



2026 Report

Why Industry Matters



Net Zero
North West



netzeronw.co.uk

Foreword



It is clear from this report that the North West continues to be the leading manufacturing region of the UK. From Carlisle to Crewe, Lancaster to Liverpool, Morecambe to Manchester and everywhere in between, our region is home to regionally significant and globally recognised manufacturing, energy sector and infrastructure businesses in automotive, aerospace, cement, glass, food & drink, chemicals, textiles, paper, energy, oil and gas and more.

Not only do they deliver substantial economic output both for our region and for the UK, outperforming many other areas of the UK, they are the cornerstone of our communities and our place. We are proud of our industry in the North West, but we face a number of key challenges that continue to undermine their

competitiveness. Not least, energy costs that are four times higher than our European and Global counterparts. Delivery of a resilient, secure, affordable, low carbon energy system is essential, achieving energy sovereignty through this even more so, as we navigate an increasingly uncertain geo-political landscape. Failure to act now, means a real risk that we will lose vital home-grown manufacturing capabilities for good at the very moment global supply chain certainty is at its most precarious. The Energy Transition is not a matter of ideology; it is a matter of product security, national security and economic security.

Net Zero North West has always passionately sought to promote and support, a place based whole system approach to the energy transition which supports decarbonisation and not de-industrialisation. We are fortunate in the North West that we have the capability to deliver an energy system that incorporates all technologies with opportunities across nuclear, renewables, carbon capture, hydrogen and storage. Our pipeline of projects is well developed, demand led, and with the right support, able to be delivered at pace and scale. We believe that supporting our industry in decarbonising through delivery of these projects will provide the UK with the best platform to protect and grow jobs for our people and communities and secure the future of the vital manufacturing sectors in our region.

Jane Gaston
CEO





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Executive summary



North West Industry

The industrial landscape of the North West is facing a pivotal moment. Political uncertainty, escalating costs, and mounting policy pressures are exerting considerable strain on manufacturers and energy-intensive businesses. These challenges bring with them the tangible risk of stalled investment, which could lead to long-term economic decline across the region. This report establishes a baseline for further research and collaboration with industry and stakeholders, aiming to reframe the narrative around the energy transition, associated key interventions, and focus attention on the fundamental importance of business and industry in the North West.

Industry is at the heart of the region—it drives economic growth, provides thousands of skilled jobs, underpins community pride, and enhances the UK's resilience by reducing dependence on international supply chains. This report is intended to communicate directly with audiences beyond the traditional industrial sector—engaging politicians, investors, and wider civic stakeholders. Through clear, relatable data and case studies, this report highlights the North West's industrial strengths, their significant economic contributions, their national and global reach, and the potential consequences should key industries be lost. Alongside the Net Zero North West Manifesto¹ which sets out the Transformation Vision for the North West this report highlights the importance of protecting what we have if this transformation vision is to be realised.

Economic growth, reliable energy, and industrial strength are central to the North West's clean energy ambitions. The Net Zero North West Cluster Plan² (January 2023) identifies a £30 billion pipeline of investable projects already underway in the region, offering significant

opportunities to achieve net zero. These projects are expected to create and safeguard more than 30,000 green jobs, strengthening the regional economy. Generating low carbon energy domestically reduces reliance on international fossil fuel markets, ensuring competitive and stable supplies for energy-intensive industries. As regulations increase for sectors that are challenging to decarbonise, carbon capture presents an opportunity to add £5 billion annually to the UK economy by 2050. With continued government support for carbon capture facilities, jobs and industries in the North can be preserved, reducing the risk of stranded assets and mitigating potential job losses.

The Net Zero North West Investment Case³ (Mace, 2022) recommended a 'Mixed Net Zero pathway'—a diversified approach to decarbonisation, including Power sector decarbonisation (£16.3 billion), Industrial CCUS-enabled hydrogen (£5 billion), Industrial CCUS (£0.62 billion), Industrial electrolytic hydrogen (£3.9 billion), Bioenergy with carbon capture and storage (BECCS) (£0.97 billion) and Energy efficiency measures (£2.8 billion). This has subsequently been developed into an interactive project intelligence platform.

The North West is uniquely positioned to demonstrate that decarbonisation and industrial growth are mutually reinforcing pillars. This will be achievable if the government supports appropriate regulatory frameworks and investment support, ensuring that the region continues to thrive as a leader in manufacturing and innovation. As the UK's leading manufacturing region, its pivotal role is underscored through alignment with the UK Government's Industrial Strategy (8 Pillars) and the Northern Growth Strategy.

¹manifesto_e4d6d5143e.pdf

²NZNW_Cluster_Plan_Y2_Summary_FINAL_fcba0b7233.pdf

³NZNW_Investment_Case_FINAL_Report_April_2023_50c8081126.pdf

Alignment with the UK Industrial Strategy

The North West is home to nationally significant clusters across many of the government's eight priority growth sectors, demonstrating its breadth and depth in industrial capability.

- **Clean Energy Industries:** The North West stands as a strong UK region capable of delivering a diversified vector energy system at the scale required for the transition, to support existing industry and enable the conditions for future growth.

→ **Strategic Ask:** Unlock policy and set the right commercial incentives to mitigate and release the risk associated with the £30 billion pipeline of projects already identified in the region, thereby unlocking investment at pace.

- **Advanced Manufacturing:** As the top manufacturing output area in the UK (14% of the national total), the region hosts Europe's largest aerospace and defence cluster, the UK's largest chemicals cluster and the UK's second-largest automotive cluster.

→ **Strategic Ask:** Target research and development and capital investment towards regional manufacturing to further enhance primary and supply chain productivity

- **Life Sciences:** The North West possesses significant strengths in pharmaceuticals, contributing 9% (£7.45 billion) of regional turnover.

→ **Strategic Ask:** Ensure sector plans for life sciences include explicit provisions (what could/should these be) for the region's high-value pharmaceutical production base.

- **Defence:** The region is a vital hub for the UK defence sector, producing critical components for aerospace, marine and telecommunications.

→ **Strategic Ask:** Align defence procurement and skills strategies with the North West's specialised manufacturing capabilities.

Alignment with the Northern Growth Strategy: Next Steps

The March 2026 "Next Steps" document places emphasis on connectivity and devolution.

- **Energy Costs as a Barrier:** The region faces energy costs that are four times higher than European and global counterparts.

→ **Strategic Ask:** Implement the proposed British Industrial Competitiveness Scheme (BICS) and continue to work with energy-intensive industries in the North West to look at other mechanisms such as the Energy Intensive Industry Compensation Scheme to reduce electricity costs for.

- **Fiscal Devolution & Regional Investment:** With the government's proposed City Investment Funds of £2.3 billion,

→ **Strategic Ask:** allocate a significant portion towards Net Zero infrastructure projects which utilises the region's unique geology for carbon capture and storage and unlock further growth within the £30bn pipeline of projects. Recognise

the significance of our non city regions in driving economic resilience and growth in the North West and for the UK

- **Skills & Demographic Risks:** The North West faces a "demographic cliff" with a substantial cohort of workers aged 50–59 and 17,565 fewer workers in the 25–34 age range.

→ **Strategic Ask:** Use the Northern Growth Strategy's focus on education to align local Skills academies and apprenticeship programmes providing clear pathways into high-quality, future-proof jobs, reinforcing the North West's position as the UK's leading region for industrial transformation.

This report establishes a robust, data-driven foundation to reposition the role of industry in the North West of England. The evidence demonstrates that the region possesses world-class industrial strengths, high productivity, and significant growth potential—provided the transition to net zero is managed in

a way that safeguards and enhances industrial competitiveness. The path forward requires renewed confidence, coordinated stakeholder engagement, and policies that recognise business as central to prosperity, energy security, and long-term economic resilience.

Industry: The Cornerstone of Regional Prosperity

Industry underpins the prosperity, resilience, and identity of the North West. As the region faces political uncertainty, rising operating costs, and pressures to decarbonise, it is essential to reaffirm why industry matters—not only for economic output, but for its role in communities, supply chains, national security, and skills development. The North West's industrial base ranks among the UK's most productive, high-value, and strategically significant, supporting both regional and national economic performance.

The North West: A Powerhouse of UK Production

The North West is a leading centre of UK production, contributing 10% of national Gross Value Added (GVA) and generating £270.8 billion in GDP. Non-financial sectors account for £467 billion in turnover and £294 billion in purchasing power. Production industries are particularly significant, representing 24% of regional economic turnover, 20% of GVA, 26% of purchasing activity, and 17% of employment costs. Productivity is notably strong: every £1 spent on labour in production generates £2.10 in economic value, outperforming the regional average of £1.77.

Manufacturing: The Engine of Regional Strength

Manufacturing sits at the heart of the North West's industrial economy, accounting for 82% of total production turnover and delivering £93.9 billion in turnover and £26.9 billion in GVA, with nationally significant concentrations in chemicals (26.6% of UK turnover), textiles (24%), pharmaceuticals, food manufacturing, transport equipment, advanced materials, and engineering. These sectors underpin UK's export capability, innovation capacity, and supply-chain resilience, while anchoring high-value employment across the region.

Global Competitiveness, Trade and Investment

In 2023, the North West exported £68.5 billion of goods and services—7.9% of the UK total—yet continues to operate with a persistent trade deficit as imports reached £73.9 billion. Export performance is driven by chemicals, machinery and transport equipment, into a diversified global market across the EU, Asia-Pacific, North America, and MENA regions. The region also attracts substantial investment, with £118.5 billion in inward foreign direct investment and over £4.6 billion in business R&D, with Greater Manchester acting as a major driver of capital inflows and innovation activity.

People: A Critical Strength and a Growing Risk

Manufacturing employs approximately 337,000 people—8.5% of the regional workforce—and provides significantly higher-value employment than the regional average, with employment costs per worker of £42,012 compared to £23,887 across the wider economy. However, the sector faces a significant demographic challenge. The largest cohort of workers sits within the 50–59 age range, with 17,565 fewer people aged 25–34. Without intervention, this imbalance risks a long-term skills deficit, loss of technical capability, and reduced confidence among younger generations about the future of industry in the region.

