

Private Capital in the North West

2025

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Foreword

The data makes clear that the North West is an exciting destination for private capital, whose investment supports the development of **873 businesses** which call this region home. These businesses bring value to local communities through the **247,000 jobs** they support.

In 2024 alone, private capital invested £2.3bn into the North West. This level of investment is unsurprising when you consider the inherent economic strengths of the region, especially with cities like Manchester seeing such rapid growth and development over recent years. The region now acts as a significant investment hub, especially with academic institutions like the University of Manchester, University of Liverpool and Lancaster University now producing even more innovative business spinouts.

However, while there is much to celebrate about the scope and scale of investment in the region's businesses, it could be even more substantial and close the gap with other parts of the country. Policymakers, regulators, and industry all have a role to play in helping to facilitate greater levels of investment in the region, to ensure that opportunities are not lost.

Together we can address the main barriers by closing the scale up gap, boosting access to skills and talent and improving regional infrastructure. Unless otherwise stated, all data in this report is sourced from the BVCA's [Report on Investment Activity 2024](#) and [Economic contribution of UK private equity and venture capital in 2025](#), produced by EY. I want to express my thanks to all the BVCA membership and Beauhurst for providing this data which allows us to detail the impact our industry is making across the UK.

Michael Moore
Chief Executive, BVCA



Employment

Supporting jobs across the UK's nations and regions is a key part of what private capital does to support both the local and national economy.

As of 2025, data shows the real impact of private capital investment with **around 247,000¹ jobs** supported by the industry in the North West. With more regional businesses being backed by the industry, the number of jobs supported has increased by approximately **31%** when compared with the last data set from 2023. This can be broken down into:

Private Equity

Private equity supports over
225,000 jobs
in the North West



Venture Capital

Venture capital supports over
21,000 jobs
in the North West



¹ Figures in this report are rounded

Employment



Private capital's backing of the wholesale and retail trade sector is a unique standout when supporting jobs. In total, **around 53,700 jobs** were supported by private equity and venture capital across this sector, servicing the important hub of the North West of England.

Employment by sector:

- Wholesale and retail trade: 53,700 jobs
- Professional, scientific and technical activities: 29,300 jobs
- Health and social work: 22,200 jobs
- Administrative and support service activities: 21,700 jobs
- Information and communication: 21,400 jobs



Investment and Economic Contribution

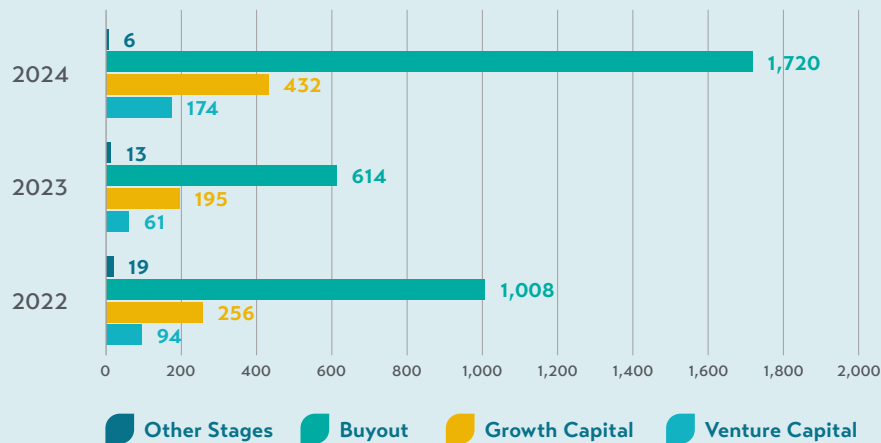
Private capital is a major contributor, both directly and indirectly to the economy.

The industry makes long term investments directly into local businesses. Private capital employs an active ownership model which is a hands-on approach that helps drive value creation in portfolio companies through strategic and operational improvements, whilst supporting wider economic development.

Investment activity in the North West was dominated by buyouts across the period of 2022 to 2024. In 2024, total investment reached £2.3bn, with £1.7bn directed towards buyouts, representing the vast majority of capital invested in the region. Growth capital accounted for £432m, while venture capital represented £174m.

