

Chancellor backs the North's industrial strengths with new investments

19.3.2026 - | Her Majesty's Revenue and Customs

New jobs, opportunities and major regeneration for communities and businesses will be created in the North as the Chancellor backs the region's industrial strengths with new investment.

- As part of the £2.3 billion announced for major city regions on Tuesday, communities across Northern cities will benefit from up to £1.7 billion to boost the region's industrial strengths in the next steps for the government's Northern Growth Strategy.
- Manchester and Liverpool's digital and technologies sectors and South Yorkshire's defence industry are among the beneficiaries, with investments to create jobs, opportunities and attract further investment for communities.
- Announcement follows Chancellor's Mais lecture on Tuesday where she emphasised the national importance of backing the North's potential and boosting its growth in an age of global uncertainty.

New investments in the North will empower regional growth, which alongside embracing AI and establishing a closer relationship with the EU, make up the three biggest opportunities of economic growth in Britain. It is also being driven forward by the government's Industrial Strategy: building on the North's strengths in its eight growth-driving sectors.

Hundreds of millions of pounds will be invested in Manchester to build a new digital campus that will house almost 9,000 jobs, Liverpool City Region and the wider North West will be transformed into a global hub for quantum technology companies with a £51 million cash injection into a new national cryogenic facility, while £50 million will grow South Yorkshire's defence industry.

In addition, up to £1.7 billion worth of new investment has been announced for city regions across the North in the last few days as part of the first phase of the government's Northern Growth Plan to deliver jobs and attract further private investment to the region.

It follows the Chancellor outlining the national importance of harnessing the strengths of these cities in an age of global uncertainty in her Mais lecture earlier this week.

Setting out her economic plan for Britain, she emphasised that in an uncertain world, we can deliver secure and resilient growth through increased public and private investment and an active and strategic state.

She went on to say that only through stability, investment and reform can we protect our economy from global shocks and drive growth in every corner of the UK.

She set out the three biggest opportunities she will pursue to drive economic growth: empowering regional growth, embracing AI and innovation, and establishing a closer relationship with the EU.

Chancellor of the Exchequer, Rachel Reeves, said:

For too long the North has been sidelined, denied investment and had its potential held back.

Backing its industrial strengths like Manchester's thriving digital sector and Sheffield's cutting-edge defence manufacturing will boost the region's economy and place it at the centre of our national growth.

In a changing world we have the right economic plan: stability, investment and reform to build a stronger more secure economy.

The investments the Chancellor has announced today are the next step in making that vision a reality for people and businesses across the region:

- £51 million for a new National Cryogenics Facility at Daresbury in Liverpool city region. This will help establish the North West as a global R&D hub for ultra-low temperature research, expected to attract regional company investment from sectors such as quantum, healthcare and fusion; creating high-quality jobs and boosting our national security.
- £50 million for South Yorkshire Defence Growth Deal. This will boost the region's strengths in the research, development and engineering of materials critical to the next generation of defence capabilities.
- Hundreds of millions in investment for Manchester Digital Campus. The campus will become a centre for government in the North West, bringing together 8,800 civil servants and ministers and solidifying Manchester's status as a digital hub. The campus will regenerate a disused brownfield site in the Ancoats area of the city centre, driving economic growth and saving the taxpayer billions through consolidating existing estate.
- The British Business Bank will invest more than £150 million into high potential companies in Northern clusters and is developing a strengthened local growth network to connect scaling business across the country to the investment they need.
- Office for Investment to attract more global financial companies to West Yorkshire. Continuing to support West Yorkshire's Northern Square Mile, championing its excellence in FinTech, legal services and accountancy to attract global financial services businesses.
- Liverpool City Region will deploy its £30 million Local Innovation Partnerships Fund award. This money will be targeted at materials chemistry, infection prevention and control, and artificial intelligence, and Greater Manchester will deploy its £50 million award on Health Innovation and Life Science, Advanced Materials & Manufacturing and Applied AI.

Alongside these investments, new City Investment Funds will densify city centres by unlocking and speeding up projects, expanding city centre housing, office space and major regeneration schemes.

This plan will focus on supporting the industries that are growing in the North and have the most potential to create jobs, attract investment and boost living standards for communities, and it builds on Northern Powerhouse Rail which will transform the connections between the places these industries are located.

The Chancellor's Mais lecture on Tuesday emphasised the national importance of harnessing the strengths of these cities in an age of global uncertainty. As part of this, new City Investment Funds will unlock and speed up projects and expand city centre housing, office space and major regeneration schemes.

