



TECH SY  
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SOUTH YORKSHIRE

# In the air

North of England startup ecosystem

**Northern Tech Summit · Keynote**

Thursday 22 October 2026 · 09:15 to 10:00

Crucible Theatre, Sheffield





**“When an industry has thus chosen a locality for itself, it is likely to stay there long: so great are the advantages which people following the same skilled trade get from near neighbourhood to one another. The mysteries of the trade become no mysteries; but are as it were **in the air** ...**

Good work is rightly appreciated, inventions and improvements in machinery, in processes and the general organization of the business have their merits promptly discussed: if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas.”

**Alfred Marshall, *Principles of Economics* (1890)**

Marshall’s example was the cutlery industry in Sheffield.

Photo: Elliott and Fry, around 1891

SECTION 1 OF 6

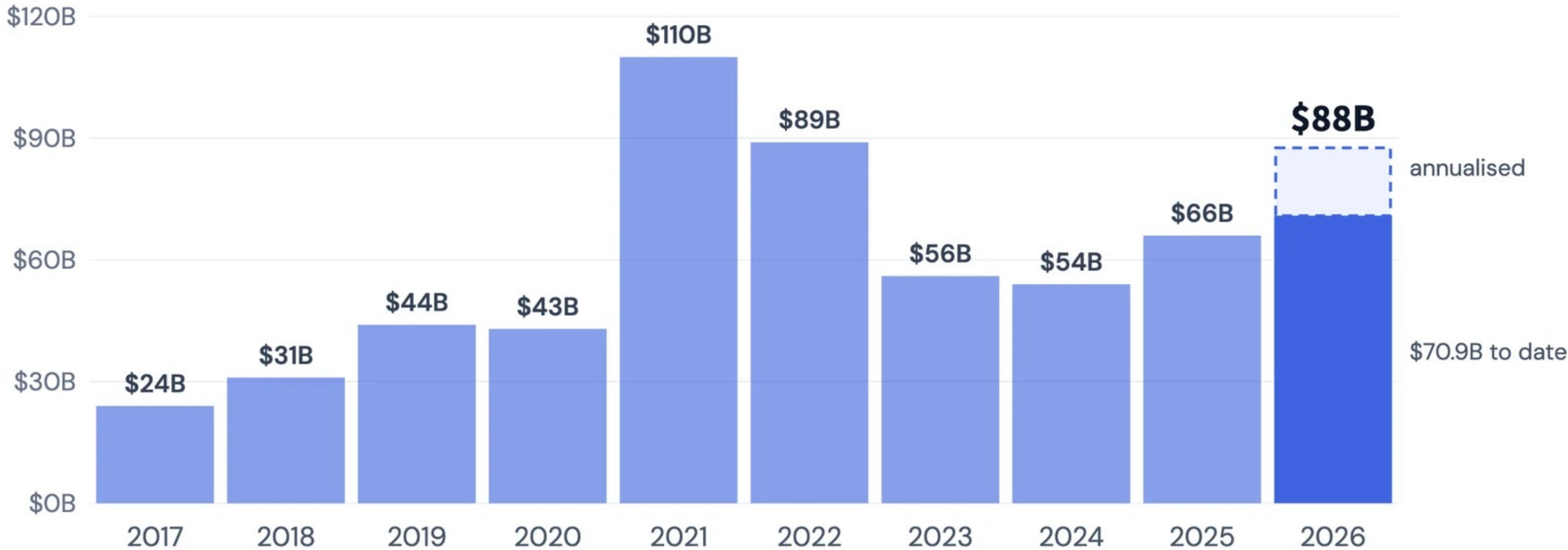
# Europe's best generation yet

Europe's startups are worth more, and grow value faster, than ever

- 1 Europe's best generation yet**
- 2 The capital gap
- 3 The North in numbers
- 4 Where the North stands out
- 5 The North in the UK
- 6 Outlook

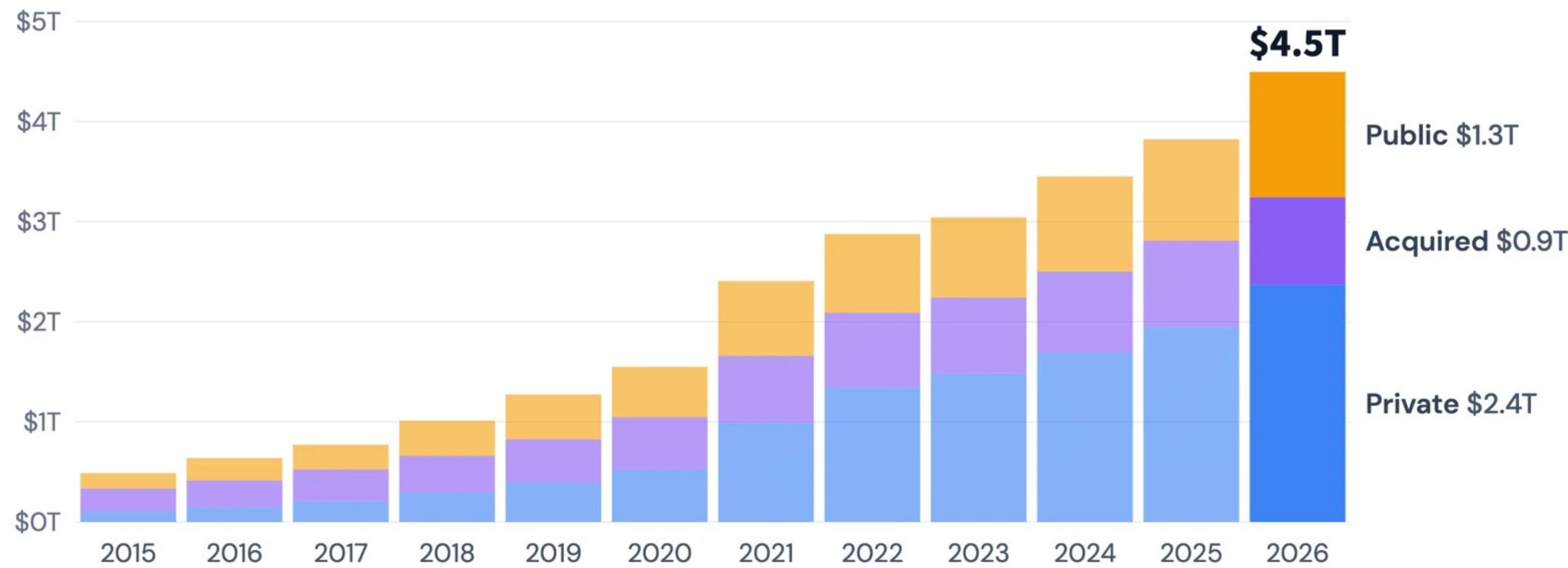
# European VC is running at an \$88B annual pace

VC investment by year; 2026 annualised



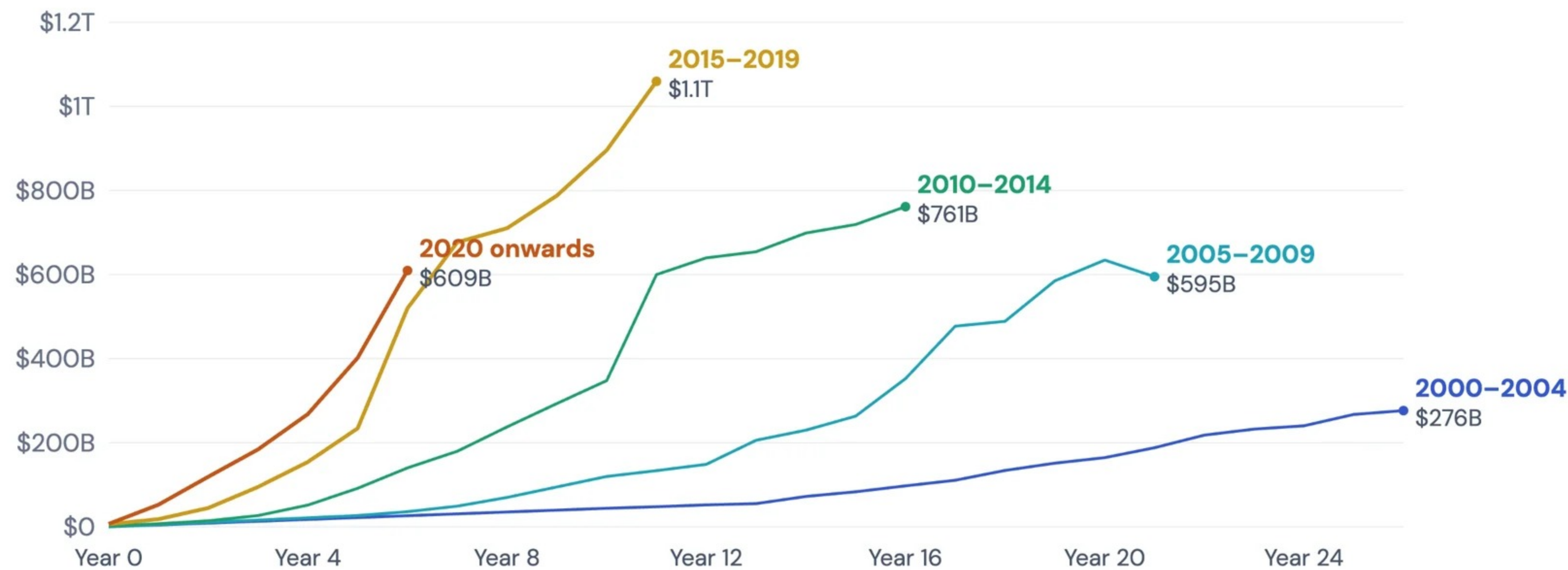
# Europe’s VC-backed companies are worth \$4.5 trillion

Combined enterprise value, end of each year



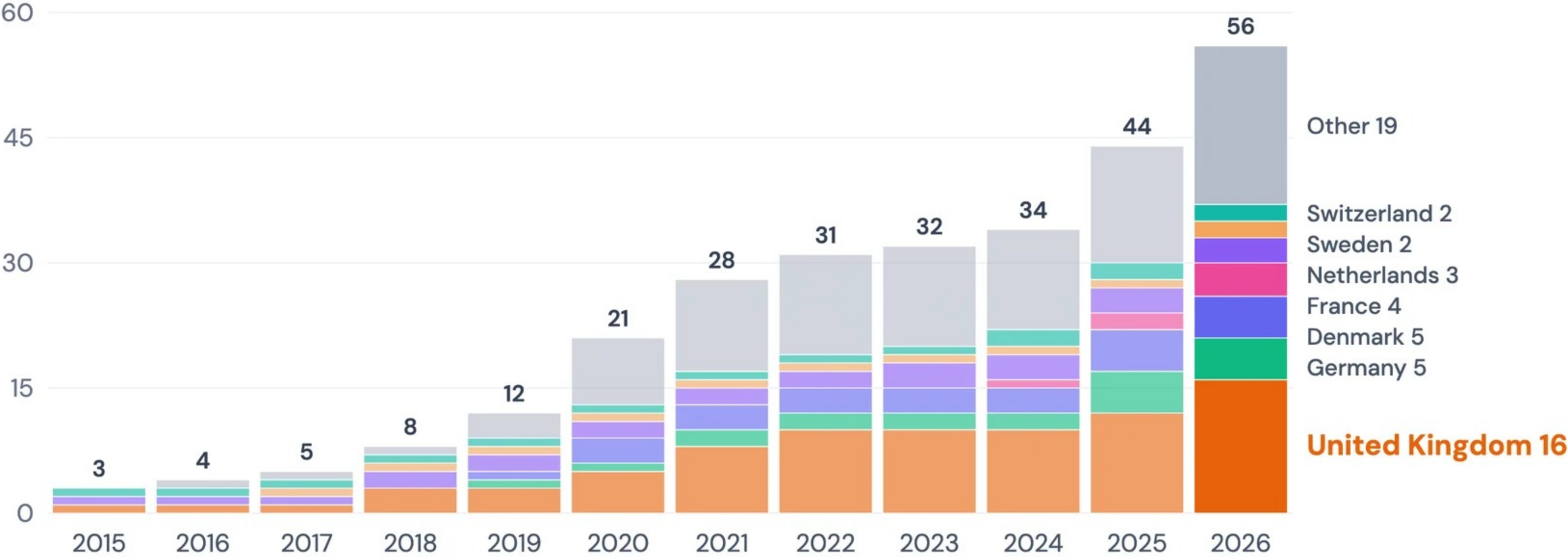
# Europe’s newest startup generations are building value faster

