



NatWest
Group

From Innovation to Impact:

Turning the UK's Untapped Innovation
Potential into Regional Growth

**Growing
Together**

NatWest Group plc
Public Policy Insights Report
September 2026



Foreword

Paul Thwaite, Chief Executive Officer of NatWest Group



Building sustainable economic growth remains one of the UK's most important priorities. The foundations for success are already in place: A thriving research base, leading universities and innovative businesses developing the products and technologies that will shape the future. Across the country, strong regional clusters are bringing together talent, investment and expertise in ways that can help drive long-term growth.

The opportunity now is to help more of those businesses grow and scale successfully.

This report shows that the full innovation potential of the UK is hiding in plain sight. In every nation and region of the UK there are countless innovative businesses that have potential but have yet to turn that into commercial growth. Helping more of them succeed can help unlock investment, create high quality jobs and drive growth across local economies.

At NatWest, we see this first-hand. Supporting 1.5 million businesses, around one in five UK start-ups and thousands of entrepreneurs through our Accelerator network gives us a clear view of both the strengths of the UK's innovation economy and the barriers businesses face as they seek to scale.

We know that innovation is only one part of the growth journey, and the experiences of the businesses featured in this report reinforce that. Businesses also need access to finance, talent, networks and customers to scale successfully and realise their potential.

We also know that businesses need different support at different stages of their journey. That's why we continue to invest in specialist capabilities such as NatWest Venture Banking, helping high-growth businesses access the expertise, networks and financing they need as they grow.

The UK already has many of the foundations required for success. Helping more innovative businesses to grow will be critical to unlocking investment, creating jobs and strengthening local economies across the country. The benefits can extend well beyond individual firms, supporting stronger local economies and more sustainable growth across the UK.

The innovation opportunity hiding in plain sight

Economic growth has sat at the centre of the UK's political agenda for the past decade, with policymakers across successive governments seeking to raise productivity and strengthen competitiveness.

Successive UK governments have made innovation policy a central pillar of their plans for economic growth. The broad approach has been to strengthen the UK's research base through sustained investment in universities, public R&D funding and support for business innovation, while creating institutions designed to bridge the gap between scientific discovery and commercial application. Initiatives such as [Innovate UK](#), the [Catapult Network](#) and a series of sector-based industrial strategies have sought to connect researchers, businesses and investors – Helping promising technologies move from the laboratory towards commercial deployment.

This long-term investment has helped create one of the world's most successful innovation ecosystems. The UK is home to internationally recognised universities, world-leading scientific research and more unicorn companies than any country outside the United States and China¹. The UK invested £79.4 billion in research and development in 2024, equivalent to 2.7% of GDP, with businesses accounting for around 70% of that investment². The UK's research performance reflects these strengths. The UK ranks behind only the United States and China for research citations and consistently produces research with a greater international impact than many larger economies³.

At the same time, policymakers have increasingly recognised that excellence in research must be

accompanied by stronger commercialisation if innovation is to translate into economic growth. With a renewed focus on devolution and place-based growth under Andy Burnham, there is an opportunity to consider what more policymakers can do to ensure that a greater share of the ideas funded and developed in the UK are translated into successful businesses that can start, grow and scale here. This agenda was reinforced by the Chancellor's growth speech in September 2026, which highlighted innovation as a central driver of growth and the need to help more UK businesses scale successfully.

This report examines how innovative firms can more successfully commercialise new ideas and scale their operations, and the implications this could have for productivity, regional growth and long-term prosperity.

As the UK's largest business bank, supporting 1.5 million businesses and around one in five UK start-ups, NatWest plays a central role in this journey. Through its relationships with founders, investors, universities and regional partners, the bank has a unique perspective on both the strengths of the UK's innovation ecosystem and the barriers businesses face as they seek to commercialise and scale.

Bringing together these business insights with new analysis of UK innovation grant recipients, this report explores how the UK can better translate its world-class research base into sustained economic growth, while identifying the following practical actions to scale innovation and commercialisation across every nation and region:

For central government:

- 1. Rebalance innovation funding towards commercialisation and scale** to help more firms move from research and development into successful commercial growth.
- 2. Create fast-track regulatory pathways for high-growth firms in strategic sectors** to reduce delays, provide greater certainty and accelerate market entry.

For combined authorities:

- 3. Create local commercialisation pathways to help innovative firms scale** by providing a single-entry point to finance, expertise and business support.
- 4. Strengthen and connect regional innovation ecosystem** by improving collaboration between businesses, universities, colleges, investors and public bodies.
- 5. Focus innovation investment on existing regional strengths** to build on established industrial and research strengths and boost distinctive regional clusters.



(1) [Hurun Research Institute \(2026\)](#), [Hurun UK Unicorns 2026](#).

