

Innovation Nation Summit

Making the UK the World's
Innovation Nation



**Growth and
Reform Network**

In partnership with



Future
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Making the UK the World's Innovation Nation

For two centuries the UK was the innovation nation. Today too many speak of our industry and our innovators in the past tense. Only 36 per cent of the public believe we are world leaders in science, but 75 per cent agree that innovation is essential for creating economic growth in the UK. They have not given up, and they are waiting for us, for the leaders, investors and entrepreneurs, to catch up.

Innovation is how we restore pride to communities the length and breadth of the UK: pride in the places we live in and pride in the work we do. People in Sunderland, in Stoke, in Kirkcaldy and in the Valleys are not asking for a return to the past. They are asking to know their town can still make things the world wants to buy, and that there will be good jobs for their children. Innovation is the only sustainable way to deliver the Prime Minister's promise of good growth in every postcode.

The good news is that innovation is already more widely based than we might think. Glasgow leads Europe's satellite industry. Leeds has more fast-growing venture-backed firms than Oxford, and Manchester more than Cambridge, with both ahead of Milan, Madrid and Munich. That is why Andy Burnham is right to put sharing power across our nations and regions at the heart of his plans. Whitehall cannot know where every investor needs laboratory space or which courses every college should run.

But not everything can be done locally. The UK government can deepen our capital markets so that firms founded in Dundee

or Manchester no longer have to sell early or list abroad to grow. Only national government can close gaps in our supply chains and negotiate trade in a protectionist world. And only by partnering with like-minded allies, capitalising on the UK's assets, can we ensure UK firms have access to the global markets they need to truly scale.

This summit asks how local initiative and national action can work together to drive the UK's global position; how the Prime Minister, Chancellor and the National Economic Council can set a direction the nation can follow. Ours must be a partnership of inventors, investors, industrialists and government, enabling innovation to drive local, regional and national growth.

The places that built Britain can rebuild Britain. And if we get this right, then ours will be an innovation nation once again, with all people and all places presenting the best of the UK to the world.

The Rt Hon Gordon Brown

Why this conversation, why now?

The UK has spent years identifying its strengths, setting strategies and creating programmes intended to support innovation and growth. We now have a national industrial strategy, a renewed focus on productive investment and an accelerating programme of devolution giving places greater responsibility for shaping their economic futures.

The question of what comes next is harder: are the institutions, markets and places around our innovation strengths capable of converting them into economic outcomes at the pace the next decade demands?

This is why the Growth and Reform Network is convening the Innovation Nation Summit.

The Growth and Reform Network (GRN) is a partnership between [The Future Governance Forum](#) and [Metro Dynamics](#) working to support good growth and better public services at regional and local level. The GRN brings together mayors, local leaders and national policymakers to drive inclusive growth and public service reform across the country. At the heart of this is supporting innovation to increase the trend rate of growth, create better jobs and opportunities for people all over Britain, and improve public service outcomes. The network exists to support devolution to achieve its full potential, with a more preventative and productive model of local growth and public service delivery.

Devolution is not simply about transferring powers and funding; it is about equipping places with the institutions, capabilities and tools to shape their economic futures. Rewiring the state must also mean

improving the way the economy works. As partners we have all been exploring this through our recent work:

- GRN's [From Fiscal Devolution to Good Growth](#) has explored how those freedoms can support more inclusive growth.
- FGF's [Progressive Markets](#) work asks how markets can be shaped to deliver better economic and social outcomes.
- Metro Dynamics' [Turning innovation ambition into economic growth in places across the UK](#) similarly argues that the next phase must focus less on assets and programmes and more on whether ideas, businesses and opportunities are moving towards customers, investment and growth.

The argument running through this paper is that innovation should be understood as a practical route to inclusive growth, re-industrialisation and productive investment: strengthening firms, creating better jobs, building industrial capability and ensuring more places and communities benefit from economic change.

Our task on the day is therefore not to celebrate our innovation assets. It is to examine why the UK does not consistently convert its exceptional strengths into economic value, and to identify what has to change if innovation is to become central to the plan for growth through re-industrialisation.