Combined enterprise value by founding cohort, by years since founding



# Europe has over 50 companies worth \$10B or more, 16 of them in the UK

Companies worth \$10B+, by year first reaching \$10B



SECTION 2 OF 6

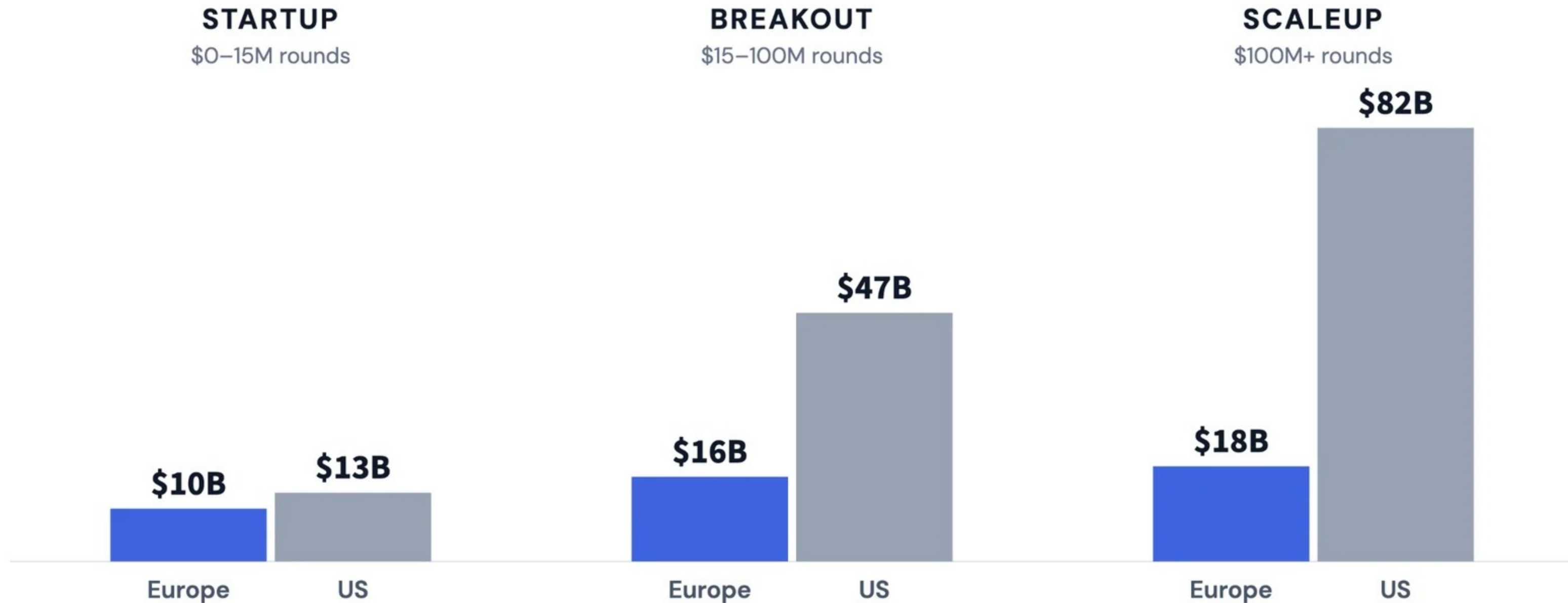
# The capital gap

Where European scaleup money comes from, and why the gap opens late

- 1 Europe's best generation yet
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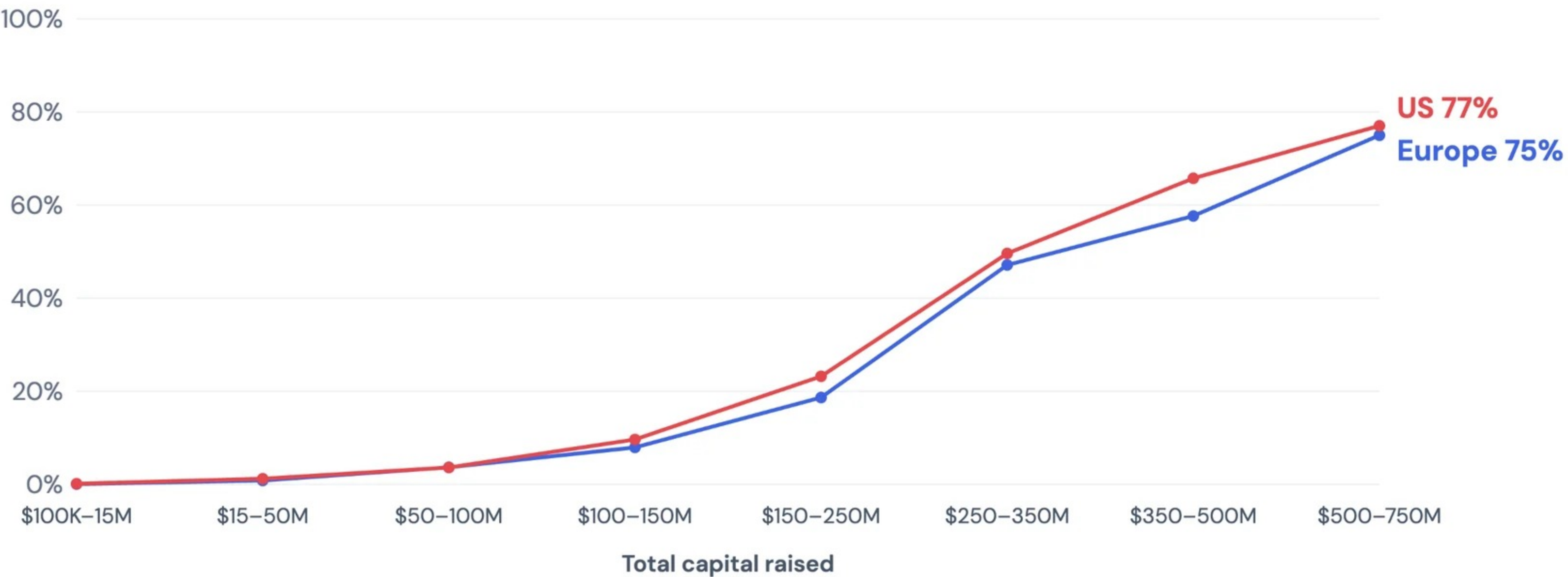
## Europe's funding gap with the US widens at the scaleup stage

Annual average VC since 2015, by round size



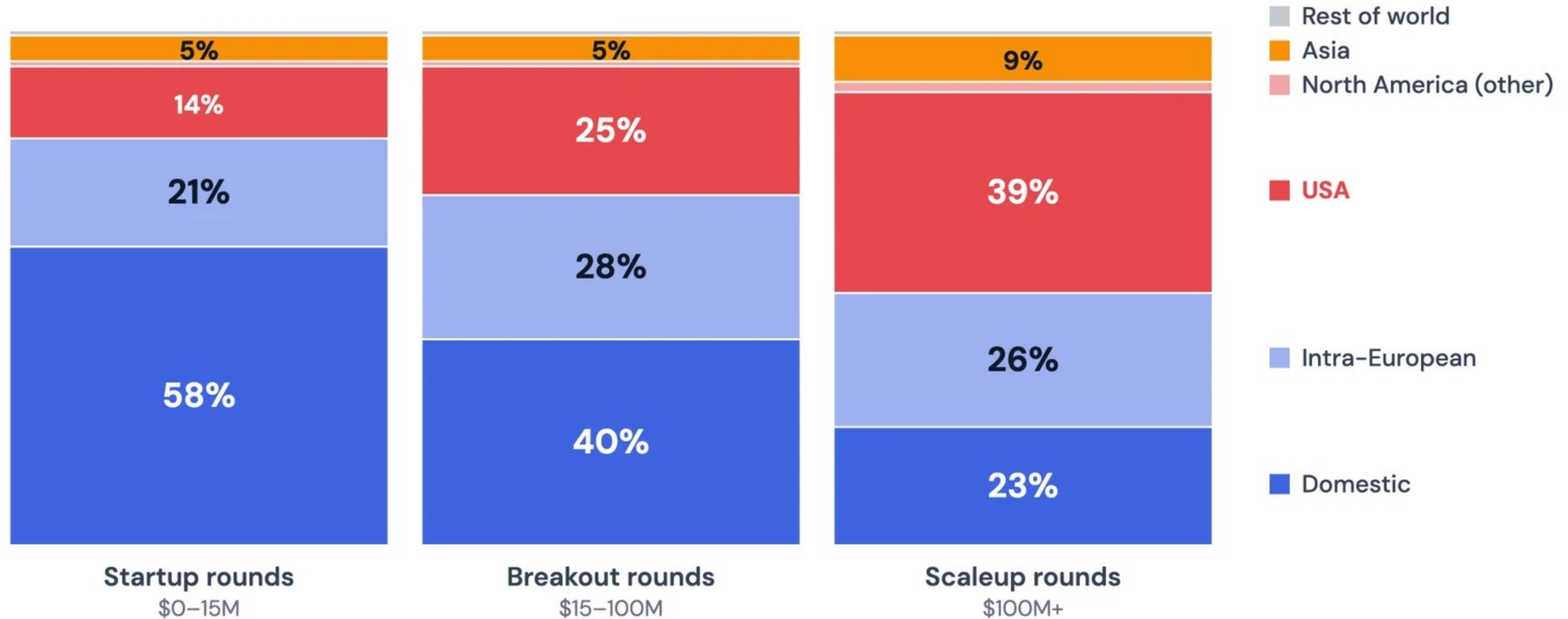
# At similar funding levels, Europe matches US unicorn creation rates

Share of companies valued at \$1B+, by total capital raised



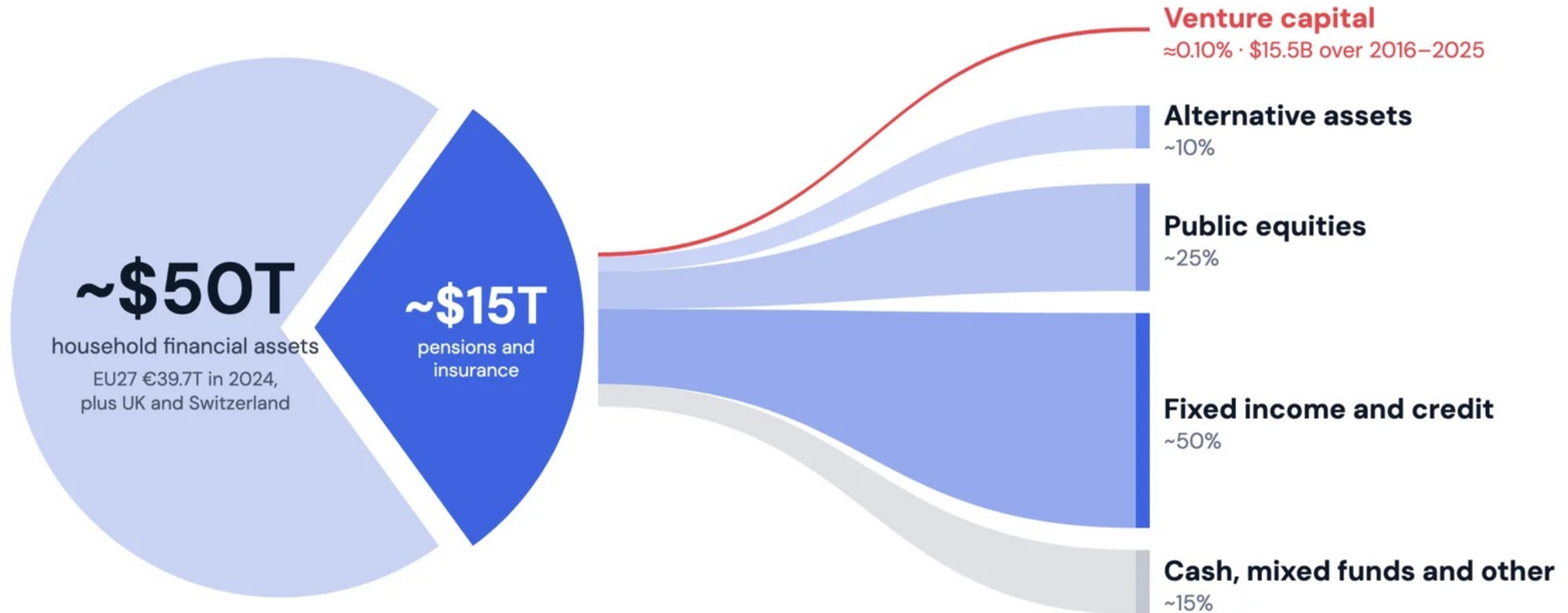
# The majority of scaleup capital is coming from overseas

