

COTN 2025: Innovation Discussion Paper

This policy paper is intended to support discussion at Convention of the North 2025, which is taking place in Preston on the 27th and 28th of February. It is one of six policy papers; the full set includes Transport, Trade and Investment, Net Zero, Place and Culture, Innovation, and the cross-cutting theme of Skills and Healthy Work.

Proposals included within these drafts have been collectively developed by working groups consisting of local and combined authority officials and key Northern partners. **They represent a draft programme only; they will be taken in draft form for co-development and iteration at the Convention policy sessions, and confirmed by Northern leaders following the Convention.**

The North is already demonstrating visible policy leadership across diverse areas, from trade and investment collaboration to bus re-regulation, and pan-Northern programmes to grow the creative industries. In the run-up to the 2025 Convention of the North, it's clear that the region has a twin-track opportunity to help the new UK Government deliver against its objectives, based on the North's specific opportunities and challenges.

- The North can **deliver growth at scale** to support the national mission of increasing living standards across all regions of the UK.
- The North faces serious, long running challenges to unlocking the potential of its people, held back by poverty, inequality, and health challenges. By **investing in the North's people**, we can underpin and strengthen the activities of growth and improve the lives and lived experience of our residents.

To make the most of this opportunity, Northern leaders and mayors have agreed to prioritise resources and capacity in the areas where there is the greatest opportunity to add value to the ongoing work of Northern places, communities and businesses:

The North's draft delivery programme

Twin-track opportunity	Pan-Northern Delivery Priorities				
The North meeting the national Growth Mission	Trade and Investment	Transport	Net Zero	Culture and Place	Innovation
Meeting the inclusion challenge in the North	Skills and Healthy Work				

1. Our gamechanger propositions

Building on the Manifesto for the North, this paper sets out a draft work programme for Northern collaboration, case-making and partnership delivery. This is intended to form the basis of pan-Northern collaboration into the medium-term, continuing the priorities of each subsequent Convention of the North in the interim between each event with an active programme of policy development, collaboration and implementation.

This ongoing collaboration is the focus of the discussions at the Convention policy sessions: to address what the priorities for the North to deliver together.

Additionally, a small number of gamechanger propositions have emerged through a structured policy development process that reflects the North's long-term strategic ambitions. They build upon the foundations set by the Northern Powerhouse Independent Economic Review and the 2024 Manifesto for the North, aligning with the evolving institutional and policy landscape. These gamechangers have been shaped through collaboration between Northern leaders, local and combined authorities, and key stakeholders

While the gamechangers for the 2025 Convention intersect with multiple policy themes, those with particular relevance for the Innovation theme are the **Prevention and AI gamechangers**:

	<p>Combining cutting edge Northern research with place-based prevention of ill-health to drive growth and reform, by establishing the NHTA Institute for Preventative Health Research in the North and enabling Strategic Authorities to pioneer new integrated approaches to employment support, housing and health through further devolution.</p>
	<p>Creating a Northern cluster of AI excellence, by co-ordinating partners for simplified points of entry for inward investment, developing new skills and upskilling the existing workforce through Northern universities, working in triple helix partnerships to embed AI usage in industry, and deepening collaboration between our research centres to form a region-wide cluster of excellence.</p>

Innovation is the driving force behind the North's ambition to lead in emerging and high-growth sectors, and these gamechangers are central to embedding a culture of transformative research and development. **The establishment of the NHTA Institute for Preventative Health Research** will build on the North's strengths in health innovation, fostering new approaches that integrate research with place-based interventions to improve public health, reduce economic inactivity, and drive productivity.

Likewise, **the creation of a Northern AI cluster** will enhance the region's global competitiveness in digital innovation, aligning universities, businesses, and research institutions to embed AI into key industries and support the development of a highly skilled workforce. These interventions align with the wider innovation programme set out in this paper, positioning the North at the forefront of the UK's efforts to drive economic renewal, boost productivity, and deliver long-term prosperity through research-led growth.

2. Why Innovation?

Although acknowledged as a key enabler running through previous themes, Innovation is included as a standalone theme introduced for this year's Convention, based on feedback from our previous iterations of the event and reflecting its importance as a policy area in driving productivity and economic growth.