**Ben Lucas, Executive Chair,
Growth and Reform Network**

Foundations underpinning the summit

The UK has an urgent need for growth and an extraordinary opportunity to generate it. A new wave of technologies, from AI and engineering biology to quantum, robotics and clean energy, is reshaping industries and determining where future economic leadership will sit, globally and locally.

The UK's economy has flatlined for a generation. Dynamism has fallen across advanced economies, but the decline in the UK has been particularly pronounced. The rate at which jobs are created in new and growing firms and disappear from shrinking or closing firms fell from 31% of employment in 2001 to 21% in 2022, a substantial reduction in the churn through which people and resources are reallocated across the economyⁱ. That is why the government is now committed to re-industrialising our nation and our regions.

At the heart of this must be a fully developed strategy and plan to support innovation across our economy. We need to prioritise rapid adoption and diffusion of AI and frontier technologies across business and through our skills system. This needs to be linked with mobilising investment into the specific sub-sectors that have the greatest potential to accelerate growth. And all of this needs to be co-ordinated through a purposeful partnership between governments, business, mayors, investors and the science system. That is how we can make good on the promise of good growth across the country, creating a

new innovation-driven era that is more productive, more inclusive and more widely shared.

The UK approaches this from a position of real strength. We have exceptional scientific and research capability, world-leading science and universities, major concentrations of industrial capability and £79.4 billion of annual R&D expenditure, around 70% of it undertaken by businessⁱⁱ. The Industrial Strategy, deeper devolution and moves to rewire the state provide a stronger framework through which national and local institutions can act together.

But, our innovation economy does not yet translate those strengths consistently into growth, let alone growth from everywhere. We remain better at generating knowledge than diffusing and commercialising it; too few firms adopt proven technologies; growth capital remains highly concentrated; innovative businesses struggle to scale; and many of the country's strongest industrial clusters remain under-backed.

We need to connect locally based clusters into regional strengths that have globally significant scale and deliver impact. That means building on the North West Super Cluster and the OxCam Arc, on connections like the Cambridge x Manchester Partnership and Oxford-Liverpool partnership and developing the potential of others including: the East Coast Energy Innovation Corridor, the Glasgow-Edinburgh Central Belt, the Advanced Manufacturing corridor between the West and East Midlands, and the Bristol to Cardiff corridor.

The challenge, therefore, is not simply to produce another strategy or programme. It is to connect invention, adoption, investment and industrial growth, to make deliberate choices about where the UK can build sustained advantage, and then to make that happen.

The summit will discuss and debate the shifts that we, together, need to lead - in **diffusion, clusters, scale, execution, and dynamism** - to make the UK an Innovation Nation.

Signals of friction

Innovation is a system, not a linear process. Progress depends on the interaction between research, firms, customers, finance, skills, infrastructure, regulation and institutions, and constraint at any one point can shift as an opportunity develops.

These statistics are the flashing lights on the dashboard. In discussion, we should use them not as a definitive diagnosis, but as signals of where friction is appearing across the system and ask what sits behind them, how those constraints interact, and what we as system leaders need to change to improve the flow from knowledge and invention through adoption, commercialisation and scale.

Our world-leading research strength is real, but fragile

The UK accounted for 12% of the world’s highly cited publications in 2022, but its share fell 17.6% from 2018ⁱⁱⁱ. The UK remains a global research leader, but we should not be complacent: relative advantage can erode even while absolute output grows.

DSIT 2025

Technology adoption is uneven

56% of firms adopted at least one of 20 technologies^{vi}; 80% of large firms versus 48% of micro firms. 57% of engineering and technology firms showed no confirmed adoption of any of ten Industry 4.0 technologies^{vii}. Adoption is not just an R&D issue: management capability and skills matter too^{viii}.

Oliveira-Cunha et al., 2021, DSIT 2026, RAEng 2026

Innovation is concentrated, not widespread

34% of UK businesses were innovation-active in 2022-24; 47% of large firms versus 34% of SMEs^{iv}. A strong frontier coexists with a much broader business base that is not consistently innovating, and the gap is widening: the number of low-productivity firms has nearly doubled since 1997^v.