Capital by investor origin and round size, Europe



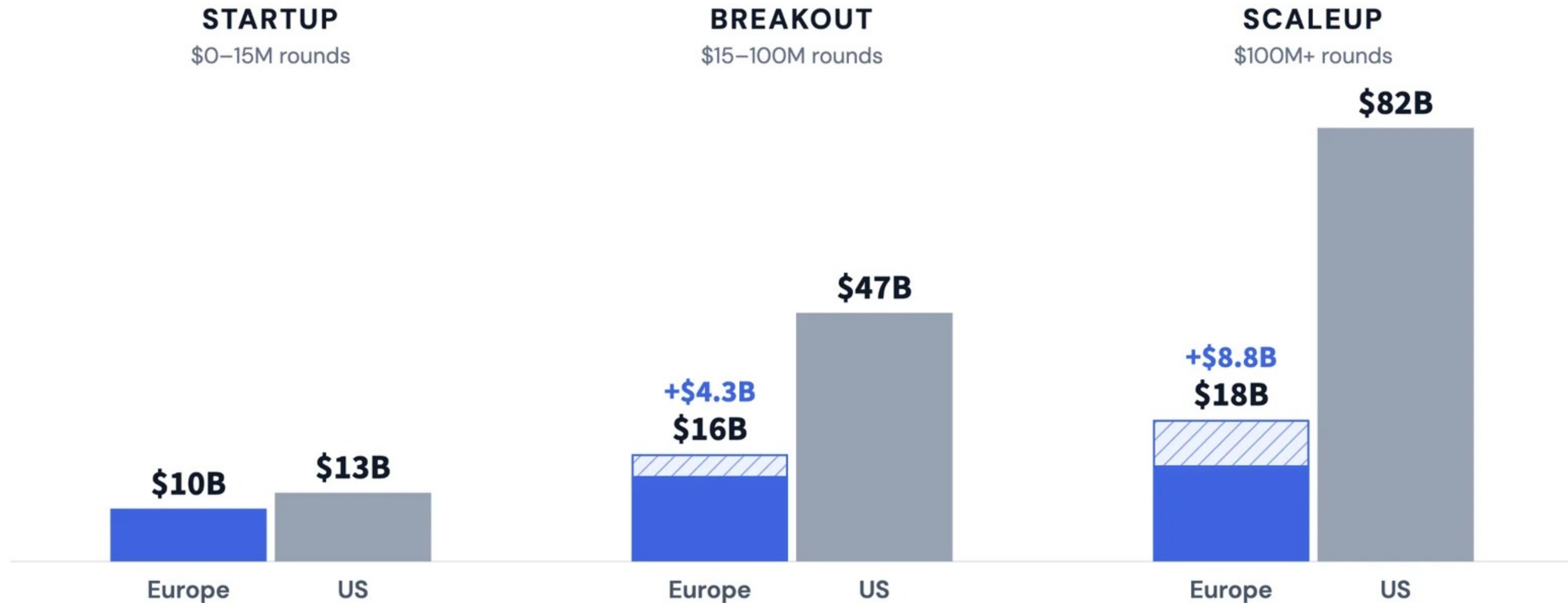
## Europe's pension and insurance capital barely reaches VC

Household financial assets, pension and insurance savings, and VC



## A 1% allocation could lift scaleup capital by about 50%

Annual VC by round size; hatched: a 1% pension and insurance allocation



SECTION 3 OF 6

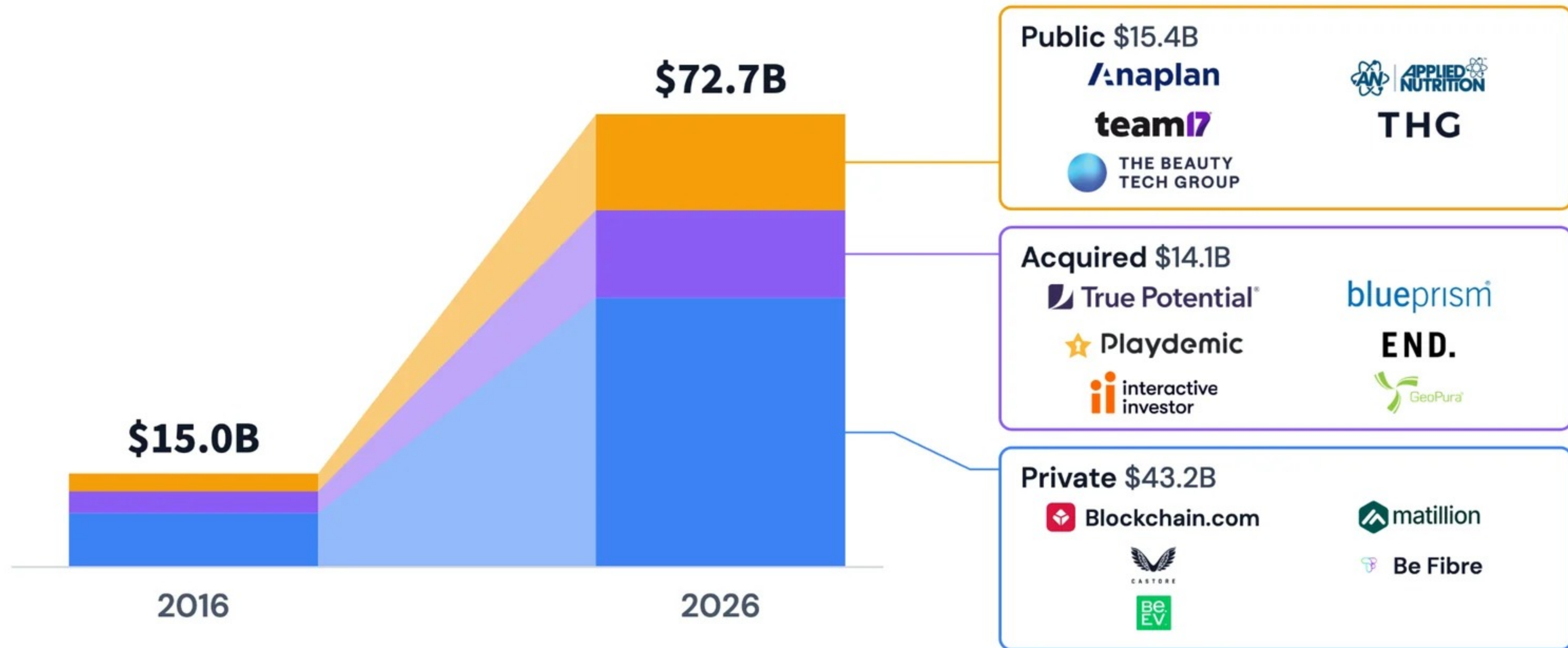
# The North in numbers

The size, value and shape of the North of England's ecosystem

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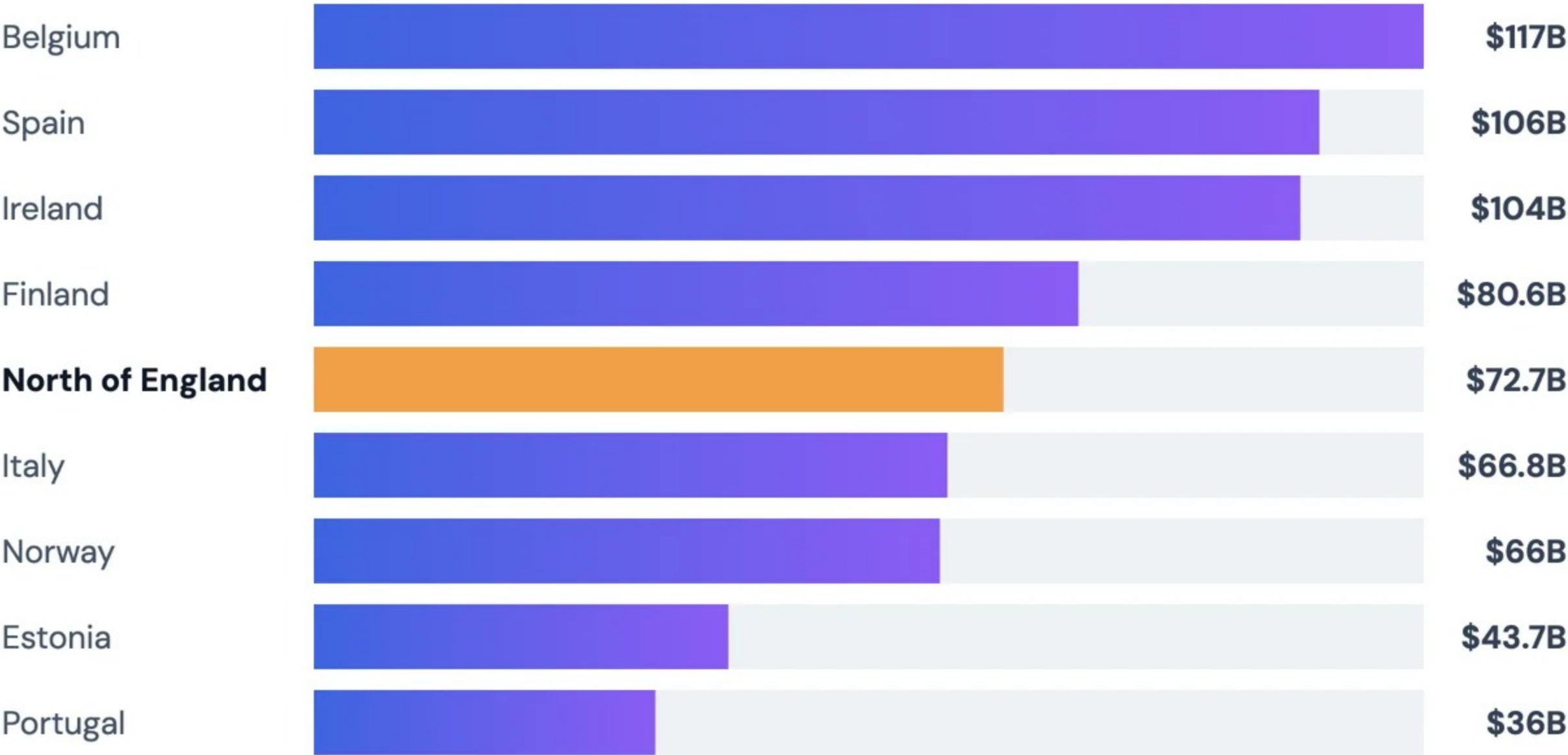
# The North of England's VC-backed companies are worth \$72.7B

Combined enterprise value, 2016 and 2026



# The North’s startup ecosystem is worth more than Italy’s or Norway’s

Combined enterprise value



# The North is part of New Palo Alto, the leading tech ecosystem after the Bay Area

of Europe's unicorns and thoroughbreds are in New Palo Alto: 505 of 1,088

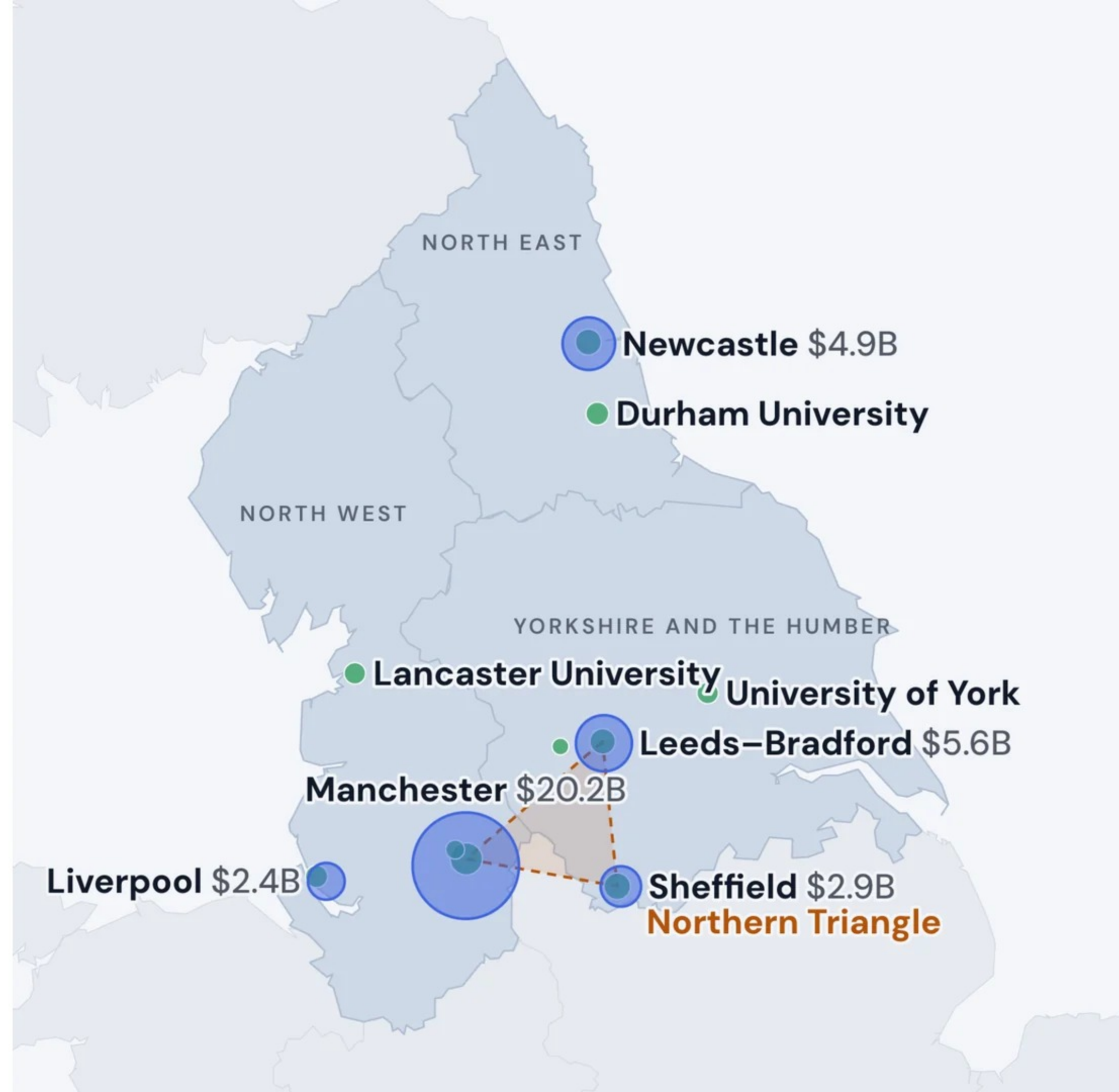
The hubs within a five-hour train ride of London, from the Northern Triangle to Paris and the Randstad.



