

Speech: Commercial Secretary on the Northern Powerhouse

I am delighted to be here to join those committed to building a Northern Powerhouse in order to help people and businesses in the North of England to pool their strengths and take on the world. Brexit makes this even more important.

Economic success by region goes up and down. In the 15th century East Anglia was the centre of a boom based on the wool trade. That has left us a legacy of amazingly beautiful churches, as well as being the UK's leading region for agriculture.

The industrial revolution started in England and was centred here in Manchester – with prosperity rising extraordinarily fast here in consequence – what better symbol of that than Manchester's beautiful Town Hall.

But all the same, London has been dominant nationally for over 1,000 years. This has been even more true in recent years with the success of our financial and related services.

One of our objectives in bringing forward the Northern Powerhouse and similar ideas is to drive growth across the whole of the country. As I see it our purpose is to increase northern prosperity and GDP per head both absolutely and relatively.

We can do this through a combination of political change – by 5 May Manchester, Liverpool City region and Tees Valley will have new mayors – and by investment in infrastructure, skills, research and development and trade.

As an ex-businesswoman, I know that success also depends on focus and on working together on a plan. This is why we published our [strategy for the Northern Powerhouse](#) and pitchbooks of [investment opportunities](#) that I was promoting at MIPIM, the world's leading property fair at the beginning of the month.

But we also need you, our partners, to make the Powerhouse a success. Today is an important opportunity for us to agree on what to do.

And today, I am delighted to announce that almost ninety leading Northern businesses, universities and organisations have now pledged their support for the Northern Powerhouse. We now have partners representing a range of business sizes, sectors and locations across the North – and a special welcome to the eight new partners who have just joined us.

And we already have some key strengths.

This is a region that's home to over 15 million people – far more than London, far more than Wales, Scotland and Northern Ireland put together. There are over a million businesses here. Half the nation's cars are produced

in the North and almost half our exports of medicines.

Seven international airports fly to over 250 locations. Twelve major ports. Around 30 universities – with Manchester, Durham, Sheffield and Leeds counted among the best in the world. And we have great sporting prowess, especially in football. I was told at MIPIM, that football success is a big draw for investors.

I would like to touch on 4 key themes that I think are important for us in order to take advantage of these strengths.

First, we need our cities in the North to be genuinely well connected – that means both good rail and road links within the region, and to the rest of the UK. Ease of movement between and within cities really helps win business and investment.

I saw that myself at Tesco, when we decided to invest in a depot near Irlam. We were attracted by the regeneration of the Manchester Ship Canal – the chance to take hundreds of lorries off the road and to transport products from the port at Liverpool more sustainably and efficiently.

In the [Autumn Statement](#) we announced a new National Productivity Investment Fund worth an extra £23 billion and targeted at areas critical to boosting our long term productivity. This builds on the transport plans already in the pipeline to help the North worth £13 billion up to 2020 – such as improved transport and rail links, and a commitment to improve the Manchester orbital motorway (M60).

There will now also be a £690 million for local authorities across England to unclog the congestion that blocks our urban road networks and hits productivity as products and working people waste time sitting in jams. We announced in the [Spring Budget](#) that the North would benefit from an extra £90 million to tackle strategic roads pinchpoints to unblock congestion and get people and products moving.

We are making an extra £1 billion available for digital infrastructure and 5G. This is important because it will facilitate the roll out of smart motorways with variable speeds to ease congestion and better wifi on trains and in due course provide a network for electronic and even driverless cars, likely to be one of the most vital aspects of our fourth industrial revolution. History can be made at Nissan in Sunderland – and elsewhere.

It is clear to me that a key ingredient to productivity and growth – and indeed happiness in the work place – is a greater emphasis on skills. We made a big announcement in the [Budget](#) of a root and branch reform of our technical education. This will take time, but T-levels, as well as maintenance loans for students in higher level technical education, will bring real benefits to the North, where there is already such a strong tradition of industrial and technical skills. This will combine with our efforts to give many more people the chance to do quality apprenticeships from April this year.