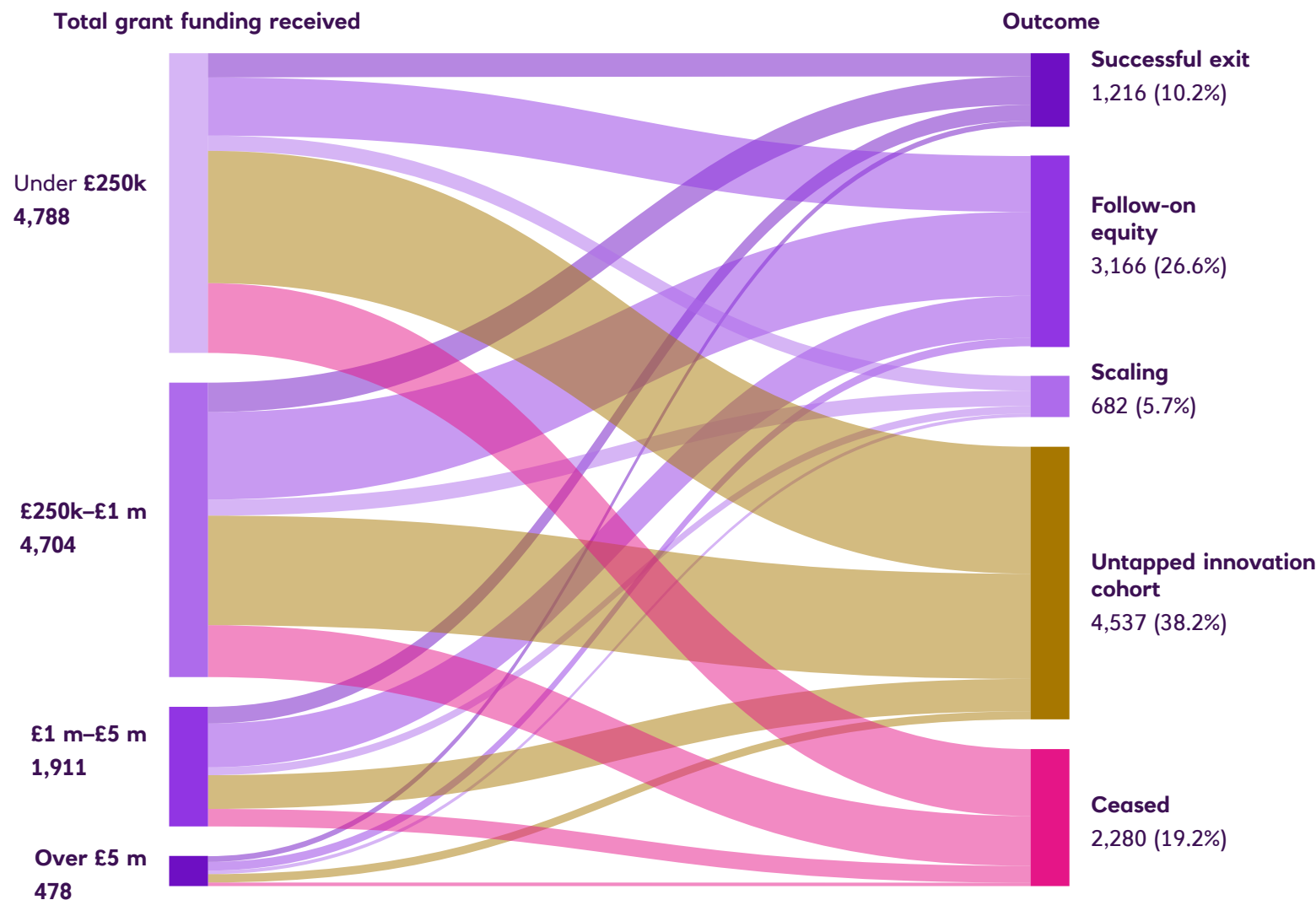
(2) [Office for National Statistics \(2026\)](#), [Gross Domestic Expenditure on Research and Development, UK: 2024](#).

(3) [Department for Science, Innovation and Technology \(2025\)](#), [International Comparison of the UK Research Base 2025](#).

The UK's growth opportunity lies in helping more existing innovators achieve commercial scale

What happened to publicly funded innovative companies?

Every company that has received a UK public innovation grant, by total grant funding received and by outcome.



Successful exit – The business has been acquired, listed on a stock market, or sold to new owners.

Follow-on equity – The business has secured additional equity investment.

Scaling – The business is showing strong growth, but has not yet raised equity investment or exited.

Untapped innovation cohort – The business is still trading and innovating but has not yet shown clear signs of commercial scale.

Ceased – The business is no longer operating.

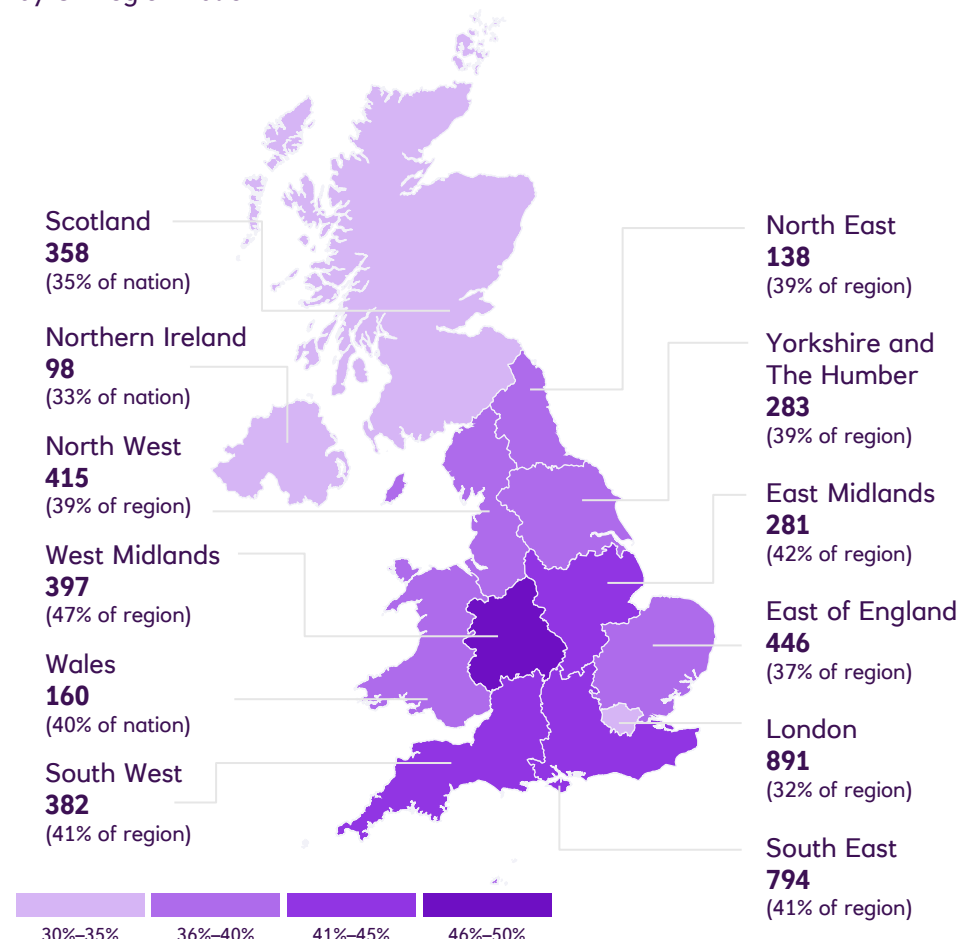
The UK's commercialisation opportunity

Our analysis of more than 12,000 recipients of public innovation grants highlights a significant commercialisation opportunity within the UK's innovation economy. While policy discussions often focus on high-growth success stories or business failures, the data points to a much larger cohort of firms that continue to innovate, employ skilled staff and develop valuable intellectual property, but have yet to translate that innovation into significant commercial growth.

The UK innovation system remains heavily weighted towards discovery and early-stage research. 14% of business R&D investment is directed towards basic research, compared with an OECD average of 8%, while only 51% is directed towards experimental development, significantly below the OECD average of 69%⁴. This pattern is reinforced by public investment, under UKRI's new funding framework for 2026/27, 50% of its £9.2 billion budget is allocated to curiosity-driven research, compared with 23% for supporting innovative companies⁵.

