BVCA response to Labour's National Policy Forum: Kickstart Economic Growth

The British Private Equity and Venture Capital Association (BVCA) is pleased to offer its views to Labour's National Policy Forum's 'Kickstart Economic Growth' policy commission.

With a membership of over 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 £178bn 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 the UK's best loved businesses, developing the companies of the future and delivering solutions to global problems.

1. What are the key challenges in delivering higher living standards across the UK?

There are several key challenges in delivering higher living standards across the UK, including the need to improve the current investment environment to ensure it is fit for purpose and encourages investment from private capital funds into innovative businesses that support jobs and communities across the UK.

Increasing access to capital so that UK businesses can remain and grow in the UK and subsequently contributing to job creation, improved productivity and UK economic growth is essential to deliver higher living standards. The lack of scale up funding that currently exists in the UK often results in the UK losing out to other jurisdictions as these innovative businesses often have to relocate to other international jurisdictions to acquire funding from international sources of capital, taking quality jobs, innovation and valuable intellectual property with them.

The UK must also maintain a stable and competitive regulatory and tax framework to build investor confidence and enhance the UK's position as an attractive environment to invest. This would encourage investment, innovation and address the scale up gap and bolster the UK's pipeline of SMEs and groundbreaking businesses that are developing scientific and technological advancements that can be deployed in the National Health Service and other critical public services that would improve the living standards of UK citizen.

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Access to capital

To generate economic growth and deliver higher living standards, greater levels of investment from UK pension schemes into private capital funds which can then be invested into UK businesses, can increase economic growth and improving the retirement prospects of UK savers in this uncertain economic climate. Currently, 16 times more capital from pensions around the world goes into UK private capital than UK pensions capital. Canadian pension schemes most active in private capital investment typically allocate on average 21% of their capital to private equity, and major US schemes average around 14%. UK pension funds are investing less in private markets than comparable asset managers and if this is not addressed, UK businesses will continue to miss out on investment, notably scale-up capital, and UK pension savers will not benefit from the returns generated by these innovative businesses which pension savers in other countries currently benefit from.

The focus by Government on increasing access to this capital for the UK's fast-growing businesses is positive. The launch of the Mansion House Compact in July 2023 reflected a commitment from 11 of the UK's largest Defined Contribution (DC) schemes to commit to increasing the proportion of their DC default funds allocated to unlisted equities, with the objective of allocating at least 5% of that capital to such assets by 2030. To build on this, the new Mansion House Accord which established an expanded ambition for 17 UK DC schemes to allocate 10% of their default funds across all to private markets, with 5% of this total to UK private markets, by 2030. The BVCA welcomes the Accord, alongside the affirmed commitment that that the ambition to allocate 5% of DC default funds to unlisted equities including UK venture and growth funds outlined in the Mansion House Compact remains. This will support fast-growing companies operating in sectors of the future such as life sciences, AI and Net Zero.

Competitive framework to encourage innovation

Investment into scientific and technological innovation has far-reaching benefits that can improve the living standards of citizens throughout the UK and strengthen the UK's ability to respond to national and international challenges, such as medical advancements that can be deployed in the National Health Service.

Many technology startups working with innovative technologies – from AI to medical devices to quantum technology to driverless cars to novel foods – are rightly subject to regulation. Where regulatory status is unclear because regulations have not kept pace with what is now technologically possible, it makes it much more difficult for investors to understand what their return on investment is likely to be, whether a product has a path to market and how quickly it will get there, and indeed whether a business is viable at all.

Regulation must also be able to keep up with the pace of technological change. Government funded regulators should have funding that is fit for purpose given changing economic, societal and technological demands, alongside a commitment to annual, inflation-linked budget increases. Being a leader in this space would enhance UK international competitiveness, provide homegrown advancements in critical industries such as defence and cybersecurity, and enable the UK economy to adapt to risks and evolving geopolitical circumstances.

