillary industries – can plan long-term future investment.
- For government to **reform the Mode Shift Revenue Support and Waterborne Freight Grant** and provide **clear guidance in the National Planning Policy Framework (NPPF) and National Policy Statement for Ports** to support modal shift from road to rail and to coastal feedering and significantly reduce costly and inefficient north–south lorry movements.
- For northern ports, together with freight and logistics partners to establish a **Northern Ports, Freight and Logistics Association** to drive strategic cooperation within the sector and to create a **Northern Maritime Knowledge Hub**.

For the full report, including all references, data sources and notes on methodology, see:
http://www.ippr.org/publications/gateways-to-the-northern-powerhouse

Citation: Laybourn-Langton L, Corlett J and Cox E (2016) *Gateways to the northern powerhouse: A northern ports strategy*, IPPR North.
http://www.ippr.org/publications/gateways-to-the-northern-powerhouse

Permission to share: This document is published under a creative commons licence: Attribution-NonCommercial-NoDerivs 2.0 UK
http://creativecommons.org/licenses/by-nc-nd/2.0/uk/

Institute for Public Policy Research | The UK's leading progressive thinktank
IPPR North, 3 Hardman Square, Spinningfields, Manchester M3 3EB | www.IPPR.org/North | @IPPRNorth