The West Midlands has the highest proportion of untapped grant recipients

Grant recipients yet to convert, by UK region/nation



The UK's untapped innovation cohort at a glance

- **4,805** businesses still trading but yet to achieve a tracked commercialisation outcome.
- **38%** of all UK grant recipients since 2009.
- **£5.6 billion** of public innovation funding received by businesses that have not yet secured follow-on equity, achieved an exit or demonstrated a scale-up signal.
- **In every UK nation and region** – The cohort is present across the UK, with the share ranging from 32% in London to 47% in the West Midlands.

Source: Beauhurst. n=4,643 of 12,199 grant recipients.

(4) OECD (2025). Main Science and Technology Indicators: OECD R&D expenditure by type of activity.

(5) UKRI (2026) UK Research and Innovation Strategy 2026 to 2031.

The UK's commercialisation opportunity (cont'd)

Among firms supported by grants from 2009–2025, almost four in ten (38%) are still trading but not yet showing signs of commercialisation.

These businesses form the UK's untapped innovation cohort: still trading and continuing to innovate, but yet to achieve an exit, secure follow-on equity investment or demonstrate clear scale-up signals. In total, the UK's untapped innovation cohort comprises over 4,500 businesses, representing a substantial opportunity for future growth.

The UK's untapped innovation cohort is not concentrated in a single sector or location. Every nation and region contains innovative businesses that have yet to convert innovation into commercial growth, and in regions including the South East, South West, East Midlands and West Midlands, more than four in ten grant-backed firms currently fall into this category. This matters because firms that commercialise and scale locally are more likely to create high-value jobs, attract investment and strengthen regional economies. When businesses struggle to scale, the benefits of innovation can be captured elsewhere.

The scale of the prize is substantial. Over the past fifteen years, public innovation funding has supported more than 12,000 businesses and provided almost £20 billion in grant funding. Those firms have subsequently attracted £77.1 billion in

equity investment, demonstrating both the quality of UK innovation and the potential returns from successful commercialisation.

Our discussions with businesses suggest that successful commercialisation rarely depends on a single intervention. Instead, firms consistently identified three interconnected factors that help innovative businesses move from research and development to sustainable growth while retaining economic value within their local economies.

First, businesses need **faster routes to market**, including support to navigate regulation, deployment and customer adoption. Second, they benefit from strong innovation ecosystems that **connect firms to talent, infrastructure, investors and commercial networks**. Third, they require the capabilities needed to scale, including **access to finance, leadership capacity and commercial expertise**.

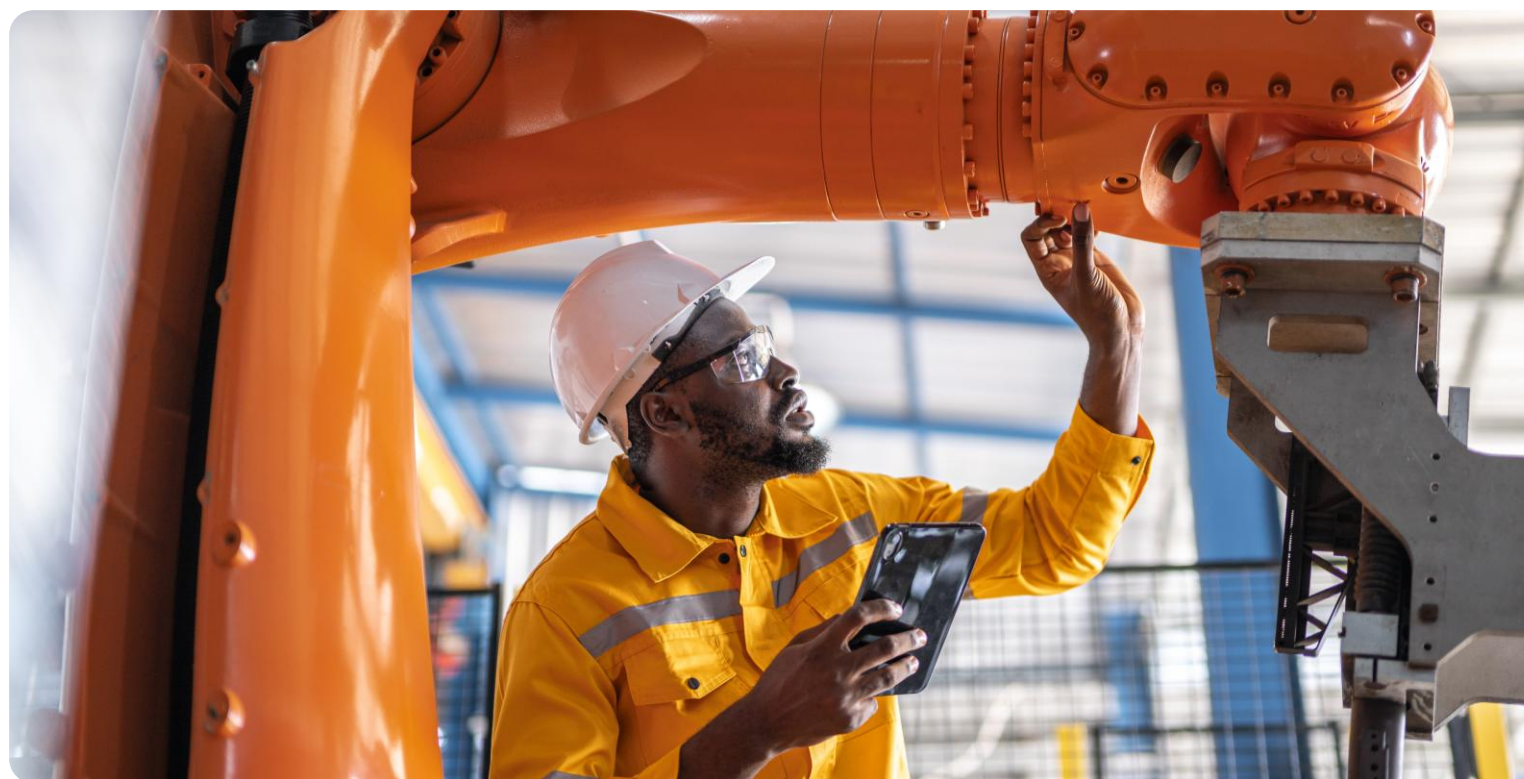
Together, these factors help bridge the gap between innovation and growth. The remainder of this report explores each theme through the experiences of businesses operating in innovation ecosystems across the UK, examining what enables innovative firms to move beyond promising ideas, achieve commercial scale and contribute more fully to regional and national growth.