In our BVCA member survey conducted under the Investment Commission with Public First, we found that 91% of respondents say a faster and more agile regulatory system would make it easier for them to invest in UK businesses.[1]

[1] Adding Value, Delivering Growth - BVCA and Public First's Investment Commission Report

The EMI scheme has been extremely effective in allowing SMEs to compete with larger firms, by giving their employees a material interest in the company. However, the scheme hasn't been reformed in 12 years, and later stage companies are facing recent changes to capital gains tax and reduced reliefs, like the Business Asset Disposal Relief. Similarly, the EIS and VCT programmes are critical tools to drive private capital into UK innovation and scale-up, however over recent years, the impact of these schemes has been weakened by outdated rules that no longer reflect the capital requirements, growth pathways or operational realities of modern high-growth businesses.

R&D tax credits also play a very important role in the companies that are backed by private capital. They are an efficient way of supporting companies to reinvest in their future growth. The R&D tax relief regime is need of simplification, to reduce complexity and eliminate cliff-edge effects, ensuring a more predictable and supportive environment for businesses.

The FCA's regulatory sandbox is a valuable tool for innovation and the adoption of new technologies, and enables regulated financial services firms to test their products in a controlled environment with guidance, mitigating risks and reducing uncertainty around compliance. The sandbox contributes to the UK's position as a global leader in fintech, and the BVCA would welcome similar models implemented by other regulators to encourage this innovation.

2. How could Labour reduce regional economic inequalities to improve living standards?

Supporting regional and local economic growth helps to address geographic inequalities, boost productivity and generate jobs, particularly in areas where many have been left behind economically. Through encouraging private capital investment into the nations and regions, regional economic inequalities can be reduced and living standards can be improved. The importance of private capital funds to business growth across the UK is evident. In 2023, £3.5bn was invested by BVCA member-managed private capital funds, as a whole, in 631 small and medium sized businesses based right across the country. 55% of businesses receiving investment were located outside London (via BVCA members' funds in 2023), and 90% of the UK businesses receiving private capital investment were small or medium-sized companies (i.e. employing 250 or fewer people).

The private capital industry is a key partner for generating nation- and region-led economic growth, ensuring that the benefits of economic growth can be shared by all. Businesses backed by private capital are already major employers in areas across the country, supporting over 2.5 million jobs in 2025, in a range of sectors right across the nations and regions of the UK. These businesses range from some of the largest multinational corporations to new innovative start-ups, such as Intelligent Ultrasound, a Wales-based medical technology company that specialises in real-time hi-fidelity simulation for the ultrasound training market and artificial intelligence based clinical image analysis software tools for the diagnostic medical ultrasound market. Supported by IP Group since 2010, the company has been able to develop new innovative products such as its AI-based ScanNav image analysis technology that makes clinical diagnostic ultrasound easier and simpler to use.

Proven investors specialising in particular nations or regions can deploy capital quickly to support regional growth, but it can be difficult for regional funds to raise capital from international investors as a result of constraints around maximum fund size exposures, target returns, and deal ticket sizes. This can make it difficult for regional funds to access the capital of large institutional investors like pension funds.

Place-based investment aims to address these imbalances by channelling capital into underinvested regions. By doing so, it fosters local economic development, creates jobs and stimulates growth in areas that have traditionally been overlooked. This approach aligns with the UK Government's growth agenda, which seeks to ensure that all parts of the country benefit from economic prosperity.

Opportunities for further government support in this regard include:

- Clarity in Policies: Investors face challenges aligning with local needs due to unclear net-zero and economic development plans. Governments and investors must enhance clarity, collaboration and information sharing to connect macro strategies with region-specific investments.
- Effective incentives: Increase incentives to drive investment in universities across the UK, fostering innovation and spin-outs beyond London and the South East.
- Government-Private Sector Collaboration: Impact Investing is a proven tool to help channel private capital into underfunded public services and the green transition. Helping to scale and mainstream this approach to investing can help achieve growth by focusing investment into underrepresented region

Delivering regional and local Growth

While over half of the 13,000 UK businesses invested in by the private capital industry are based outside London, the BVCA has produced a series of regional reports which show that investment is still disproportionately concentrated in London and the South East. Redressing this balance will require a range of barriers to be overcome, from improving infrastructure, increasing support for Government supported programmes, pensions investment reform and regional decision-making.