Economic growth is the new Government's top priority for this Parliament and the most important of their missions for government. The North can capitalise on this focus by advocating for increased R&D investment in the region. Such investment has the potential to deliver significant returns – evidence from the Northern Powerhouse Independent Economic Review (NPIER) suggests that an annual £6 billion boost could add £22 billion in GVA by 2050. This approach also addresses regional productivity gaps, embedding innovation as a cornerstone of long-term resilience and growth.

Leveraging the North's major assets is essential to this, particularly in its prime capabilities in advanced manufacturing, digital, energy, and health innovation, as identified in the NPIER. These assets extend across the North's city-regions and beyond, creating substantial economic spillovers across the region. By hosting six of the eight national Investment Zones and home to eight of the world's top 200 universities within a 62-mile radius, the North is exceptionally well-placed to lead in sectoral innovation and productivity enhancement. This innovation landscape can serve as a catalyst for development, fostering environments where businesses can thrive and contribute to the broader economic vitality of the region.

Enhancing the North's national and global profile would further amplify these efforts. There is significant potential in adopting a unified approach to promote the region's strengths in international trade and investment, particularly in sectors like chemicals, machinery, and renewable energy. With £126 billion in exports in 2022 and a resilient track record in attracting foreign direct investment (FDI), the North has shown strong international competitiveness that stands to benefit from strategic alignment with national priorities. By capitalising on these strengths, the North can elevate its presence on both national and global stages, attracting further investment and opening new markets for its industries.

Underlying these initiatives is the necessity of building institutional capacity through devolution and partnerships. The North's established devolution agreements and the presence of Combined Authorities provide a robust foundation for cultivating a powerful innovation ecosystem. Strengthening partnerships with universities and regional higher education bodies, industry, and other stakeholders is crucial for fostering collaboration and driving innovation. These institutional frameworks enable effective coordination of efforts, leveraging of resources, and implementation of strategies that promote economic growth and development.

Building connections between institutions is vital, as industrial clusters often span administrative boundaries, with talent, resources, and supply chains distributed across the region. Strengthening these links fosters deeper collaboration between clusters, enabling the flow of knowledge and innovation that drives competitive advantage. The Industrial Strategy Green Paper and Devolution White Paper underscored the importance of focusing on

clusters and leveraging their existing strengths to build greater momentum, calling for a coordinated approach that capitalises on established geographies of success. By aligning with this national strategy and enhancing institutional connections, the North can unlock the full potential of its assets, driving sustainable growth, enhancing resilience, and cementing its position as a leader in the UK's economic and industrial future.

The North's opportunities in innovation

The North's strong foundation of advanced sectors, including clean growth, digital, and life sciences, offers substantial potential for a unified innovation agenda that can drive productivity and resilience. By building on existing assets such as Investment Zones and significant university research capabilities, the North can develop a globally competitive profile.

Devolution presents a transformative opportunity for the North to unlock its innovation potential and drive economic renewal, as highlighted in the English Devolution White Paper. With 100% of the North covered by devolution deals, it is uniquely positioned to address local barriers to growth and capitalise on its advanced manufacturing, clean energy, and life sciences clusters. The English Devolution White Paper argued that centralisation has stifled regional potential, with untapped strengths in cities and regions across England. Devolving powers allows the North to tailor interventions to its unique challenges – whether in skills, infrastructure, or investment – while aligning with the government's Invest 2035 strategy to build on existing cluster successes. By leveraging these devolved powers, the North can strengthen its innovation clusters, attract investment, and create high-value jobs, driving meaningful economic growth that directly benefits its communities and the broader UK economy.

In life sciences, research in 2020/21 from the Northern Health Science Alliance (NHSA) and the former NP11 group of Northern LEPs has shown how this sector can boost the economy in the North and throughout the country, significantly improve health outcomes for patients and build on health innovations. Through government investment in a Northern health and life sciences ecosystem by 2040, economic growth predictions would see jobs in the Northern life sciences sector [double from 54,100 in 2020 to 118,700](#) and Gross Value Added (GVA) treble from £5.17bn to £16.52bn. Built on the strengths of the [North's £13.6bn life sciences economy](#) and home to 21% of the UK's total life sciences workforce, the ecosystem will strengthen the region's Health Innovation Networks (HINs), Academic Health Science Centres (AHSCs), Science Parks and other stakeholders, enhancing the UK's global industry offer.