The case for long-term commercialisation support

Analysis of grant recipients suggests that successful commercialisation is often the result of sustained support rather than a single intervention. Firms that received multiple public innovation grants were significantly more likely to secure follow-on equity investment than those receiving only one award. While 19.7% of firms receiving a single grant went on to secure further equity funding, the figure rises to 35.7% among those receiving four to five grants before levelling off. At the same time, firms receiving multiple grants were less likely to fall into the UK's untapped innovation cohort. These findings suggest that commercial success often depends on support being available throughout the journey from innovation to market, rather than solely at the earliest stages of development.

Grants received	Follow-on equity rate
1	19.7%
2	25.6%
3	31.4%
4–5	35.7%
6–10	34.2%



Grant outcomes by nation and region

Nation/Region	Total	Exited	Follow-on equity	Scaling	Untapped innovation cohort	Ceased
London	2,771	10.0%	33.7%	4.5%	32.2%	19.7%
South East	1,915	10.7%	24.0%	5.6%	41.5%	18.2%
East of England	1,212	10.5%	29.8%	6.4%	36.8%	16.5%
North West	1,064	9.6%	20.6%	6.8%	39.0%	24.1%
South West	927	9.0%	27.4%	6.0%	41.2%	16.4%
West Midlands	838	10.5%	15.4%	6.6%	47.4%	20.2%
Yorkshire and The Humber	723	11.6%	20.8%	7.8%	39.1%	20.8%
East Midlands	663	13.1%	19.5%	8.6%	42.4%	16.4%
North East	358	11.7%	22.6%	6.2%	38.6%	21.0%
Northern Ireland	297	13.5%	27.3%	10.8%	33.0%	15.5%
Wales	404	11.6%	26.2%	5.9%	39.6%	16.6%
Scotland	1,027	8.6%	31.1%	4.2%	34.9%	21.3%
Total	12,199	10.4%	26.4%	6.0%	38.1%	19.2%

The regional data suggests that the UK's commercialisation challenge is a national one. While London records the highest rate of follow-on equity investment, with 33.7% of grant-backed firms securing additional funding, significant proportions of innovative businesses in every nation and region remain in the untapped innovation cohort. The share of firms that are still trading but have not yet secured follow-on investment, achieved an exit or demonstrated clear scale-up signals ranges from 32% to 47.4% in the West Midlands, with similarly high proportions in the East Midlands (42.4%), South East (41.5%) and South West (41.2%).

The data also highlights notable regional variation in commercial outcomes. Northern Ireland records the highest proportion of firms classified as scaling (10.8%), while East Midlands (13.1%) and Northern Ireland (13.5%) report the highest exit rates. London and Scotland stand out for attracting follow-on equity investment, at 33.7% and 31.1% respectively. Despite these differences, the prevalence of large untapped cohorts across the UK indicates that there remains substantial scope to improve the conversion of innovation activity into commercial growth in every nation and region.

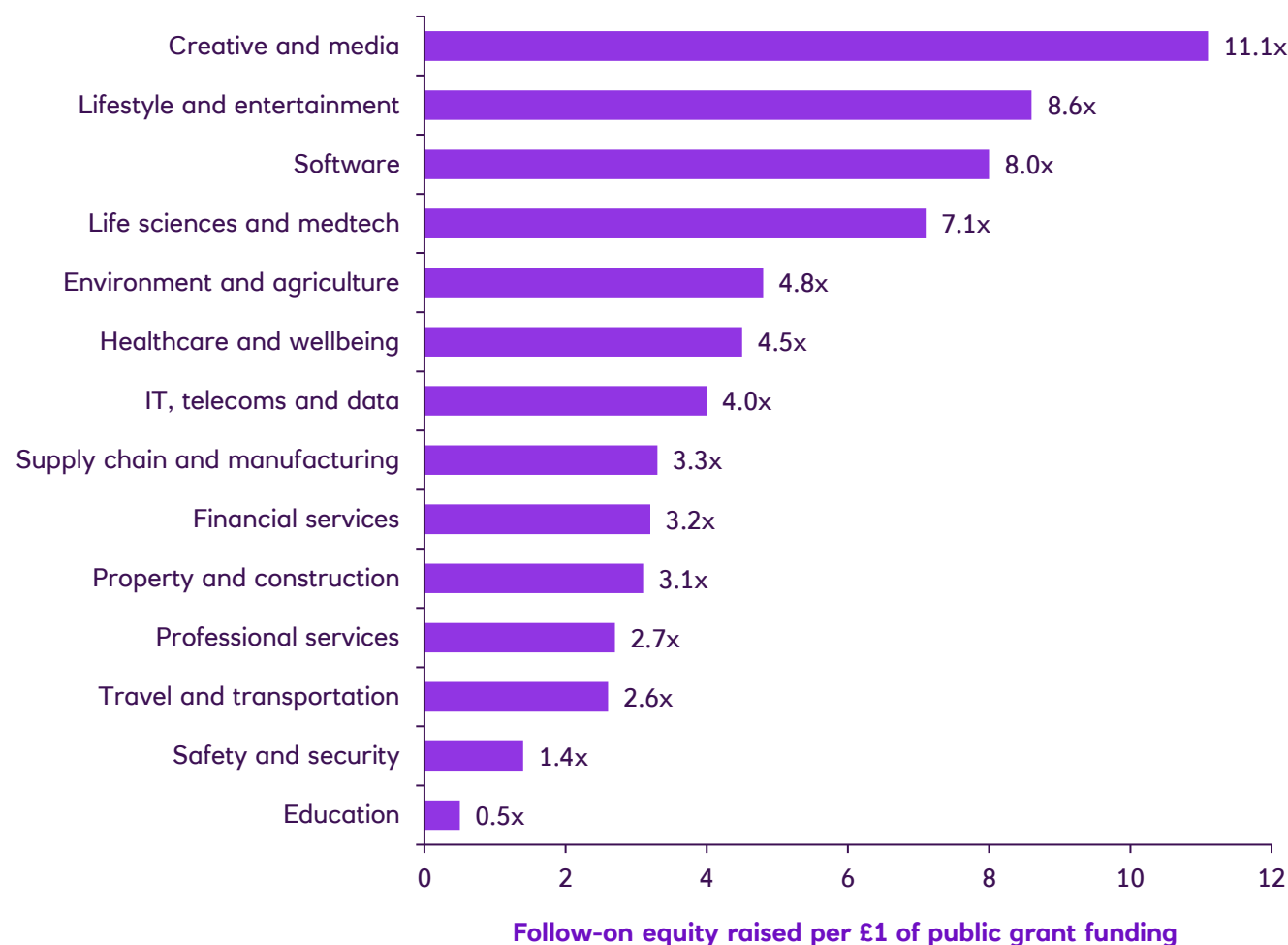
Commercialisation outcomes differ across sectors

Commercialisation outcomes vary considerably across sectors. The chart shows the relationship between public innovation grants and subsequent equity investment, highlighting the amount of follow-on equity raised for every £1 of grant funding received. While businesses in creative and media (£11.1 per £1), lifestyle and entertainment (£8.6) and software (£8.0) have attracted particularly high levels of equity investment, other sectors such as travel and transportation (£2.6), safety and security (£1.4) and education (£0.5) have attracted much lower levels. These figures should be understood as an association rather than a measure of grant impact, but they nevertheless demonstrate that the route from innovation to commercial growth differs substantially across sectors.

