

**No. 10 North:
The Policy that Needs a Plan**

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Synopsis

This paper argues that the Prime Minister's new No. 10 North needs a clear agenda, focused primarily on building a second capital region for the UK, whilst tackling the problems of old industrial towns. It argues that the prime location for this project should be the 'Northern Arc', running from Liverpool across to Manchester/Leeds and embracing Cheshire.

The paper sets out key investments to create agglomeration economies and build a 'mega city' labour market, especially by relieving acute rail capacity constraints in central Manchester and across Staffordshire. It makes the case for modest, incremental and modular investment plans, rather than massively expensive mega projects.

To lead the investment strategy, it argues for the creation of '*Growth England*', a new national body for English regeneration, investment and economic growth, with a business dominated board. This would proactively work alongside Mayors, the private sector and other government bodies, giving Ministers 'levers to pull', de-risking major private investment projects and bringing in government departments behind its strategy.

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1 A Policy that Needs a Plan

The creation of Number 10 North was one of Andy Burnham's first acts as Prime Minister. After appointing Caroline Simpson, his former chief executive at a Greater Manchester Combined Authority, to head up the operation, an office was swiftly opened in Manchester.

The Prime Minister's Idea

The idea was foreshadowed in a speech given by Andy Burnham in Manchester on 29 June 2026, shortly before he became Prime Minister. The aim, he said, was to devolve decision making away from Whitehall, giving local leaders more control. The focus would be economic growth and regeneration led by the Prime Minister's Office, helping power to flow into all the English regions (these being the former standard regions, not the city regions or counties). The three devolved nations were not included with the English regions - and of course have their own governments and Secretaries of State. It appears therefore that Number 10 North is essentially an 'English Office', although the speech did mention the need to further extend devolution in Scotland, Wales and Northern Ireland. Burnham's objective was to coordinate national and local government and agree a 10-year mission within which every region would establish credible industrial ambitions. Public and private investment would be 'consolidated' at place levels, but surprisingly no role was set out for business in the speech¹.

With such wide-ranging goals there has been speculation about what No 10 North will do and how it might operate, ranging from dismissal as political gimmick to concerns that it might challenge the power of the Treasury. At one stage a report suggested that the Cabinet Secretary wanted to appoint a Director General to lead the operation. Others wondered whether the Treasury might absorb its functions, given the existence of a Government Envoy for the North, Tom Riordan, in the Treasury, with a rather similar role. However Riordan was recently appointed as Permanent Secretary to the Ministry of Housing Communities and Local Government, so this possibility seems to have diminished. The Chancellors speech on 28 September 2026 said that economic growth would be a joint mission for No 10 North and the Treasury. It is thus far from clear who is actually leading whom.

A Commons Library research briefing provides a helpful official overview² of the current situation. No 10 North forms part of the new Office for the Prime Minister and Cabinet (OPMC), established in July 2026. The OPMC includes Number 10 Downing Street and core Cabinet Office functions. No 10 North is expected to relocate to the Manchester Digital Campus when it becomes operational in 2032. This is currently under construction on a site in Ancoats.

First Secretary of State Louise Haigh has described No 10 North as a government department. According to the BBC, she oversees it in her capacity as Chancellor of the Duchy of Lancaster. In an announcement on 21 July 2026, the government said that the Prime Minister had established No 10 North as the engine room of good growth in every

¹ The speech was reported in full by Miranda Green in Manchester Evening News 29 June 2026

² <https://commonslibrary.parliament.uk/research-briefings/cbp-11079/>

postcode. The same statement said that some functions had already been transferred, including devolution strategy and local economic growth policy, establishing N10N as ‘the dominant driver of the UK’s economy’.

Why a Clear Agenda is Needed

In short, whilst No 10 North is clearly identified as a priority by the Prime Minister, there is as yet little clarity about what it might do and how it might do it. One clear risk is that it would in some way replicate the unhappy experience of the former Department of Economic Affairs (DEA), created by Harold Wilson’s government in the 1960s to accelerate economic growth and reduce the powers of the Treasury. Instead of reporting directly to the Prime Minister (as did its French 1960s equivalent), the DEA reported to Deputy Prime Minister George Brown. In the words of Sir Douglas Wass, former Treasury Permanent Secretary: ‘All the operational tools of economic management were in the Treasury... the DEA did not have departmental responsibility for anything [and] was left beached studying the long-term problems of the British economy’³.

The aim of this paper is to respond to these challenges, laying out some components of a suggested agenda and operational arrangements for No 10 North. This is not a complete agenda. The full agenda needs to evolve from practice and from partnership working with Mayors, local government, universities, business and others.

The paper focuses as much as possible on early wins and pragmatic low-cost solutions. It argues that England, and the UK as a whole, needs a powerful ‘second capital region’ for growth beyond London and the ‘golden triangle’ (London, Oxford, Cambridge). It sets out how transport policy, especially rail investment, might help to achieve that objective. It considers the role of investment in science and research including the potential increase in military spending. Finally, it outlines how No 10 North might best be organised and funded to deliver regeneration and growth, alongside local government and the private sector, so that, in the words of Sir Douglas Wass, it is not left beached, merely studying problems.