The Cost of Industrial Decline

A sustained decline in manufacturing capacity would have profound economic and social consequences. Thousands of high-value jobs would be placed at risk, billions of pounds of GVA would be lost, and supply chains would weaken. Communities would face reduced economic mobility, deteriorating health and wellbeing, and erosion of apprenticeship and progression pathways. The UK would become more dependent on international markets for strategically important goods—including chemicals, aerospace components, pharmaceuticals, and food—at a time of increasing geopolitical and supply-chain instability.

Strategic Challenge and Opportunity

The North West's industrial future depends on addressing a series of interlinked challenges: high and volatile energy costs, regulatory and planning complexity, skills shortages, infrastructure constraints, and intensifying global competition. Poorly managed decarbonisation risks are accelerating de-industrialisation rather than securing a competitive transition. However, the region is uniquely positioned to lead the UK's energy transition. The North West hosts the country's most advanced industrial decarbonisation cluster including HyNet, alongside nationally significant assets in carbon capture, hydrogen production and storage, nuclear expertise, offshore and tidal energy, and grid infrastructure. Concentrations of heavy industry, existing pipelines, ports, storage geology, and a highly skilled workforce mean decarbonisation investment in the North West delivers outsized economic and emissions-reduction benefits.

Looking Ahead

To secure long-term prosperity, the region is focused on a clear, shared vision for its industrial future. This includes clarity on priority sectors where the North West can lead nationally; alignment between industry, government, and the education system; and policy and regulatory frameworks that actively support competitiveness, investment, and export growth. With the right strategic choices, the North West can demonstrate that decarbonisation and industrial growth are not competing objectives—but mutually reinforcing pillars of a resilient, productive, and globally competitive economy.

Introduction

This report underscores the pivotal role of North West industry in fostering economic growth, safeguarding energy security, and advancing the energy transition toward net zero emissions. The report demonstrates the importance of the region's industrial base for both regional and national development, examines the challenges and opportunities encountered by major sectors such as chemicals, glass, aerospace, automotive, and food and drink

Combining local data, national research, and input from key stakeholders, the report presents a rigorous, evidence-based narrative that highlights the strategic value of the North West. This comprehensive analysis illustrates the region's industrial strengths and its contributions to the broader economy.



Strategic Industrial Strengths

At present, the North West stands as a strategically significant economy, particularly in manufacturing and production. Notably, the region is home to:

- Europe’s largest aerospace cluster
- The UK’s largest chemical production cluster
- The UK’s leading manufacturing region, accounting for 14% of national output
- The UK’s second largest automotive cluster
- UK Submarine manufacture
- Europe’s largest glass manufacturing and bottling plant
- Nuclear industry supply chain and innovation centre
- 50% of the UK’s high-quality salt manufacturing capacity
- 25% of the UK’s refining capability and capacity

The Energy Transition: Unique Advantages

The North West is distinguished as the sole region in the UK with the ability to implement a diversified vector energy system at the required scale and speed for the energy transition, particularly in support of industrial production. This unique capacity is grounded in the region’s well-established expertise and resources across nuclear power, renewable energy, carbon capture, hydrogen, and energy storage.

Whole-System Approach and Infrastructure Collaboration

Driven by organisations like Net Zero North West, the region is adopting a comprehensive whole-system approach, the North West has already established a robust pipeline to address both production and generation capacity needs for energy end users. The region collaborates closely with infrastructure providers, to identify the required investment to facilitate decarbonisation technologies adoption within the North West and beyond its borders, what is urgently required is commitment to underwrite the risk that this carries to unlock investment at pace.

Industrial Capabilities and Energy Leadership

These combined industrial capabilities and leadership in the energy transition present significant opportunities to strengthen sovereign energy capacity and security. By leveraging these strengths, the North West supports the protection and advancement of critical manufacturing sectors, ensuring a successful transition to net zero and the continued domestic production of essential goods. In doing so, the region bolsters the broader economic resilience of the UK.

The Economy in Context

This Report has been collated to inform Net Zero North West of the fundamental metrics which underpin the statement ‘Why Industry Matters’. We know for the North West, that business performance is a critical determinant of long-term prosperity. Stronger, more productive businesses are essential to closing the region’s total economy productivity gap, improving wages and job quality, reducing economic inactivity, funding public services sustainably and supporting successful regeneration, Production industries in the region are more productive, strengthening these and ensuring their long-term viability will help to reduce the current wider economy productivity issues. Without a stronger industrial base, the North West’s population, skills and research strengths cannot translate into higher living standards across the region.

The North West is a powerful economy within the United Kingdom, with major assets — global cities, ports, universities and industrial heritage — but it also faces long-standing productivity, health and income gaps relative to the UK average.

Business performance is a decisive factor in whether those gaps narrow or persist.

The current figures highlight the scale of the current economy

- 10% of national gross value add (GVA)
- gross domestic product (GDP) of £270.8Bn⁴.
- The region contributes £467Bn turnover to the economy (excluding Financial services)

- Has purchasing spend power of £294Bn and delivers £96.5Bn of wages and employment cost contributions⁵.
- In International terms this is comparable with Catalonia (Spain) and Bavaria (Germany), or (for further context) Finland and Portugal.

In the North West, long-term prosperity requires the right policies and strategies to support raising productivity, increasing targeted investment and innovation to production for businesses, so that the region’s people, places and research strengths translate into higher living standards and underpin a thriving place.

This report will focus in on production industries⁶, with an emphasis on manufacturing initially, what follows is a summary of key data and interpretation of what this means and what this shows, and an initial list to be developed with strategic partners of those policy and strategic themes, which the North West Industrial community can focus on.

From this initial work we can see that:

- Production is key part of the North West’s economic strength - High turnover, high purchasing power, and high GVA all point to production as an economic pillar.
- Manufacturing is the engine of production - With 82% of production turnover and multiple nationally significant clusters, manufacturing is central to future strategy.
- Productivity performance is strong and improving - The GVAperworker and GVAperlabourcost metrics show the North West Production and Manufacturing sectors outperforming averages, strengthening the case for more investment.
- Sectoral diversity provides resilience - From chemicals to food, transport equipment, textiles, and pharmaceuticals, the region has a broad industrial base.
- Large supplychain activity enhances economic impact - High purchases and strong upstream and downstream linkages mean growth in these sectors has multiplier benefits.

UNITED KINGDOM ECONOMY - BY REGION

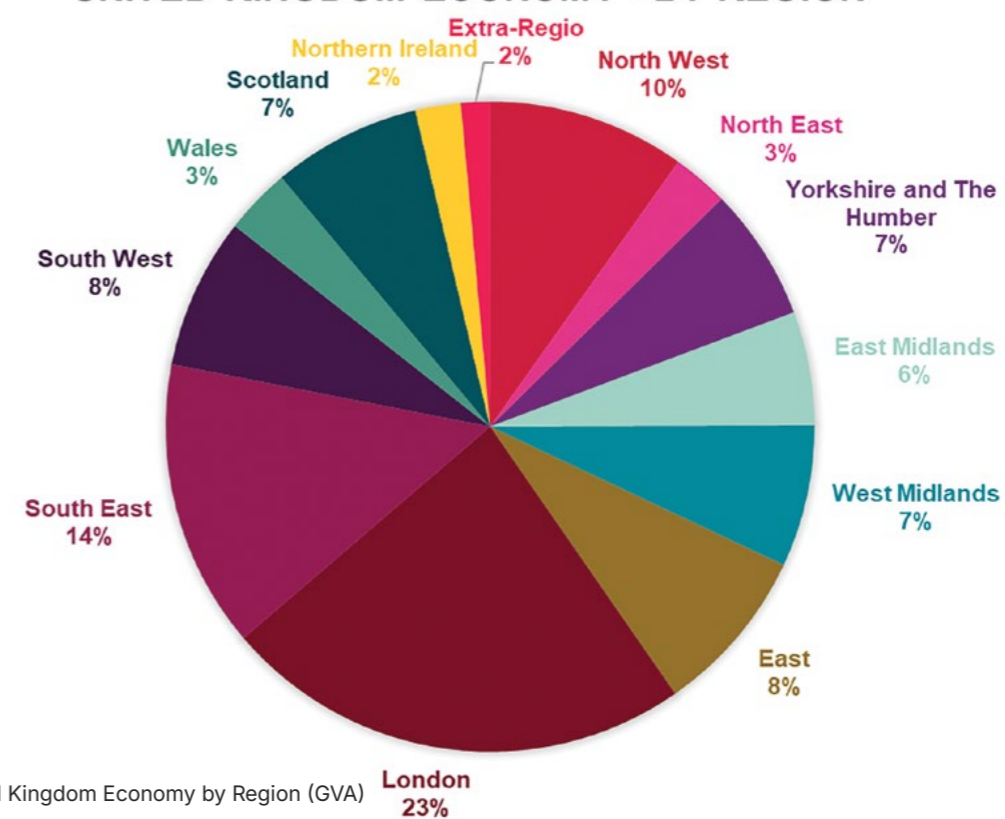


Fig. 1 United Kingdom Economy by Region (GVA)

⁵ [Non-financial business economy, regional results: Sections A to S - Office for National Statistics](#)

⁶ The ONS (Office for National Statistics) Production and Manufacturing industries, classified under SIC 2007 sections B-E, represent UK economic sectors engaged in transforming materials into goods, mining, energy supply, and water management. Manufacturing (Section C) is the largest component, focusing on factory-based production.