UK Innovation Survey 2025, BCG 2026

Knowledge is not diffusing

The UK exhibits “hub with no spokes” characteristics^x. Key productive sectors drove 84% of positive productivity growth from 1997-2007, but just 34% since 2019^x. The challenge is not only generating knowledge, but spreading it across firms, sectors and places.

TPI, 2026; BCG, 2026

Capital is substantial but concentrated

UK SMEs received £10.8bn of equity investment in 2024, but 61% went to London^{xi}. Capital is part of the throughput problem, but concentration and persistent later-stage gaps limit domestic scaling.

Source: BBB 2025; DSIT 2025

Customers need to matter more

Only 5% of public procurement contracts went to visible scaling firms in 2024, worth £4.5bn^{xii}. Market access, procurement and commercial capability sit alongside finance as critical enablers of growth.

Scale Up Institute, 2025

Opportunity everywhere

The UK's innovation potential extends far beyond the geography captured by conventional measures of innovation. While London and the South East rightly command international recognition for their strengths, they represent only a part of the national innovation story.

If the unit of observation is a dense concentration of knowledge-intensive firms, the map will inevitably light up cities; if the unit is innovation occurring across the economy, a rather different UK starts to appear. These distinctions are evident in how innovation is measured.

Centre for Cities' *Innovation Hotspots* (2023) identified very dense concentrations of new-economy firms at neighbourhood scale. It found 344 hotspots containing just 0.6% of UK businesses but accounting for around 1% of national output and approximately 200,000 jobs. Nearly 90% of clustered new-economy firms were in urban areas, while 220 of the 344 hotspots were in the Greater South East, including 115 in London.

Measures based on very high concentrations of firms, R&D or patents are particularly good at identifying dense, knowledge-intensive economies. That is an important part of the innovation economy, but not the whole of it. As cautioned by the OECD, this lens can only reveal certain forms of innovation; it is highly effective at identifying dense, service-oriented ecosystems where firms benefit from close proximity and frequent interaction, it is less well suited to identifying innovation embedded in established firms, industrial supply chains and more spatially distributed economies^{xiii}.

The UK Innovation Survey also shows that innovation is not confined to knowledge-intensive services: production industries as a whole remain more innovation-active than distribution and service industries^{xiv}. Their economic logic is different, but no less innovative.

The Centre for Progressive Policy's *Unlocking Investment in Low-Earning Economies* (2023) provides a complementary perspective, showing that growth potential is not confined to major cities. Many towns, cities, and regions contain 'pockets of potential' - high productivity sub-sectors punching above their weight locally, and predominately in the North, the Midlands and Wales rather than the large cities. Replicating this analysis for the latest available data identifies potential across all parts of the country, with 127 clusters visible in the data, including 52 in areas which lag UK average productivity. Those sectoral opportunities are overwhelmingly in machine manufacturing, chemicals or minerals, and show that the path to re-industrialisation runs well beyond our city centres.

These data do not present competing visions of the UK's innovation economy. Rather, they reveal different dimensions of it: visible concentrations of high growth firms and substantial untapped potential.

The real point is not 'cities versus towns' or 'the South East versus everywhere else'. It is that different places generate economic value through different mechanisms. A city-centre technology cluster and a regionally distributed advanced manufacturing ecosystem may look very different on a map, but both can be globally competitive, particularly if they are designed to complement, not replicate, and can draw their clusters together for global scale.

An Innovation Nation must therefore be able to hold two ideas at once:

1. Concentration matters: dense cities, research ecosystems and close-proximity networks can generate real productivity and knowledge-spillover benefits.

2. Opportunity does not stop at the edge of the largest innovation cities: productive industrial specialisms, anchor employers, supply chains, natural assets and business capabilities are distributed much more widely. And global investment will look for opportunity on this scale.