The discussion begins with a brief examination of strategic planning for growth under the previous Starmer administration, in the form of the Oxford - Milton Keynes - Cambridge (OxCam) growth corridor.

³ Wass, quoted in Peter Henessy (1990), Whitehall, London, Fontana p. 187

2 Is the Ox Cam Arc Valid?

Managed decline is a familiar narrative. The north's old industrial towns and cities are misleadingly labelled as 'post-industrial' with nothing to offer. Only the south has a future.

The narrative was introduced by Tim Leunig and James Swaffield in a provocative 2008 Policy Exchange paper, which advocated northern abandonment, alongside large-scale migration and expansion in the south. Attempts to regenerate British cities, said the authors, had failed. Geographical inequality was growing. The economic pull of Europe had boosted the South East. There was no realistic prospect that these towns and cities could converge with London and the South East. There was, however, the prospect of encouraging significant numbers of people to move to the London and the South, economic powerhouses that can grow and create new high-skilled, high-wage service sector hubs⁴.

A variation on the theme was invented by the Conservative Peer Lord Wolfson in 2011. Wolfson called for a new motorway between Oxford and Cambridge in a bid to create the UK's own 'Silicon Valley'⁵. With most research in pharmaceuticals and IT carried out at Oxbridge, he claimed, the new road via Milton Keynes and Bedford would attract investment, relieving pressure on London house prices and bringing in wealth from the over-crowded capital. The proposed motorway would cut the three-hour journey in half, transforming the local economy.

Wolfson's idea was picked up in 2021 by Boris Johnson's Conservative government. It said that the Oxford-Cambridge (Ox Cam) Arc was a globally significant area between Oxford, Milton Keynes and Cambridge. It supported over two million jobs, added over £110 billion to the economy every year and housed one of the fastest growing economies in England. Here was an opportunity to build well-connected communities, making the Arc an even more attractive place to live, work and visit. To achieve this ambition, government published a consultation document creating a vision for the Arc.

Rachel Reeves Commits to the Golden Triangle

In a speech delivered in Oxfordshire on 29 January 2025 former Chancellor of the Exchequer Rachel Reeves confirmed her commitment to economic growth and to the expansion of the Ox Cam Arc (the zone between Oxford and Cambridge, including Milton Keynes) as 'Britain's Silicon Valley' with large scale investments in research, transport, housing and infrastructure, alongside other massive transport investments elsewhere in the south of England, including airport expansion and a new Thames Crossing⁶. The Chancellor further

⁴ <https://policyexchange.org.uk/wp-content/uploads/2016/09/cities-unlimited-aug-08.pdf>

⁵ <https://www.dailymail.com/news/article-1376794/Lord-Wolfson-Link-Oxford-Cambridge-motorway-create-UK-Silicon-Valley.html>

⁶ <https://www.gov.uk/government/news/reeves-i-am-going-further-and-faster-to-kick-start-the-economy>

underlined her support for the Ox Cam Arc, part funding a private sector proposal for a huge new US owned theme park in Bedfordshire⁷.

No one doubts the uniquely specialised economic potential of the ‘Oxford – Cambridge Arc’, including Milton Keynes⁸. But it will be very difficult to scale up this project. There are multiple development thresholds and constraints: water supply, electricity capacity, transport capacity, housing stock, powerful local objections - and, overwhelmingly, housing costs. Housing is just far too expensive for young families, even those with high skills. None of these problems can be solved quickly and certainly not within the current parliamentary term. Large scale new development is not an early win. It is worth remembering that Milton Keynes was a child of Harold Wilson’s 1965 New Towns Act, designated as a new town as long ago as 1967⁹.

A Single Shot Policy

Government’s intention is to increase housing provision. But Oxford and Cambridge are small places. The population of Cambridge is a little over 140,000, of Oxford 160,000. If local political objections were ignored and these university cities were doubled in size, which would be a challenging objective, they would remain small places. A decade hence, even if the current government’s ambitious house building targets are achieved, the bulk of the UKs housing stock will be in exactly the same places that it is today.

Aside from the housing and infrastructure constraints, in economic, political and indeed military terms, it would appear to be a high-risk national economic strategy to put all the eggs in one southern basket. In an increasingly uncertain international context London’s role in international finance may weaken; Cambridge has only one substantial development opportunity (Cambridge Airport); Milton Keynes is largely developed out; and Oxford’s development capacity is seriously constrained. It makes sense to pursue the Ox Cam Arc. But it is not enough: a balanced portfolio, dispersing activities which are crucial to national resilience and developing a second string would be wiser.

⁷ <https://www.ft.com/content/5eb3b18c-d961-45b3-bbdf-30db2588676f>

⁸ <https://www.gov.uk/government/speeches/chancellor-vows-to-go-further-and-faster-to-kickstart-economic-growth>

⁹ Ian Wray, *The City as Chessboard: Constructing the New City of Milton Keynes* Chapter 8 in *Great British Plans*
<https://www.amazon.co.uk/Great-British-Plans-Planning-Environment/dp/0415711428>

3 The Case for a Second Capital Region

All of which takes us to another part of England, also well-endowed with economic potential, and on a much larger scale: south Manchester, south Liverpool and north Cheshire stretching across the Pennines to Leeds and York. This area – ‘The Northern Arc’ - has a vast inheritance of housing, much of it still inexpensive. It has brownfield land supplies; extensive motorway and public transport assets; leading universities; and an international port and airport¹⁰.