⁴ [Regional gross value added \(balanced\) by industry: all ITL regions - Office for National Statistics](#)

Insights



Why Industry Matters - Economy

Production industries, and manufacturing in particular, are fundamental to the economic performance of the North West. These sectors account for a substantial portion of the region's activity, representing 24% of all regional economic turnover and contributing 20% of Gross Value Added (GVA). Their importance extends further, as they are responsible for 26% of purchasing activity in the region, indicating significant demand within supply chains. With a sector buying power of 68%, production industries exert considerable influence on the broader regional economy. Furthermore, they account for 17% of all employment costs in the North West, underscoring their role as major employers.

High Value Creation and Productivity

Production industries demonstrate a strong value proposition relative to labour costs. For every £1 spent on labour, these industries generate £2.10 in economic value, which is markedly higher than the regional average of £1.77. This indicates greater productivity, a more capital-intensive and efficient operational model, and a compelling justification for policy focus and targeted investment in these sectors.

Turnover, Output, and Regional Specialism

The North West's production industries generate a turnover of £113.1 billion, equating to 12.2% of total UK production turnover. This positions production as a top-tier regional specialism, with the sector being more concentrated in the North West than in many other UK regions. In addition, production industries contribute £33.8 billion in regional GVA, representing 11.6% of the UK's total production GVA. These figures demonstrate the sector's strong output, especially when considered alongside labour and supply-chain costs.

Driving Economic Activity

Production industries drive significant economic activity through both input and labour spending. Regional purchases—which include materials, goods, and services—total £77.5 billion, accounting for 12.1% of total UK

purchases within production sectors. This highlights the North West's vital role as a major national buyer, supporting extensive supplier ecosystems in the region.



Morecambe Net Zero | Peak Cluster:

A joint venture between Spirit Energy and the Peak Cluster partners, forming the world's largest cement decarbonisation project. This Project will safeguard and create around 13,000 jobs in Staffordshire, Derbyshire, and Cheshire, while generating up to £1.8bn equivalent of GVA to the UK economy, unlock £5bn of UK investment in construction and operations and pay HM Treasury £7bn over its lifetime.

Employment Costs and Productivity

Employment costs within the region's production industries amount to £16.1 billion, or 12.8% of all UK employment costs for these sectors. Although this employment spending is considerable, it is outpaced by GVA, further confirming the sector's strong productivity performance.

Sector Breakdown and Productivity Benchmarks

All production sub-sectors in the North West exceed the regional economic value benchmark of 1.77 GVA per £1 of labour. This illustrates that production industries are structurally more productive than many other sectors, with particularly high productivity observed in electricity, gas, steam, mining, and pharmaceuticals.

Manufacturing as the Core of Regional Production

Manufacturing is the cornerstone of production in the North West, accounting for 82% of all production turnover—equivalent to £93.9 billion in turnover and £26.9 billion in GVA. Key manufacturing sub-sectors include:

- Food products: 18% (£14.7 billion)
- Transport equipment: 16% (£16 billion)
- Chemicals and chemical products: 12% (£9.7 billion)
- Pharmaceuticals: 9% (£7.45 billion)

These sectors are characterised by their high value, export orientation, and regional clustering, all underpinned by robust supply chains. The North West holds a disproportionately large share of several UK manufacturing sectors, including 26.6% of UK chemicals turnover and 24% of UK textile turnover. This points to deep expertise, a skilled labour pool, and the presence of strategic industries with significant export and innovation potential.

Why Industry Matters – Trade, Investment and Research and Development

The North West plays a pivotal role in the United Kingdom's international trade landscape. In 2023, the region generated an impressive £68.5 billion in exports, representing 7.9% of the UK's total export value. However, despite this robust export performance, the North West consistently experiences a trade deficit. Imports reached £73.9 billion in 2023—equivalent to 8.2% of the UK total—resulting in a negative trade balance. This persistent deficit, present across all quarters from 2021 to 2025, highlights the region's reliance on imported goods and

underscores the strategic importance of further expanding high-value exports.

Key Exporting Strengths

The region's export strengths are particularly notable in Chemicals and Machinery & Transport. The chemicals sector stands out, consistently delivering between £2 billion and £2.5 billion in quarterly non-EU exports. This performance reflects the North West's established industrial expertise and its ability to meet international demand in high-value manufacturing segments.

Protos

Protos is being driven forward by Peel NRE, part of Peel Land Group, which has an established track scale, transformative developments and infrastructure projects. Protos sits at the centre of the North West's industrial heartland near Ellesmere Port, strategically positioned between Chester, Liverpool and Manchester. With strong transport links and established utility infrastructure, it is a flagship location for clean growth, energy transition and industrial innovation.



The development has already attracted more than £740 million of investment into the region through its initial 134-acre site, with future phases offering a further 335 acres of expansion opportunity. By clustering together innovative technologies, Protos is leading the way on the clean growth agenda, offering an environment where clean energy, industrial decarbonisation and innovation meet. This is driving regional growth, strengthening supply chain development and enabling the delivery of skilled, high-quality jobs, while underpinning a growing talent pipeline with clear pathways for workforce development.

Export Market Diversification

The North West's export markets are broadly diversified on a global scale. While the European Union remains the largest destination for the region's exports, significant volumes are also shipped to Asia & Oceania, North America, and the Middle East & North Africa. Quarterly data reveal stable and widespread demand for the region's manufactured goods across these various international markets, demonstrating the strength and adaptability of the North West's export base.

Foreign Direct Investment (FDI)

Foreign direct investment continues to be a major driver of economic activity in the North West. Greater Manchester leads the region in attracting inward investment, with £52.9 billion secured in 2023, accounting for approximately 45% of the North West's total FDI. This area also

boasts the highest investment per head, at £17.92. In contrast, the Liverpool City Region, while attracting a substantial £12.9 billion in inward FDI, is characterised by even higher levels of outward investment, totalling £22.2 billion, thereby positioning it as a net investor on the global stage.

Research and Development

The North West demonstrates robust innovation activity, supported by significant levels of research and development investment. Businesses in the region invested £4,678 million in R&D, complemented by £1,221 million in public R&D funding. These combined efforts consolidate the North West's status as a leading UK centre for advanced manufacturing, pharmaceuticals, and chemical innovation, underpinning the region's competitive advantages and supporting future economic growth.

Why Industry Matters - People

Over the past three decades, the labour market in the North West has experienced a profound transformation, primarily characterised by a shift away from primary and production industries towards a more service-oriented economy. Since 1996, the region has witnessed a net increase of 846,000 jobs. This growth is entirely attributable to the service sector, which alone contributed over 1 million additional jobs, thereby offsetting considerable employment losses in other sectors. In contrast, manufacturing has seen a significant contraction, with a decline of 224,000 jobs—falling from over half a million in 1996 to approximately 337,000 by December 2024. Despite these manufacturing losses, sectors such as construction, professional and scientific activities, and transport and storage have demonstrated growth, in line with broader national trends.

Key Issues and Areas of Concern

- Employment Disparity: The North West reports a lower unemployment rate (3.8%) compared to the national average (4.8%). However, the region's overall employment rate stands at 73.8%, which lags behind the UK average of 75.1%.



United Utilities

A first-of-its-kind project to use gas from sewage waste to produce clean hydrogen is being delivered at United Utilities' largest wastewater treatment works in Manchester. The biogas generated from sewage waste could produce up to 75,000 tonnes of hydrogen annually, enough to fuel more than 40% of all UK bus and coach journeys. If successful, the technology could be used across the North West and potentially the entire country.

- The Ageing Workforce “Cliff”: A critical concern is the age profile of the workforce, particularly within manufacturing. The largest segment of employees is within the 50–59 age group, accounting for 27% of the current workforce.
- Youth Recruitment Gap: There is a marked shortage of younger workers to replace those approaching retirement. Across the manufacturing sector, there are 17,565 fewer employees aged 25–34 compared with those in the 50–59 age bracket.
- Sector-Specific Vulnerability: Although the generational gap is somewhat less pronounced in sectors such as motor vehicles, food, and pharmaceuticals/chemicals, it is nonetheless a widespread issue throughout manufacturing. This indicates ongoing challenges in attracting younger talent and may reflect uncertainty regarding the long-term viability of the industry in the region.

Potential Solutions and Actions

- Improving Industry Attraction: It is essential to address the factors that deter younger workers from pursuing careers in manufacturing.
- Building Long-Term Confidence: Greater efforts are required to enhance the perceived stability and future prospects of the industry, encouraging younger generations to regard it as a viable and rewarding career path.
- Skilled Workforce Planning: With such a substantial proportion of the workforce nearing retirement, the region must prioritise succession planning and ensure the timely replacement of skilled workers to prevent a significant loss of expertise. *Enterprise Cheshire & Warrington is leading the Regional Skills Pilot, a government-funded project to help local businesses decarbonise. The initiative connects training providers with energy and carbon-intensive companies in Cheshire West & Chester to deliver essential clean energy skills.*



Glass Futures

An innovative research and technology centre accelerating innovation and driving decarbonisation across the global glass and foundation industries. The Company's core objective is to provide an open-access experimental hot-glass pilot plant and associated cold-end research facilities. These facilities support the development and testing of alternative manufacturing processes, raw materials, low-carbon fuels, and advanced coatings, with the aim of improving productivity and reducing carbon emissions. Created over 100 jobs with people currently working on both projects from within the Liverpool City Region, and in partnership with industry, academia and government, to focus on solving real-world industrial challenges. Project spend is local wherever possible and in excess of 5,000 apprenticeship hours have been delivered throughout the duration of the project and beyond.

Economy

Before we can seek to develop the right strategy and policy recommendations, we need to understand the data that underpins the economic performance of the area, and specifically around production and manufacturing, to develop a picture of where we are today and what needs to change.



Excluding Financial Services, Production Industries in the North-West contribute:

- 24% of Economic Turnover
- 20% of GVA
- 26% of Purchasing activity – with Sector Buying power of 68% (value of purchases /total turnover)
- 17% Employment costs

Production industries contribute more turnover to the UK economy than other sectors in the region and have a greater economic value than other sectors except for wholesale and retail trade/repair of motor vehicles and motorcycles. This highlights the importance of this sector to the economy, regionally and nationally. If we compare the GVA to Employment-Cost ratio we see that production industries generate a higher economic value - £2.10 value for every £1 of employment costs, compared to the average for the region of £1.77.