Taken together, the data suggests that there is no single pathway from innovation to commercial success. Some sectors appear particularly effective at attracting private investment, while others contain larger cohorts of businesses that continue to innovate but have yet to secure growth capital or demonstrate clear commercial scale. This reinforces a central theme of the report: Helping innovative businesses to grow requires more than support for research and development alone. Commercialisation depends on the wider ecosystem around a business, including access to investment, customers, networks, skills and routes to market. Understanding those barriers is therefore critical if the UK is to convert more of its innovation activity into long-term economic growth.

Equity leveraged per pound of public funding, by sector

An association between grant funding and equity raised, not a causal claim about what grants unlocked



Faster routes to market

Businesses consistently told us that the route from innovation to market can be slow, uncertain and difficult to navigate. Alongside access to finance, firms highlighted regulation, approvals processes and customer adoption as some of the biggest obstacles to commercialisation. In sectors such as climate technology, life sciences and advanced manufacturing, delays can have a significant impact on both cashflow and investor confidence.

Bristol-based climate-tech business Kelpi illustrates both the strength of the UK's innovation ecosystem, and some of the UK policy challenges that slow the journey from breakthrough technology to commercial scale.

Founded in 2020 to tackle plastic pollution, the company has developed a patented seaweed-based coating that can replace the plastic layers commonly used in paper, card and fibre packaging. By combining seaweed-derived polysaccharides with vegetable oils, Kelpi has created a material that meets the performance requirements of major consumer brands while remaining recyclable and biodegradable.

The business has built significant commercial momentum in a short period. Kelpi now employs 19 people in the local area, including 13 scientists, and is working with major international companies including L'Oréal and Amcor. Since launch, it has raised more than £7 million in private investment and secured Innovate UK support to develop its technology. The company is now preparing to bring its first products to market, with customers already signalling strong demand as production scales.

However, Kelpi's commercial progress depends as much on regulatory processes as technical capability. To access the food packaging market, the company requires food-contact approval. While the United States operates a fixed 120-day approval process, equivalent UK and European pathways can take years, with far less certainty around timelines.



© Kelpi

Faster routes to market (cont'd)

Kelpi's experience is far from unique. The Science, Innovation and Technology Committee found that businesses consistently identify regulation as one of the most significant barriers to technology adoption, warning that unclear or risk-averse regulatory frameworks can slow the commercialisation and diffusion of new technologies⁶. DSIT research similarly identifies regulation as a major factor shaping firms' decisions to adopt advanced technologies, with uncertainty around future requirements often increasing perceived risk and slowing adoption⁷.

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As CEO Hugo Adams explained:

Time is our enemy because we're constantly working against a declining cash runway. At the same time, we're trying to do something that is genuinely beneficial for the environment, but we get no recognition for that within the approval process... I'd like to see clearer timelines, more transparency and a more collaborative approach that helps companies solve these problems rather than risking putting them out of business before a decision is even reached.”

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The economic rewards from addressing these barriers could be significant. The IMF has highlighted how uncertainty can deter investment and emphasised the importance of predictable policy environments in supporting business confidence. For innovative firms, particularly in sectors with long development cycles and high capital requirements, confidence in the route to market can be as important as access to finance itself⁸.

There are already examples of how regulators can take a more active role in supporting innovation. In Australia, the Australian Energy Regulator's Energy Innovation Toolkit combines regulatory advice with time-limited trial waivers, allowing businesses to test new technologies and business models in real-world conditions before full regulatory approval. The programme has supported projects involving community batteries, electric vehicle charging infrastructure and new energy trading models while maintaining regulatory oversight and consumer protections⁹.

The UK has taken a similar approach in sectors such as financial services and healthcare through the use of regulatory sandboxes. These initiatives are designed to help firms test products safely, engage regulators earlier and identify potential barriers before full market deployment¹⁰.

Taken together, these examples suggest that regulation should be seen not simply as a gatekeeper, but as part of the commercialisation ecosystem. Clearer pathways, earlier engagement and more opportunities to test innovations in real-world conditions can help innovative businesses bring products to market more quickly while maintaining appropriate safeguards.



© Kelpi

(6) [Science, Innovation and Technology Committee \(2026\), Flying Blind: Innovation, Growth and the Regions.](#)

(7) [Department for Science, Innovation and Technology \(2025\), Barriers and Enablers to Advanced Technology Adoption for UK Businesses.](#)

(8) [International Monetary Fund \(2026\), Deeper and More Integrated Financial Markets to Foster Growth and Resilience in Europe.](#)

(9) [Australian Energy Regulator \(2026\), Energy Innovation Toolkit; Australian Energy Regulator \(2026\), Current Trials; Australian Energy Regulator \(2025\), AER grants waiver to trial community power networks in New South Wales.](#)

(10) [Financial Conduct Authority \(2026\), Regulatory Sandbox; Medicines and Healthcare products Regulatory Agency \(2026\), AI Airlock: The Regulatory Sandbox for AI as a Medical Device.](#)

Building ecosystems for commercialisation

In the North West of England, 39% of grant-backed firms remain in the UK's untapped innovation cohort. Businesses consistently told us that successful commercialisation depends not just on access to research, but on access to talent, customers, supply chains, finance and business support. Nations and regions that bring these assets together effectively are better placed to turn innovation into growth.

Recent policy debates have increasingly focused on the role of clusters in supporting regional growth. The Science, Innovation and Technology Committee concluded that innovation clusters can drive productivity, attract investment and support economic regeneration¹¹, while the Government's Modern Industrial Strategy commits to strengthening high-productivity clusters across the UK. As a result, growing attention is being paid not only to research funding, but also to the networks, institutions and relationships that help businesses commercialise and scale.