Research and innovation attract further investment into the region, with each £1 of public R&D investment attracting £1 of private R&D investment. In turn, this investment supports infrastructure and workforce development. More broadly for every £1 invested in [NIHR research](#), society receives £19 of benefits, from direct health benefits, profits to UK firms and returns to the wider economy (2022/23).

The Government's recently published AI Opportunities Action plan highlighted the strength of the UK's AI capabilities and announced the creation of AI Growth Zones, as well as a new tech hub at Kyndryl in Liverpool. This is a major opportunity for the North to build its established and emerging AI clusters, backed by our Higher Education Institutes, businesses and Strategic Authorities, to create growth and jobs using the power of this transformative technology.

The North's innovation challenges

The North faces critical barriers that must be addressed to fully realise its potential as a leader in national economic renewal. One of the most prominent challenges is the persistent underinvestment in R&D, which disproportionately favours London and the Greater South East. In health research alone, the NHTA found that funding is highly regionally imbalanced. The North received £405 million, an increase of £81 Million from 2018, while the Greater South East received an increase of £200 Million, resulting in a total award of £1.69 Billion. This was equivalent to just £25 per person, compared to £69 per person in the Greater South East. This inequity limits the North's ability to develop high-value sectors, attract investment, and compete on equal footing in key industries like life sciences and clean energy.

In addition to funding disparities, structural fragmentation poses a significant obstacle. Local systems often operate in isolation, and a lack of cohesive national coordination prevents the North from capitalising on its strengths in advanced manufacturing, green energy, and digital innovation. Infrastructure gaps, skills shortages, and difficulties in accessing capital further constrain the region's capacity to commercialise innovation and scale businesses. Addressing these barriers requires a strategic effort to rebalance R&D funding, foster regional collaboration, and create integrated frameworks that align the North's assets with national goals.

3. Delivering policy change in the North

With a new parliament, the national policy landscape is rapidly evolving, while Northern places are already leading delivery, policy innovation and investment. This will have substantial implications for pan-Northern delivery. Some of the most relevant examples are highlighted below.

Invest 2035: Industrial Strategy Green Paper

Since the last Convention, the national policy landscape has evolved significantly, most importantly with the change in government shaping the opportunities and challenges for regional policy work. In October 2024, the new Government published its Industrial Strategy Green Paper, which was framed as one of the pillars to achieve government's growth mission, alongside the Local Growth Plans, Get Britain Working Again, and the Plan to Make Work Pay. It emphasised innovation as a key engine for unlocking the UK's high-growth potential by targeting eight high-growth sectors, addressing barriers like funding and regulatory hurdles, aiming to scale cutting-edge industries while fostering regional growth and resilience. The Industrial Strategy's identification of growth-sectors builds on the innovation cluster mapping undertaken by DSIT. Analysis by the NP11 has highlighted the importance of regional innovation clusters across the North, such as space in the North East and bioeconomy in York & North Yorkshire, in driving regional growth.

Greater devolution and regional collaboration

The English Devolution White Paper references developing place-based innovation policy as a priority for future devolution, with an offer to work with Established Mayoral Strategic Authorities to develop a future regional innovation funding programme as part of the second phase of the Spending Review. This creates the potential to further develop the holistic approach to supporting innovation that is endorsed in this paper. UK Research and Innovation will extend its regional partnerships to other Mayoral Strategic Authorities.

'Clean energy' mission

Similarly, with the Government's mission to make the UK a 'clean energy superpower', reaffirmed by the Prime Minister at COP29, decarbonisation is a growing area of focus. The Government stated its intention to use the energy transition as a key driver of economic growth and job creation across the United Kingdom. This strategic approach emphasises the potential of decarbonisation to catalyse innovation, particularly in regions with strong technological and industrial capabilities. The North, with its existing industrial base and emerging green technology clusters, stands to benefit significantly from this policy direction.

The 2024 Autumn Budget and economic growth

The 2024 Autumn Budget allocated £20.4 billion to R&D for 2025-26, with £6.1 billion dedicated to core research and support for initiatives like Horizon Europe. The budget expanded the Innovation Accelerators program, with one of three national initiatives in Greater Manchester, aiming to deepen innovation ecosystems. Additionally, £40 million over five years was earmarked for proof-of-concept funding for university researchers. Other measures included the introduction of 10-year R&D budgets to promote long-term industry partnerships, the establishment of a National Data Library to support data-driven growth, and an AI Opportunities Action Plan designed to harness the economic potential of artificial intelligence.