Cluster in a lagging UK region
Recognised large scale cluster

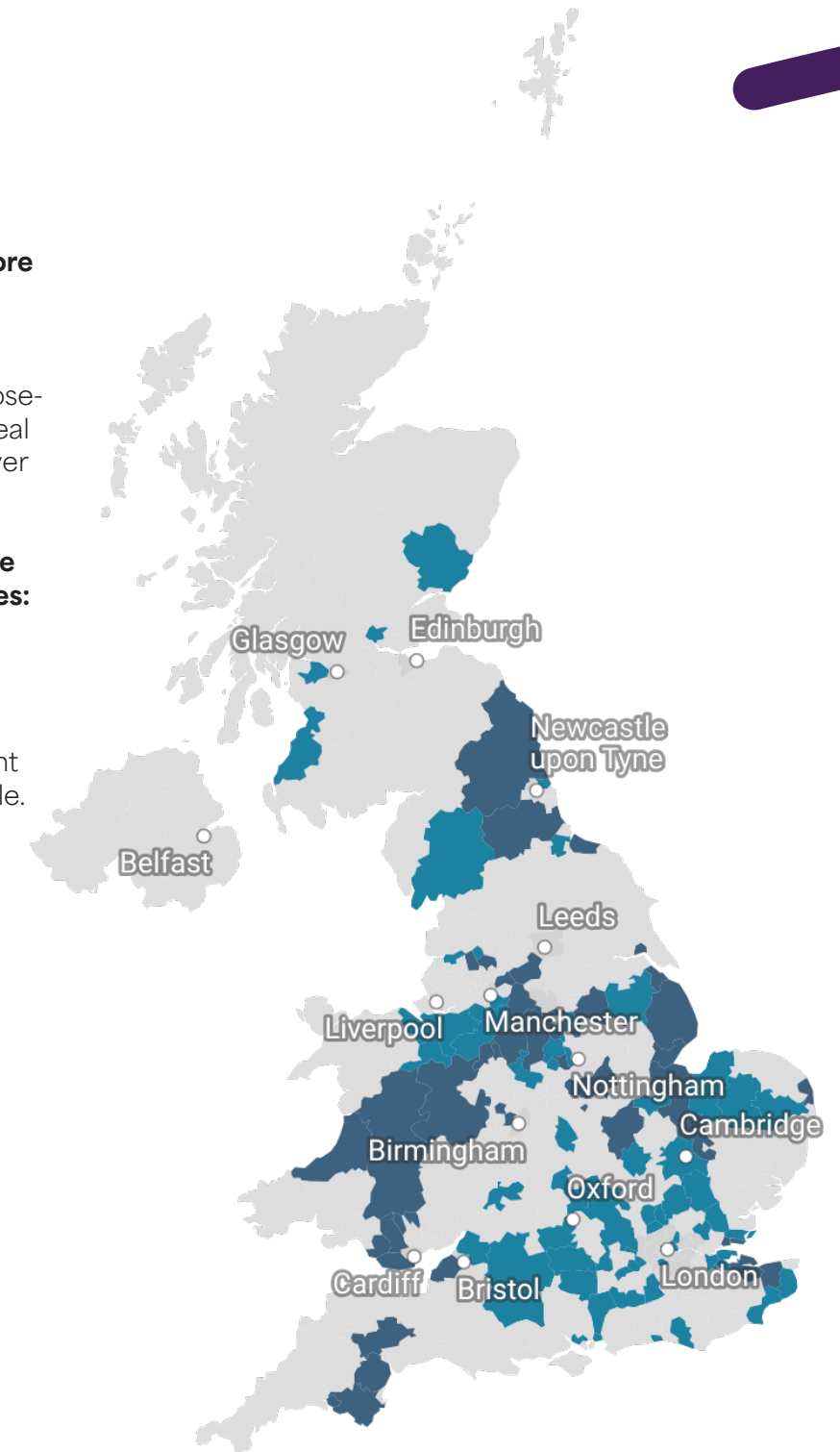


Fig. 'Pockets of Potential' updated: Innovation opportunity is present in places across Great Britain.

The prize for achieving this and closing the UK's spatial productivity gap is substantial.

Centre for Cities estimates that if the UK's large cities outside London performed more like their peers in France and Germany, they could add around £100 billion a year to national output, roughly 5% of GDP^{xv}. But unlocking that potential is not simply a story of growing knowledge-intensive services in city centres.