## ECOSYSTEM

# Five hubs across the North are worth \$36B together

Manchester \$20.2B, Leeds–Bradford \$5.6B, Newcastle \$4.9B, Sheffield \$2.9B and Liverpool \$2.4B.



## ECOSYSTEM

# The North has built well-known tech companies since the 1980s

From Sage, founded in Newcastle in 1981, to Team17, Sky Betting & Gaming, THG and Matillion.



## CAPITAL

# The North's scaleups are spread across all three regions

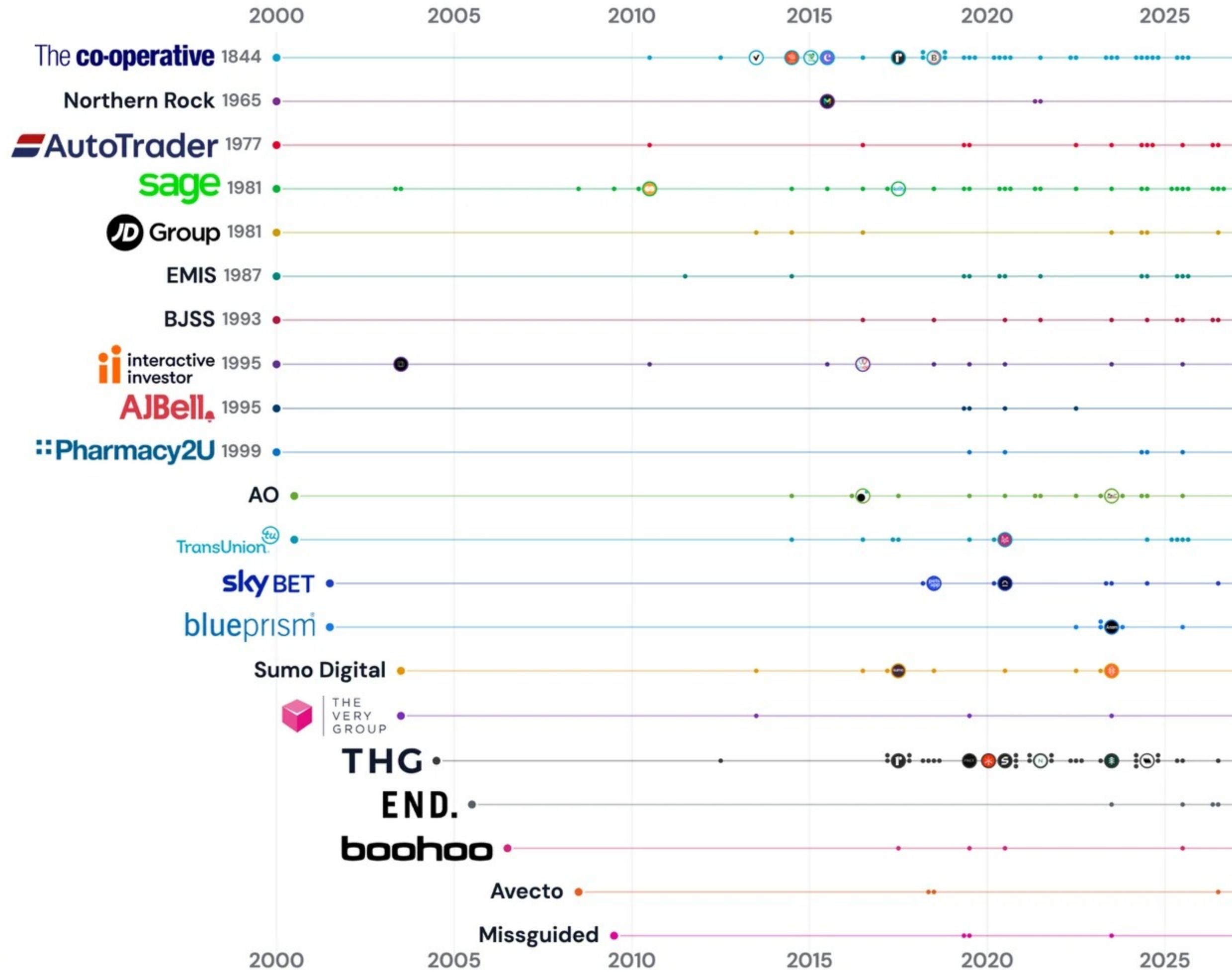
20 companies have raised \$40M or more, with a VC round since 2022: seven in the North West, seven in Yorkshire and the Humber, six in the North East.



ECOSYSTEM

# The North's companies keep producing new founders

Former employees of 21 northern companies, from the Co-op to THG, have founded 225 startups.



# VC investment into the North peaked in 2021

VC investment by round size since 2012; 2026 projected

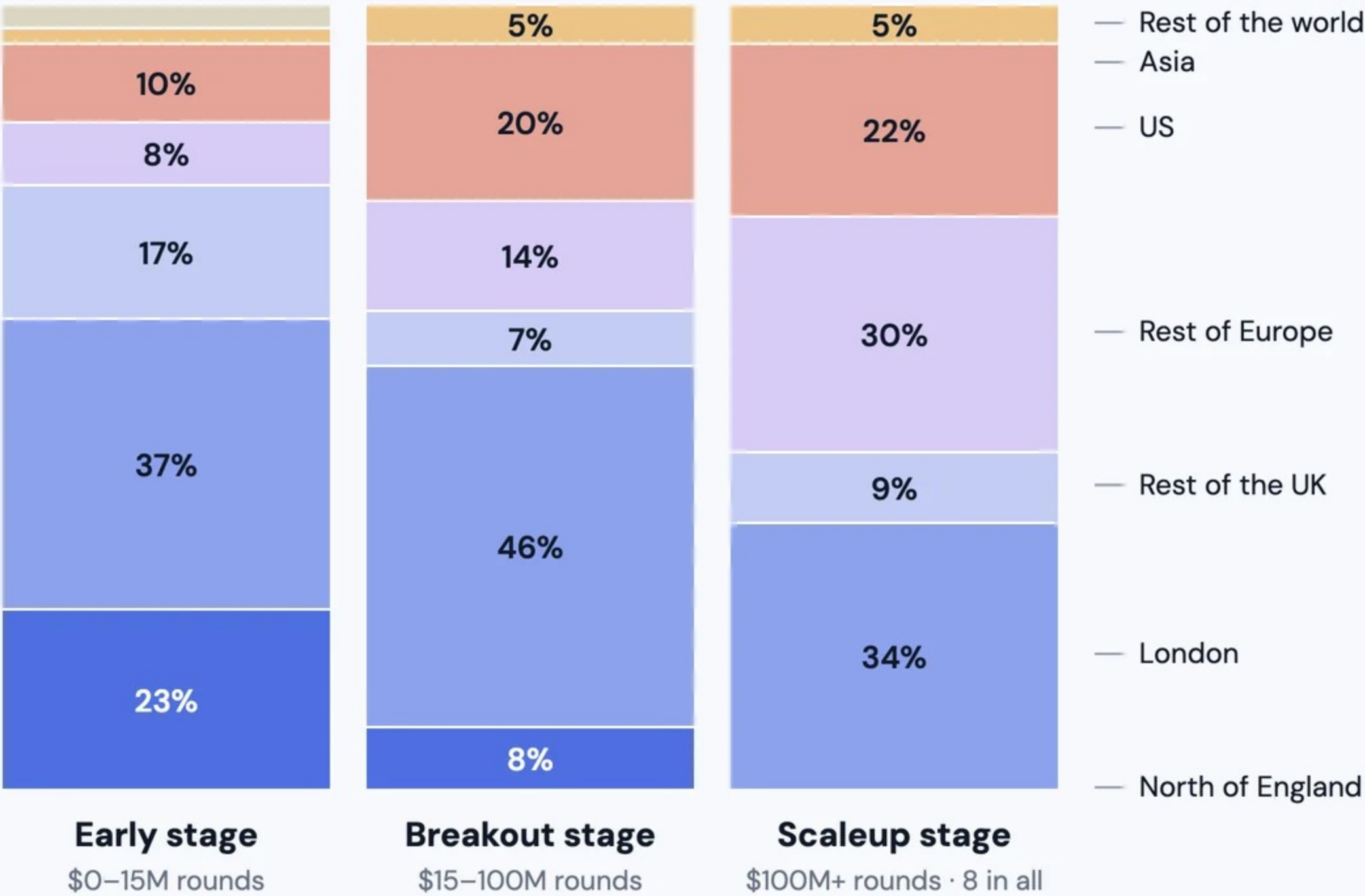


INVESTORS

London investors supply the most capital at every stage

Share of capital by where the investor is based

VC in North of England companies by stage and investor location, 2022–2026

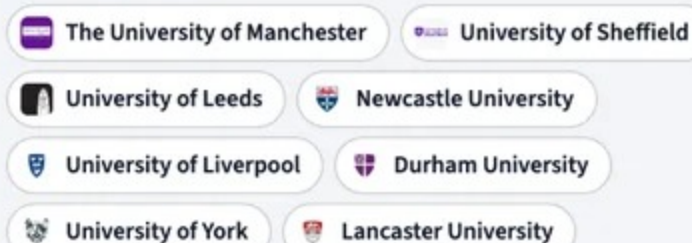


# The organisations behind North of England startups

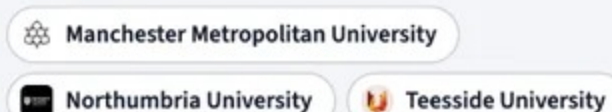
67 of them, from research to scale-up.