The Government has also launched the Regulatory Innovation Office (RIO) within DSIT to streamline regulations for high-growth sectors and reduce barriers for startups. The RIO's initial focus includes engineering biology, space, autonomous technology, and AI and digital healthcare. By expediting technology approvals, identifying regulatory hurdles, and supporting market entry for emerging technologies, the office aims to accelerate innovation and enhance the competitiveness of these critical sectors.

The Government launched a pensions investment review in summer 2024, seeking to leverage pension funds to boost investment and economic growth. An interim report, published in November 2024, found UK pension funds had a lower domestic investment bias compared to international peers, with domestic allocations in key asset classes, such as equities, significantly declining over the past decade. These policy changes could significantly benefit regional organisations and investment vehicles like Northern Gritstone, set up by Universities of Manchester, Leeds, and Sheffield, which has already successfully raised £150 million from local and regional authority pension funds. By creating a more favourable regulatory environment, the government's approach could unlock further opportunities for regional investment funds to channel pension capital into high-potential spinouts and emerging enterprises, thereby supporting the commercialisation of cutting-edge research and regional economic development.

4. Alignment with other pan-Northern policy themes

We can't see policy priorities in isolation, and there are strong links and inter-dependencies between each theme. There are opportunities to explore connections and crossovers that enhance outcomes across multiple agendas. Recognising these links ensures a more comprehensive approach to addressing the North's challenges and opportunities:

Innovation and Trade and Investment:

Enabling policies for innovation must also support trade and investment by bolstering the North's competitive edge in export-led growth and attracting FDI. Coordination with national trade policies, like those outlined in the Industrial Strategy Green Paper, can help align Northern innovation assets with national and global investment priorities. With improved coordination, as well as investment in infrastructure and targeted promotion of Northern 'products' in sectors like life sciences and digital technology, the North can close some of the economic performance gap with London and the Greater South East.

Innovation and Transport:

A better-connected transport system in the North is essential for improving the flow of people and knowledge that is necessary for innovation. Advanced transportation infrastructure acts as a critical enabler for knowledge exchange, allowing researchers, entrepreneurs, and businesses to collaborate more effectively across different city-regions. By reducing geographical barriers and facilitating faster, more seamless connectivity, an integrated transport network can help accelerate innovation ecosystems, support talent mobility, and create opportunities for cross-sectoral knowledge transfer.

Innovation and Skills and Healthy Work

In addition to the five key themes for the 2025 Convention, Skills and Healthy Work has been incorporated as a cross-cutting and enabling theme across all policy areas. This reflects the importance of fostering Northern cooperation on skills, health, and social policy to support sustainable and inclusive economic growth. By embedding these considerations into each policy area, the Convention aims to create a holistic framework for driving transformative change in the North. The integration of Skills and Healthy Work with Innovation manifests in several key ways across the North:

- Enabling innovation across the North will rely on a skilled, healthy workforce prepared to meet demands in emerging sectors. Addressing entrenched health inequalities is crucial, as they impact productivity and workforce retention. Initiatives like the WorkWell programme and skills programmes for net zero transition, alongside integrated health services, support workers' long-term employability and resilience.
- This is particularly the case given the clear potential for AI-linked innovation to deliver transformational and rapid change in Northern labour markets. Flexible and proactive skills provision, including the upskilling and retraining of the existing workforce as well as the alignment of skills provision for new learners with future opportunities, will be essential to ensure positive outcomes for Northern people and residents.

5. Developing a pan-Northern policy programme

As a new theme, Innovation was discussed at the Mayors and Leaders' Summit in September, and from this, as well as existing research and publications, we have drawn several potential policy priorities to provide the basis for a discussion on the most appropriate and effective pan-regional activities.

The North has significant potential to grow its innovation ecosystem, contributing to national economic growth while addressing regional disparities. It boasts a diverse range of assets, including six of the UK's eight national Investment Zones, a strong network of leading universities, and globally competitive clusters in advanced manufacturing, digital, energy, and health innovation. By fostering collaboration across administrative and sectoral boundaries and building on the priorities of the Manifesto for the North, the region can strengthen its position as a key driver of innovation.