Businesses repeatedly highlighted the importance of trusted networks. Alongside finance, infrastructure and research expertise, firms pointed to relationships with peers, customers, colleges and larger businesses as

critical to their ability to commercialise and grow. This is reflected in Innovate UK's State of Innovation 2025 survey, which found that 42% of firms collaborate with external partners for innovation¹².

The value of these networks extends beyond individual places. Connected Places Catapult's Innovation Twins programme has demonstrated how linking complementary clusters can support knowledge exchange, new partnerships and access to wider commercial opportunities. This suggests that successful innovation ecosystems are not self-contained, but benefit from strong connections to expertise, capital and markets elsewhere.

The existence of substantial untapped innovation cohorts across every UK nation and region highlights that successful commercialisation is influenced as much by local ecosystems as by individual firms. Businesses are more likely to innovate, grow and scale when they can access the skills, finance, infrastructure and commercial relationships needed to bring new products and services to market.

Electech Innovation Cluster, a business-led electronics cluster covering Lancashire and South

Cumbria, provides an example of how these ecosystems can develop. Rather than following local authority boundaries, the cluster was built around the area's existing industrial base and labour market, bringing together firms connected through common supply chains and skills needs.

Established by electronics businesses seeking to address workforce shortages, Electech has since expanded into a network of more than 35 companies spanning defence, nuclear, maritime, manufacturing and advanced engineering. Working alongside colleges, universities and local partners, the cluster has helped members strengthen skills pipelines, forge new commercial relationships and access opportunities that would have been difficult for many firms to secure independently.

“

We always take the approach of: what do we need to do to help everybody succeed? Because if we work on this together, it's probably going to have the biggest impact.”

Chris Mayne, Managing Director Telepan Forsberg

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Electech by the numbers

40

member organisations operating across advanced technology sectors

74

associate members.

1,112

people employed by member businesses.

600+

learners enrolled in electronic courses across the region.

2,150

university students enrolled on courses Electech has helped design.

£202m

annual turnover across the cluster.

(11) Science, Innovation and Technology Committee (2026), *Flying Blind: Innovation, Growth and the Regions*.

(12) Innovate UK (2025), *State of Innovation 2025*.

Building ecosystems for commercialisation (cont'd)

Those relationships have enabled businesses to tackle challenges that would have been difficult to address independently. One of Electech's most successful initiatives has been its response to workforce shortages. Working with Tech Lancaster, Kendal College and Lancaster & Morecambe College, members developed an employer-led electronics bootcamp designed around industry needs. More than 100 people enrolled, with 43 progressing into employment or career advancement.

The importance of addressing these challenges is reflected nationally. Innovate UK found that 40% of innovating firms identified skills shortages as a barrier to innovation activity. Rather than tackling this challenge individually, Electech members acted collectively to shape local provision around shared business needs.

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A university or a college won't put a course on for one company, but it will for 30 companies.”

Jane Moorby, Head of Marketing at Oxley Group

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Building on the success of the bootcamp, employers across the cluster now help shape curriculum

content, deliver masterclasses, support T Levels and provide placements across qualifications from Levels 2 to 5. By speaking with a collective voice, businesses have influenced local skills provision in ways that would have been difficult for individual SMEs to achieve alone.

The same relationships have also created commercial opportunities. Members share market intelligence, collaborate on bids and connect firms with customers and supply chains that would otherwise be difficult to access.

“

As a small business, I couldn't get direct access to BAE Systems on my own. But a wider group of businesses working collectively can.”

Kate Houlden, Managing Director of Like Technologies

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The benefits of successful clusters extend beyond individual firms. They help regions retain more of the economic value generated by innovation through stronger local supply chains, higher-skilled employment and deeper links between businesses, universities and training providers.

The Science, Innovation and Technology Committee concluded that clusters can drive productivity, attract investment and support economic regeneration, making them an increasingly important part of the UK's growth agenda¹³.

Electech illustrates this in practice. Through the cluster, businesses have shaped local skills provision, opened routes into new markets and developed partnerships that would have been difficult to create independently. As Andy Burnham previously argued in setting out

[Greater Manchester's growth strategy](#), future prosperity will depend on building and connecting clusters around existing regional strengths. The experience of Electech suggests that policy should focus not only on funding innovation, but also on fostering the networks and institutions that help firms commercialise, scale and remain rooted in their local economies.



© Electech

(13) Science, Innovation and Technology Committee (2026), [Flying Blind: Innovation, Growth and the Regions..](#)

Building the capability to scale

As innovative businesses move from developing technologies to selling them at scale, the nature of the challenge changes. Businesses repeatedly told us that, while early-stage growth is often driven by technical expertise and R&D capability, later-stage success depends increasingly on access to finance, leadership capacity, infrastructure and commercial networks.

The West Midlands illustrates both the scale of the opportunity and the challenge. The region is home to more than 1,700 innovative businesses and over 800 recipients of public innovation grants, yet almost half (47.4%) of grant-backed firms remain in the UK's untapped innovation cohort, the highest proportion of any major English region. This suggests that helping innovative businesses scale requires more than generating new ideas. It also requires the capabilities, connections and support needed to translate innovation into commercial growth.

Tyseley Energy Park (TEP) demonstrates how regional innovation ecosystems can provide these capabilities in practice. Home to more than 20 organisations working across low-carbon energy, sustainable transport, resource

recovery and advanced manufacturing, TEP brings together businesses, researchers, investors and policymakers in a working industrial environment designed to support commercial growth.

Ecosystems such as TEP matter because they make it easier for businesses to grow where they started. Access to facilities, expertise, finance and networks can reduce the pressure to relocate as firms scale. When businesses are able to stay and grow locally, the benefits are felt more widely, through new jobs, investment and stronger local supply chains. As such, successful commercialisation is both a positive business outcome and an opportunity for regional economic growth.

HyProMag, a University of Birmingham spinout based at TEP, illustrates this challenge in practice. The company has developed technology that recovers and recycles rare-earth magnets from end-of-life products, helping create more resilient supply chains for strategically important materials. Since 2022, headcount has grown from five employees to around seventeen, while operations have expanded internationally through a presence in Germany and a joint venture in the United States.

As the company has grown, the challenge has shifted from developing the technology to building the capabilities needed to commercialise it at scale. Access to specialist equipment, larger-scale investment and regulatory approvals have all become increasingly important considerations. Financing becomes more complex as businesses move towards commercial deployment:

“

The numbers get significantly bigger as you move further down the development pathway.”