Infrastructure and planning

Investment in regional businesses could be even higher with improvements to infrastructure and planning decisions. The ability for a business to expand can often depend on its physical footprint and logistical links, this is why overarching planning reform and the development of effective infrastructure are key measures that can enable business growth.

The BVCA recommends that greenfield status should not be a block on building new facilities and supporting infrastructure. It is important that additional planning officers are available to process applications in line with business timelines. Additionally, stronger powers should be given to the National Infrastructure Commission to give a clear roadmap around major projects, opening new possibilities for investment and to facilitate the transfer of interregional skills.

Support regional innovation

The Government should focus on developing local/regional innovation and investment ecosystems to facilitate economic growth across the regions. This includes targeting and establishing technological innovation hubs in different regions will assist in developing technical skills thereby widening the pool of resources and skills and making it easier and more attractive for private capital to invest.

A place-based approach to industrial policy is essential to address the long-standing gap in regional economic planning. For example, Oxford and Cambridge have developed strong ecosystems that foster entrepreneurship, supported by local initiatives and a robust infrastructure. The BVCA welcomed the Government's recently announced plans for the Oxford-Cambridge Growth Corridor which highlight the action Government can take to support innovation, accelerate regional developments and drive delivery.

Supporting innovation and entrepreneurs, for example by helping to commercialise the Intellectual Property (IP) flooding out from UK universities through 'spin-outs', and keeping those businesses in the UK, is crucial to economic growth and creating jobs. The more growing businesses we have, the more investment opportunities there are. The stronger the UK can make its domestic pipeline of promising businesses, the more the country will attract private capital firms to expand their teams and investment activities here. Ensuring that there is a strong domestic pool of capital available to support this innovation is critical, as set out above in Question 1.

As set out in our response to Question 1, it is crucial that the EIS/VCT schemes are reformed, as in their current form they risk excluding the very companies the Government is seeking to support, particularly in AI, life sciences, clean energy and advanced manufacturing. Regional EIS and VCT funds are particularly constrained by restrictions such as the 7-year rule. This often limits access to access schemes as regional funds often take longer to reach the stage when they are able to receive institutional investment from VCs. Raising this limit would therefore provide more opportunities to scale up and grow across the nations and regions.

The BVCA welcomes the Government's objective to establish 'AI Growth Zones' (AIGZs) as outlined in the AI Opportunities Action Plan, to facilitate the accelerated build out of AI data centres and boost the UK's domestic compute portfolio, and looks forward to engaging further on how the private capital industry can support the delivery and implementation of this. Given the focus on the adoption of AI across the UK economy, the development of a national infrastructure to support the deployment of innovative technologies such as Artificial Intelligence will be crucial to achieving this objective.

Expand support for the British Business Bank (BBB)

The BBB plays a significant role crowding in regional and growth funding in the venture capital and tech investment ecosystem, as it does in supporting the pensions and growth agenda. The BBB is, and will continue to be, an important source of capital for businesses looking to start and scale up. It helps drive innovation, supports entrepreneurs and can help break down barriers to capital with programmes such as the Nations and Regions Investment Funds (NRIF), providing valuable support for innovative companies across the UK.

The Government should expand support for the BBB with further funding and provide the Bank with a wider mandate. This will enable the BBB to continue to support UK companies from the start-up stage to scale-up, including growth equity and buyout funds that can take majority stakes in companies. This will give greater flexibility for returns via secondaries (where an investor buys an existing asset or interest from another investor). We believe that this would also provide a route to regional lower mid-market managers being able to attract investment from LGPS pools. Given the plans set out in the Government's Pensions Investment Review and Pensions Scheme Bill to mandate the transfer of assets from LGPS funds to pools, this would help drive much needed funding into stated government focus area such as Deep Tech and Life Sciences, aligning with the government's Industrial strategy.

