Institute for Public Policy Research

THE ROLE OF THE GREAT NORTH IN DELIVERING PAN-NORTHERN INVESTMENT

BRIEFING PAPER

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ABOUT THIS BRIEFING

This short briefing paper is to advise the new Great North partnership on how they could help to bring more public and private investment to the North.

The Great North is a new mayoral-led partnership that brings together combined authorities, local councils, business, universities and government (partners). It covers the North West, Yorkshire and the Humber and the North East. The partnership is looking to define what type of pan-northern collaboration will best serve their shared objectives to "to elevate the voice, visibility and economic impact of the North" (The Great North 2025).

The note helps make the case for stronger pan-northern collaboration on particular types of investment.[1]

1 The findings are based on initial conversations with 'external' investors, private pension providers and government and its agencies. It does not cover all other types of investors, for example, businesses that are already based in the North.

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THE GREAT NORTH

The UK's economic success relies on northern growth. The Great North represents an economy of 16 million people and an economy larger than many European countries. Closing half of its productivity gap between the North with the rest of the UK could boost national output by around £30 billion per year.

Reviving Britain's living standards depends on unlocking regional potential. Regionally led growth can help raise incomes, lower everyday costs and restore public confidence. Public and private investment are crucial in helping to raise living standards. Currently, total investment per job in the North West is £9,200 per job compared to £13,000 in London (UK Government Northern Growth Strategy 2026).

The success of the North is to the benefit of people living in the North and the rest of the country. The North can be a new economic engine of the country. Every step towards this makes the whole country better off by crowding-in greater levels of overall UK investment, improving business confidence and increasing tax revenues from more and better jobs.

The new Great North mayoral-led partnership is looking to boost economic growth and bring in new investment, as one of the tools to raise long-term living standards in the North. To be a successful driver of both northern and UK economic growth, The Great North must be at the centre of the UK's economic strategy, including the UK's Modern Industrial Strategy and how the government present investment opportunities to domestic and international investors.

To date, the government has already shown commitment to regional growth in the following ways.

- Update to fiscal rules to allow for greater capital investment (Autumn Budget 2024).
- Green Book update to encourage investment outside of the South East.
- New powers through the Planning and Infrastructure Act.
- Intra-regional transport funding (Comprehensive Spending Review 2025).
- Industrial strategy sector plans with alignment of British Business Bank, National Wealth Fund and Innovate UK resources with these plans.
- English devolution and community empowerment bill: including integrated settlements, right to request additional powers, broadening the devolution rollout and steps towards fiscal devolution through a visitor levy.
- Recent introduction of the post-16 education and skills white paper.
- Appointment of the first Northern Growth Envoy, Tom Riordan.
- Expansion of integrated settlements (Budget 2025).
- New £902 million Local Growth Fund and £500 million revolving mayoral growth fund (Budget 2025).
- Commitment to delivering Northern Powerhouse Rail, confirming £1.1 billion upfront investment with a total of £45 billion committed to realise the scheme, alongside a Northern Growth Strategy policy paper (January 2026).

Six months since the launch of The Great North mayoral-led partnership, it is helpful to clarify and seek agreement on the role pan-northern collaboration should play in investment. This is particularly important in the context of the broadening and deepening of the English devolution agenda: 90 per cent of the North's population now live within an area with devolved power.

For The Great North to be able to help mobilise additional investment in the North it must be able to:

1. **act collectively at scale**
2. **help make more private investments viable**
3. **build a pipeline of investable propositions**
4. **act with a united voice to domestic and international investors.**

The North is already showing that—with the right sustained action—it can be the leading light of UK growth. The North West already has the strongest UK productivity growth in the UK (ONS, 2025); Greater Manchester is the UK's growth capital; and Rotherham (hosting the Advanced Manufacturing Innovation District) is among the fastest growing places in the country. Leeds is expected to achieve above average growth in the next three years (EY 2025). And new plans show great promise, including the North East AI Growth Zone and Net Zero Teesside Power.

Nevertheless, regional catch-up in the UK is taking too long and sustained public and private underinvestment is still holding the North back. In the meantime, to support living standards in the North, the government is rightly continuing the devolution of power to local leaders, rolling out 'Pride of Place' funding and providing cost of living support.

POSITIONING OF THE GREAT NORTH

We have spoken with multiple long-term, institutional investors, Public Financial Institutions (PuFins), the Office for Investment (OfI), central government actors and northern business representatives to help explore how The Great North can maximise northern investment.

The Great North's focus on investment comes at an opportune moment. In October 2025, the 'Sterling 20'—an investor-led partnership of 20 major UK pension funds and insurers—was launched, providing a renewed focus on UK investment in key infrastructure and high growth sectors. The Sterling 20 grouping have also committed to investing 5 per cent of their main default funds in UK private markets, which is expected contribute to over £25 billion for new housing infrastructure and high-growth industries. These announcements came alongside changes to how public pension funds can scale up to make 'mega fund' investments. All told, this should make available more additional long-term investment in the UK.

1. Pipeline and scale: The Great North as a programme, strategic authorities as the projects

The Great North pipeline should be a place where investors compete to invest. A Sterling 20 pension provider told us that a shortage of money was not the issue but a pipeline of projects to invest in was. Their view was this fell short on both on the investor and strategic authority side, in terms of having the right capabilities to determine a pipeline. This suggests greater funding is needed for development capacity.