This will allow more people and ideas to come together, collaborate and innovate in these economic hubs, unlocking jobs, opportunities and investment and making the cities more vibrant places to live, work and start a business – the key ingredients for strengthening the North's economy.

Tracy Brabin, Mayor of West Yorkshire, said:

People want to see more jobs and opportunities created on their doorstep, so I share the Chancellor's ambition to build on the emerging successes being driven by devolution in places like Leeds and Manchester.

This funding to help drive growth in our biggest job creating industries, including our world leading health technology sector and our Northern Square Mile of financial and professional services, is a vote of confidence in our ambitious plans for the region.

Together with the government, we are working hard to ensure people living across the north, in places like West Yorkshire, have the opportunities they need to succeed and get on in life, without having to move away from their family and hometown.

Oliver Coppard, Mayor of South Yorkshire said:

We're building a bigger and better economy across all of South Yorkshire, creating the opportunities that allow people to stay near and go far.

This week the Chancellor has shown that this Government is right behind us in that mission. The confirmation of £50 million for our Defence Growth Deal is a huge vote of confidence in the work we do here in South Yorkshire and our contribution to the security of this country.

For too long, South Yorkshire and the wider North have been failed, not only a by a lack of investment in our people, our businesses, our ideas and our infrastructure, but by a lack of ambition itself from central government.

But slowly, surely that's changing. We're beginning to see the South Yorkshire of the future taking shape - with world leading companies in industries of the future investing here, real income growth, and huge plans for the future, we're starting to see the full potential of every part of Barnsley, Rotherham, Doncaster and Sheffield.

The UK cannot realise its own economic renewal without places like South Yorkshire playing our full part, but now, in partnership with this Government we are now making that happen.

Mayor of Greater Manchester Andy Burnham said:

By backing the North's industrial strengths the Chancellor is getting behind our plans to re-industrialise the birthplace of the Industrial Revolution.

Manchester city centre is home to our thriving digital, cyber and AI cluster, with one of Europe's fastest growing digital and tech economies and the largest AI sector by headcount outside London.

The Manchester Digital Campus will put us among the world's top tier of tech cities, creating high-value jobs for our residents and opportunities for our businesses. We're ready to work with Government to deliver the project as we bring about a new decade of good growth in Greater Manchester.

Steve Rotheram, Mayor of the Liverpool City Region said:

Today's announcement is a real vote of confidence in the North - and in places like the Liverpool City Region that have the talent and ambition to lead the way.

We're already building something special here - and backing projects like the new national cryogenics facility at Daresbury puts us right at the forefront of the global quantum race, bringing high-quality jobs and investment into our area.

At the same time, our £30 million innovation fund means we can keep pushing ahead in areas like materials chemistry, infection control and AI - sectors that don't just grow our economy, but make a real tangible difference to people's lives.

This is exactly what we've been arguing for a long time: backing our strengths and trusting local areas to deliver. Because when decisions are made closer to the people they affect, you get better, faster results.

And it's encouraging to see that approach reflected by the Chancellor here - with a clear recognition that long-term partnership between national and local government is how we unlock the North's full potential. Get that right, and places like ours will help drive the UK's growth for years to come.

The government is working with mayors, other local leaders, and businesses to announce a more detailed Northern Growth Strategy in the autumn.

Further information

- The City Investment Funds provide in total £2.3bn of new grant, loan and patient capital funding, going directly into hands of mayors to deliver city densification at a local level. Of this £2.3bn, up to £1.7bn will go to mayors in major Northern city regions.
- The recipient places of the City Investment Funds in the North are: Greater Manchester, West Yorkshire, the North East, Liverpool City Region and South Yorkshire. West Midlands will also receive the of the City Investment Funds. The Housing Accelerator Fund will be available to all eligible MSAs.
- The breakdown of new funding through City Investment Funds in total is:
- £1.5bn through the Housing Acceleration Fund - All seven established MSAs will be able to access the £1.5 billion Housing Accelerator Fund. Final allocations will be determined based on a number of factors including the readiness of their development pipelines and alternative options for the EMSAs.
- £800m through the City Densification Fund - available to five established MSAs in the North, and West Midlands. £620m of this will be allocated to the five established MSAs in the North.
- City Investment Funds build on the £500 million Mayoral Revolving Growth Fund announced last year. Further details can be found in the published policy statement here: [Mayoral Revolving Growth Fund: policy statement - GOV.UK](#).

MSA	City Densification Fund Allocation
West Midlands	£180m
Greater Manchester	£175m
West Yorkshire	£145m
North East	£120m
Liverpool City Region	£95m
South Yorkshire	£85m

<https://www.gov.uk/government/news/chancellor-backs-the-norths-industrial-strengths-with-new-investments>