This marks a significant increase from 2023, when a total of £885m was invested into the region, including £617m in buyouts and £195m in growth capital.

North West Investment by Stage (£m)



As of 2025, data shows that **£15.7bn of Gross Domestic Product (GDP)** was generated by private capital backed businesses in the North West. Some of the key sectors to note are:

Economic contribution by sector (GDP £)

Wholesale and retail:

£2.09bn



Manufacturing:

£1.98bn



Information and communication:

£1.74bn



Finance and Insurance:

£1.55bn



Professional, scientific and technical activities:

£1.52bn



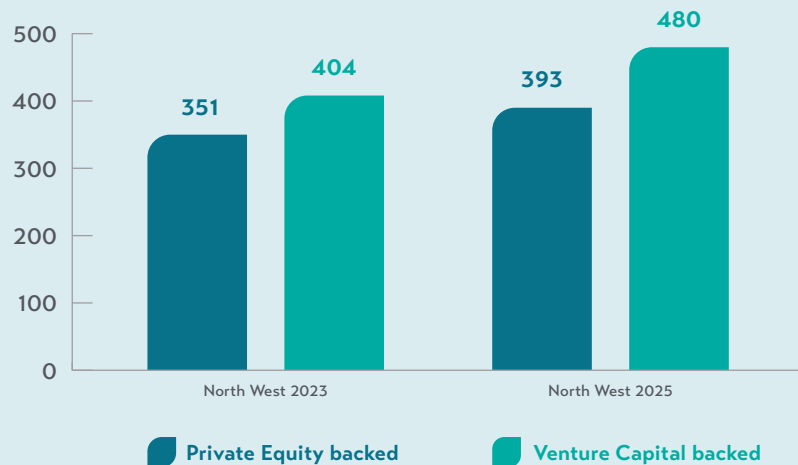
Businesses

Backing local business is the bedrock of what private capital does.

It's easy to see why the North West is a great place to grow a business. The area has its own unique advantages that make it a desirable location for a range of different companies. The North West is a region historically tied with the United Kingdom's industrial heritage, and this pattern continues into the modern day. Private capital therefore recognises the unique strength of the local manufacturing sector, and by supporting businesses across the region, this industry alone generates almost £2 billion for the local economy each year with private capital's backing.

Data from Public First estimates that private capital backed businesses increase their productivity by 1.1% per year more than the business population as a whole, highlighting the vital role active ownership plays in providing strategic support, governance improvements, and technology adoption, to enhance business productivity and national competitiveness.

Companies backed by private capital



As of 2025, data shows how many businesses are backed by private capital, with **873 companies** being supported across the North West. This can be broken down into:

Private Equity

Private equity backs

393 businesses

which is a +12% change
from 2023



Venture Capital

Venture capital backs

480 businesses

which is a +19% change
from 2023



Spinouts

Spinouts are increasingly driving regional growth and attracting venture capital investment.

Spinouts play a crucial role in R&D commercialisation of cutting-edge technology, particularly in high growth sectors such as deep-tech or biotechnology.

Spinouts from the UK's leading academic institutions are often at the forefront of helping to drive the economy. Boasting a tight cluster of world leading universities like the University of Manchester, University of Liverpool and Lancaster University, the North West is well placed to continue to benefit from a wide range of these spinout businesses. The strengths of these universities are highlighted by the fact that all three institutions sit within the top 30 for producing spinouts in the UK.

The innovative businesses that come from university spinouts often seek support from venture capital in order to continue their growth trajectory. In 2024 alone, 47 businesses in the North West attracted venture capital investment, totalling some £174m invested.



North West Universities by total number of spinouts tracked (2011-January 2025)



The University of Manchester ranks among the UK's top institutions for spin-out creation, supported by the Manchester Innovation Factory which helps to bring ideas to life by licensing intellectual property (IP) and making an impact on industry. With 114 spinouts since 2011, it has a strong track record in turning leading research into high-growth companies.



The University of Liverpool has strengthened its spin-out ecosystem through partnerships such as with Northern Gritstone, backing ventures in deep tech and life sciences. The Design Your Future Enterprise Fund offers awards varying from £500 to £5000 to successful University of Liverpool students and graduates that want to develop an early-stage business idea or existing enterprise.