Fig. 2 Northwest Turnover and Average gross value add.

Primary Sector	Total Turnover			Approximate gross value added at basic prices (aGVA)		
	North-West	UK	%	North-West	UK	%
Agriculture, forestry and fishing	£0.4Bn	£6.8Bn	6.3%	£0.2Bn	£3.3Bn	5.8%
Production industries	£113.1Bn	£923.7Bn	12.2%	£33.8Bn	£290.9Bn	11.6%
Construction	£31.3Bn	£340.8Bn	9.2%	£11.9Bn	£127.2Bn	9.4%
Wholesale and retail trade; repair of motor vehicles and motorcycles	£156.4Bn	£1,849.5Bn	8.5%	£30.0Bn	£257.9Bn	11.6%
Non-financial service industries	£166.4Bn	£1,925.9Bn	8.6%	£93.3Bn	£981.2Bn	9.5%
Total (Non-Financial Services)	£467.5Bn	£5,046.7Bn	9.3%	£169.2Bn	£1,660.4Bn	10.2%

Fig. 3 Northwest Turnover and Average gross value add.

Primary Sector	Total purchases of goods, materials and services			Total employment costs		
	North-West	UK	%	North-West	UK	%
Agriculture, forestry and fishing	£0.3Bn	£3.9Bn	6.8%	£0.1Bn	£1.2Bn	9.1%
Production industries	£77.5Bn	£640.1Bn	12.1%	£16.1Bn	£126.0Bn	12.8%
Construction	£19.4Bn	£216.8Bn	8.9%	£6.6Bn	£60.6Bn	10.9%
Wholesale and retail trade; repair of motor vehicles and motorcycles	£123.2Bn	£1,558.9Bn	7.9%	£13.7Bn	£123.2Bn	11.1%
Non-financial service industries	£74.6Bn	£960.2Bn	7.8%	£59.0Bn	£604.4Bn	9.8%

This analysis sets the context of why the Production sectors are so important to the North West economy, not just in absolute terms of size, but the addition value this creates. For further context the North West represents approximately 11% of the UK population.

Production Sectors

A further breakdown of the Production sectors Highlights that all economic value indicators higher than regional average (1.77).

Manufacturing is by far the largest sector in terms of volume across all metrics in the North-West – 82% Turnover.

Fig. 4 Production Sector breakdown

Description	Total Turnover		aGVA		Total purchases		Total employment costs		Economic value
	North-West	% UK	North-West	% UK	North-West	% UK	North-West	% UK	
Mining and quarrying	£1.3 Bn	3.2%	£.7 Bn	2.9%	£.6 Bn	3.4%	£.1 Bn	2.9%	5.38
Manufacturing	£93.9 Bn	14.9%	£26.9 Bn	14.5%	£63.9 Bn	14.7%	£14.2 Bn	13.7%	1.90
Electricity, gas, steam air conditioning supply	£11.5 Bn	5.7%	£3.2 Bn	5.7%	£9.5 Bn	5.9%	£.5 Bn	6.4%	6.29
Water supply, sewerage, waste management and remediation activities	£6.4 Bn	12.3%	£3.0 Bn	11.6%	£3.4 Bn	11.7%	£1.3 Bn	13.1%	2.39
Production industries	£113.1 Bn	12.2%	£33.8 Bn	11.6%	£77.5 Bn	12.1%	£16.1 Bn	12.8%	2.10

The Manufacturing Sector

Four major sectors make up 60% of Northwest manufacturing production, these being:

- Transport sector 16% (£16bn)
- Food Products 18% (£14.7Bn)
- Chemicals and Chemical products 12% (£9.7Bn)
- Pharmaceuticals 9% (£7.45Bn)

With a further 6% each (£4.5Bn and £4.7Bn) Rubber and Plastic and Fabricated Metal Products highlighting the strong local supply chain. It is clear how diverse and important manufacturing and industry is to the region and the breadth of capability in the local workforce, and the opportunity there is to build upon this base for industrial growth and prosperity.

Sector Concentration in the North West

The North West holds a disproportionately high share of specific UK industries:

- Chemicals and chemical products: The region accounts for 26.6% of the UK's total turnover in this sector (£9.4 billion out of £35.2 billion).
- Textiles: The region represents 24% of the UK's textile turnover.
- Pharmaceuticals: This sector is highly efficient in the region, with a GVA-to-Employment-Cost ratio of 3.53, meaning it generates over three times the value of its labour costs
- Paper and Paper products: in the region represent 21.8% of UK turnover

Description	Total Turnover		Approximate gross value added at basic prices (aGVA)		Total purchases of goods, materials and services		Total employment costs		North West Economic Multiplier per £1 of Labour			
	North-West	UK	North-West	UK	North-West	UK	North-West	UK				
Food products	£14.7 Bn	£103.3 Bn	14.20%	£24.6 Bn	13.30%	£11.4 Bn	£78.5 Bn	14.50%	£1.9 Bn	£14.0 Bn	13.30%	1.76
Textiles	£1.5 Bn	£6.0 Bn	24.00%	£2.3 Bn	20.70%	£.9 Bn	£3.7 Bn	25.50%	£.3 Bn	£1.5 Bn	21.40%	1.51
Manufacture of wood/wood products	£1.1 Bn	£12.0 Bn	8.90%	£4.5 Bn	8.10%	£.7 Bn	£7.5 Bn	9.30%	£.2 Bn	£2.4 Bn	7.70%	1.99
Paper and paper products	£3.1 Bn	£14.1 Bn	21.80%	£4.2 Bn	18.30%	£2.3 Bn	£9.9 Bn	23.10%	£.4 Bn	£2.2 Bn	19.10%	1.8
Printing and reproduction of recorded media	£0.9 Bn	£8.8 Bn	10.60%	£3.8 Bn	10.50%	£.5 Bn	£5.0 Bn	10.90%	£.2 Bn	£2.4 Bn	9.50%	1.69
Chemicals and chemical products	£9.4 Bn	£35.2 Bn	26.60%	£2.4 Bn	XXX	£6.9 Bn	XXX	XXX	£1.2 Bn	£4.8 Bn	25.20%	1.95
Basic pharmaceutical products and pharmaceutical preparations	£7.4 Bn*	£22.7 Bn	XXX	£10.1 Bn	25.10%	XXX	£12.9 Bn	XXX	£.7 Bn	£3.2 Bn	22.40%	3.53
Rubber and plastic products	£4.5 Bn	£26.6 Bn	17.00%	£1.9 Bn	18.60%	£2.6 Bn	£16.3 Bn	16.10%	£.9 Bn	£5.6 Bn	15.20%	2.18
Non-metallic mineral products	£2.3 Bn	£18.5 Bn	12.50%	£.8 Bn	11.40%	£1.6 Bn	£12.0 Bn	13.10%	£.4 Bn	£3.6 Bn	12.20%	1.75
Manufacture basic metals	£3.6 Bn	£17.5 Bn	20.80%	£1.1 Bn	28.30%	£2.5 Bn	£13.3 Bn	19.00%	£1.0 Bn	£3.4 Bn	29.70%	1.08
Fabricated metal products, except machinery and equipment	£4.7 Bn	£45.9 Bn	10.30%	£1.9 Bn	9.60%	£2.8 Bn	£25.9 Bn	10.70%	£1.3 Bn	£11.7 Bn	11.00%	1.51
Computer, electronic and optical products	£2.1 Bn	£25.3 Bn	8.30%	£.9 Bn	8.20%	£1.2 Bn	£15.1 Bn	8.10%	£.5 Bn	£6.0 Bn	7.60%	1.87
Electrical equipment	£1.8 Bn	£15.7 Bn	11.70%	£.5 Bn	9.60%	£1.3 Bn	£10.3 Bn	12.70%	£.4 Bn	£3.4 Bn	13.10%	1.22
Machinery and equipment N.E.C.	£2.9 Bn	£43.9 Bn	6.60%	£1.2 Bn	8.10%	£1.7 Bn	£29.8 Bn	5.80%	£.6 Bn	£8.2 Bn	7.60%	1.86
Motor vehicles, trailers and semi-trailers	£9.7 Bn	£73.0 Bn	13.30%	£2.6 Bn	25.10%	£7.1 Bn	£62.6 Bn	11.40%	£.9 Bn	£7.5 Bn	12.60%	2.8
Other transport equipment	£6.9 Bn	£33.9 Bn	20.40%	XXX	XXX	XXX	£22.3 Bn	XXX	£1.8 Bn	£7.9 Bn	22.50%	XXX
Furniture	£1.4 Bn	£10.6 Bn	12.80%	£.6 Bn	13.10%	£.8 Bn	£6.2 Bn	12.60%	£.4 Bn	£2.7 Bn	13.30%	1.58
Other manufacturing	£1.1 Bn	£15.4 Bn	7.30%	£.6 Bn	9.70%	£.5 Bn	£9.6 Bn	5.60%	£.2 Bn	£3.5 Bn	6.80%	2.4
Repair and installation of machinery and equipment	£1.7 Bn	£22.9 Bn	7.30%	£.8 Bn	8.70%	£.9 Bn	£13.6 Bn	6.40%	£.5 Bn	£5.7 Bn	8.20%	1.79
Manufacturing	£93.9 Bn**	£629.9 Bn	14.90%	£26.9Bn	14.50%	£63.9 Bn	£434.0 Bn	14.70%	£14.2 Bn	£103.9 Bn	13.70%	1.9

Manufacturing sub sector breakdown (ONS 2023)

*2021 figure, 2023 value not available in ONS figures

** Total includes sensitive commercial figures not included in the line items



Trade and investment

The North West of England, led by major economic hubs such as Greater Manchester and the Liverpool City Region, continues to play an important role in the UK's trade and investment landscape.