Initially proposed by this author on 4 February 2025¹¹, the Northern Arc concept was picked up by the metropolitan mayors for Greater Manchester and Liverpool. On 12 March 2025 at the MIPIM international property conference in France, Andy Burnham, then Mayor of Greater Manchester, set out his own vision for a 'Northern Arc' ¹².

Water supply, an increasingly critical requirement for economic growth and data centres, is plentiful. Liverpool and Manchester both inherited aqueduct supplies for their heavy industries and growing populations (Manchester from the Lake District, Liverpool from Wales). As heavy industry has declined and population growth ceased the region is essentially in water surplus, especially since the Manchester and Liverpool systems were recently linked with a new intercity aqueduct. There was no drought this summer in these cities.

Both politically and technically, improving existing infrastructure and assets is less expensive and relatively easily done. These are early wins, achievable by a determined Prime Minister in one, or at most two, parliamentary terms.

Manchester University Research

How soundly based is the Northern Arc concept? We can learn from comparative GIS mapping research carried out by my colleagues Professor Cecilia Wong and Dr. Wei Zheng in Manchester University, published in 2023¹³.

Wong and Zheng mapped a GVA per hour worked index for 2020, a commonly used indicator of productivity. This showed that the Northern Arc zone has the same productivity levels as the ‘golden triangle’ (Oxford, Cambridge, London), with percentage growth between 2015 and 2019 showing the same pattern. It has high representation in information and communication technology, alongside a greater number of life sciences companies than any location beyond the ‘golden triangle’.

¹⁰ In claiming that no new runway had been built in Britain since the 1940s the Chancellor’s January 2025 speech overlooked Manchester’s second runway from the 1990s and Liverpool’s new runway from the 1960s.

¹¹ <https://www.liverpool.ac.uk/heseltine-institute/blog/thecaseforthenorthernarc/>

¹² <https://www.greatermanchester-ca.gov.uk/news/northern-arc-linked-by-a-liverpool-manchester-railway-could-match-oxford-cambridge-growth-potential/>

¹³ UK2070 Commission Go Local: The socio-economic landscape of combined and local authority areas in England, Cecilia Wong and Wei Zheng, February 2023
https://uk2070.org.uk/wp-content/uploads/2023/03/UK2070_CA_IAA_3March-1.pdf

The picture is repeated in transport connectivity. Together Manchester and Liverpool airports (some 25 miles apart) have by far the highest share of international scheduled terminal passengers outside the south east (2021 data). There is huge spare capacity in both airports, following major expansion in runway capacity in the 1960s (in Liverpool) and the 1990s (in Manchester).

The favourable economic mix, high levels of scheduled air passengers, high levels of GVA and GVA growth (plus the presence of several leading universities) are reflected in some of the highest levels of skills outside the south east of England. These are comparable with most parts of the golden triangle

Results from AI Analysis

Wong and Zheng recently updated their analysis using Geo AI methodology¹⁴. They used AI to analyse a range of relevant 19 economic indicators including: information and communications employment, professional scientific and technical employment, hourly pay, GVA per hour, population good health, finance employment, manufacturing employment, private R&D, higher education R&D, full fibre availability, government R&D and road density.

The AI model groups different local areas according to their performance on various statistics (see map). Large areas of England are grouped in Group 1, with vulnerable labour markets and low levels of productivity, mostly in the north as well as the South West and Eastern regions. They have limited economic potential. At the other end of the spectrum come parts of central London and the M4 corridor, IC and finance centres with high pay and very high productivity. Oxford and Cambridge are both in Group 9, with strong IC presence, moderate pay and above average productivity levels. But the areas between these two university cities are largely in Group 6, with a mediocre industrial mix and underperforming productivity. This tends to cast doubt on the existence of a high performing Ox Cam Arc corridor.

Turning to northern England, a high performing economic belt is readily apparent, comprising Liverpool, Cheshire, South Greater Manchester, Leeds and York. All these places are in Group 7 with a robust industrial mix and average productivity.

This more recent analysis reflects the discussion in earlier parts of this paper, confirming the significance of this Northern Arc, stretching across the Pennines to Leeds and York. It also reflects the surprisingly high productivity growth for northern regions seen in recent official productivity statistics. Between 2009 and 2022 the North West, Yorkshire and Humber and the North East appeared to experience a combination of output growth and falling total hours worked. The opposite was true of London, with falling output and increasing hours worked¹⁵. Wong and Zheng did not identify Sheffield as an area of strong economic potential, yet it has a significant niche economy with advanced skills in manufacturing and engineering research,

¹⁴ Cecilia Wong & Wei Zheng (31 Mar 2026): Unravelling the spatial puzzle of labour productivity in England: the application of GeoAI approaches, Spatial Economic Analysis, DOI: 10.1080/17421772.2026.2642725. <https://doi.org/10.1080/17421772.2026.2642725>

¹⁵ Are regional productivity disparities really narrowing? Fokka Reima Gouma, Philip McCann, Raquel Ortiga Argiles, International Productivity Monitor, Number 48, Spring 2025

not least in its advanced manufacturing and research centre in Rotherham, a town which has seen a 63.9% growth in productivity between 2004 and 2023, albeit from a low base. Ways need to be found to integrate Sheffield's labour market and skill base into the Northern Arc.