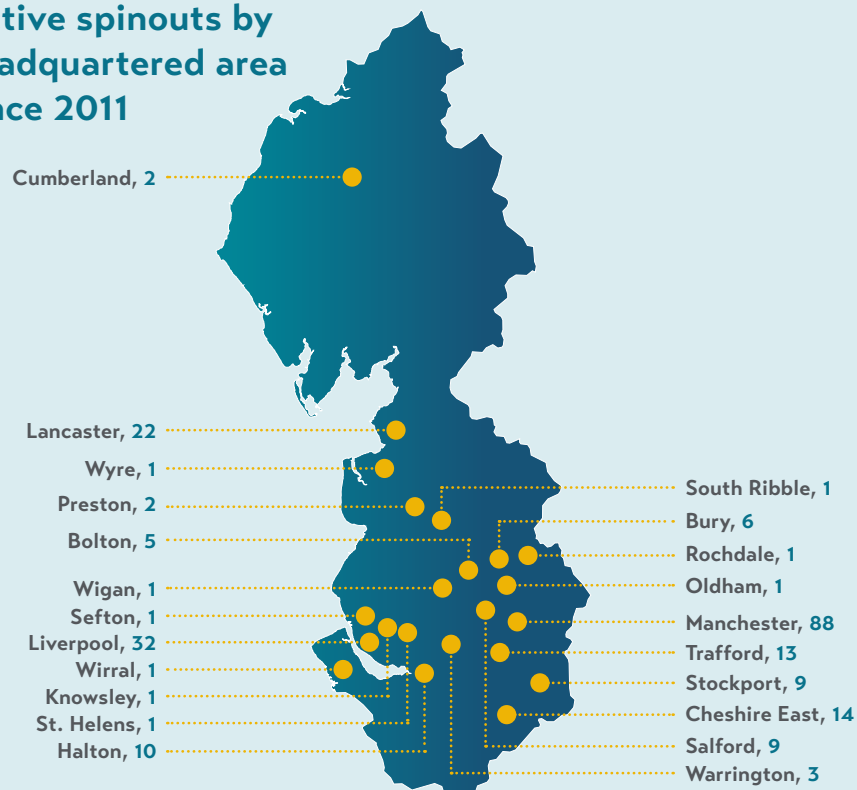
Lancaster University drives regional innovation through strong industry links and deep-tech commercialisation. It's University's Research Commercialisation Team acts as a bridge between academia and industry to unlock the full potential of the university's cutting-edge research by securing partnerships and strategically managing Intellectual Property. The University currently supports spinouts in areas ranging from quantum and digital, and advanced manufacturing.

Spinouts

According to data from Beauhurst, the region saw **224 spinouts** headquartered in the region since 2011, **with £852m invested**.

Businesses that are spun out from universities often tend to stay close to the institution they started from. This not only allows the business to maintain strong links with their academic partner, but additionally allows the benefits of new innovative companies to be distributed across the region, bringing the investment and employment advantages to the wider regional economy.

Active spinouts by headquartered area since 2011



Case Studies

The impact that private capital plays in the North West is borne out not just in the statistics, but also by the business success stories that been developed across the region.



Back2Work (B2W)

Back2Work (B2W) is a skills and training provider focused on pre-employment and employability training, bootcamps and apprenticeships.

In October 2020, private equity firm Palatine invested in pre-employment training provider and Manchester based B2W Group through its Impact Fund, a fund specifically aimed at supporting businesses that contribute positively to society.

Palatine's immediate guidance, strategic support and investment in B2W Group's management team, IT systems, brand and M&A, in support of the wider growth strategy has strengthened the group's foundations significantly and, in turn, improved the resources, range of programmes, and quality of delivery for learners. Now, working closely with large employers, learners and unemployed people across the UK, and having completed three strategic acquisitions, B2W provides training to more than 12,000 people every year and has delivered crucial support and learning pathways for job seekers during the cost-of-living crisis.

Case Studies



Barons Furniture

In June 2023, Lytham based specialist contract furniture manufacturing business Barons underwent a seven-figure management buyout, led by Managing Director Garry Smith, with investment from River Capital and Arbuthnot.