Production Sectors

A further breakdown of the Production sectors Highlights that all economic value indicators higher than regional average (1.77). Manufacturing is by far the largest sector in terms of volume across all metrics in the North-West – 82% Turnover.

Fig. 4 Production Sector breakdown

Description	Total Turnover		aGVA		Total purchases		Total employment costs		Economic value
	North-West	% UK	North-West	% UK	North-West	% UK	North-West	% UK	
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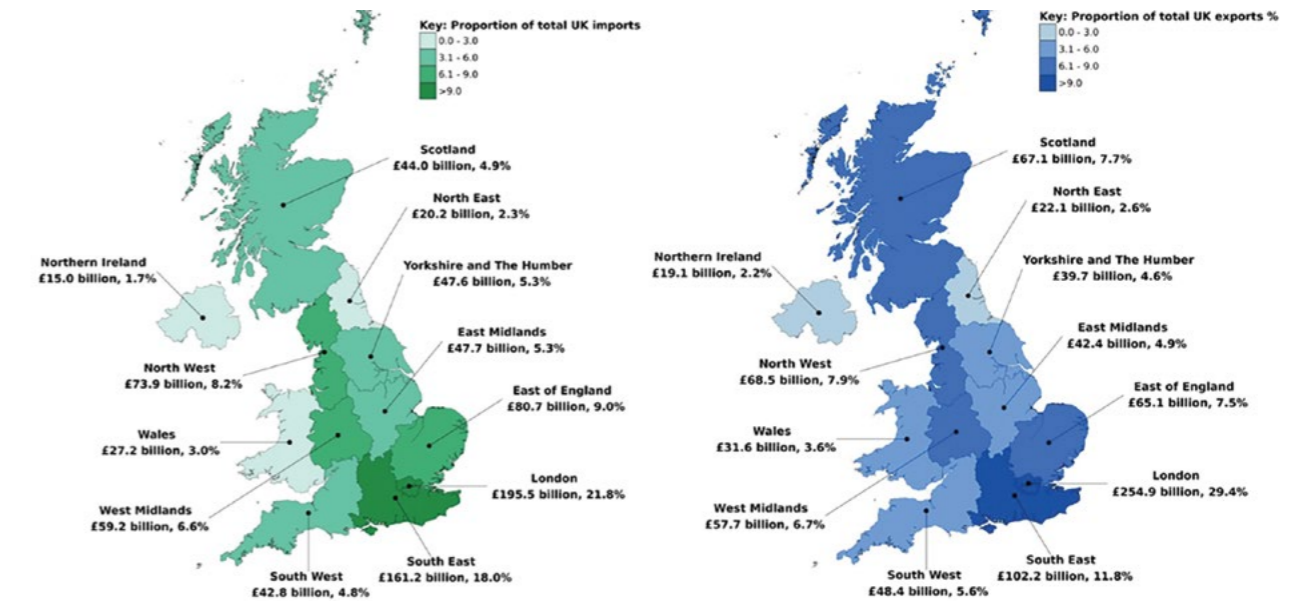
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International Trade Profile

In 2023, the North West contributed significantly to the UK's international trade activity. The region accounted for a total trade volume of £73.9 billion in imports (8.2% of the UK total) and £68.5 billion in exports (7.9% of the UK total). Despite this robust export activity, the North West operates at a consistent trade deficit, as imports from both EU and non-EU markets regularly exceed exports.

Fig 6. UK Regional imports and Exports – ONS international trade in UK nations, regions and Cities 2023



Key sectors underpinning the region's export performance include Chemicals and Machinery and Transport. The Chemicals sector, in particular, generates high quarterly export values, with non-EU trade often reaching between £2,000 million and £2,500 million.

Tata Chemicals Europe
Carbon capture and utilisation (CCU) unit has significantly reduced the carbon emissions being produced at the Northwich site. The CCU is the first of its kind and the largest in the UK, designed and delivered in partnership with Pentair, a leading supplier of CO2 capture and purification technologies to food and pharmaceutical grade. It is then used as raw material in the manufacture of sodium bicarbonate which is exported to over 60 countries around the world.

Fig 7. EU Exports by sector 2021-2025

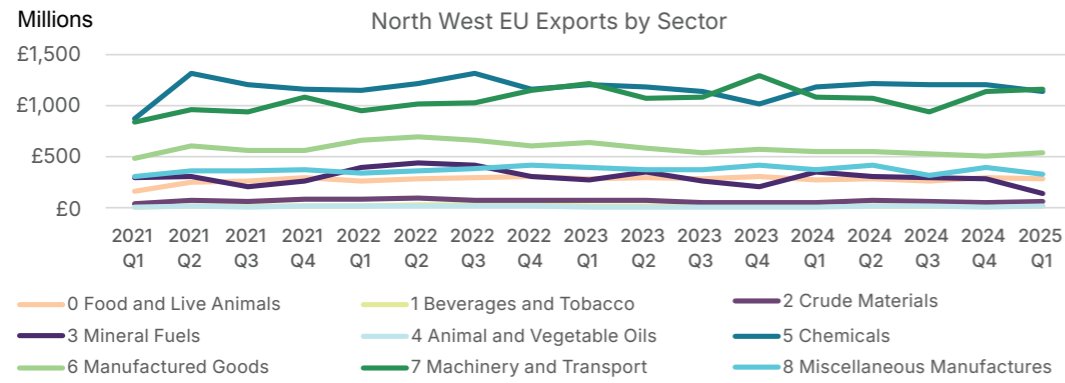


Fig 8. Non-EU Exports by sector 2021-2025

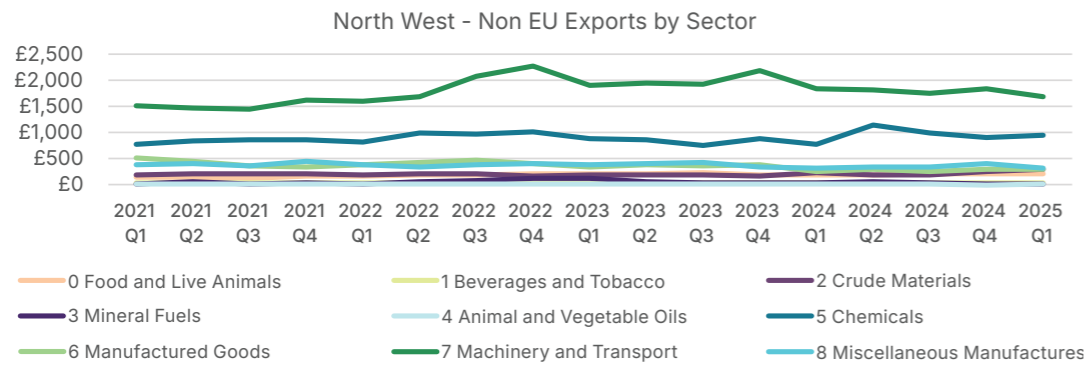


Fig 9. Exports by International regions

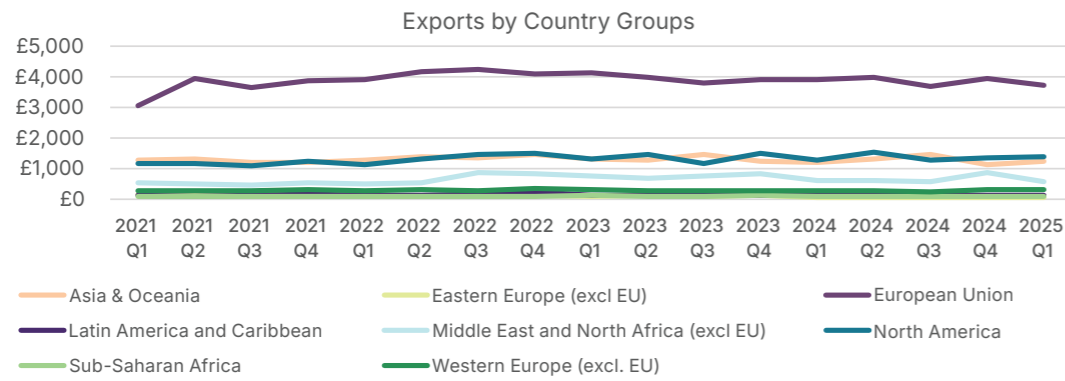
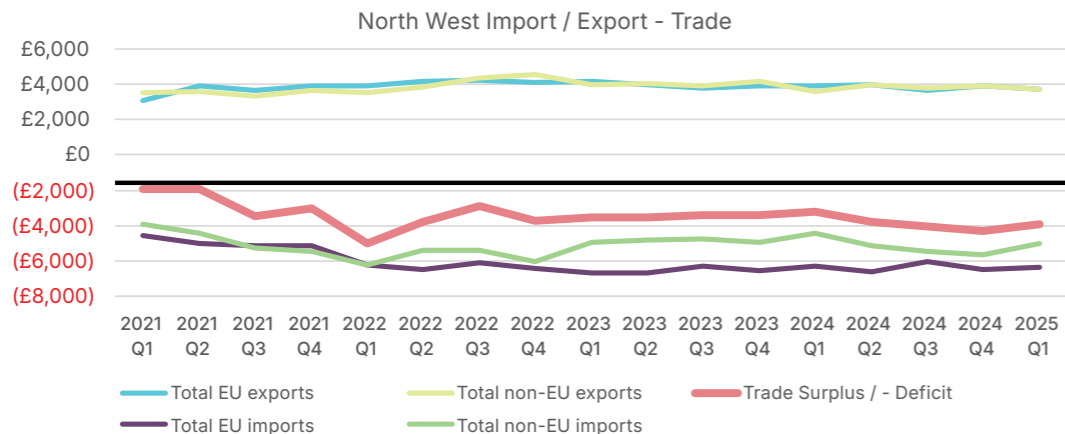


Fig 10. North West Import Export – Trade



Investment and Research & Development: Manchester Versus Liverpool

Analysis of capital flows and research activity reveals a marked concentration of both within Greater Manchester and the Liverpool City Region:

- Greater Manchester is the leading destination for foreign capital in the region, securing £52,866 million in inward foreign investment in 2023. This figure represents nearly 45% of the North West's total inward investment of £118,521 million. The area also boasts an investment per head of £17,921, which stands above the regional average of £15,392.