Support from Meta Data

Wong and Zheng's findings are supported by recent research using Facebook data as a proxy for Robert Putnam's concept of 'social capital'. Putnam postulates that places where people mingle beyond their usual social circles fare well on several indicators.

Researchers at Harvard University have analysed 6 billion Facebook friendships¹⁶. Their data suggests that Britons are more likely to mingle than Americans and that higher levels of mingling in adults from lower status backgrounds are associated with greater trust, higher happiness and higher incomes. Communities with higher rates of friendship between low-income and high-income individuals also have higher rates of upward mobility.

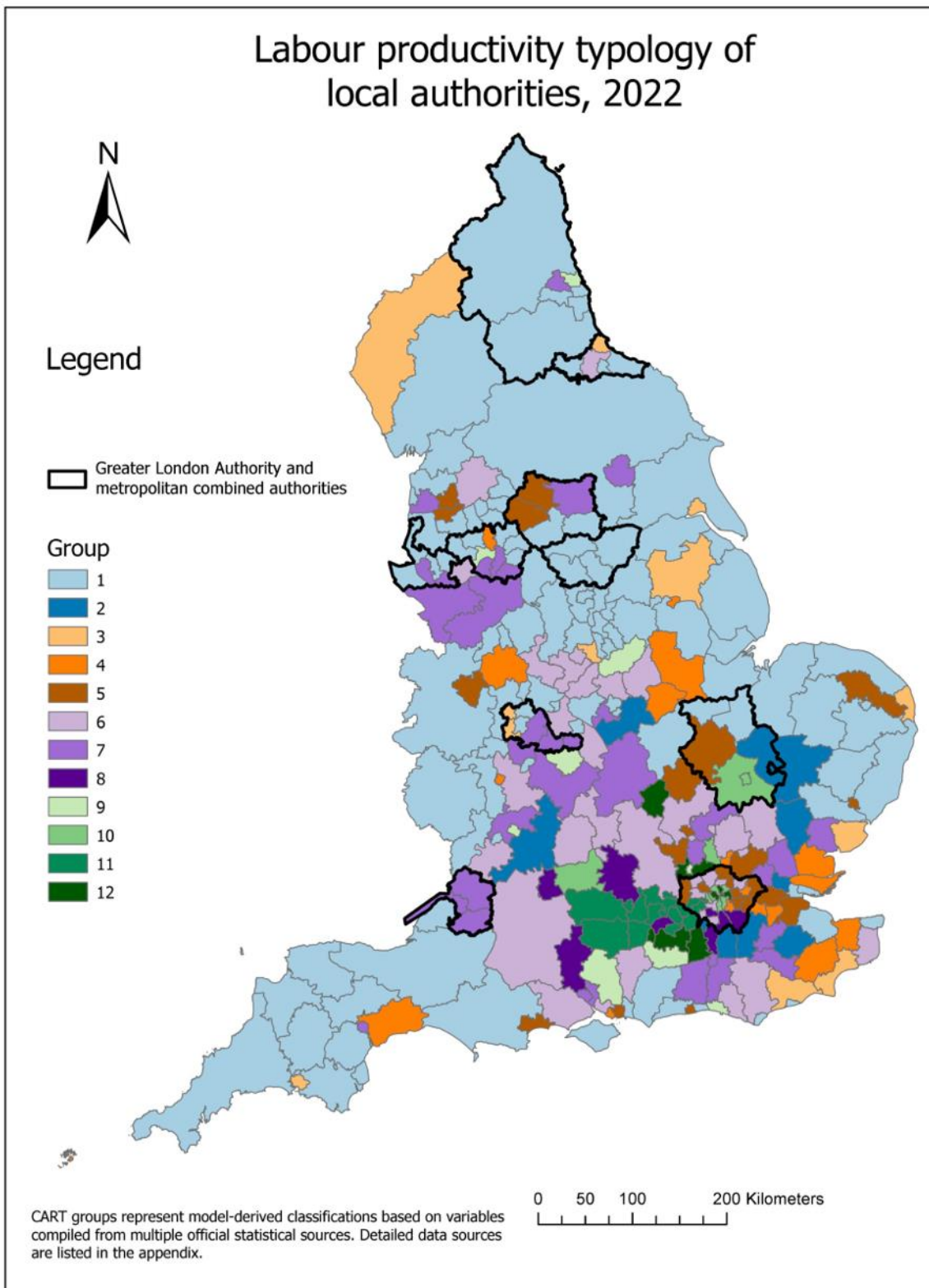
Mapping this data for the whole of Britain demonstrates high levels of economic connectedness across nearly all of the south of England. There is only other significant area of high economic connectedness – in the Northern Arc, especially in Cheshire and south Greater Manchester, extending into Wirral on Merseyside.