There has been increasing acknowledgement at the national level of the importance of place-based innovation policy to promote innovation clusters and within that, the role of local institutions in fostering more innovation. This recognises that innovation clusters require tailored packages of support at different stages of development and that supporting emerging, as well as existing clusters, is crucial to the objectives of reducing regional inequality.

Within this theme we aim to collaborate across administrative boundaries in the North to increase the speed and reach of cluster growth by integrating innovation policy into devolution policy to allow local leaders, academia, and business to link up to local priorities.

Policy Priority 1: Boost Public and Private R&D Investment Through Cluster Growth

Advocate for and deliver increased public investment of UK public R&D funding in the North to match our growing private sector R&D, by linking a cluster development approach to devolution policy. This will support productivity across the North and help to deliver the Government's Industrial Strategy and Missions for the UK.

Proposal 1a: Devolution of innovation support

Building on the Government's English Devolution White Paper, collectively advocate for devolution of innovation support programmes linked to the single pot settlement for Strategic Authorities to create a more holistic and tailored approach to supporting innovation clusters. This should combine different forms of policy support such as direct R&D funding, business support programmes, planning and infrastructure, education, and skills to build an integrated environment for clusters to grow.

Policy Priority 2: Support Business Innovation

Build a more holistic, long-term support package for the North's businesses that targets both cutting edge innovation and adoption and diffusion of innovation, including mechanisms for early market finance for startups and young businesses in the North. We aim to provide long-term consistent funding and flexible funding pots to accelerate cluster growth and send a positive signal to businesses and the investment community on the opportunities in the North.

Proposal 2a: Diffusion of technology

Collective prioritisation and a campaign on addressing the adopting and diffusion of technology, and innovation business efficiency across the North's businesses to increase productivity, working with Innovate UK to deliver programmes in local contexts.

Proposal 2b: Early Market Finance

A pan-Northern approach to creating more early market finance options for startups and young businesses to set up in the North, working with our universities, commercial finance bodies and business services providers to create an environment that retain spinouts in the North.

Policy Priority 3: Increasing Innovation Capacity through Collaboration

Incentivise and promote working across administrative boundaries with cross-regional collaboration opportunities among Northern places, universities, businesses, Metro Mayors, and council leaders, both in delivering innovation support programmes and also sharing data, best practice and learning.

Proposal 3a: Innovation T&I Programme

A co-ordinated programme specifically promoting the North's innovation strengths for trade and investment linked to the North's universities and research institutes, supported by national Government.

Proposal 3b: Northern Innovation Policy Network

Building on the work of the NP11 Innovation Leads network and the Northern Evidence Network, the creation of a Northern policy network to be at the cutting edge of trialling, evaluating and sharing learning on innovative ways to solve big challenges such as mission-led approaches, real time data feedback and evidence collection.

Annex: Draft Innovation delivery programme

As part of the focus on delivery for COTN 2025, the policy programme is designed to focus on activities that the North can deliver in partnership between places, with Government, and with the private sector, Northern institutions and our communities, as outlined below:

Pan-Northern and Intra-Northern collaboration	Greater devolution to Northern Places	Business, investment and institutional activity
<p>2a: Collective prioritisation and a campaign on addressing the adopting and diffusion of technology, and innovation business efficiency across the North's businesses to increase productivity, working with Innovate UK to deliver programmes in local contexts.</p> <p>2b: A pan-Northern approach to creating more early market finance options for startups and young businesses to set up in the North, working with our universities, commercial finance bodies and business services providers to create an environment that retain spinouts in the North.</p>	<p>1a: Collectively advocate for devolution of innovation support programmes linked to the single pot settlement for Strategic Authorities to create a more holistic and tailored approach to supporting innovation clusters.</p>	<p>3a: A co-ordinated programme specifically promoting the North's innovation strengths for trade and investment linked to the North's universities and research institutes, supported by national Government.</p> <p>3b: Building on the work of the NP11 Innovation Leads network and the Northern Evidence Network, the creation of a Northern policy network to be at the cutting edge of trialling, evaluating and sharing learning on innovative ways to solve big challenges such as mission-led approaches, real time data feedback and evidence collection.</p>