Carmel Verboom,
Financial Controller at HyProMag

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The company also highlighted the practical challenges that can emerge as innovative businesses scale. Obtaining a waste licence, a prerequisite for handling end-of-life materials, ultimately took close to two years. For innovative firms, these operational and regulatory hurdles can add significant time, cost and complexity to the journey from innovation to commercial growth.

Tyseley Energy Park has played an important role in supporting that growth. As Carmel explained: “Tyseley has given us space to grow. It's given us the opportunity to expand gradually and almost experiment with expansion.”

She also described the ecosystem as “a genuinely collaborative environment”, highlighting the value of access to research expertise, shared facilities and relationships with neighbouring organisations.

HyProMag's experience demonstrates that successful commercialisation depends on more than innovation alone. Once a technology has been proven, growth increasingly depends on access to finance, expertise, infrastructure and networks. In its 2025 survey of scale-up CEOs, the ScaleUp Institute identified access to markets, talent, leadership capability and finance among the most significant barriers facing growth firms¹⁴. OECD research similarly highlights the role of accelerators, business networks and industry partnerships in helping businesses acquire the capabilities needed to commercialise and scale successfully¹⁵.

(14) [ScaleUp Institute \(2025\), ScaleUp Annual Review 2025: Powering Up the Scaleup Economy.](#)

(15) [OECD \(2025\), Start-up Driven Innovation and Growth.](#)

Connecting businesses to the capabilities they need

Many of the capabilities needed to scale are developed through relationships with investors, advisers, experienced entrepreneurs and wider business networks, rather than being built entirely within a single firm.

One mechanism through which these capabilities are accessed is the NatWest Accelerator, delivered at TEP in partnership with Webster & Horsfall Group. The Accelerator is embedded within the park, allowing entrepreneurs to access expertise, networks and opportunities in the place where they are building their businesses.

This local presence is central to NatWest's approach to supporting innovative businesses. Beyond access to finance, scaling businesses require introductions to customers, investors, universities, supply-chain partners and specialist advisers who understand the strengths and opportunities within their region. By bringing these connections together, innovation ecosystems can help firms access the capabilities required for growth without needing to relocate to more established innovation centres.

The need for this support is growing. Innovate UK's State of Innovation 2025 survey found that 38% of

businesses sought external advice in 2025, up from 35% the previous year¹⁶. Advice on business growth, digital technologies and product innovation was particularly in demand, while frontier firms recorded the largest increase in seeking support. At NatWest, approximately 12,000 Accelerator members were supported in 2025, more than the previous decade combined. Together, these findings suggest that innovative businesses increasingly require access to expertise and networks alongside finance as they move towards commercial growth¹⁷.

The Accelerator also acts as a gateway to NatWest's wider support offer, including Venture Banking. Through a regionally embedded "boots on the ground" model to be rolled out nationally, Venture Banking relationship directors work directly within major innovation hubs across the UK, building relationships with founders in the ecosystems where they operate. This enables businesses to access growth finance and investor networks while remaining connected to their local innovation economy, helping more high-growth firms scale from their home regions rather than seeking opportunities elsewhere.

Many innovative businesses already possess strong technical capability, but need access to complementary expertise, networks and support to scale successfully.

“

A lot of what we're doing is simply connecting dots: businesses to banking support, businesses to mentors, businesses to one another. That's where much of the value lies.”

Amandeep Chima, Accelerator Community Manager

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Case Study: Pure Flow State

Innovation ecosystems can also connect businesses to specialist capabilities that are essential for growth but often difficult for small firms to access independently, including marketing, communications and business development expertise.

Through the NatWest Accelerator, sustainability-focused brand consultancy Pure Flow State refined its proposition and strengthened its market focus. The Accelerator is actively introducing founder Adele Kelly to businesses across the Tyseley ecosystem seeking support with branding, marketing and communications. While very different from the green technology businesses supported at Tyseley, the example illustrates how locally rooted networks can connect firms to the broader capabilities needed to commercialise, reach customers and grow.

(16) [Innovate UK \(2025\) State of Innovation 2025](#).

(17) [Innovate UK \(2025\) State of Innovation 2025](#).

NatWest's Venture Banking

NatWest's Venture Banking proposition is designed to support high-growth businesses who have raised institutional capital from Venture Capital funds and support them through the critical transition from early innovation to commercial scale. It is delivered by a team of more than 30 venture specialists across the UK operating through a deliberate "boots on the ground" model, with relationship managers embedded in key innovation hubs including Bristol, Manchester, Edinburgh and Cambridge, and further expansion planned; this reflects the understanding that innovation ecosystems are locally rooted and that scale-up businesses benefit from advisers who are closely attuned to regional cluster dynamics.

The Venture Banking proposition brings together three complementary elements: a dedicated UK wide Coverage team who support the founders of these scale-ups, a Venture Debt team that delivers tailored growth financing solutions, and a Venture Capital Coverage team who work directly with venture capital firms themselves. The latter includes the proactive engagement of the venture firms who are investing in these scale up businesses, to ensure NatWest they are building multi-layered relationships to support the ecosystem at every level. Combined, these capabilities seamlessly allow NatWest to go

beyond traditional banking by being a trusted partner; being helpful wherever possible, supporting financing requirements and connecting businesses into the broader innovation ecosystem.

This is particularly relevant to the themes explored throughout this report. Businesses operating within clusters such as Tyseley Energy Park, Electech and other regional innovation ecosystems consistently identified access to capital, investor networks and commercial expertise as critical factors in successful commercialisation and growth. Venture Banking helps address these challenges by acting as a connector between founders, investors, universities and support organisations.

For NatWest, Venture Banking also fills a vital gap in the UK's innovation finance landscape. While pre-seed, seed and Series A funding are increasingly well served, many businesses look overseas for growth capital as they scale. The ambition of the Venture Banking team is to help more high-growth businesses secure support, remain anchored within UK innovation clusters and continue their growth journey domestically, contributing to stronger regional economies and a larger pipeline of UK scale-ups and future unicorns.



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Innovation is the lifeblood of the UK's economy, driving transformative ideas from bright beginnings to global impact. At NatWest Venture Banking, we are committed to supporting high-growth businesses through every stage of their journey—providing tailored finance, strategic advice, and invaluable connections within local innovation ecosystems. By embedding ourselves within key clusters across the country, we ensure that founders have the expertise and networks they need to scale successfully, helping to keep the UK at the forefront of global innovation and fostering stronger, more resilient regional economies.”