Policy Implications

The evidence presented here makes the case for the Northern Arc as an economic entity with significant potential. It need not displace the OxCam Arc, but is a necessary counterweight with many of the components required to create a second capital region. What needs to be done to build on and release its potential? The answers essentially are to build on its science and advanced industry base and expand and connect its labour markets, creating a mega city labour market, so that a) high skill level commuting can take place between the city centres with b) improved routine commuting within the city regions. The fact that Leeds Liverpool and Manchester are so close means that both objectives can be realised with the same investment projects.

¹⁶ Social capital in the United Kingdom: evidence from six billion friendships
<https://www.bi.team/publications/social-capital-in-the-united-kingdom/>

Labour productivity typology of local authorities, 2022



Contains OS, ONS, Ofcom & Nomis data © Crown copyright and database right 2025

4 Modular Investment Can be Delivered Quickly

The North West has inherited a rail network of great potential. Improving existing lines, rather than a new high-speed line linking the city centres, will integrate the labour markets in the old industrial towns (such as Wigan, Warrington, St Helens, Skelmersdale and Widnes) between Liverpool and Manchester. Isolation of old industrial towns is a contributory cause of worklessness and better rail services will open up new, better paid, opportunities, whilst developing their role as commuter towns.

There are models for ‘nodal regeneration’ in London and the South East, which centre on major station reconstructions and expansions: London Bridge, St Pancras/Kings Cross and Reading. These renewal projects have triggered huge regeneration investment in their surroundings. Such gains can be replicated across the Northern Arc, with land value uplift captured if land is purchased in advance.

A focus on the links between the north’s cities is correct, but in practice, the key problem is at the ‘nodes’ of the rail network. These nodes are in city centres, where lines come together, and services inter-connect. It is in city centres such as Manchester, Leeds, (and also Sheffield, Liverpool, Crewe, Preston, and Carlisle) where the investment focus should be. If these intersection points have the necessary capacity and capability, it should be possible to operate inter-connecting services swiftly and reliably: to give the North the kind of network of services that London and the South East enjoy.

Stimulating economic growth means that the current tight spending controls on rail infrastructure will need to change. Any solution to this problem needs to fairly apply suitable per capita funding allocations across the regions, following the approach developed by the National Infrastructure Commission. The case for a new ‘Growth England’ body to catalyse such projects is considered below.

Cost Effective Upgrades, Not New Lines¹⁷

There are already three railways from Liverpool to Manchester. Two current routes are in operation, via Newton-le-Willows and via Warrington. The Newton route, electrified and upgraded in the 2000s, is a straight-line alignment between Manchester and Liverpool centres (giving a centre-to-centre journey time just over 30 minutes). The route via Warrington is not electrified. There is also a third line via Wigan and Skelmersdale, but it is artificially severed and operated as if it is two lines with an end-on connection. There are options for enhancing all three rail routes.

¹⁷ For greater detail see David Thrower, Ian Wray and Jim Steer, Why Rail Projects Need a Regional Plan, UK 2070 Commission, 2024
<https://uk2070.org.uk/wp-content/uploads/2025/02/Why-Rail-Projects-need-a-Regional-Plan-FINAL-Edited-250211.pdf>

The Newton route could be upgraded at modest cost by introducing (or re-introducing) four tracks between Edge Hill and Roby and also into the Ordsall area of Manchester.

On the (non-electrified) Warrington route, many operational problems could be eliminated simply by re-modelling trackwork. The whole route from Liverpool South Parkway should be electrified, reducing journey times, improving service quality, reducing emissions and reducing operating costs. In the South East a busy route like this would have been electrified and upgraded decades ago.

The Liverpool-Wigan services could be re-connected, creating new direct services from Liverpool to Manchester, restoring direct rail connections between Liverpool and Bolton. A new Liverpool-Wigan-Bolton-Manchester service could be operated by tri modal 750VDC/battery/25kVAC trains. This would restore rail connections for old industrial towns with high levels of dependence on welfare benefits.

A 'Bernstein Line' for Central Manchester

Central Manchester suffers from acute rail congestion caused by a lack of capacity, with similar problems emerging in tram, bus and road capacity. An expensive new bridge across the River Irwell, constructed in the 2000s, is little used because of a lack of capacity elsewhere in the central Manchester system. There are two potential solutions: a new east-west tunnel under central Manchester (which is how other European cities have solved similar problems) or a flyover and extra through platforms at Manchester's Piccadilly station. This is a 'super critical' problem for the whole of the North, recognised but not tackled for decades.

A new rail tunnel across Manchester on an east west axis (see plan) would be an act of confidence in the future of Manchester – 'Manchester's Elizabeth line' – and this image benefit would be increased by naming it after the late Sir Howard Bernstein, the city's former CEO. A tunnel would solve the Manchester hub congestion problem, improving the speed and reliability of journeys in Manchester and across the north. It would eliminate conflicting train movements across the station throat to Piccadilly. With three stations (at Salford Crescent, St Annes Square and Piccadilly Underground) it would deliver passengers to potential regeneration zones in Salford and East Manchester, where rail access could be associated with large scale property development on the Kings Cross model. With a new junction at Slade Lane, just south of the city centre, it could hugely increase the reliability and capacity for services to Manchester airport.

It would not be a cheap project but its cost would be modest compared with other recent proposals, including Northern Powerhouse Rail. It needs careful consideration.