## Knowledge and talent

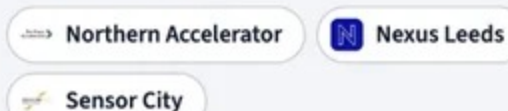
### Research universities



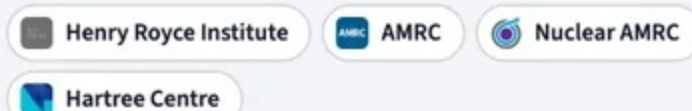
### More universities



### Commercialisation

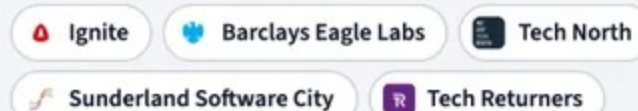


### Research and technology centres

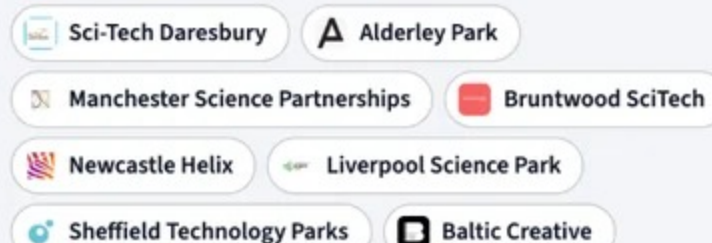


## Company formation

### Accelerators and programmes



### Science parks and innovation districts

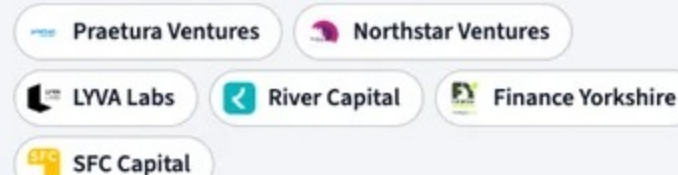


## Capital

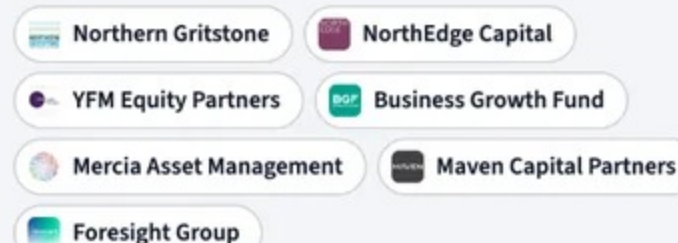
### Angels



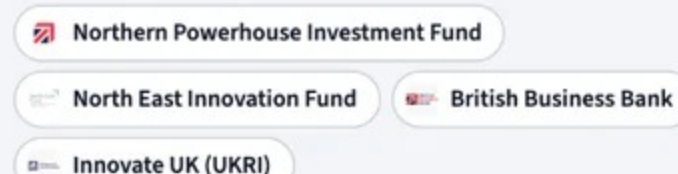
### Pre-seed and seed



### Series A and later

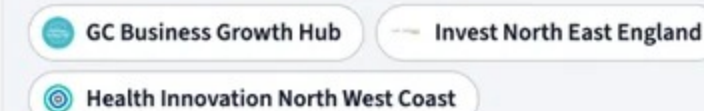


### Public and non-dilutive



## Scale-up

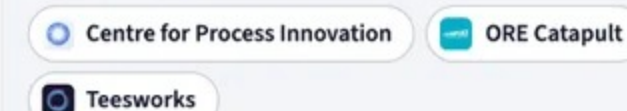
### Business support and inward investment



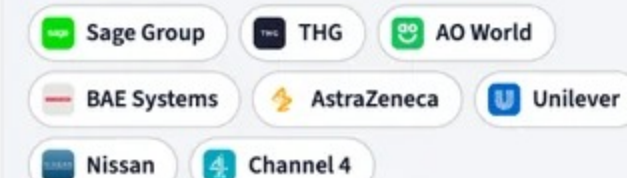
### Ecosystem connectors



### Industry and catapults

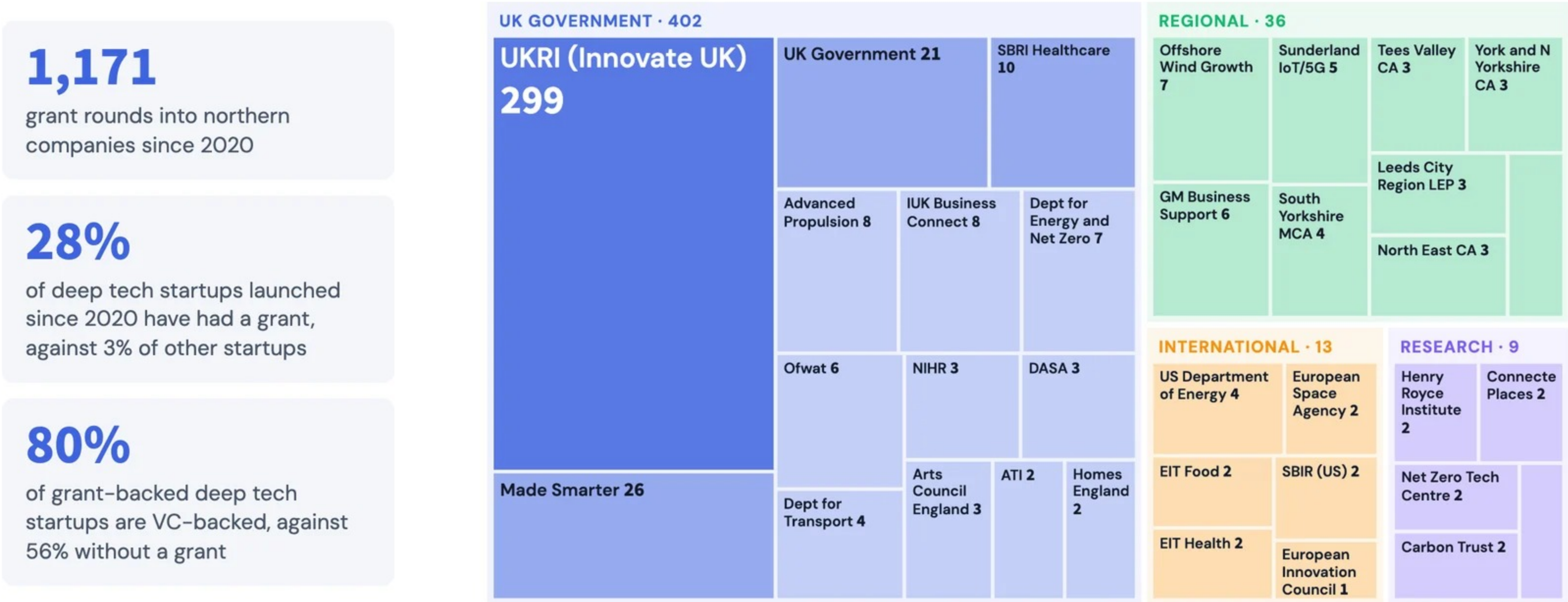


### Corporates



# 28% of the North’s deep tech startups have had a grant, and 80% of those are VC-backed

Grant rounds by awarding body, since 2020



SECTION 4 OF 6

# Where the North stands out

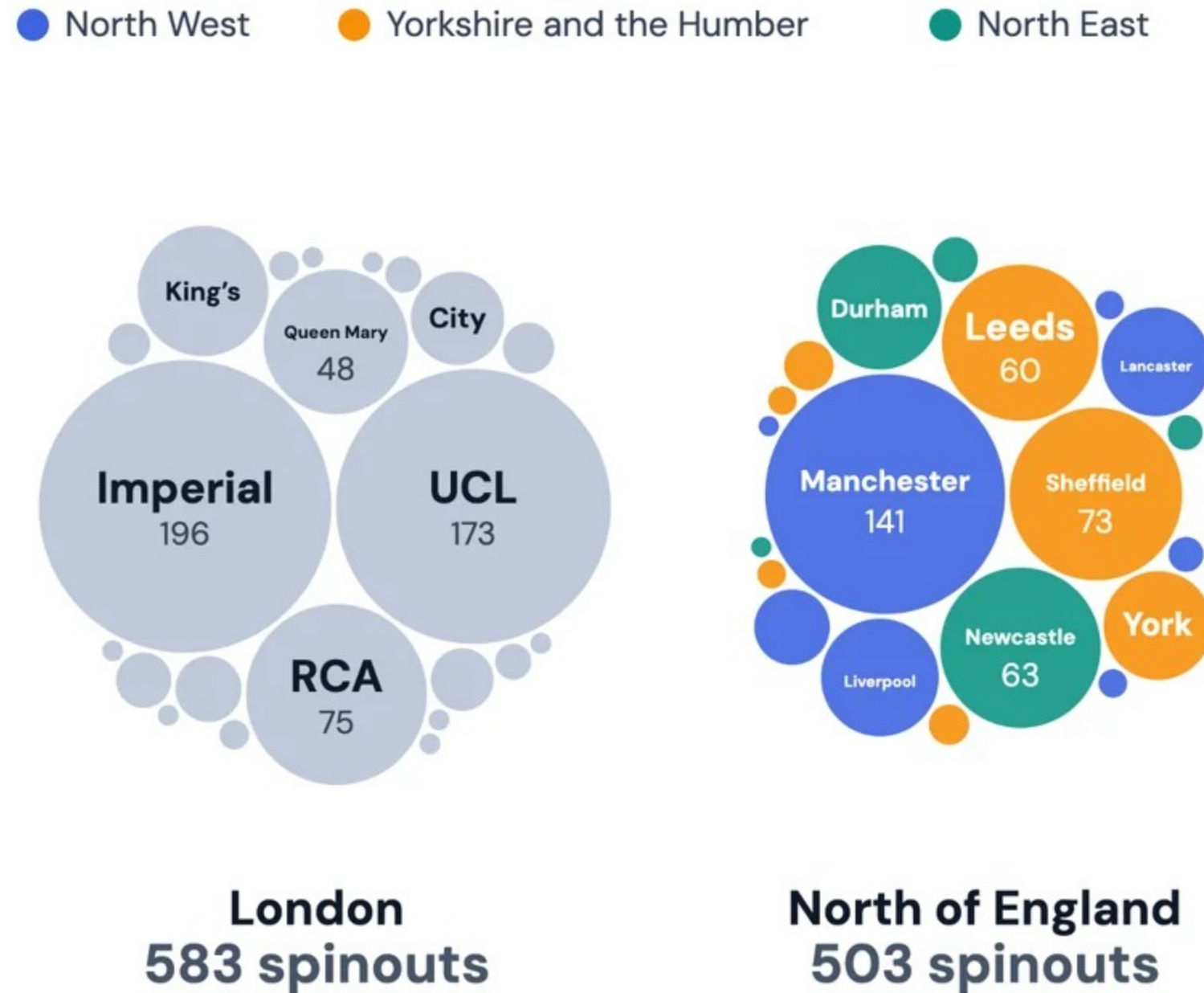
Spinouts, deep tech, defence, health and founder networks

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## UNIVERSITIES

# The North has more university spinouts than Cambridge or Oxford

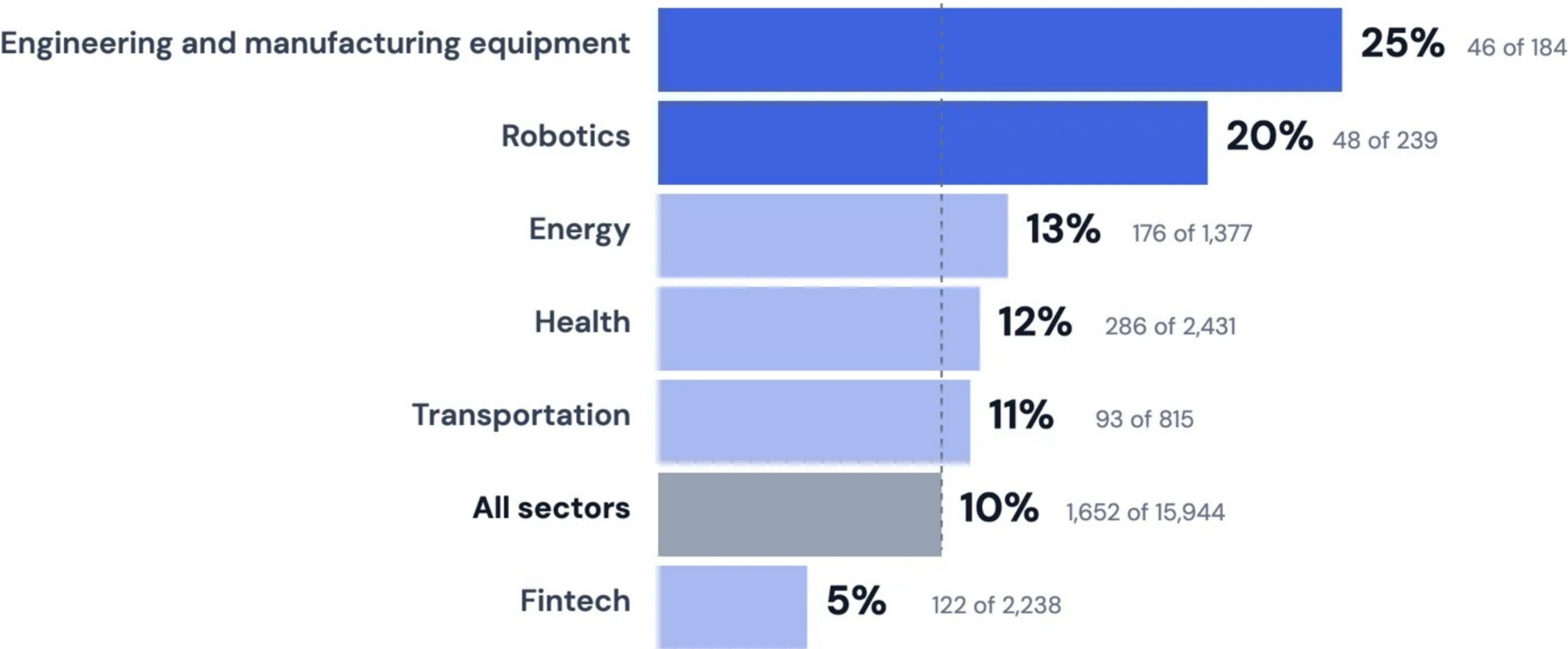
University spinouts; one bubble per university