The transaction followed a period of strong growth, and was the first investment from the £10m North West Private Equity Fund.

Alongside Garry Smith, the board was bolstered by the introduction of two experienced Non Executive Directors, Gary Lasham and David Meltham, both of whom have a wealth of experience in the industry and growth businesses.

Since the investment, Barons has seen significant development with revenue growth exceeding expectations, a newly built showroom, an increase in staff to 65 FTE and a hands-on management team.

"As a Non-Executive Director joining Barons Furniture after River Capital's investment, I've witnessed a remarkable transformation over the past year. River Capital saw the potential in Barons, providing not just capital, but strategic guidance to realise the ambitious growth goals."

Gary Lasham, Chair, Barons Contract Furniture

CAPSLOCK



CAPSLOCK

CAPSLOCK provides career-changing education helping hundreds of adults reskill in cybersecurity and launch their careers in the industry. As the world continues to move towards a digital future, the unmet demand for cyber security professionals is becoming an urgent societal problem. CAPSLOCK is helping to plug the UK's cyber security skills gap by removing barriers to education and increasing diversity in the industry.

In 2021, Ufi Ventures invested £325,000 in CAPSLOCK and aims to support the business achieve its growth plan. Ufi Ventures' values align with CAPSLOCK's ethos in believing that digital vocational technology (VocTech) can help every individual and employer to acquire new skills. CAPSLOCK looks to scale and continue to attract new diverse talent into cyber security based on potential, not affordability.

Since receiving investment, CAPSLOCK have launched various campaigns including 'Cyber Might Surprise You' and 'Cyber's Brighter Future Pledge', to encourage those from diverse backgrounds to enter the sector and to encourage organisations to actively contribute to increased diversity within the cyber security workforce. Businesses are now able to directly recruit recent CAPSLOCK graduates into contract roles, providing learners with a supported route into full time employment. Additionally, CAPSLOCK is running programmes to support large employers to upskill their existing workforce and re-deploy into cyber roles. This is helping to retain valuable and loyal employees, increase cyber talent retention, and close skills gaps.

The businesses successes have been reflected in their awards received over the years, including TechUK Cyber Innovator of the Year 2022; Women in IT Awards Tech Start-up of the Year 2023; and BVCA's Excellence in Impact award, The Portfolio Company - Social Impact category 2023.

Policy Recommendations

The private capital landscape in the North West has developed considerably in recent years. The region, an important contributor to the UK economy, is supported by a diverse network of stakeholders, which now includes **20 private capital firms with over £20m assets under management headquartered in the region**. These firms play a central role in driving investment, productivity, and business growth across the region.

While there is a thriving private capital sector in the North West, the fact remains that investment still disproportionately goes into London and the South East. Redressing this balance will require a range of barriers to be overcome, from increasing support for Government investment vehicles to pensions investment reform and regional decision-making.

Planning and Infrastructure

Infrastructure underpins all economic activity by connecting people, goods, services, and ideas. The BVCA welcomes the Government's recognition in its 10-year Infrastructure Strategy that improvements in infrastructure will be essential in promoting economic growth.

The BVCA recommends that Government empower the National Infrastructure and Service Transformation Authority (NISTA) to build on the powers of the National Infrastructure Commission and deliver a clearer, more authoritative roadmap for major projects. Alongside this, provisions in the Planning and Infrastructure Bill aimed at reforming greenfield restrictions where appropriate would ensure limitations do not block the development of vital manufacturing and job-creating sites when brownfield land is unavailable. Finally, realising the aim of simplifying and expediting planning laws through the Bill would make it significantly quicker and easier to build new facilities and the infrastructure that underpins investment and economic growth.

Metro Mayors and Devolution

Metro mayors and devolved powers are crucial in developing resources and policies that boost economic growth. The BVCA recommends that Mayoral Combined Authorities should ensure that their 10-year Local Growth Plans set out a clear and consistent economic vision that removes barriers to growth and investment. Growth strategies should align with the Government's Industrial Strategy and complement related frameworks, including Local Skills Improvement Plans and Local Transport Plans. By coordinating these efforts and focusing on the sectors with the greatest potential to drive regional productivity, Mayors and regional leaders can use their influence to foster long-term, sustainable economic growth across their regions.