- Liverpool City Region attracted £12,888 million in inward foreign investment with an investment per head of £14,055. Notably, Liverpool's outward foreign investment totalled £22,238 million, a sum that significantly exceeds its inward investment for the same period.
- Across the North West, investment in research and development was also considerable, with £4,678 million allocated to business R&D and £1,221 million to publicly funded R&D in 2023.

Region	Inward Foreign Investment (2023) In £ millions	Investment Per Head £ (inward foreign investment)	Outward Foreign Investment (2023) In £ millions	Public-Funded expenditure on R&D In £ millions	Business expenditure on R&D In £ millions	Population
England	£2,017,658	£34,632	£1,707,012	£11,813	£51,135	58,260,100
London	£1,104,386	£123,464	£891,744	£2,674	£13,325	8,945,000
North-West	£118,521	£15,392	£87,081	£1,221	£4,678	7,700,000
Greater Manchester	£52,866	£17,921	£36,686	N/A	N/A	2,950,000
Liverpool City Region	£12,888	£14,055	£22,238	N/A	N/A	917,000
Non-City Regions	£52,767	£13,767	£28,157	N/A	N/A	3,833,000

Economic Insights

- Concentrated Economic Power:** Greater Manchester serves as the region's primary hub for inward foreign investment, outperforming other areas in both overall and per capita terms.
- Sector Dependency:** The region's export economy is highly specialised, with Chemicals and Machinery/Transport forming the backbone of export activity. This specialisation links the region's economic prospects closely to global demand for manufacturing and pharmaceutical/chemical products.
- Net Investment Position:** There is a notable contrast in investment profiles between the two main cities. While Greater Manchester is a substantial net recipient of inward investment, Liverpool demonstrates a much stronger outward investment profile, with local businesses investing abroad at a higher rate than foreign entities are investing in the city region.
- Trade Vulnerability:** The region's ongoing trade deficit highlights its status as a net consumer of international goods. Continued reliance on high-value manufacturing exports is essential to offset the shortfall created by substantial import requirements.

People

The population of the North West is approximately 7.7m (11% of the UK population), a quick dive into the broad employment metrics highlights an unemployment rate of 3.8% (4.8% UK) however there is a lower Employment rate of 73.8% in contrast to the national average of 75.1%. There has in the North West been a shift in the nature of employment over the 30 years, as there has been across much of the country, the below table highlights not just this shift, but also the fact that there are now more jobs in region that 30 years ago, however the production industries and primary industries have largely seen a fall in job numbers. Some of this fall will be due to productivity improvements and business closure/rescaling.

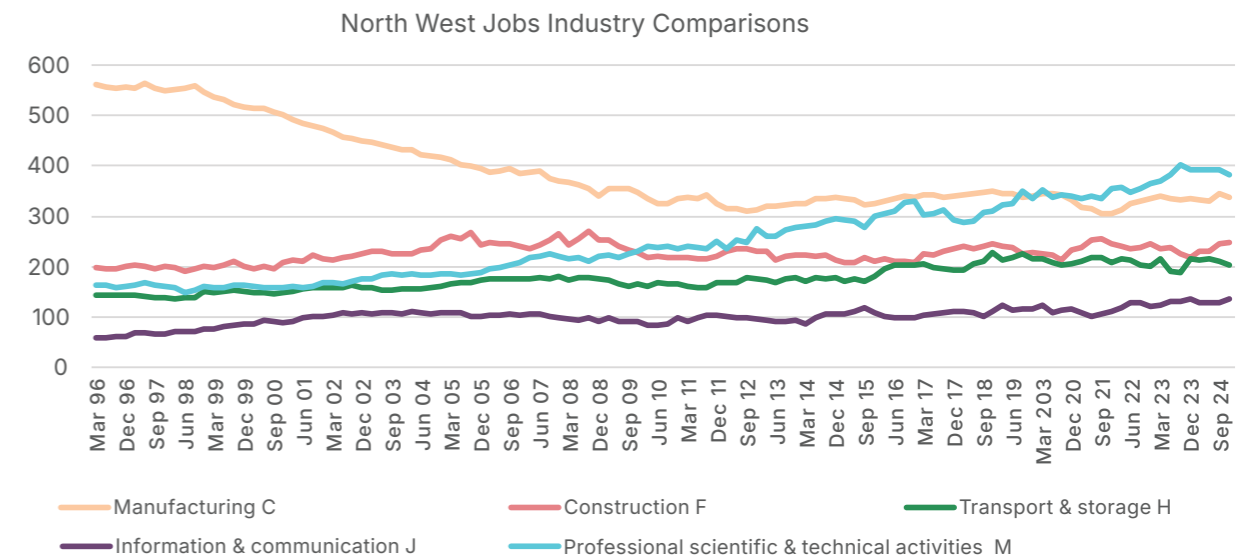


Fig 1. Rise and Fall of Job numbers by sector March 1996- December 2024

Sector	ONS Ref	Change in Job Number 1996 to 2024
Agriculture, forestry & fishing	A	-10,000
Mining & quarrying	B	0
Manufacturing	C	-224,000
Electricity, gas, steam & air conditioning supply	D	-1,000
Water supply, sewerage, waste & remediation activities	E	13,000
Construction	F	50,000
Total services	G-T	1,019,000
All jobs	A-T	846,000

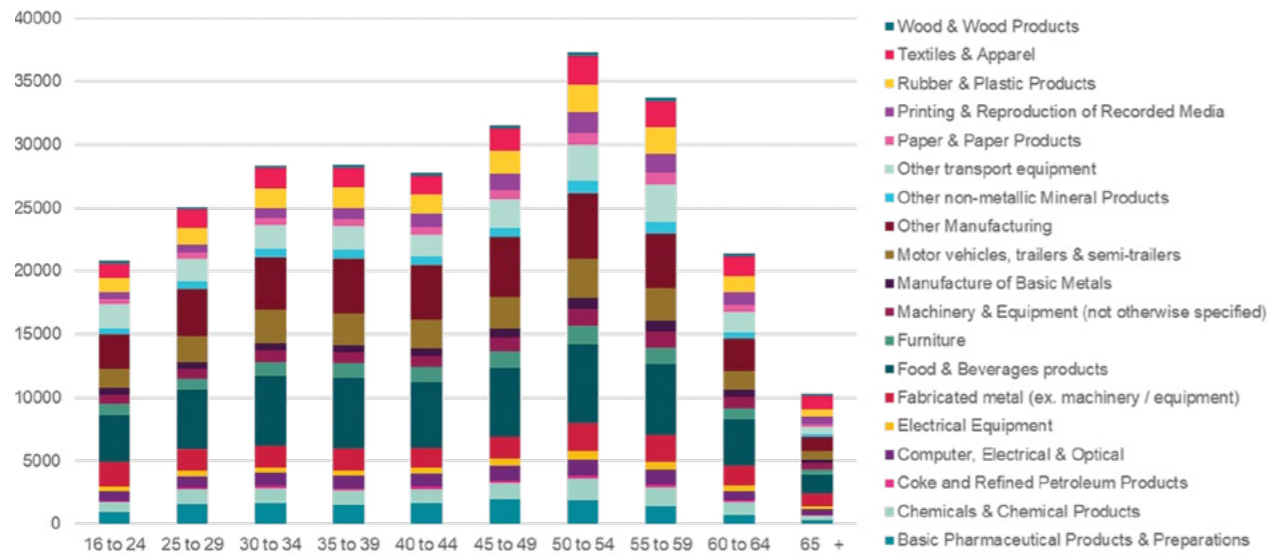
Following decline through the late 1990's and early 2000's has been (more or less) consistent since 2010, varying between 310,000 and 340,000 jobs. The figure stood at 337,000 in December 2024 following a bounce back post Covid. There has been a bigger rise in Professional and Scientific job numbers and those in Construction and Transport/storage, reflecting a national trend.

Fig 2. Manufacturing Jobs and other key industries in the North West



The data shows that the largest group in the workforce falls within the 50-59 age range, raising concerns about the future labour supply over time. There are more than 17,000 fewer employees aged 25-34 compared to those aged 50-59, which may indicate challenges in attracting younger workers to the manufacturing industry or doubts about the industry's long-term prospects in the region. The following analysis identifies certain sectors—such as Motor Vehicles, Food, and Pharmaceuticals/Chemicals—where this gap is less significant, though still evident.