SECTORS

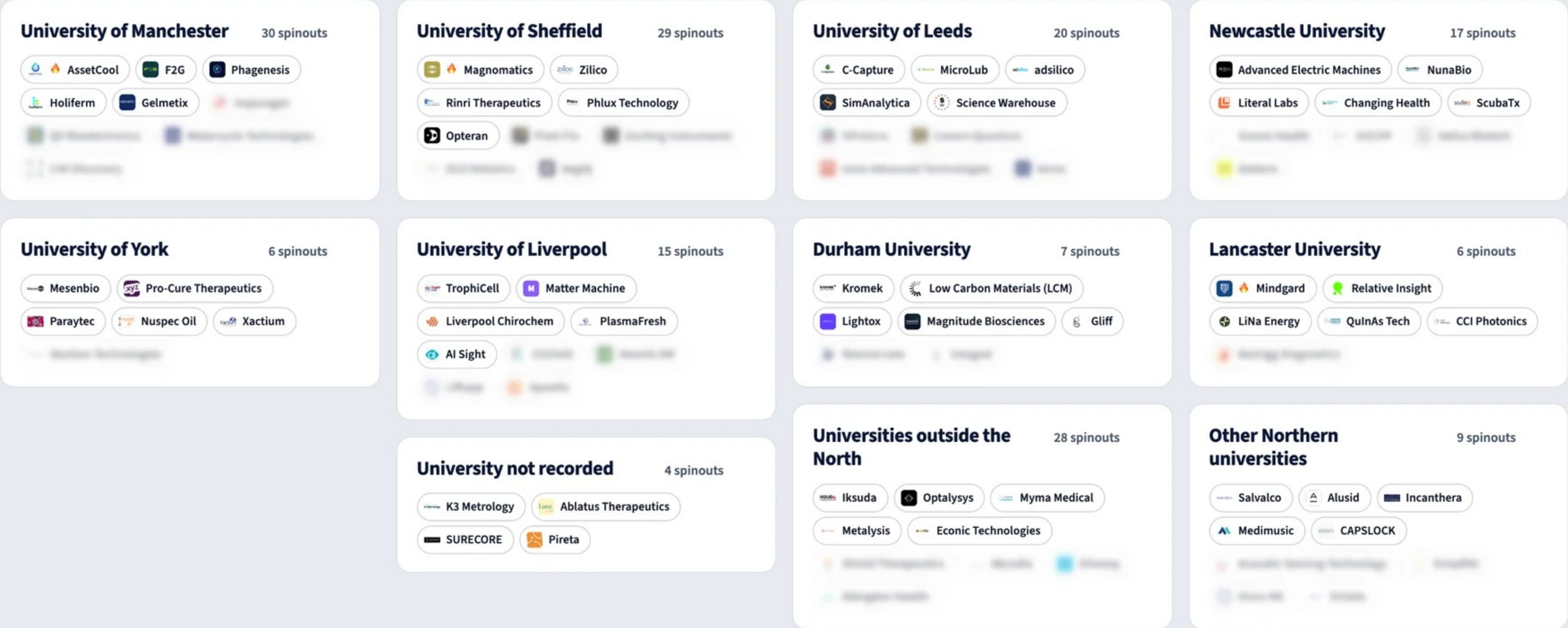
# A quarter of the UK's engineering and manufacturing startups are in the North

The North's share of UK startups, by sector



# Manchester and Sheffield lead the North's 171 VC-backed university spinouts

By parent university.



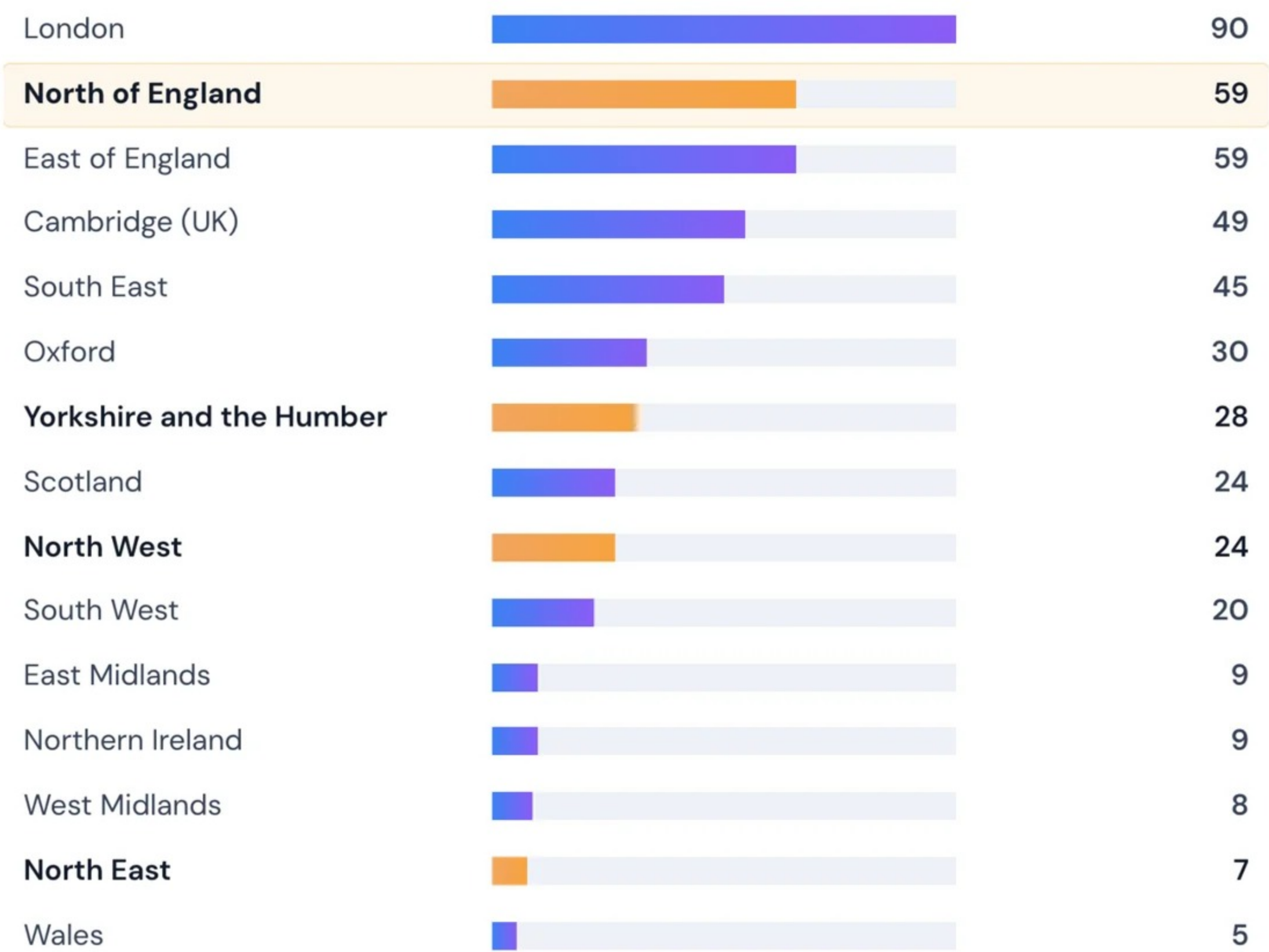
DEEP TECH

The North produced 18% of the UK's deep tech spinouts since 2020

59

VC-backed deep tech spinouts founded since 2020, of 329 across the UK

64% of its deep tech startups since 2020 are spinouts; UK 41%.



DEFENCE

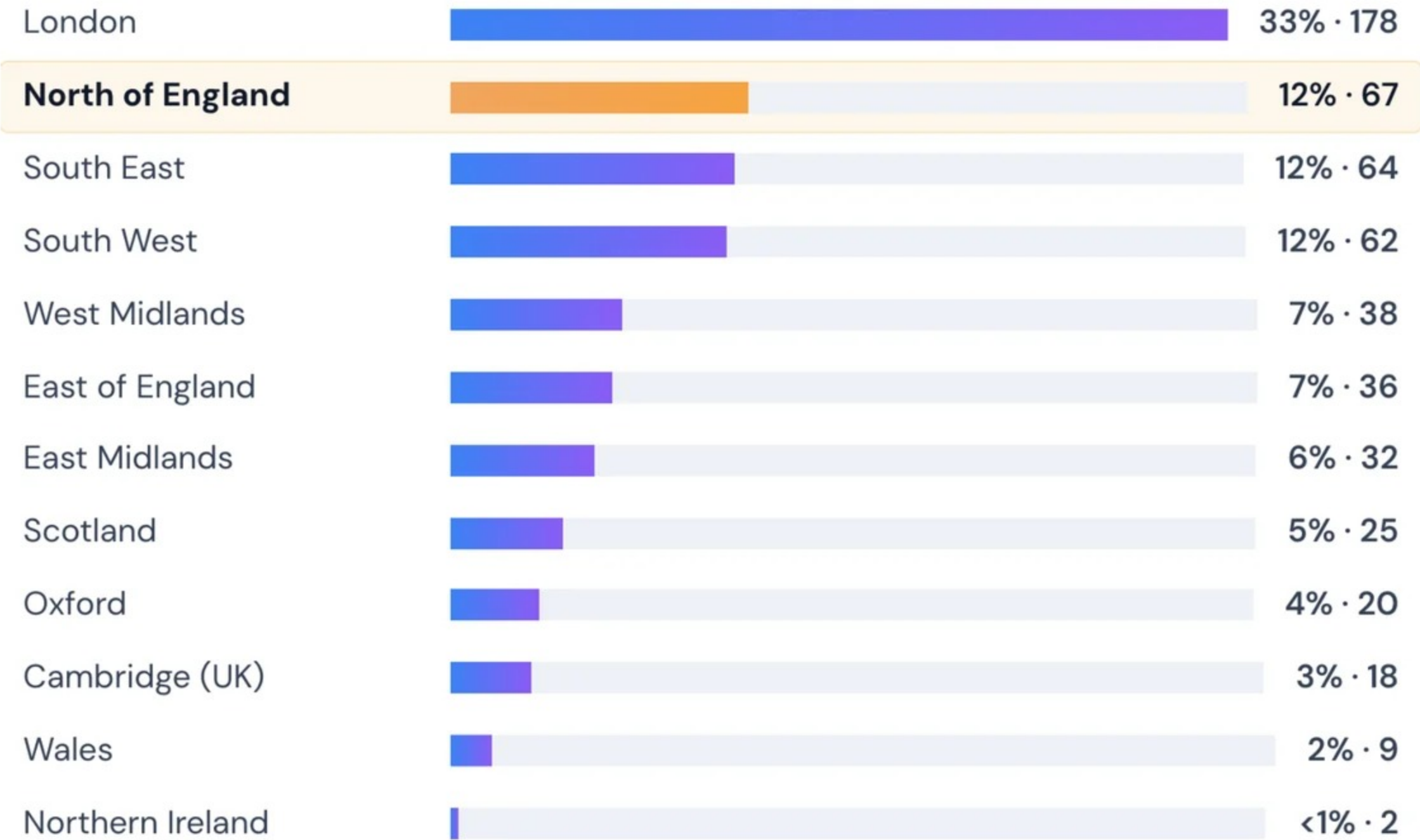
The North has the UK's second-largest group of defence and dual-use startups

12%

of the UK's 539 defence and dual-use startups are in the North: 67 companies

London has 33% (178).

SHARE OF UK DEFENCE STARTUPS



## DEFENCE

# Defence and dual-use value in the North rose 284% since 2021

# +284%

combined value of the North's defence and dual-use companies, \$68M in 2021 to \$261M in 2026

Only robotics grew faster, up 915%.

