

Peel power, the real Northern Powerhouse

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Examining one holder of real power in the northwest can give us clues about the true shape of the Northern Powerhouse.



Useless lifeboats in The Orient at the Trafford Centre. Image: Steve Hanson. All rights reserved.

If anyone apart from George Osborne understands what the phrase “northern powerhouse” actually means, it must be John Whittaker, founder of Peel Group. Described by the *Daily Telegraph* in 2010 as a “publicity shy billionaire”, Whittaker, along with Peel’s ultimate controlling company, Tokenhouse Ltd, is based on the north west’s nearest tax haven, the Isle of Man.

But Whittaker’s interest has always been focused on the mainland, or, to be precise, its waterways. You may remember the idea put forward by architect Will Alsop, in 2004, in his book and Channel 4 TV series, *Supercity*. He imagined something capable of rivalling London, in the form of an elongated conurbation linking all the cities along the M62 from Liverpool to Hull.

It was even the subject of an exhibition at Manchester’s Urbis. Well, Urbis may have closed, but the idea of building a new connection across the north has not gone away – in fact, even then, John Whittaker was trying to make it happen for real. But while Alsop was using a motorway to make his link, Whittaker had set his sights on a waterway: the Manchester Ship Canal

Which all seems so last century, even nineteenth century. Like the first properties Whittaker acquired, Peel Mills, named after Sir Robert Peel, the Bury-born founder of the modern police force and twice Conservative prime minister. Like him too, Whittaker is out to change the way the world works. But instead of doing it by manufacturing, he’s doing it by speculating on land and property.

And Peel has a lot: over 1.2 million square metres of property, 15,000 hectares of “strategic” land and water. Looking at Peel’s portfolio also gives you an impression of how complicated their operations are, divided into separate

companies specialising in retail, leisure, residential, land, industrial, energy and utilities, environmental and advertising. What you see on their website is a simplified version of the reality.

Peel Group, formerly known as Peel Holdings, has not only been responsible for some of the biggest changes to the region's landscape, like Manchester's postmodern temple to consumerism, the Trafford Centre, but also some of the area's most futuristic sites, like Media City, Salford.

Crucially, Peel owns the Manchester Ship Canal, to which both the aforesaid architectural icons are adjacent. And that canal, originally opened in 1894, connects Salford and Manchester to Liverpool, where Peel also owns Liverpool Docks.

So far, Peel Group has probably invested £5bn in the north west, supporting – they claim – 70,000 jobs. They are perceived by politicians to be important to the economy. One sees why Whittaker made public a letter he wrote to George Osborne in support of the Northern Powerhouse. And it works both ways; at the moment, the two men have a kind of mutual admiration society. During Osborne's infamous 2014 speech at Manchester's Museum of Science and Industry, in which he first invoked the "northern powerhouse" idea, he namechecked Atlantic Gateway, Peel's biggest project yet, set to take another 50 years, stretching Peel's impact on the region beyond Whittaker's own lifetime.

During that speech at MOSI, Osborne's big idea was to make the cities and towns in the northern belt "more radically connected", stressing the importance of improving railway links. But Atlantic Gateway is different. It features two new ports, Port Salford and Liverpool2, and two big business and residential developments, Liverpool Waters and Wirral Waters. Peel Group promises the creation of thousands of jobs through these projects, music to Osborne's ears.

Whittaker believes Atlantic Gateway will create something extraordinary, an unprecedented Liverpool-Manchester love-in. As Whittaker will tell you, the original Manchester Ship Canal made Liverpool and Manchester rivals – an inland port at Manchester competing with the older port at the mouth of the Mersey. Football mania keeps that rivalry alive. But Whittaker believes Atlantic Gateway will create something extraordinary, an unprecedented Liverpool-Manchester love-in. And the way this will work is just as unusual.

Peel claims that the rejuvenated Ship Canal will persuade big corporations to transport goods to Liverpool by sea, rather than by road from ports in the south, and then use the Ship Canal to move those goods inland to Manchester for distribution across the rest of the north. Tesco already does this with wine, brought into Trafford Park on barges. Adidas also transports its trainers this way. Even petroleum giant Shell moves petrol and diesel from their Stanlow Refinery via the Ship Canal, thus cutting carbon emissions in order for their customers to continue emitting carbon.

Looked at this way, the Northern Powerhouse is little different to the Bute family fortune in the nineteenth century. But Peel's Ship Canal dream doesn't meet with total, local agreement in Manchester or Liverpool.

Peel hasn't always enjoyed a great relationship with Manchester City Council. This goes back to 1986 when the council gave up most of its seats on the board of the Manchester Ship Canal Company, after Whittaker had become majority shareholder. The City Council went on to oppose building the Trafford Centre – Peel's first big project – but then became involved in the venture company that eventually started the redevelopment. The Trafford Centre finally opened in 1998 after much debate and an eventual green light from the House of Lords.

The statistics are appealing to big-name retailers. 10% of the population live within a 45 minute drive to the Trafford Centre which now receives 32 million visitors a year. The place oozes a tacky allure. It has the UK's biggest food hall, The Orient, which was designed to resemble a 1930s steam-powered cruise liner, a reminder of the nearby Ship Canal's link to the port of Liverpool, and a nostalgic hark-back to old-fashioned luxury, romance and class distinction. The Trafford Centre has what Whittaker called "The Dallas effect", which chimes with Osborne's love of aspirational voters.