Metro Dynamics' work with the Royal Academy of Engineering shows how the productive capabilities of the UK's cities extend across their wider city-regions, connecting research and innovation in urban cores with engineering, manufacturing and industrial strengths in surrounding towns and communities.^{xvi}

The national task is not to flatten these differences. It is to capture the opportunity different kinds of places present for innovation-led growth, help them convert what is distinctive into competitive economic opportunity, and connect places and value chains nationally and internationally.

Many of the strongest opportunities sit across wider, sector-driven geographies: collections of research strengths, anchor firms, supply chains, infrastructure and skills that become more competitive when treated as a connected proposition rather than as separate local clusters.

Critical here is the point that the geography of opportunity is often larger than the geography of government. This is not, however, an argument for creating another layer of institutions.

Devolution changes, rather than removes, the national role. Rewiring the State sets out a stronger role for local leaders in growth and public service delivery, but national policy still has to make spatial choices about R&D, infrastructure, trade, inward investment and public finance. The frontier question is how national institutions work differently when places have greater responsibility: where local knowledge should lead, where national scale is indispensable, and how the two combine around opportunities that cross boundaries.

Viewed through this lens, the critical question changes. Rather than asking "where is innovation happening?" we should ask: "Where can this sector genuinely flourish, what market does it serve and where does it need to connect to complete the commercial journey and to be nationally and globally significant?"

Fig. Clusters of Industrial Strategy business exist right across the UK, but we need to be more precise about what can genuinely flourish, where.



Five shifts for an Innovation Nation

These are not a policy manifesto; they are propositions for shifts in how the UK thinks, invests and acts on innovation for the summit to test, sharpen and turn into action.

Taken together these shifts can drive an innovation-led re-industrialisation of the UK economy. The benefits of this should be felt in good growth everywhere, unlocking the talent and the potential of people and businesses across the UK. **That is the prize that we are aiming for in making the UK an Innovation Nation.**

Diffusion

It is imperative that workers and businesses in every postcode grasp the new disruptions and innovations, deploying them to benefit their families, their communities. No place left behind. No talent left out. This widespread nimbleness creates a nation of innovators - the foundation for broad re-industrialisation.

Clusters

Re-industrialisation requires bravery; to propel and cluster around our biggest growth-potential industries and our most transformative inventions. These are rooted in each nation and region. Our regional differentiation, our specific local strengths, should be connected and scaled to become globally significant, globally confident clusters. This needs bold regional and national leadership from mayors, ministers, industry and universities, ready to embrace disruptive businesses and focus on strategic, collective delivery within and across clusters that pull in global investment so the benefits are felt by people in all places.

Scale

Growth requires innovative firms to scale and stay in the UK. Capital matters. As do customers, management and commercial capability, and access to European and global markets. We must do more to attract global investment through capital market and pension fund reform; through a more purposeful, coherent portfolio of public investment across Public Financial Institutions and Research & Innovation funders; and through Government procuring wisely as a frontier customer for frontier firms.

Execution

The UK must find the agility to move from fragmented intervention to strategic execution. We have no shortage of strategies, programmes and funding instruments. But we are missing the capability and leadership architectures to draw them together for impact. National institutions, our universities, public finance capital and place-based systems must make tough choices - backing the future not the present; then coordinate and collaborate around specific opportunities; curate interventions that work for the project or the scale-up, not their institutional silo; and move at the pace of global markets and investors.

Dynamism

Creative disruption and transformative solutions emerge from difference. The UK cannot afford to waste its incredible diversity of talent, or not to draw in top talent from every part of the world. By challenging ourselves on who creates and leads innovation, which businesses participate in the opportunities generated, who accesses the good jobs and progress that follows, we can make inclusion the hallmark of our economic dynamism. If we back what already we know, and what already we have, we won't help talent to burst through and move to grow the highest potential firms and opportunities. Our economy will remain sluggish. We will fail to become an Innovation Nation.

How will we know if it is working?