Jenny Edwards, Head of Venture Banking at NatWest Group

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Conclusion: Turning innovation into regional growth

The evidence presented in this report points to a clear conclusion. The UK's challenge is no longer solely generating innovative ideas, technologies and businesses. It is ensuring that more of that innovation is translated into commercial success.

The UK enters this period from a position of strength. It possesses world-leading research capabilities, significant R&D investment and a strong pipeline of innovative businesses. Yet this report's analysis of more than 12,000 grant-supported firms suggests that almost four in ten belong to the UK's untapped innovation cohort: businesses that continue to innovate but have not yet converted that innovation into commercial scale.

The experiences of businesses featured in this report suggest that successful commercialisation depends on three interconnected factors: faster routes to market, strong innovation ecosystems and access to the capabilities required to scale.

These challenges have impact beyond innovation alone, they are also central to the UK's ambitions for productivity, regional growth and long-term economic prosperity. When innovative firms can commercialise and scale in the places where they are founded, nations and regions are better able to retain the jobs, investment and economic value that innovation creates.

The opportunity therefore lies not only in supporting the next generation of innovators, but in helping more existing innovators achieve commercial success. The following recommendations set out practical steps that national and local policymakers can take to strengthen those pathways.



Recommendations for central government

1. Rebalance innovation funding towards commercialisation and scale

The UK has a strong track record of generating research, new technologies and innovative businesses. The UK's untapped innovation cohort highlights the scale of the commercialisation challenge. Too many firms stall between proving a technology and selling it at scale, limiting the economic value generated from innovation.

Government should make commercialisation a headline test of innovation policy. The Department for Business, Innovation, Science and Trade (BIST) now brings research funding, UKRI, Innovate UK and the industrial strategy under one Secretary of State. One minister can now own the whole journey from lab to market. Government should significantly increase investment in commercialisation over the next decade, with a longer-term ambition of narrowing the gap between the research and commercialisation support.

Beauhurst's analysis suggests that firms receiving sustained support are significantly more likely to attract follow-on investment than those receiving a single grant, reinforcing the importance of supporting businesses throughout the commercialisation journey.

BIST, UKRI, Innovate UK and the British Business Bank should adopt a single commercialisation scorecard, owned by the BIST Secretary of State and reported to Parliament each year. It should track follow-on investment, first commercial sales, exports, manufacturing capacity, skilled jobs and business growth. It should also track how much of that value stays in the region where the innovation began. Funding decisions should weigh the prospect of commercial deployment and job creation alongside research quality.

Success should be measured by the extent to which innovation translates into economic growth, productivity gains and regional prosperity.

2. Create fast-track regulatory pathways for high-growth firms in strategic sectors

In several strategic sectors, innovative firms can face regulatory and approval processes that extend from 12 months to multiple years, increasing costs, delaying market entry and creating uncertainty for investors.

Government should create a fast-track regulatory pathway for high-growth firms in the eight priority sectors of the Industrial Strategy. Firms on the pathway should receive regulatory decisions within 100 days wherever possible. The Regulatory Innovation Office should give each firm a single named lead who coordinates every regulator involved in its approval. Government should use its proposed economy-wide sandboxing powers to establish clear routes for high-growth firms in priority sectors to test products in real-world conditions, supported by early regulatory engagement and clear pathways to full approval.

This should not lower standards or safety, instead the objective is to make the route from innovation to market faster and more predictable.

Success should be measured through reduced approval times, increased private investment, faster technology adoption and higher rates of commercial deployment.



Recommendations for combined authorities

3. Create local commercialisation pathways

Combined authorities should map where local firms stall between innovation and scale, using the data they already hold and the evidence behind their Local Growth Plans. While many regions offer support for start-ups and innovation, firms often face a fragmented landscape when seeking finance, regulatory advice, manufacturing capability, export support or routes to market.

Each authority should give innovative firms a single front door. One named team should route each business to the right support at every stage of growth. The team should plug firms into national schemes rather than duplicate them. The focus should be on improving coordination between existing organisations rather than creating new institutions.

Success should be measured through commercial outcomes, including follow-on investment secured, commercial contracts won, export activity, business survival and the number of firms that continue to scale within the region. Every combined authority should publish these figures each year, and government should make that reporting a condition of integrated funding settlements.

4. Strengthen and connect regional innovation ecosystems

Successful innovation ecosystems depend on strong relationships between businesses, universities, colleges, investors and public bodies. Combined authorities should fund this coordination from mainstream economic development budgets, with a named owner in each authority, rather than through short-term pots.

Authorities should pay for the people who make clusters work – Cluster managers, business networks, investor groups and the teams that connect firms to customers, supply chains, talent and expertise. Every combined authority should agree at least one formal partnership with a complementary cluster elsewhere in the UK by the end of 2027. Government and combined authorities should also require major cluster funding bids to show meaningful collaboration with at least one other UK cluster.

Success should be judged by outcomes such as firms scaling, private investment leveraged, skilled jobs created and the proportion of economic value retained within local economies.

5. Focus innovation investment on existing regional strengths

Combined authorities should concentrate a majority of their innovation spending on the priority sectors named in their Local Growth Plans and publish the share each year. These are the sectors where the region already has industrial, manufacturing or research strength. Copying successful clusters from elsewhere spreads money thin and builds nothing distinctive.

Innovation funding, skills provision, infrastructure and business support should line up behind these sectors, building deeper expertise, stronger supply chains and clearer routes to market.

Success should be measured through business growth, productivity improvements, inward investment, scale-up rates and the expansion of regional industrial capabilities.



Additional information

The analysis of UK public innovation grants in this report was provided by Beauhurst. The underlying dataset covers UK companies that have received at least one publicly disclosed innovation grant since 2011 that have received at least one publicly disclosed innovation grant, including Innovate UK funding. The analysis examines 12,381 grant recipients and tracks their subsequent commercial outcomes using Beauhurst's company-level data.

Companies were classified into one of five mutually exclusive categories: Exited (acquired, listed or sold to new owners), Follow-on Equity (secured additional equity investment), Scaling (identified as achieving high growth without a recorded equity event), Untapped Innovation Cohort (still trading but with no recorded exit, follow-on equity or scale-up signal), and Ceased (no longer operating). Outcomes were applied in that order, ensuring each company was counted once.

Regional analysis is based on companies' registered addresses. Follow-on equity figures include all equity investment raised by grant recipients and should be interpreted as an association rather than a direct measure of grant impact. Throughout the report, the term "Untapped Innovation Cohort" refers to firms that remain active but have not yet demonstrated a tracked commercialisation outcome.

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