Oxford Road Station Approach

With the exception of services to Leeds and Newcastle (which use Victoria) all east west traffic in Manchester must traverse this congested two track viaduct between Deansgate, Oxford Road and Piccadilly, including services to Liverpool, Scotland, Manchester Airport, Crewe, Preston, Blackpool, Sheffield, the East Midlands, Wales and Cumbria - plus freight trains to Trafford Park. Delays are frequent.

Finishing Off HS2: A Low-Cost Solution

In October 2023 Prime Minister Rishi Sunak decided to halt the HS2 project, cancelling a new high-speed line to Manchester Airport and Manchester via an 11-mile tunnel to the city centre. In effect the HS2 project will stop in mid Staffordshire near the village of Handsacre. Here two HS2 tracks would merge with four existing rail tracks, merging again to just two tracks to pass through Shugborough tunnel, south of Crewe. The route across Staffordshire will become an acute national capacity constraint. Land for the HS2 route to Crewe has been purchased and consents obtained. Government is considering whether to abandon the scheme completely and sell the land. This stretch of HS2 would be relatively inexpensive to construct with minimal tunnelling. It should be constructed, if necessary to lower specifications. North of Crewe, HS2 services to Liverpool, Manchester and Scotland could be accommodated at low cost by upgrading existing rail routes, including a reconfigured Piccadilly Station.

Mere Rebranding Creates High-Speed North

This paper has emphasised the desirability of smaller scale incremental improvements to the existing system¹⁸. It leads to a political dilemma. In 2014 Conservative Chancellor George Osborne made a proposal for Northern Powerhouse Rail (NPR) a new high speed rail line across the Pennines. Osborne's proposal caught the political imagination and it is easy to understand why the north's Mayors remain heavily invested in NPR. Yet eleven years on from Osborne's announcement not a single investment has been made in NPR. New high speed rail lines have become politically toxic. There is no government commitment to NPR, or to the proposed Liverpool Manchester high speed rail proposal. Work on advancing the latter project could not begin until 2040, possibly later. Research tells us that megaprojects are slow in delivery and routinely suffer from cost over runs¹⁹. Action is needed on much shorter timescales and this might best be achieved by a modular approach²⁰, upgrading and modest new infrastructure.

Northern Powerhouse Rail, the new Liverpool and Manchester Railway, the Trans Pennine Rail Upgrade, the Bernstein Line and the link between Handsacre and Crewe could be subsumed into a long term rail investment programme branded *High Speed North*, within which all these plans would be regarded as different phases of the bigger project. In this way the little known Trans Pennine Route Upgrade, where over £11 billion investment has already been delivered or committed, could be given the prominence it deserves

¹⁸ This was the approach adopted by Professor Sir Peter Hall, Ian Wray and David Thrower in their original plan for High-Speed North (which preceded George Osborne's proposal).

¹⁹ Bent Flyvbjerg, Nils Bruzelius and Werner Rothengatter, *Megaprojects and Risk*, Cambridge, 2003

²⁰ Bent Flyvbjerg Make mega projects more modular, *Harvard Business Review*, November-December 2021

5 Science, Defence Spending and the Old Industrial Towns

The UK's military spending is going up, perhaps towards 3% of GDP and a similar trend is at work on other European countries. This has important consequences for the north's economy, where there exist critical national concentrations of skills and assets in aerospace, computer games technology, missile systems, autonomous aircraft, the nuclear sector, vehicles, military shipbuilding and repair, and submarines. Sometimes these are located in places with serious social problems, misleadingly labelled as 'post-industrial towns' – places like Barrow, Bolton, Birkenhead, Whitehaven, and Broughton, near Chester. With the exception of the concentrations of defence expertise in West Cumbria (related to the nuclear industry and submarines) and near Blackburn (aerospace) the skills and assets are concentrated in or near the 'Northern Arc', notably South Manchester, North Cheshire and South Liverpool, although there are also significant advanced manufacturing skills in Yorkshire, especially near Sheffield.

Towns like these will harbour the targeted expertise the country needs to defend itself in a troubled world. Far from being part of the past, they will become central to the future.

Old Towns with Critical Skills

Barrow is the base for UK nuclear submarine construction (hence mini nuclear reactor technology); Broughton has Airbus; Bolton is a base for MBDA, joint Anglo French missiles systems technology; Birkenhead has the Cammell Laird shipyard with long term naval contracts; Whitehaven has the nuclear and nuclear waste industry at Sellafield; Salmesbury near Blackburn has been the base for Taranis, the UK's autonomous aircraft project. All this is a hugely significant resource and at least as important as the high-profile Ox Cam Arc.

Military related spending has the power to restructure economies. The internet was born from expenditure by a US government defence spending agency, the Defence Advanced Research Projects Agency (DARPA); the microcomputer took shape because it was needed on the moonshot²¹. The restructuring of America's southern states was driven by wartime expenditure²². An increase in defence spending, well targeted, could have important implications for many places in the Northern Arc, not least in in electronic, espionage and cyber warfare, where the skill base is related to computer gaming technology. There are sizeable 'games city clusters' in northern cities (as well as south)²³. The biggest clusters of firms outside London include: Manchester (75), Sheffield (38), Nottingham and Leeds (26 each).