The national nuclear college in Cumbria which will help train employees for

Hinkley and Sellafield is a pioneering example of this Northern tradition of technical excellence.

And over a third of apprenticeship starts in 2016 were in the North.

On top of that, we have a dedicated [Northern Powerhouse Schools Strategy](#) across the whole of the North. And from next year, our new Mayors will have control over adult education budgets.

A third theme close to my heart, as a former director of both large and smaller firms, is enterprise. This is partly a matter of culture; of curiosity like that of Richard Arkwright, of cotton tycoon John Rylands or Robert Peel father of Prime Minister Peel, all from the north; and of getting the best out of people and capital.

But we believe government can help to oil the wheels. For example:

- We have agreed over £3.3 billion in Growth Deals in the North –including another half a billion agreed at last November’s Autumn Statement. That of course includes the International Advanced Manufacturing Park in Sunderland.
- 17 Enterprise Zones established in the North from April 2012 to March 2016 The region’s first 9 EZs have attracted nearly 900 jobs, close to 200 companies and over £1.3 billion of private sector investment. Chinese investors have told me they like the reassurance the Enterprise Zone status gives.
- We have step changed investment in R&D post Brexit with an extra £2 billion a year across the UK by 2020. Northern R&D communities will benefit. We already see Manchester as the world-leading home of graphene and Newcastle as the pioneer of research into ageing.

However, I urge businesses here – of all shapes, sizes and sectors – to contribute your ideas and your experience to the [Industrial Strategy](#) that is out for consultation until 17 April.

Another productivity enhancer is trade. Research shows that firms that export are more productive. I can understand that from my 15 years of experience at Tesco. We built a huge overseas business. The opportunity of operating internationally is a magnet of talent and the need to innovate overseas, learn from new competitors and take your best ideas abroad, all improve your business – which has to be in good shape to support the export effort.

Northern businesses are already exporting over £53 billion in products and £27 billion services exports and can do more. There are even a few surprises of which Boris Johnson would be proud: we export Northumberland palm trees to Dubai (Treelocate), Yorkshire salmon to Canada (The Salmon Man) and Berwick horse bedding to the jockey clubs and stables of Asia (Bedmax shaving).

Attracting international investment into UK is key and fortunately the North has real global cachet and many friends around the world. Football teams have made Northern cities household names everywhere.

And it’s not just football – we’ve held the Commonwealth Games here and the

Tour de France. The North was home to LS Lowry, Norman Foster and David Hockney. We've had countless iconic British musicians from here – from the Beatles to Morrissey. Hull too is flying the flag this year as our city of culture with a £5 million refurbishment of Hull New Theatre. When I was Culture Minister I attended the moving Somme commemoration and the Library with its digital leadership and its intellectual property centre for entrepreneurs.

We must also take advantage of the Great Exhibition of the North in Newcastle-Gateshead next summer – expected to attract millions of visitors to celebrate the art, culture and design of the North.

But investment is not only in culture and services. Infrastructure investment can offer investors sound returns and long term opportunities. This is why we have put together a new investment pitchbook for the Northern Powerhouse highlighting £24 billion worth of opportunities for foreign investment here.

It was good to hear today from Department for International Trade about what we are doing in this regard and in particular what Northern businesses and promoters are doing in San Francisco, a case study in how we can succeed together.

The north has a great history of innovation from the birth of steam to the first splitting of the atom. It had the dynamism to fire the industrial revolution and that is still in its DNA.

It also has a great tradition of civic and cultural success and industrial philanthropy which can be renewed. I am picking up the reins from Jim O'Neill, my Mancunian predecessor, and I will play my own part in getting you the infrastructure, investment and support you need to become a global economic heavyweight, at the very heart of the British economy. The action we take in government depends upon the contribution you make as partners and the knowledge and experience that you share with us and each other. I look forward to a very constructive discussion today as we map the way forward together.