CHANGE IN COMBINED VALUE BY SECTOR IN THE NORTH, 2021-2026

|                     |  |       |                   |
|---------------------|--|-------|-------------------|
| Robotics            |  | +915% | \$38M → \$389M    |
| Defence & dual-use  |  | +284% | \$68M → \$261M    |
| AI                  |  | +151% | \$5.4B → \$13.5B  |
| Semiconductors      |  | +151% | \$260M → \$653M   |
| Energy              |  | +137% | \$1.9B → \$4.5B   |
| Deep tech           |  | +115% | \$7.2B → \$15.5B  |
| Transportation      |  | +62%  | \$2.8B → \$4.5B   |
| Enterprise software |  | +52%  | \$16.9B → \$25.6B |
| Health              |  | +19%  | \$4.5B → \$5.4B   |
| Fintech             |  | +18%  | \$14.6B → \$17.3B |

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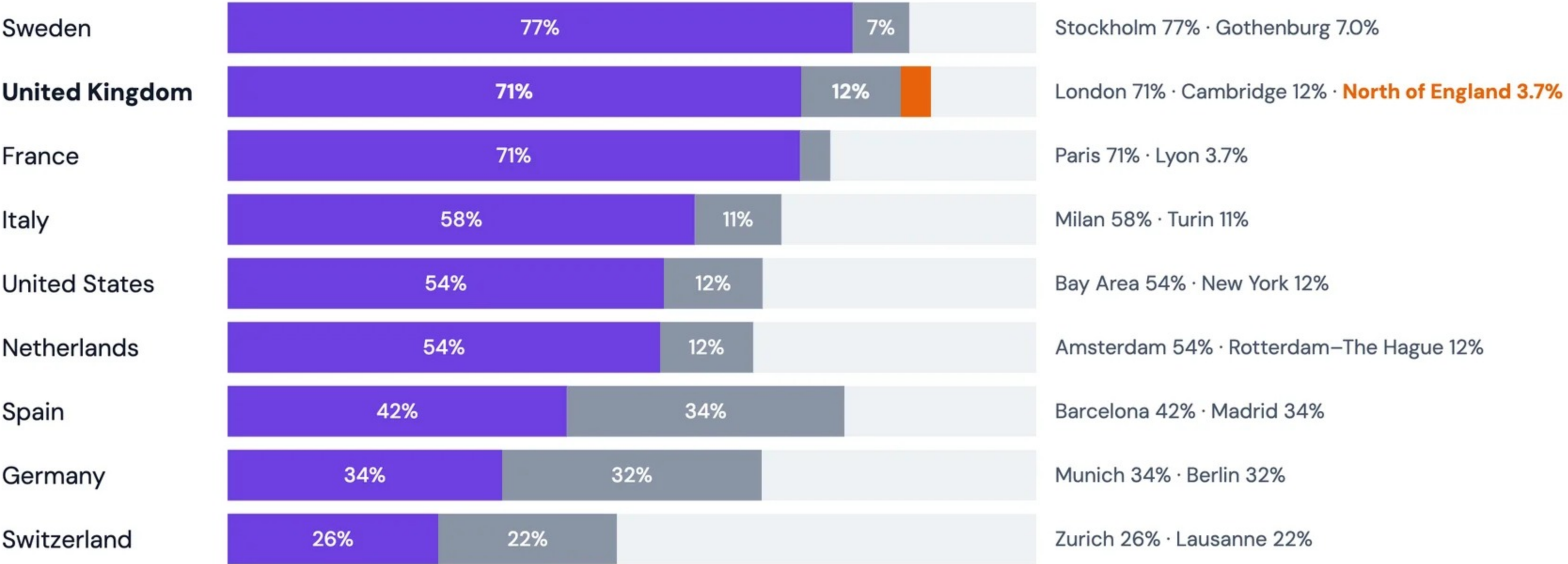
# The North in the UK

Where the North sits in the UK's tech sector

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# Germany and Spain each have a second hub with a third of national VC; the North has 3.7% of the UK's

Share of national VC raised in the largest hubs, 2024–25



# The North has the UK's second-most startups but ranks fourth for breakouts and scaleups

Companies started since 1990 and founded or headquartered in each region; shading compares each region with the highest

|                  | Startups<br>\$100K+ raised | Breakouts<br>\$15M+ raised | Scaleups<br>\$100M+ raised | Unicorns<br>\$1B+ value | Decacorns<br>\$10B+ value |
|------------------|----------------------------|----------------------------|----------------------------|-------------------------|---------------------------|
| London           | 8,758 100%                 | 1,544 17.6%                | 314 3.6%                   | 161 1.8%                | 11 0.13%                  |
| North of England | 1,653 100%                 | 179 10.8%                  | 25 1.5%                    | 18 1.1%                 | 0 0%                      |
| South East       | 1,415 100%                 | 239 16.9%                  | 47 3.3%                    | 16 1.1%                 | 0 0%                      |
| East of England  | 1,029 100%                 | 228 22.2%                  | 42 4.1%                    | 17 1.7%                 | 2 0.19%                   |
| South West       | 741 100%                   | 83 11.2%                   | 14 1.9%                    | 5 0.67%                 | 0 0%                      |
| West Midlands    | 386 100%                   | 34 8.8%                    | 4 1.0%                     | 3 0.78%                 | 0 0%                      |
| East Midlands    | 309 100%                   | 22 7.1%                    | 3 0.97%                    | 3 0.97%                 | 1 0.32%                   |
| United Kingdom   | 15,986 100%                | 2,481 15.5%                | 456 2.9%                   | 223 1.4%                | 16 0.10%                  |

## UK REGIONS

# The North produces 19.5% of UK GDP but raises 3.7% of its venture capital

Shares of the UK

### SHARE OF UK POPULATION

23.4%

### SHARE OF UK GDP

19.5%

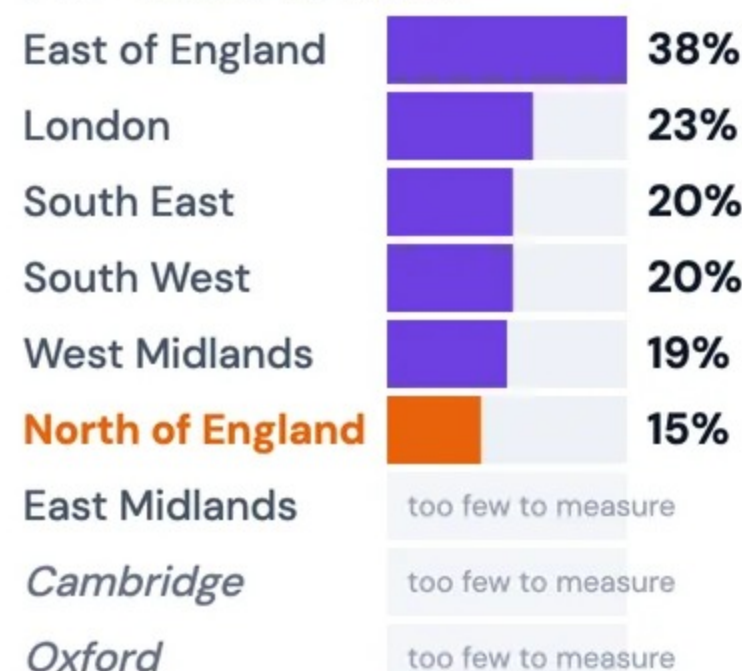
### SHARE OF UK VENTURE CAPITAL

3.7%

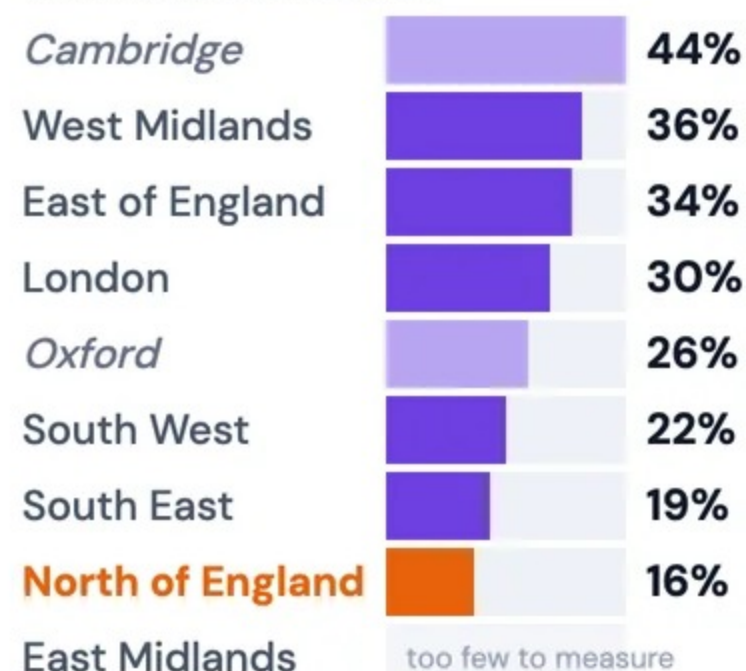
# 15% of the North's Series A companies raise a Series B, the lowest of England's regions