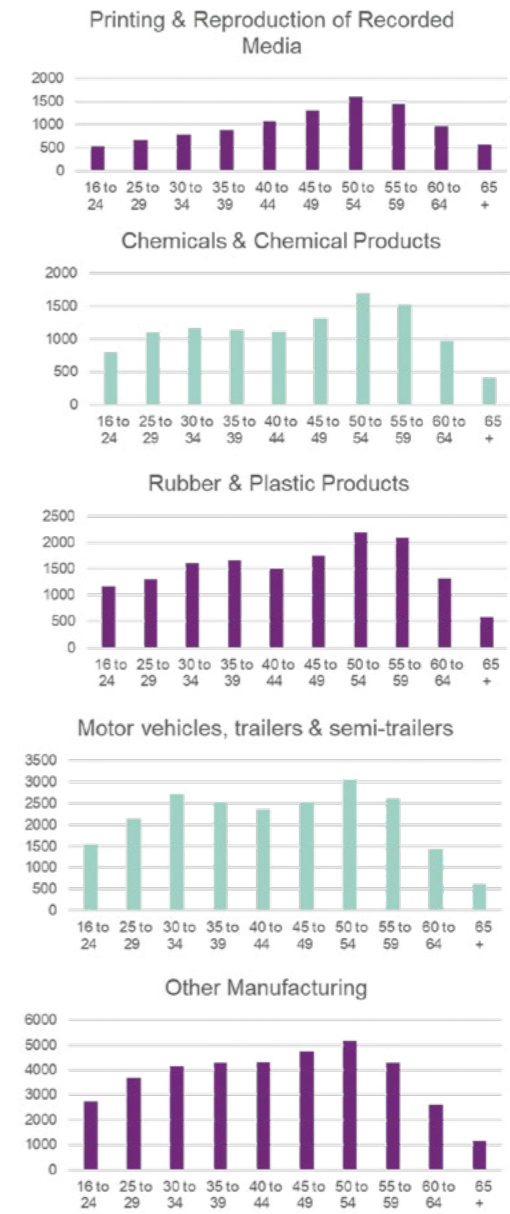
Fig 3. Employment by Age Group and Industry Sector



Ageing Workforce

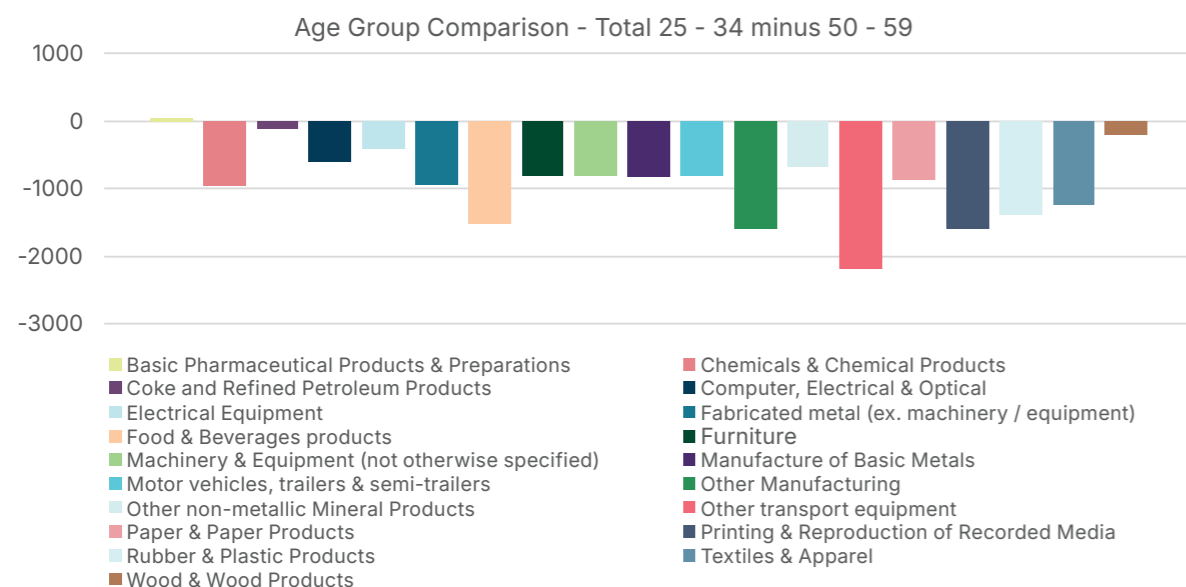
Of the 7.7m people in the North West, 337,000 work in Manufacturing, just under 8.5% of the total work force (of 4m). The decline in the numbers of Manufacturing Jobs was most acute in the 1990's and early 2000's from over half a million in 1996 and levelling out in 2010 to be between 310,000 to 340,000 . A trend in the figures is the age profile of the workforce which sees the greatest number of employees in the age range 50-59 which alludes to future labour supply as time progresses. There are over 17,000 fewer employees in the 25-34 age range than in the 50-59 age range which suggests there are attraction issues across the manufacturing industry or there is low confidence in long term viability of industry in the area. The below analysis highlights some sectors where this disparity is less acute (although still present), namely Motor Vehicles, Food and Pharmaceuticals/Chemical.

Fig 4. Breakdown of Age group by sector analysis



17,565 fewer people work across manufacturing among the 25-34 age range than the 50-59 age range. This cohort also represents 27% of the current workforce, which suggests that there will be future issues in skilled work force number as this cohort approaches retirement age. Making it more important than ever for business to thrive to invest in the future.

Fig 5. Age group comparison



Scout Moor II

A 100 MW capacity onshore wind farm proposed for development on the moorland between Rossendale and Rochdale in the upper south Pennines bordering Lancashire and Greater Manchester. Once operational, Scout Moor II will consist of 17 turbines, each up to 180m tall and will generate enough energy to power 100,000 homes and Up to 900 total jobs supported through construction, supply chain, operation and community fund impact

The cost of losing our industrial base

The industrial production base of the North West is a high-yield economic ecosystem and serves as a cornerstone for both the region and the wider national economy. Without supporting the viability of industry through the energy transition, potential job losses in this sector would have far-reaching consequences, triggering an economic shock that could see thousands of skilled individuals transition from productive employment into dependency. This shift would also create a multi-billion-pound deficit in both tax revenue and Gross Value Added (GVA). We cannot have decarbonisation at the expense of de-industrialisation.



Key Workforce Facts and Figures

The manufacturing sector in the North West is distinguished by its provision of high-value employment and a strong talent pipeline. 338,000 people are employed in manufacturing roles, with major employers including BAE Systems, which provides jobs for 22,400 individuals, and Rolls-Royce, employing 7,000 people. The region also supports a vibrant

pipeline of talent, with around 8,000 to 10,000 manufacturing apprenticeship starts each year, spanning the aerospace, automotive, chemicals, and pharmaceuticals sectors. Notably, manufacturing roles offer significantly higher wages than the regional average, with the average cost per worker in manufacturing standing at £42,011.83, compared to £23,886.94 for the total North West workforce (excluding financial services).

Fig 3. average employment costs

	Total Employment cost	Number of workers	Employment costs per worker
North West Manufacturing	£14,200,000,000	338,000	£42,011.83
Total North West (ex-Financial services)	£95,500,000,000	3998000	£23,886.94

Economic Data Analysis

Analysis of the sector's financial contribution reveals its importance to the wider economy. Manufacturing in the North West generates a total GVA of £26.9 billion from a turnover of £93.9 billion. The sector boasts a GVA multiplier of 1.90, surpassing the 1.77 multiplier seen across the total North West (excluding financial services). Although the efficiency ratio (Total GVA to Total Turnover) for manufacturing is

0.29 slightly lower than the 0.36 figure for the broader regional economy—the total GVA, including the multiplier effect, reaches £51.11 billion, highlighting the sector's substantial economic value.

The below table shows that productivity per worker in North West Manufacturing is nearly double that of the regional average, highlighting the sector's strong performance and regional significance.

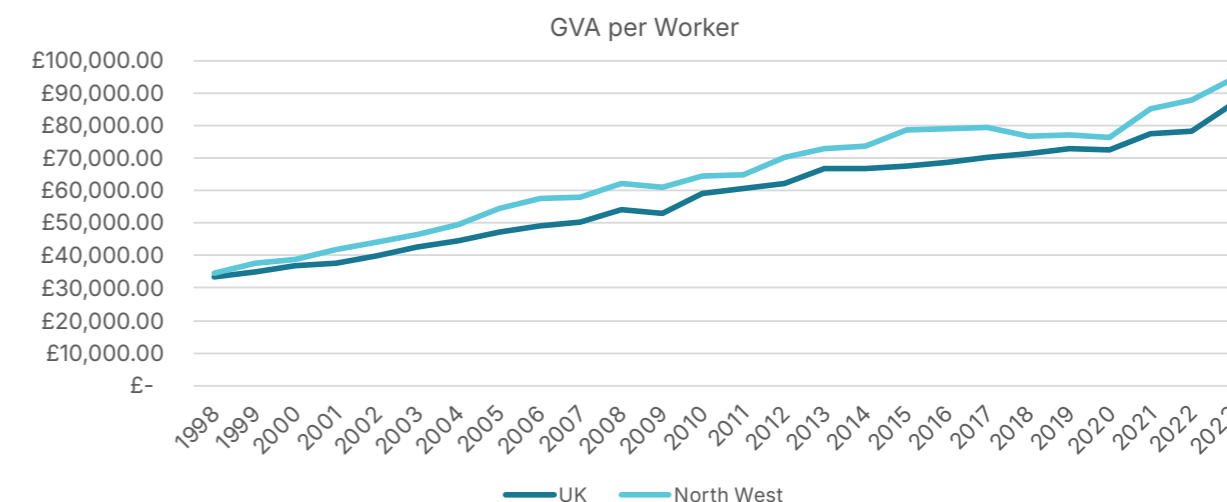
Fig 4. Labour Productivity

	Total GVA	Number of workers	GVA per Worker
North West Manufacturing	£26,900,000,000	338,000	£79,585.80
Total North West (ex-Financial services)	£169,200,000,000	3998000	£42,321.16

Although not a direct measure of productivity, we can see that the GVA per manufacturing worker in the Northwest has risen over time at a faster rate than the UK average. This has been happening since the 1990's and although some of this rise will be driven by

price changes and inflation, the fact that the North West outperforms the UK at large on this metric, should be a good indicator and rationale for future investment decisions and a useful strategic guide to promoting manufacturing growth in the North West.

Fig 5. GVA per worker comparison NW v UK



Other Community and Societal Impacts

A slowdown of manufacturing would precipitate a significant “skills drain” as talent leaves the region, resulting in a diminished pool of skilled workers.

This would have several societal implications. Health and well-being in the North West, which already faces higher long-term sickness rates (32%) than the UK average (28.3%), would likely deteriorate further, with job losses contributing to increased mental health issues, stress, and a decline in community morale.

The collapse of apprenticeship programmes and school partnerships would restrict career pathways and social mobility for young people.

Economic decay would follow, as local businesses such as shops and restaurants—reliant on the high disposable income of manufacturing workers—would suffer

Public finances would also be impacted, with closures causing a reduction in investment, lower business rates, and a greater demand for unemployment benefits and retraining services.