Other long-term investors said that a pan-northern investment prospectus could help them make decisions on investing in sectors based in the North at scale, where depending on their investment type they would investment in multiple places simultaneously across an asset type, or different types of assets clustered geographically. While some strategic authorities offer this already, having a clear view across the North could bring forward investment and potentially enable larger scale investment. This would need to be a 'living list' that is updated regularly.

On a global basis, places in the UK are often competing with mega-regions or mega-cities to attract inward investment—with evidence that larger-scale opportunity is needed for critical mass in international markets (MacKinnon 2021).

2. Significance and viability

We heard that if a project is deemed either nationally or regionally significant by both The Great North and government this can improve investor confidence. This is because these classifications suggest both an increased willingness for political coordination and a prioritisation of support from government or regional leaders. As such, there was appetite from the investors we spoke to have clarity and agreement from government on what their nationally or regionally significant projects in the North are, to help instil confidence.

Further ideas were raised with us by investors about the extent to which The Great North itself could act a pooling mechanism where risk and reward is matched, for example, through being a guarantor or providing equity to make more pan-northern propositions viable. This could be supported, potentially, through working at pan-northern scale with the PUFIns (public finance institutions), particularly the National Wealth Fund or the British Business Bank. The Great North, alongside the PuFins will also need to make their assessment of the investment gaps, for example—categorised by sector, by stage or investment type.

Recent work by Daams, Mayer and McCann (2026) on the significantly higher 'risk-premia' on real estate investments outside of London and the South East in the UK, should be drawn upon to further interrogate if and how the Great North could help to reduce such large variation in risk premia and therefore the cost of capital deployed in the North.

3. Collaborating with the PuFIns

There is a case for the relatively new PuFins to collaborate explicitly with The Great North both on an investment strategy or specific investments. For example, the mandate of the National Wealth Fund as "the UK government's principal investor and policy bank… deploying capital at scale in the projects and companies that support two strategic objectives: regional and local economic growth and tackling climate change" (National Wealth Fund 2026). Their priority sectors also align with four of The Great North's priority sectors: clean energy, transport, digital and technologies and advancing manufacturing.

The National Wealth Fund (NWF) is headquartered in Leeds and employs over 300 people. It recently announced its Regional Project Accelerator offer which will focus on long-term and deeper strategic partnerships with a number of mayoral strategic authorities (MSAs) and city regions, as well as support complex and regionally significant projects across the country. Through the Regional Project Accelerator, the NWF will also be able to work with other authorities across the North to unlock regionally significant, high-impact projects.

Although institutionally still in their infancy, there is also clear appetite for coordination between the PuFins and The Great North, as well as strategic authorities, growth hubs and inward investment agencies. This partnership will need a clear agreement as to who acts as the 'front door' for investors.

4. Voice

The investors and businesses we spoke to regard The Great North as a helpful advocate to government and other investors. In turn, this can help improve confidence in investing in the North and its representation at the UK and international scale.

Additionally, investors suggested that The Great North mayors should be able to speak to and challenge national bodies where their actions have direct impact on northern investment, for example OFGEM in discussions with Northern Powergrid.

Existing research suggests that for regional bodies to be effective, they need to be collaborative, transparent (including their future activities and plans for research or strategic planning), and reasonably autonomous (with appropriate levels of resource and self-sufficiency to pursue regional priorities even where divergent from national ones).

While beyond the scope of this short note, it is important to lay out the intersection with Modern Industrial Strategy and local growth plans. The UK Modern Industrial Strategy (IS8) is at the core of the government's proposed approach to regional growth. While the industrial strategy has been strictly speaking sector-led, how it lands in places is crucial for both delivery and impact. It will be important to make connections between both local growth plans and the IS8 with The Great North.

We know that Innovate UK is reorienting to be focussed on business scale-up in the IS-8 sectors. This will be key to creating spin-outs and commercialisable research. We also understand that the UK government would welcome a list of specific interventions in the North that would support the delivery of the industrial strategy at scale, for example, on energy infrastructure.

RECOMMENDATIONS TO THE GREAT NORTH PARTNERSHIP AND GOVERNMENT

1. Government and The Great North to develop a pan northern financial mechanism for sharing risk and reward.

To bring pan-northern investments forward, the Great North Partnership should explore options for a financial mechanism to share risk and reward at the pan-northern level. This must be in partnership and with agreement of the PuFins who have overlapping objectives with The Great North. In support of this, the Sterling 20 investors could seek to commit a proportion of their declared investment commitment in the UK, to the North.

2. Set up a pan-northern investment board, including members of the Sterling 20 and reflecting the diversity of investment type across the North.

In support of bringing in further investment through the Great North, an investment board should be set up to advise the Great North leadership. Once established, they should collectively conduct a gap analysis to determine if investment lacking by sector, by stage and or by type across the North and the reasons for it, to inform their ongoing work.

3. Develop a pipeline and investible propositions at the pan-northern level, with clear understanding of how they contribute to the aims of The Great North.

There is a lack of information regarding investable projects across the North, otherwise called a pipeline, either in specific strategic authorities or at the pan-northern scale. As such, there needs to be greater collective pan-northern investment in project development capacity and pipeline building, in practice a team of experts who can create a northern pipeline of projects. This pipeline would need to be a 'living list' that is updated regularly.

NOTE ON METHODOLOGY

The North's output per job index is calculated as an average of output per job in the North East, North West, and Yorkshire and the Humber in 2023, weighted by number of jobs in each region. This index is multiplied by the UK average output per job to estimate output per job in the North, and total output is calculated by multiplying by total jobs. The output gap is the difference between UK and Northern output per job, multiplied by total jobs in the North. All regional and national data is from the ONS.

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