Share reaching the next funding stage

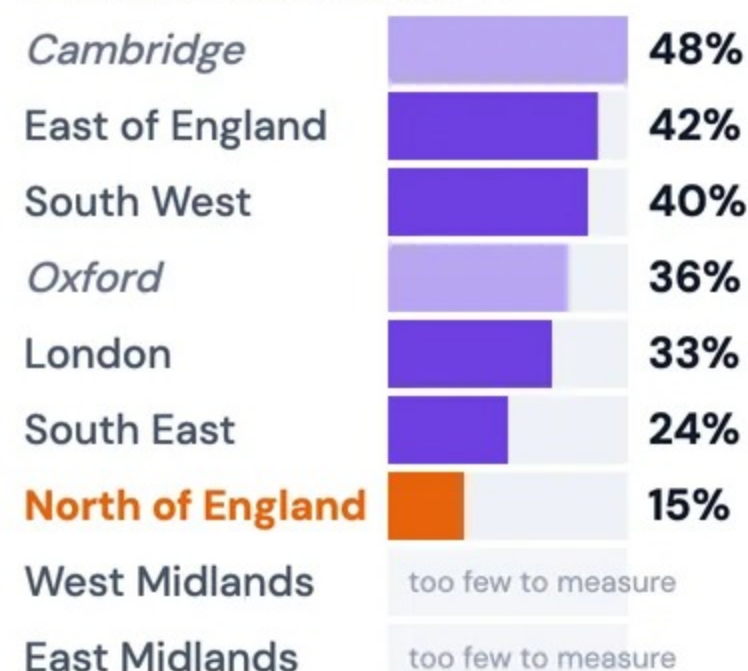
## Pre-seed to seed



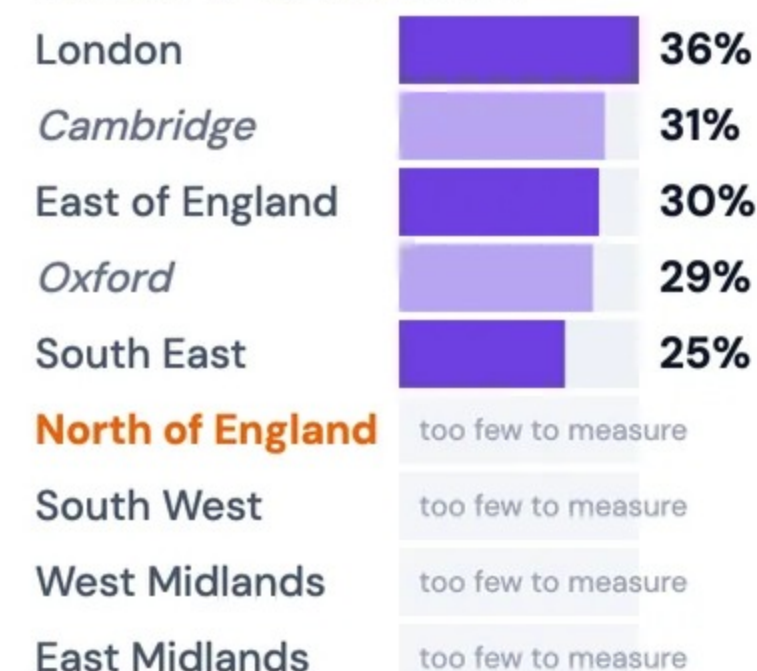
## Seed to Series A



## Series A to Series B



## Series B to Series C



# The North's median rounds are 29–50% smaller than London's at every stage

Median round by stage, 2022–2026

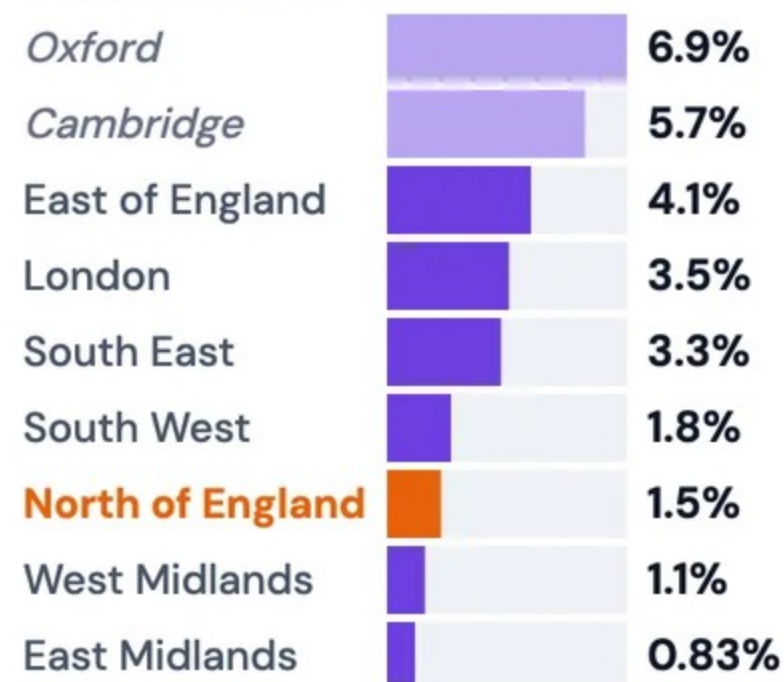


## UK REGIONS

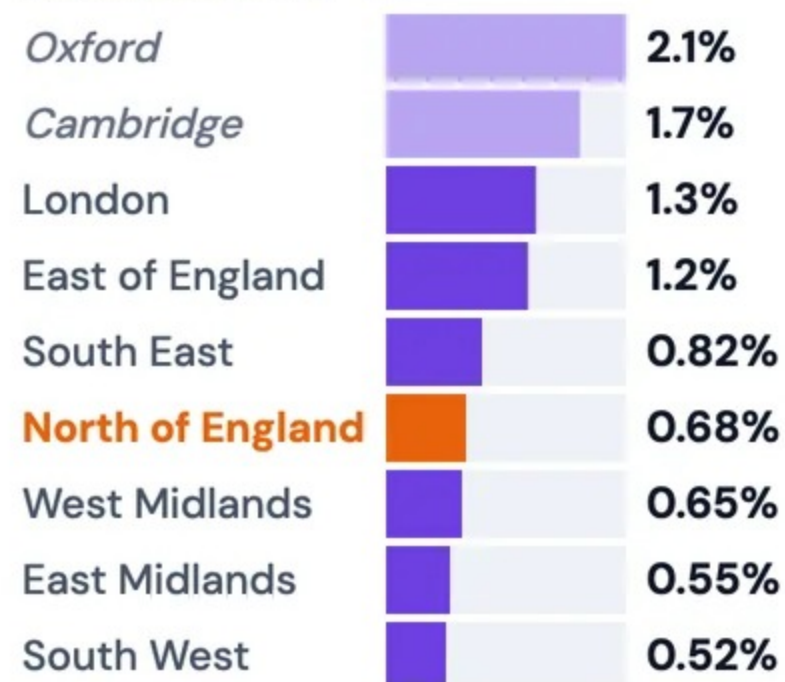
# 1.1% of the North's funded startups became \$1B companies, against 1.8% in London

Share of funded startups reaching each milestone

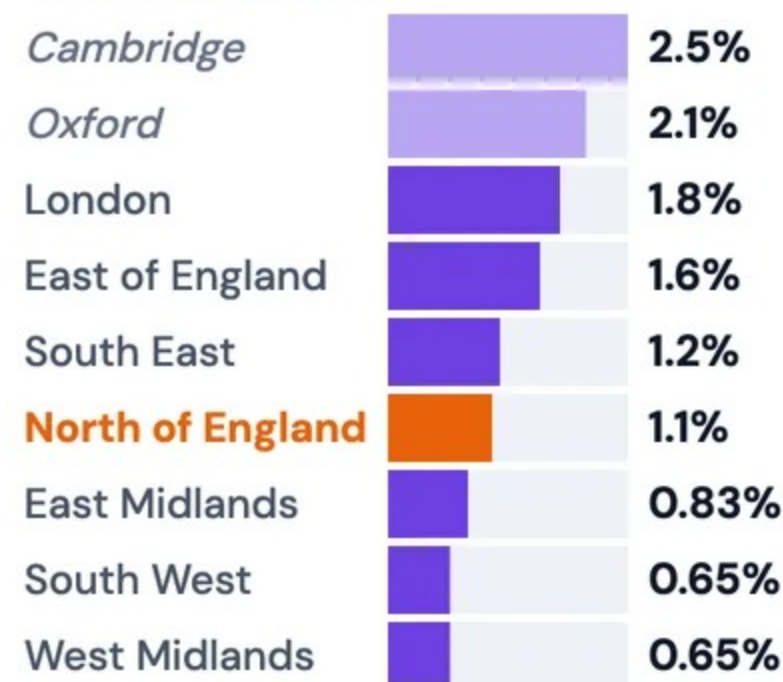
### Raised \$100M+



### Raised \$250M+



### Valued at \$1B+

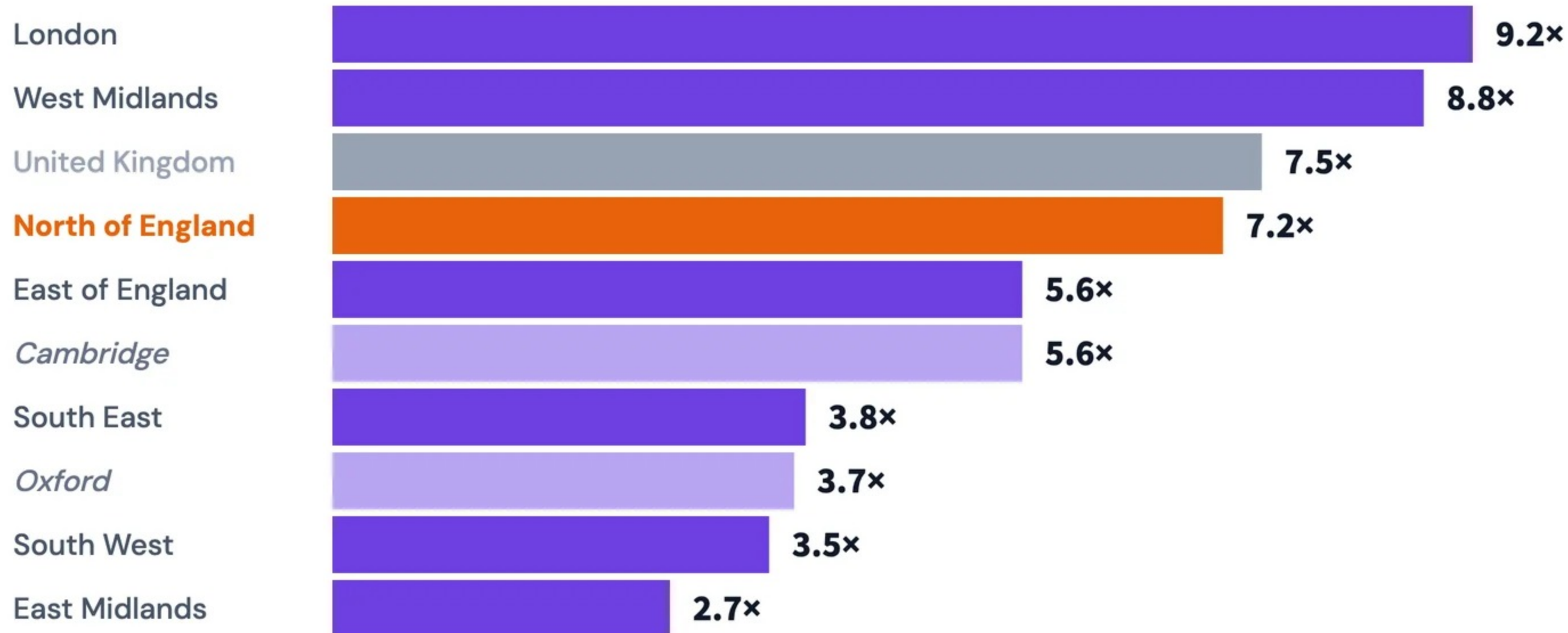


### Valued at \$10B+



## The North's startups grew 7.2x in value from 2015 to 2025

Growth in combined value, 2015–2025



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# Outlook

What the North needs next

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# The North has a deep pipeline of startups at every stage

By stage reached; about 565 new startups a year, 157 of them funded

1,560

Startups

\$100K–15M raised



164

Breakouts

\$15–100M raised



27

Scaleups

\$100M+ raised



27

Thoroughbreds

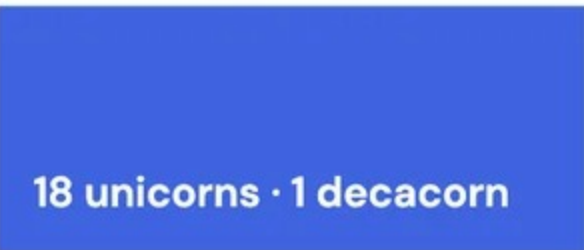
\$100M+ revenue



19

\$1B+ companies

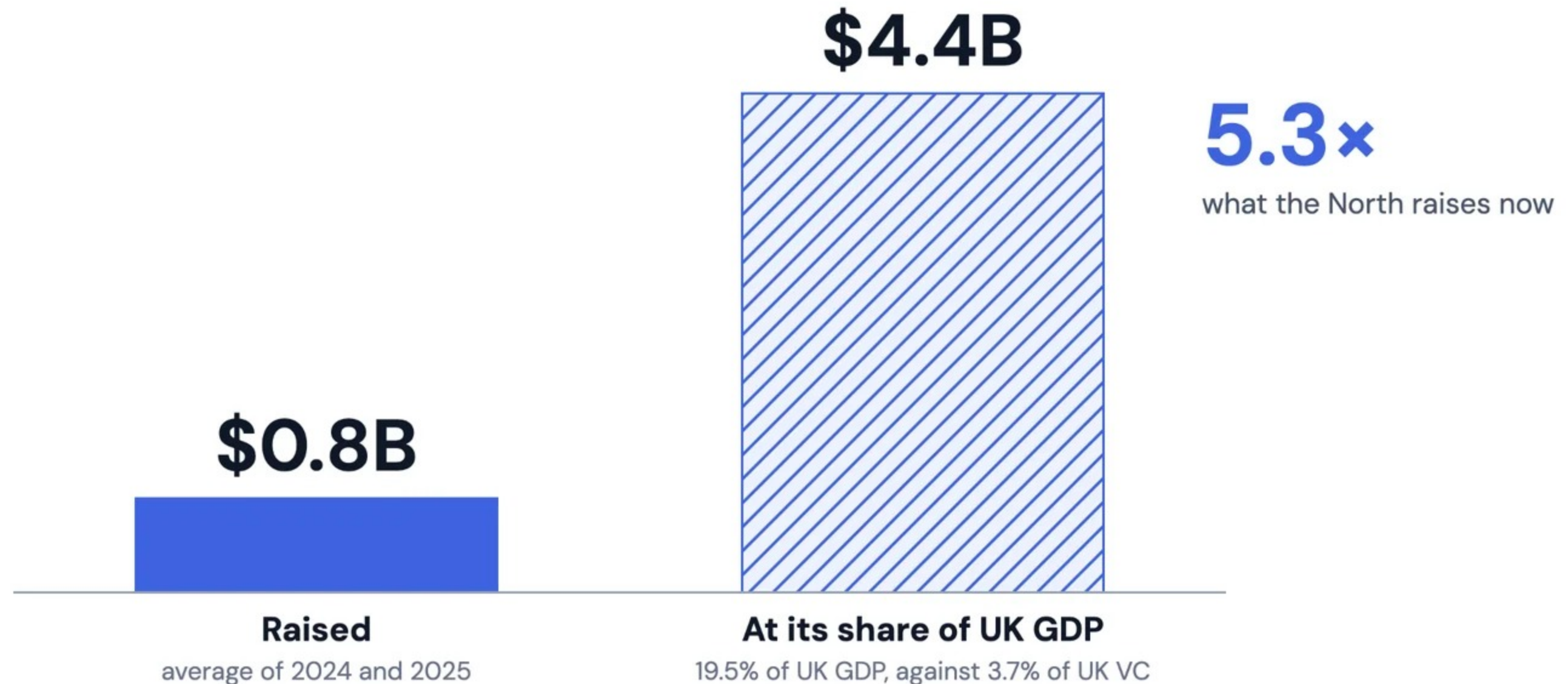
valued at \$1B or more



## OUTLOOK

# At its share of UK GDP, the North would raise about \$4.4B of VC a year

VC a year, average of 2024 and 2025; hatched: at the North's share of UK GDP



## Summary

- 1 Europe's startups are worth **\$4.5 trillion**, and VC runs at **\$88B** a year.
- 2 Europe matches the US on unicorns per dollar, but raises **a fifth** of its scaleup capital.
- 3 The North has **1,755** funded startups worth **\$72.7B**, more than Italy or Norway.
- 4 It has more university spinouts than Cambridge or Oxford, and **20%** of UK robotics startups.
- 5 It produces **19.5%** of UK GDP but raises **3.7%** of UK VC.



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