Strategic challenges and opportunities



1. Strategic Industrial Competitiveness & Future Viability

Assessing the North West's industrial future means examining key challenges like energy costs, regulation, skills shortages, permitting delays, and global competition. It's important to identify key interventions that will give organisations confidence in investing over the next five to ten years, pinpoint changes that could boost competitiveness, and identify sectors with high growth or risk of decline.

2. Decarbonisation Pathways & Transition Risks

The region's ability to remain competitive will hinge on its preparedness for large-scale decarbonisation. Sectors must consider their readiness for the changes required to meet climate targets and remain viable. Major transitional risks include cost shocks, policy uncertainty, and the maturity of new technologies. The government's role in preventing "decarbonisation driving de-industrialisation" is a central concern, as is the adequacy of current support mechanisms.

3. Workforce, Skills & Demographic Pressures

The ageing workforce presents a significant challenge, particularly as the region approaches a potential "cliff edge" with many workers aged 50–59 nearing retirement. There is concern regarding the recruitment of younger workers, especially those aged 25–34 and identifying the skills that will be in highest demand over the coming decade is vital. The alignment of current Further Education (FE) and Higher Education (HE) pathways with future talent needs requires evaluation, alongside strategies to address the shortfall of 17,565 younger entrants.

4. Supply Chain & Infrastructure Dependencies

Identifying critical supply chain risks and vulnerabilities—whether related to imports, logistics, or raw materials—is essential for regional resilience. Infrastructure pressures, including limitations in ports, grid capacity, transport, or industrial land, can constrain competitiveness. There is a need to determine which shared infrastructure—such as hydrogen networks, CO₂ transport systems, or energy clusters—could unlock future growth.

5. Export Growth, Investment Attraction & International Positioning

The North West currently exports £68.5bn, but a persistent trade deficit remains and there is a heavy reliance on Chemicals and Machinery/Transport sectors. Key considerations include identifying the barriers that limit export growth and the factors that would make the region more attractive for foreign direct investment (FDI). It is also important to assess the risks of disinvestment and evaluate the North West's competitive position relative to Germany, the EU, and the US.

6. Policy, Regulation & Government Support

Evaluating which regional and national policies most enable or constrain industrial growth is crucial. Consideration should be given to what the national government should prioritise to support competitiveness—this could include tax incentives, capital allowances, energy-price support, or faster permitting processes. The potential for regional government to play a greater supportive role and the effectiveness of existing government schemes for the sector should also be examined.

7. Place-Based Economic Development & Community Role

The industrial sector's role within local communities extends beyond direct job creation to include apprenticeships and supply chain activities. It is important to assess the wider consequences for local areas if facilities reduce output or relocate, and to identify how regional government could better support industrial-community ecosystems.

8. Future Industrial Strategy & "What Good Looks Like"

Defining a vision for a successful industrial future for the North West by 2035 will require input from across the sector. It is important to establish shared priorities for industry and government, determine where the North West can lead nationally (for example, in chemicals, hydrogen, aerospace, glass, or batteries), and identify opportunities currently being missed due to fragmentation.

Why the North West is prime for Energy Transition Investment.

The North West of England stands at the crossroads of the UK's most critical energy transition technologies: CCUS, hydrogen, tidal power, nuclear, offshore wind, and grid modernisation. The region's industrial legacy, favourable geology, port infrastructure, and skilled workforce provide unique structural advantages that are difficult to replicate elsewhere. The economic case is compelling, with the potential for tens of thousands of jobs, billions in investment, and long-term industrial resilience. However, realising this potential depends on overcoming significant challenges in planning, grid connectivity, workforce skills, and policy stability. Success will require coordinated efforts from both the public and private sectors.

Industrial Scale and Legacy Infrastructure

The North West of England is home to the country's greatest concentration of advanced manufacturing and chemical production. This industrial cluster includes three of the UK's 15 largest sources of greenhouse gas emissions, with the region's industries collectively generating approximately 2.6 million tonnes of CO₂ each year. Rather than being a drawback, this concentration of heavy industry presents a significant opportunity: investment in decarbonisation where emissions are highest yields the greatest impact. Furthermore, existing pipelines, industrial plants, and port infrastructure can be repurposed for new uses, reducing the need for entirely new construction.

HyNet: The UK's Leading CCUS and Hydrogen Project

At the heart of the North West's energy transition is HyNet North West, widely regarded as the UK's most advanced industrial decarbonisation initiative. HyNet is transforming both onshore and offshore assets, including existing gas pipelines, to deliver low-carbon hydrogen to local industries such as Jaguar Land Rover and PepsiCo. The project includes capturing CO₂ emissions and transporting them to storage sites in Liverpool Bay. Hydrogen storage will be provided by Inovyn in pre-existing salt caverns in Cheshire, while gas fields in Liverpool Bay offer a total storage capacity of 130 million tonnes.

HyNet aims to store 4.5 million tonnes of CO₂ per year, increasing to 10 million tonnes by 2030. It is projected to contribute up to £17 billion to economic growth by 2050, creating 6,000 jobs annually. In April 2025, Eni secured around £2 billion in supply chain contracts for the Liverpool Bay CCS project, and the government pledged up to £21.7 billion for CCUS clusters. By August 2025, six additional projects within HyNet advanced to negotiation phases, expanding the cluster's reach.

Offshore Wind and Tidal Energy

The Mersey Tidal Power Scheme stands as the UK's most advanced tidal range project, now entering the formal planning stage. This initiative promises to deliver jobs, economic growth, clean energy, and flood protection for the next 120 years. The Liverpool City Region Combined Authority is leading a consortium to invest in public buildings, combining £35.8 million in national grants for heat decarbonisation with local funding, and implementing a large-scale rooftop solar programme.

The removal of the effective ban on onshore wind farms has opened significant opportunities. During the ban, proposals for 54 wind farms with a combined capacity of 600 MW were blocked. Additionally, multi-billion-pound plans for a tidal barrage across the River Mersey have been positively received, and Cumbria's coastline, abundant land, and nuclear heritage make it a prime candidate for energy-driven economic development.

Nuclear Development

Pioneer Park is a proposed clean energy site in West Cumbria that will include new nuclear power generation, helping to diversify and strengthen the local economy beyond its longstanding reliance on the Sellafield site. Cumbria's history with nuclear power ensures a highly skilled and safety-conscious workforce, an advantage few regions can match.

Today, over 6,000 nuclear specialists work in Warrington across more than 30 organizations, including major firms like Amentum, Rolls-Royce, and Cavendish Nuclear. Key bodies such as the Nuclear Decommissioning Authority,

Sellafield Ltd, Nuclear Transport Solutions, and International Nuclear Services are based here, making it a crucial centre for nuclear logistics and decommissioning. The Nuclear Advanced Manufacturing Research Centre (AMRC) at Birchwood Park supports next-generation reactor technology, adapting advanced manufacturing techniques for nuclear projects.

The North West's nuclear sector expects 49% job growth, driven by SMRs, decommissioning, and new builds.

Grid Investment

Under the RIIO-ED2 price control (2023–2028), SP Electricity North West is investing over £2 billion in the region's power network—a 44% increase from the previous period. Looking ahead, RIIO-ED3 (2028–2033) will address greater electrification needs, SMRs, hydrogen

infrastructure, and increased adoption of EVs and heat pumps.

SP Manweb, serving Merseyside, Cheshire, and parts of North Wales under the same ownership, invested £2.6 billion in transmission and £4.4 billion in distribution, supporting 1.5 million customers and key projects like the HyNet cluster.

Nationally, Ofgem has approved £28 billion for transmission investments through 2031, with up to £12 billion allocated to central and southern Scotland.

The consolidated management of ENW and SP Manweb under Iberdrola enables strategic oversight across the North West, streamlining large-scale energy transition projects and positioning the region uniquely among English regions with a single, financially robust network operator.



EET Hydrogen

Hydrogen Production Plant 1 (HPP1) at Stanlow Manufacturing Complex. Part of the HyNet North West Track 1 cluster, the 350 MW plant with CCUS will generate low-carbon blue hydrogen for use by major industrial manufacturers in the North West including EET Fuels, Encirc, Pilkington Glass and Tata Chemicals Europe. Transported to customers via the HyNet H2 Pipeline, by Cadent Gas Limited. HPP1 is a cornerstone project for the UK's energy transition and has received significant support (£21.7 billion over 25 years) from the UK Government. The North West hydrogen economy could support over 5,000 direct jobs and ~11,500 direct + indirect jobs by 2030.

Why This Matters: Economic Growth, Energy Security and Industrial Resilience

Job Creation and Large-Scale Investment

The North West Clean Power Report anticipates 35,000 new clean energy jobs by 2028 and billions of pounds of investment flowing into the region due to national energy policy. This positions the North West as a global leader in clean energy innovation and industrial decarbonisation.

Energy Security

Producing clean energy domestically lessens the UK's vulnerability to volatile global fossil fuel markets. Projects like HyNet will reinforce the UK's energy security by supplying locally produced energy. For energy-intensive industries—such as chemicals, cement, food processing, and aerospace—stable, competitively priced, low-carbon energy is essential for long-term viability and competitive advantage.

Industrial Resilience Through Decarbonisation

Sectors that are difficult to decarbonise, including cement, fertilisers, refining, and advanced manufacturing, face increasing regulatory and market pressures. A functioning carbon capture industry is expected to add

around £5 billion per year in gross value to the UK economy by 2050. Government investment in carbon capture is designed to stimulate growth in the industrial heartlands of the North West and North East. Without this new infrastructure, these industries risk significant stranded assets and large-scale job losses.

Product Security

The North West's strength in chemicals, aerospace, automotive, pharmaceuticals, glass and energy underpins national resilience, product security and supply chain sovereignty. These sectors should be recognised more clearly as nationally strategic assets to enable future investment plans to be committed into live projects.

Data and references



Data and references

References and Data sources

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