

EXECUTIVE SUMMARY

*Through devolution, government city policy is undergoing one of its most significant shifts in a generation, making it timely to bring the original CITIE framework to the UK with this report, **CITIE: The Northern Powerhouse analysis.***

This analysis explores the performance of the Northern Powerhouse's six largest city regions of Greater Manchester Combined Authority, Hull City Region, Liverpool City Region Combined Authority, North East Combined Authority, Sheffield City Region Combined Authority and the West Yorkshire Combined Authority.

Whilst still more a political construct than an economic unit, the Northern Powerhouse does share a number of similarities across its city regions. City regions in the North are rich with excellent knowledge assets, house many top universities and numerous high tech and creative clusters, display rapidly growing digital GVA (Gross Value Added) and, in a several cases, higher than average proportion of high-growth firms. However, the region is not without its challenges. Northern cities face hurdles in relation to productivity which trails the national average by 11 per cent, their ability to retain top talent post graduation, small business survival, and like all UK cities, are coping with significant budgetary constraints amongst an increasingly demanding populous. The region also lags the other regions in the attraction of international investment.

Innovation and entrepreneurship have never been more crucial qualities in helping secure the long-term sustainable prosperity of the Northern Powerhouse – in creating grass roots local employment opportunities, in providing a fertile innovation ground

that attracts big international business, for acting as a idea generation pool to help local government solve some of its most complex urban challenges.

Through central government's devolution agenda, city regions will soon have the powers to better respond to these opportunities and challenges, based on local needs and ambitions. The commitment to an integrated transport system for the North can operate as a catalyst; improving free movement of labour and encouraging the cross-fertilisation of ideas. But it is only if these major infrastructure investments and these increases in local budgetary controls are made in parallel with smart policy tweaks that are mindful of the start-up and innovation ecosystem, will we realise an important multiplier effect that can set northern city regions on a path towards reaping the innovation dividend and enduring prosperity.

“Transport is only one part of delivering the economic growth picture, there's a lot that can be tackled at the Northern level, including innovation, skills, and education.”

David Brown

Chief Executive, Transport for the North

Section 1: An introduction to the Northern Powerhouse and CITIE

This section of the report explains the framework in the context of devolution. The CITIE framework is a diagnostic tool that captures over 35 individual data points per city region. This is supplemented with qualitative data from interviews, to generate a snapshot of an areas relative strength and weakness for stimulating innovation and entrepreneurship. These capabilities are organised into nine distinct roles the city can play – for example, as a Customer of innovation within their procurement practices, or as a Host of innovation, using their physical spaces. The framework helps city governments to recognise where they are excelling and where they could benefit from adopting best practices from other global cities.

Section 2: Northern Powerhouse performance and recommendations

Within the Northern Powerhouse analysis, the team worked closely with multidisciplinary practitioners, to go beyond the analysis of the current perspective, to set out 16 definitive and actionable recommendations to the city regions to support them in accelerating innovation and entrepreneurship, and raise their game in this global competition.

The 6 key recommendations highlighted below, speak to where the city regions in the Northern Powerhouse, are collectively performing below average, and have the opportunity to collaborate in the development of solutions and make a step change in performance.

The following page gives a comprehensive list of the recommendations.



DATAVORE
Establish Offices of Data Analytics



REGULATOR
Undertake collective analysis of emerging business models



STRATEGIST
Formalise CDO and/or CIO roles in Combined Authorities



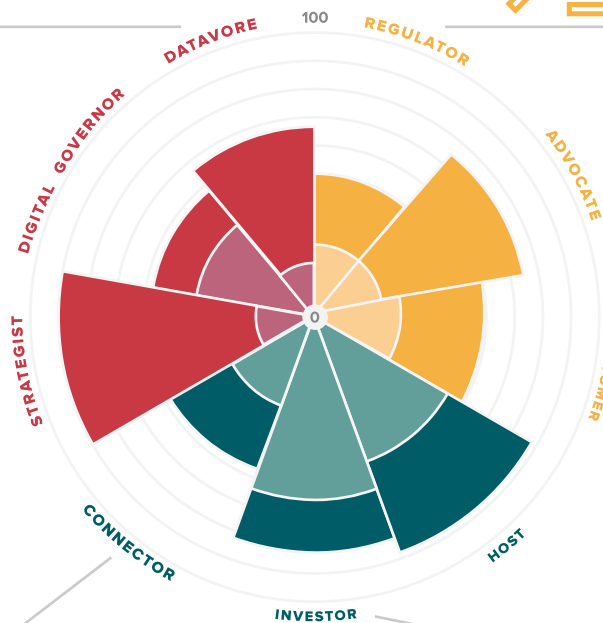
CUSTOMER
Design a Northern Powerhouse challenge prize series