The five shifts describe how the system needs to change. But they are not ends in themselves. Their value lies in whether they change the performance of the economy. An Innovation Nation should be visible not simply in the strength of its science, the number of programmes it launches or the scale of funding committed, but in the movement of ideas, technologies, firms and people through the system: into adoption, customers, investment, scale and economic value.

That means judging progress through outcomes as well as inputs. Are more firms innovating and adopting technology? Are more UK businesses reaching customers and scaling? Are places turning distinctive capabilities into globally competitive propositions? Is talent being drawn from a wider pool? And are the gains ultimately showing up in productivity, better jobs, wages and prosperity?

The question for the summit is therefore a practical one: what would we expect to be demonstrably different in five years, and in ten, if innovation had genuinely become central to the UK’s growth model?

Outcome dimension	Direction of travel
Productive businesses	More innovation-active firms; stronger adoption, particularly of AI and tech; higher business investment; stronger management and commercial capability; increased productivity by all types of business and in all regions and nations.
Markets and demand	More public procurement and commercial demand for innovative UK firms; greater export intensity; faster routes from technical proof to securing customers.
Capital and growth	Capital available and working seamlessly across different stages, risks and business models; stronger investable pipelines; more innovative firms reaching scale; retaining economic activity in the UK.
Places and connections	More places converting distinctive, specific local strengths into competitive positions; stronger cross-place clusters and value chains to secure national and global significance; wider diffusion of R&D and adoption by local business bases.
People and opportunity	A wider domestic pool able to participate in innovation - from invention through to diffusion; greater attraction and retention of global talent; stronger technical, commercial and leadership capability; better jobs, wages and progression, moving to innovative growth firms
Value and prosperity	More dynamic, globally competitive economy; more economic value created, retained and recycled through UK firms, supply chains, investment, expertise and communities.

Coming into the Summit room

This paper puts forward a common starting point for our conversation, deliberately setting out propositions rather than a purposeful plan.

The summit aims to create a shared framework for that plan. We are bringing together leaders from different parts of the innovation system to embrace our diverse perspectives: founders and established businesses, investors, universities, national and local government, institutions and ecosystem leaders. We will not always agree. The value of the day will come from using our collective expertise to get beyond diagnosis and towards choices; choices we all must own.

Throughout the day, we will ask participants to move between the national and the practical: from the scale of the opportunity to the decisions that institutions, firms and leaders can actually take.

We want participants to emerge with a clearer view of the choices, leadership and action required to turn the UK's innovation strengths into a more dynamic economy and good growth.

In particular we want to test:

- **Are these the priority shifts?** If diffusion, clusters, scale, execution and dynamism improved materially, would that be enough to change the UK's growth trajectory?
- **Where does the system get stuck, and what would we do differently if outcomes were the organising principle?** What are the most significant binding constraints - capital, customers, capability, institutions, regulation or skills? And what should we stop funding, measuring or doing?
- **Who needs to act, and at what level?** What requires national action, what requires place leadership, and what should be led by business, investors and universities? How do we draw this together: where is stronger orchestration essential, and where should leaders simply be empowered to move?
- **Where do we need to be braver, and what would success look like?** What risks would we need to take differently to build globally significant firms, clusters and capabilities, and what should be measurably different in 10 years if we are succeeding?

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We are enormously grateful to Racheal Johnson and the team at Social for bringing the event together in practice: coordinating speakers and participants, managing the many moving parts behind the scenes and turning an ambitious programme into a day that can run smoothly and purposefully.

Our thanks also go to Jessica Bowles and the team at Bruntwood SciTech for hosting the summit and providing the space in which these conversations can take place.

We are very grateful to all of the speakers who have already given their time to the preparation of the event, and in advance for the experience, challenge and insight they will bring to the discussion on the day.

And finally, thank you in advance to all participants. The value of the summit will depend on the quality and candour of the conversation in the room. We know those attending will bring deep experience from across business, investment, universities, government, places and the wider innovation system, and we are grateful for the time, thought and openness you will contribute.

Following the summit, we intend to publish a short paper, crediting (but not attributing) speakers, capturing the strongest insights, tensions and practical implications from the day, and setting out where further action, leadership and debate are needed.

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