“It is”, Whittaker claims, “the people’s palace.” As well as a palace it was also designed to resemble a place of worship – its big dome, visible for miles, was said by Peel to be bigger than that of St Paul’s cathedral. It is Venturi’s ‘Learning From Las Vegas’ in the north, and its location near to former Ford production sites make it both a postmodern and post-industrial sign. It is also a poetic metaphor for the Northern Powerhouse and its landscape. Here, in ‘The Orient’, are useless lifeboats, miles from any sea, in a country where the RNLI is run by volunteers, as the flood waters rise.

Whittaker seems to be retaining interest in the Trafford Centre, perhaps because it represents his Pangloss vision of the region’s future. However, the Trafford Centre, the UK’s second largest shopping centre, is no longer owned by Peel. It was sold to Capital Shopping Centres, now known as Intu Properties PLC, in 2011 for £1.6 billion – the largest property transaction in UK history.

Whittaker’s continuing development of Peel into a multiplicity of interconnected companies has served to confuse many, tax inspectors possibly included, but what happened next led to Peel’s biggest run-in so far with Manchester City Council. This followed the BBC’s decision in 2004 to move 1,800 jobs out of London to Manchester, making it necessary to find a new base to replace the ageing New Broadcasting House on Oxford Road. A list of possible new sites was revealed by the BBC, but it came as a surprise, in the summer of 2006, when the Beeb announced that they would in fact be moving to Salford, infuriating senior members of the City Council over what they saw as a betrayal by the BBC. Peel and Salford City Council had pulled off a real political coup, to the distinct financial advantage of Peel.

Everywhere, even what looks like public space, was policed by Peel’s security personnel. In 2011 the BBC moved into its new Salford HQ, comprising three buildings, Bridge House, Dock House and Quay House, all leased from Peel, and using Peel’s Studios. Everywhere, even what looks like public space, was policed by Peel’s security personnel. Between the buildings and the new metro station was a bizarre-looking piazza, a waterfront area dominated by an enormous television screen and striped deckchairs, awaiting a summer of spectacle and renewal. More or less on cue, this started happening with the arrival of Salford University’s media-related departments the same year, and Granada Television to the Trafford Wharf section of Media City, on the opposite side of the Manchester Ship Canal, in 2013.

During this period the BBC and Granada were at great pains to point out their Salford credentials, but then Peel started changing the geography, stating that MediaCityUK, its brand name, was in Manchester, offending Salfordians whose council tax contributed so much to the site’s development. Following the money, local news-hounds at Salford Star reckoned Peel’s many different companies were together pulling in public money to the tune of £1million a month, as well as the rents they took from the BBC and ITV. At the same time – a period increasingly defined by government austerity and cuts by Salford City Council – many people in Salford started questioning the number of local jobs Media City was delivering.

And then the question of corporation tax came up, at the House of Commons Public Accounts Committee. Referring to Peel, Margaret Hodge MP stated: “We do not have a full account of what they do, but the company on the whole pays 10 per cent corporation tax... that is at maximum. They do not pay their fair share of corporation tax.” The committee also suggested that as a publically funded body, the BBC should tread carefully when doing deals with companies of this sort. “Talking to people who live in the area,” Hodge continued, “Peel – whatever it is they call themselves, as they have lots of different companies – almost have a monopoly on capital investment in this area...”

Similar questions started to be asked about Peel’s operations in Liverpool. Here the complexity of Peel’s sprawl was exposed in a report by a local think-tank ExUrbe in 2013. The writers of the report had attempted to track all of Peel’s subsidiaries, identifying over 400 and admitting there were probably scores “if not hundreds more”. Describing Peel’s accountability, ExUrbe said, “Only corporate, legal or financial experts could make sense of the whole.”

But the report’s biggest worry concerned Peel’s sheer political power. “The conglomerate’s activities have become

semi-political, as the lines have blurred between public sector and private sector interests... There is little doubt that Peel Group – a privately-owned and privately-run concern with an off-shore power base – enjoys unprecedented levels of power across the sub-region. Peel is effectively, if not consciously, holding local and national government to ransom. Peel is not a City Council, it is a private company, out to make deals with local councils, which means it can try things out and change tactics if it sees fit, without having to reveal anything.

Somewhat puzzling is the extent to which Peel's sheer diversity creates ethical contradictions. They seem interested, for instance, in developing fossil-free renewable energy sources by backing windfarms along with United Utilities at Scout Moor, Rossendale, and possibly at Frodsham. But Peel is also perfectly willing to incur the anger of residents at Barton Moss, over plans for a Biomass-powered – in other words, wood-burning – energy plant, which raised concerns over atmospheric pollution.

More controversial was Peel's collaboration with IGas, partly owned by a Chinese state oil company, in attempts to introduce gas fracking in the same area, which is near the planned Port Salford. Protests against the project in 2014 were met with violence from the Greater Manchester Police. Accusations were made of collusion between Salford Council, GMP, IGas and Peel. Arrested protesters are going to trial in Manchester as I write. In a radical new use of the English language, Peel still talks about its expertise in "site development and public consenting."

The Northern Powerhouse is not a dream, a vision, or a fantasy. It's happening, right under our noses. Big corporations and local politicians, eager to do deals, to make an impact and a buck or two, are in on it. But the result they want doesn't look like the sort of powerhouse you may imagine. The Northern Powerhouse proposed by Osborne and Whittaker is not so much an engine for economic growth – it's more like a signal to change the north's power structure. Peel's over-complex set-up is adept and well experienced at enabling this, bit by bit, location by location. But bit by bit, and location by location, is how to understand Peel, and the Northern Powerhouse, for what they are.

This article is part of our [Northern Powerhouse series](#) with Manchester Left Writers.