CONNECTOR
Establish city-wide IoT platforms to stimulate digital infrastructure innovation



INVESTOR
Equip young people with digital skills and cultivate a culture of entrepreneurialism



Maximum and minimum CITIE profile of the Northern Powerhouse city regions and highlighted recommendations

16 RECOMMENDATIONS TO THE NORTHERN POWERHOUSE CITY REGIONS

RECOMMENDATION 1: **Undertake collective analysis of emerging business models**

RECOMMENDATION 2: **Conduct a regulatory review to harmonise across boundaries**

RECOMMENDATION 3: **Increase international exposure of the Northern Powerhouse**

RECOMMENDATION 4: **Expand international transport linkages to enable global business connections**

RECOMMENDATION 5: **Design a Northern Powerhouse challenge prize series**

RECOMMENDATION 6: **Strengthen links between the city regions and entrepreneurs**

RECOMMENDATION 7: **Establish career pathways to encourage graduates to stay**

RECOMMENDATION 8: **Equip young people with digital skills and cultivate a culture of entrepreneurialism**

RECOMMENDATION 9: **Support Venture Capital trade missions to connect start-ups**

RECOMMENDATION 10: **Establish city-wide IoT platforms to stimulate digital infrastructure innovation**

RECOMMENDATION 11: **Increase transportation options with bike-sharing and citizen engagement**

RECOMMENDATION 12: **Formalise CDO and/or CIO roles in Combined Authorities**

RECOMMENDATION 13: **Jointly produce adaptable digital products for city regions**

RECOMMENDATION 14: **Use digital technologies to engage citizens in decision making and problem solving**

RECOMMENDATION 15: **Establish Offices of Data Analytics**

RECOMMENDATION 16: **Make all city procurement contracts 'Open by Default'**

Section 3: Analysis of the city regions

This section provides the geographic lens, setting out for each city region, their individual performance against the CITIE framework, key strengths, promising practices, and priority areas for improvement.

CITIE: The Northern Powerhouse Analysis shows a region rapidly developing its own unique approaches to catalysing innovation and entrepreneurship. High performing city regions are taking advantage of the devolution and city deals agenda to redefine their

own stories, and create their own distinct pathways to success.

There are world-class examples in different domains, for example, Manchester’s success as a Strategist, North East’s strong all rounder profile, with a particular highlight in Investor, Liverpool’s strength in Customer, West Yorkshire’s in Datavore and Sheffield’s role as an Advocate, for example.

We have summarised some of these factors across high-performing cities below.

WE HAVE DISTILLED SOME OF THE NOTICEABLE CHARACTERISTICS DRIVING HIGHER PERFORMANCE ACROSS THE CITY REGIONS INTO THREE AREAS:

1. A clear mandate to lead on innovation

The critical mass of Combined Authorities is generating increased leadership capacity and acumen towards innovation and entrepreneurship. Increasingly, these cities are taking on the mantle to become innovation leaders, and supporting a cultural shift in mindsets as they craft their own destinies.

2. Demonstrable willingness to collaborate

The solutions to city challenges, both internal and external don’t reside solely in city hall. The leading city regions engage their

ecosystem as a valuable resource for ideas, working with entrepreneurs, universities, and their regional and global peers, to share, learn, and jointly develop solutions.

3. Active curation of the marketplace

Leading cities actively curate the marketplace and promote innovation growth by providing start-ups and innovators with the platform, workspace, data, and financial support to develop commercially viable products and services.

Within each city region, the report pulls out two potential areas for improvement and refers to relevant global best practice from which city regions can draw inspiration.

This actionable insight, which, for limited financial investment, can yield significant positive improvement in their ability to attract and retain the most sought-after entrepreneurial talent.

The Northern Powerhouse region as a whole has best practice to rival that of the 40 global leading cities from the 2015 CITIE analysis. The six cities are

on a par with many European cities, and whilst they trail a number of their North American counterparts, they are often not far behind, and could emulate their performance with a concerted push to prioritise innovation and entrepreneurship.

By cities actioning policy tweaks and amplifying existing initiatives on an individual basis, and by recognising where important opportunities exist for collaboration across the region, Northern Cities can lead the UK and the world in their innovation capability.