²¹ Ian Wray, *No Little Plans: How Government Built America's Wealth and Infrastructure*, 2019. See Chapters 7, 10 and 11

²² P. Koistinen, *Arsenal of World War II: The Political Economy of American Warfare, 1940-1945*, 2004

²³ Source UK Games Map <https://ukie.org.uk/news/uk-games-map-2023>

Strengthening the Science Base

This discussion has centred on transport infrastructure, especially rail, as the key to creating bigger, more productive, labour markets across the North, helping to expand and fuse the city region labour markets and the old industrial town labour markets between them.

Science and R&D are equally important and are key ingredients in the success of the Ox Cam Arc. Oxford and Cambridge are front rank international scientific and research universities. They have also benefitted from the presence of Government research institutions, including the Cambridge CAD Centre (a fruit of Harold Wilson's Ministry of Technology) and the Medical Research Council's Laboratory for Molecular Biology, the institutional base for Crick and Watson's discovery of the structure of DNA in 1947²⁴.

Unlike transport investment, scientific research does not command strong political interest and support. There is no public 'road map' available, although the Northern Arc contains several universities of world significance and individual departments with first class ratings. It is known that public sector funded research is significantly skewed towards the south of England²⁵.

Key questions are how to grow the status of these institutions and universities so that they attract front rank talent in professorial positions and in PhD students and how to connect them with the business world. Wong and Zheng's research found that R&D levels were of limited significance in explaining variations in labour productivity²⁶. Research on its own is not enough. Liverpool University's Materials Innovation Factory, rooted in research partnerships with Unilever and local small businesses, may be one example of the way forward. It was funded by EU Objective One monies. Sheffield's Advanced Manufacturing Research Centre is another example.

With the economist Stephen Nicol, this author suggested an 'MIT for the North', a new institution with a large ring-fenced budget, designed to support and partner with universities and business in projects such as these, on a large scale²⁷. But the concept was not welcomed in discussion with key Vice Chancellors, perhaps because they feared it might damage their existing relationships. Notwithstanding these concerns, it is apparent that the loss of EU structural funds has left an institutional gap, which is addressed below in the proposals for Growth England.

Don't Neglect the Social Problems

Since the 1970s urban policy has majored on the big cities which have been regarded as the drivers for growth in regional economies. The policy emphasis goes back to the discovery of the 'inner city problem' in the Inner Area Studies in 1977²⁸. It was driven further by the

²⁴ Ian Wray Great British Plans Routledge, 2016, Chapter 6, The Cambridge Paradox

²⁵ Stephen Nicol and Ian Wray, The case for an MIT for the north, TCPA Journal, November-December 2020

²⁶ Cecilia Wong & Wei Zheng (31 Mar 2026): Unravelling the spatial puzzle of labour productivity in England: the application of GeoAI approaches, Spatial Economic Analysis, DOI: 10.1080/17421772.2026.2642725. <https://doi.org/10.1080/17421772.2026.2642725>

²⁷ Stephen Nicol and Ian Wray, op.cit.

²⁸ <https://rayholdenurban.wordpress.com/2018/02/13/the-1977-inner-area-studies/>

metropolitan county councils and later by the emergence of the core cities lobbying group and the urban development corporations. The metropolitan mayors are likely to sustain the momentum.

As noted above many industrial towns still house a significant proportion of England's base in advanced manufacturing and engineering, including defence related sectors (see above). But in aggregate their GDP per head is lower than the UK average. House prices are lower, a larger share of children is in poverty, people tend to be less happy and more anxious. Apart from business births, the old industrial towns have lower pay, prosperity and disposable income, with more illness and lower life expectancy²⁹. Some have high ethnic populations and high levels of multiple deprivation, with high welfare bills for ill health, disability and lack of well-paid work. They are vulnerable to extremist politics.

We cannot overlook the social problems of the old industrial towns, often the victims of deindustrialisation and unlike the big cities with fewer assets to use as the basis of renewal or diversifications. A study of old industrial towns in 2020 identified 91 such places. They either originated and grew fast in the industrial revolution; only a few cases (such as Preston or Warrington) had earlier origins. Their economic base was rooted in the first wave of world industrial development in mining, textiles, shipbuilding, port functions or engineering. This was craft-based, not science-based industry. As they became exposed to international competition the towns were vulnerable to contraction, sometimes total contraction.

The towns need sensitive support and this should start with understanding the social as well as economic problems and opportunities of the worst towns. What are the key problems; what solutions have worked; to what extent could better transport overcome problems of isolation; how can they build a new economic base; perhaps most important what can they learn from each other? Social problems in the worst affected places are severe and solving them may be beyond the capabilities of local councils. If so, a new institutional arrangement may be required to give long term support in tackling problems like illiteracy, welfare dependency, drugs, poor parenting, poor health, poor nutrition and weak communities. With the right policies, growth in the 90 plus old industrial towns will stabilise society and help to reduce the welfare bill.

²⁹ Source: unpublished working paper by Marianne Sensier, Manchester University, The Productivity Institute, 2026

6 The Case for Growth England

Making all this work is the central challenge for No.10 North. The Mayors and the Combined Authorities provide a sound basis for implementation at local level, but they are not enough. Government needs to have levers to pull: to draw in the decision making of national bodies; to convene discussion with the private sector; to develop and de risk opportunities: to persuade and negotiate with the Mayors (a task which may become much more challenging if Reform Mayors are elected for example); to secure coordinated planning and investment; and to protect the interests of places beyond the big cities, not least the old industrial towns.