Local Government Pension Schemes (LGPS) and Pensions Reform

The Government's pension reform agenda should open new avenues for investment. The LGPS currently contributes significantly by investing in regional funds, enhancing economic development. The BVCA encourages the Government to ensure that the LGPS is set up to facilitate long-term investment strategies that also prioritise local opportunities, thus increasing the flow of capital to businesses in the North West alongside delivering better returns for pension savers.

Policy Recommendations

British Business Bank (BBB)

The British Business Bank has been pivotal in shaping the investment environment because the Bank helps SMEs access the finance they need to grow. However, there is still scope for the BBB to better support growth equity investment to help businesses scale up. While the expansion of the British Business Bank's remit, announced at the Spending Review, is welcome, there is scope for it to expand further. In particular, the UK has missed out on £44bn in investment from the European Investment Fund since the UK withdrew from the EU. This funding had historically supported growth equity funds. The BBB's remit as it stands does not address this investment gap. It is important that the Government continues to support the BBB to deploy capital across the venture and growth capital ecosystem.

University Spinouts

The UK's world-class universities are capable of producing innovative companies. University equity stakes are at 16.1%, a 10-year low, and down from 21.5% in 2023. This can be attributed to progress following the 2023 Independent Review of Spinouts. However, the ability to spin out these companies is still hindered by processes. The BVCA recommends scaling those programmes that are already delivering impact, such as Higher Education Innovation Fund, Seed Enterprise Investment Scheme and the Enterprise Investment Scheme. Alongside this, implementation of the recommendations of the Spin-out Review in full would help to overcome commercialisation delays and ensure regional spinouts receive the necessary support. The BVCA would also like to see clearer alignment between Innovate UK, the BBB, and the proposed National Wealth Fund to ensure universities have a coherent pathway from ideation to scale.

Skills and Talent

It is important that businesses across the nations and regions of the UK have access to the skilled workforce they need to generate growth. The BVCA recommends that the UK visa system should be streamlined and modernised to introduce a more efficient, user-friendly process for high-skilled visa routes such as the Global Talent, Innovator Founder, and High Potential Individual (HPI) visas. Decisions should also be made in days rather than months and ensure cost effectiveness to prevent the UK losing top talent to more agile jurisdictions. The BVCA has also recommended the creation of specialist visas for sectors critical to national security and innovation, aligned with the UK's Industrial Strategy.

Regulatory barriers

It is vital that the UK's regulatory frameworks support investment, innovation, and business growth rather than holding it back. The BVCA welcomes the Department for Business and Trade's *Unlocking Business* review and the FCA's commitment to streamline and enhance the proportionality of rule for private capital firms. The BVCA recommends that the Government build upon this and provide predictable, pro-innovation regulation that establish stable frameworks and clear roadmaps, especially in capital-intensive sectors like energy and advanced manufacturing, so investors can plan with confidence. Alongside this where appropriate, UK regulations should be simplified in order to streamline investment opportunities for private capital and make doing business here more attractive to investors.

About the British Private Equity & Venture Capital Association

With a membership of 600 firms, the BVCA represents UK-based private capital, as well as the wider ecosystem of professional advisers and investors.

Private capital consists of private equity and venture capital which makes long-term investments to grow British businesses and build a better economy. Private credit and venture debt also provide active and engaged debt finance to businesses.

The private capital industry backs 13,000 UK businesses, nine in 10 of which are small or medium-sized enterprises. Businesses backed by the industry employ 2.5 million people across the UK and contribute 7% to GDP.

In 2024, £29.4bn was invested by private capital into UK businesses in sectors across the UK economy, ranging from consumer products to emerging technology. This increased investment has fuelled the growth of businesses across the UK, with six in ten (58%) of the businesses backed in 2024, located outside of the capital. These investments are long term, with an average investment period of six years, in contrast to less than a year in public markets.

UK-based private capital specialists have raised £190bn of funds, known as dry powder, expected to be invested over the next three to five years.

The industry invests for a better future by backing some of the UK's best loved businesses, developing the companies of the future and delivering solutions to global problems.

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