We need to have executive and strategic machinery which can tackle the big five issues of the day, all of which are components of the need for national security and national resilience:

- Decisive national investment, creating long term opportunities and confidence for private investors
- Reduced welfare dependency, especially by tackling the 90 old industrial towns
- Increased national security through dispersal of key institutions and facilities
- Reduced volatility and uncertainty in government and elsewhere
- Growth and reindustrialisation as the overarching imperative

To lead the project, No. 10 North should create a new English Strategy and Growth Board: *Growth England*. It would have economic development, regeneration, and strategic planning responsibilities, head quartered in Manchester as No. 10 North's operational delivery arm. Manchester is centrally located in England, although there may be requirement for regional sub offices to build relationships in more difficult to reach places, such as the North East and the South West peninsula. London and the South of course already benefits from No 10 Downing Street.

Growth England would need strong private sector leadership involvement, reporting directly to the Prime Minister, possibly modelled on the 1960s French DATAR³⁰ institution or the English development body once sought by Michael (now Lord) Heseltine for the East Thames Corridor project, but not secured.

Like the French DATAR, this would be a national body with wide ranging tasks, including:

- Infrastructure planning and national strategic thinking
- R&D, innovation and relationships with universities
- Reindustrialisation especially in the defence sector
- Long term supportive relationships with the old industrial towns
- National regeneration projects and new towns
- National tourism, heritage and green infrastructure projects

³⁰ Delegation a l'Amenagement du Territoire et l'Action Regionale. DATAR was created in 1963 as an interministerial service to prepare and put into effect policies for spatial management, disposing of funds for spatial management. Post 1974 it reported to the conseil central de planification, composed of the prime minister, minister of finance, minister for employment, and planning commissioner. Source John House, France: An Applied Geography, 1978

- Research, policy and influencing
- Convening and implementing ability, including land assembly

With substantial annual core funding, in the order of £10-15 billion³¹, Growth England would lead on both the Ox Cam Arc, the Northern Arc and other long-term projects, playing a catalytic role in funding and building relationships with Mayors, business, universities, government departments and other bodies. Growth England would need first rate professionals, drawn from local government, the private sector, consultancy and universities, as well as civil servants. They need to be ‘doers’ with a strong sense of mission, rather than policy writers. A key role would be identifying and working up new investment opportunities and de-risking the environment for investment, including land assembly, fast track planning powers and the use of compulsory purchase powers. The model for recruitment has been set by the new town development corporations, the best run local authorities, the urban development corporations and more recently the regional development agencies.

Growth England would need to remake the role of state finance and the relationship with private finance, so discredited by the water sector, in many private finance initiative deals and in fruitless leveraged buy outs. Wartime and post war experience in the USA showed that the state can play a profoundly important enabling role in economic growth³². We saw the same experience in Britain’s development of wartime computing in Bletchley Park and in Manchester University immediately post war³³. Replicating this experience will be a central challenge for Growth England, in partnership with the British Business Bank, bringing in pension fund financing for de-risked opportunities in sectors as diverse as health care, medicine, defence, AI and the creative industries, with national funding deployed and a national equity stake retained.

³¹ Funding for the former regional development agencies stood at £2.3 billion per annum, with similar sums deployed by the former government regional offices, alongside EU structural funds. In abolishing the funding streams in 2011 government did not appear to take into account the potential loss of regional growth and investment, nor the tax revenues associated with that investment. See Mike Shields and Ian Wray, *Eight Lessons from a Former RDA, Town and Country Planning*, November 2019. The £15 billion figure was recommended as the basis for a UK Renewal Fund by Lord Kerslake in the final report of the UK 2070 Commission’s first report into regional inequalities. <https://uk2070.org.uk/wp-content/uploads/2022/06/UK2070-FINAL-REPORT-Copy.pdf>

³² *No Little Plans: How Government Built America’s Wealth and Infrastructure*, Ian Wray, Routledge, 2019

³³ *Great British Plans: Who Made Them and How They Worked*, Ian Wray, Routledge, 2016

7 Conclusion: National Resilience and a Second Capital Region

This paper has called for a distinct and focused role for No 10 North, with a strong emphasis on doing, supporting, financing and convening. The approach would give Ministers control over strategy and levers to pull. It would sharply increase national resilience by securing:

- Divergence away from over reliance on one city, one region and one service sector
- Devolution of power away from one dominant city
- Dispersal of key activities away from militarily vulnerable locations
- Diversification of economic growth, energy and water supply

This is not of course a complete agenda for No. 10 North. Other parts of the country (not least the North East of England and the old industrial towns) will need to contribute to the task identified by the Prime Minister of ‘good growth in every postcode’. They will need to develop their own strategies with assistance and support from *Growth England*.

None of this reduces the need to build a second capital region in the Northern Arc. It makes sense to invest where there is an established concentration of high skills and employment, in places which welcome growth. In turn this justifies an immediate focus on Manchester, Leeds and Manchester-Cheshire-Wirral-Liverpool.

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