Pensions Reform

Local Government Pension Schemes (LGPS)

The Government's LGPS pooling reforms should open new avenues for UK investment. The LGPS has a track record of supporting the UK's innovative growth companies by investing in private capital funds managed by firms based around the nations and regions, thereby enhancing nationwide economic development. The BVCA is encouraged that the Pensions Investment Review will progress further with pooling. Larger, FCA-authorised pools should have a greater ability to build capability in their investment teams to invest more widely in private capital funds, to the benefit of LGPS returns and the wider economy.

However, it remains unclear precisely how the pools will be encouraged to maintain and increase the LGPS' contribution to the UK's innovative start-ups, scale-ups and SME growth businesses by investing through venture and growth capital funds. In contrast to investing in infrastructure projects or large funds with global mandates, investing in private capital funds that support the growth of these growth companies will require the pools to make relatively small individual investments of £10-50m into smaller private capital funds. It will also require the pools to have an expansive approach to "local" investment or otherwise embed a focus on investing that drives UK SME growth. The returns generated in the UK's high-growth and lower mid-market segments are often very attractive, but accessing these smaller opportunities, alongside larger investments in infrastructure or global private capital funds, will also require the pools to develop specific expertise and programmes targeting smaller private capital funds that have a track record of deploying capital, exercising active ownership and delivering strong returns from UK SME growth.

Supporting the LGPS to develop effective partnerships with successful UK venture capital and lower mid-market private equity firms is the key to ensuring that the LGPS reforms improve scheme investment performance and drive UK-wide innovation, SME growth, jobs and productivity. The BVCA is extremely keen to engage further with Government help to identify further mechanisms necessary to achieve this.

Introduce new initiatives to accelerate pension scheme investment

The BVCA convened the Pensions & Private Capital Expert Panel (Expert Panel) published a series of recommendations for policymakers, key stakeholders and both industries to help facilitate UK DC pension scheme investment into private capital funds which support innovative, high-growth businesses.

This includes Government support to introduce a "NOVA" scheme (New Opportunities for Venture and growth Acceleration), emulating the French Tibi scheme, which secured c.€20bn of investment from French institutional investors to private capital funds investing in the French tech ecosystem. This will increase investment opportunities for UK pension funds to invest in venture and growth capital funds, and increase investment in a specific sector identified by the Government. This will in turn lead to the development local/regional innovation and investment ecosystems to facilitate economic growth in these regions.

The Expert Panel also recommended the creation of a new fund of funds investment vehicle as part of a series of further initiatives to build on the British Business Bank's (BBB) British Growth Partnership. A new vehicle should focus on growing the UK's venture and growth capital investment ecosystem, by supporting growth equity and growth capital funds, and expand the BGP's target of "hundreds of millions" to at least £1bn of commitments. It could be built around a £300m government cornerstone investment to crowd in an additional £700m of investment from UK pensions (DC, DB and LGPS), and could be split between strategies (late-stage venture and growth capital).

The Government should consider various levers that might help crowd in UK pensions investors, as well as a cornerstone investment to provide confidence. This could include Enterprise Capital Fund-style terms that would leave more of the upside for other LPs, or a fee offset mechanism to mitigate LGPS concerns around extra fees on top of pool expenses.

Metro Mayors and Devolution
Metro Mayors and devolved powers are crucial in developing resources and policies that boost economic growth in the regions. Initiatives such as the West Midlands Digital Skills Consortium is an example where Mayors can improve the investment climate and leverage strengths in their regions to develop key sectors such as manufacturing and digital technology.

Address the domestic skills shortage
Skills shortages in the recruitment of a domestic workforce has been identified by investors as the single biggest issue for UK businesses they invest in, and a major factor in deciding not to invest in particular UK businesses. To reduce regional inequality and improve living standards, it is important that there is a focus on developing a skilled workforce across the UK.

These shortages will vary from sector to sector, but through the BVCA's engagement, there is particular concern about difficulty in recruiting people with certain technical skills, from heat pump installation to the ability to use particular kinds of software.

Support for skills training programmes that focus on particular skills gaps would make it easier for businesses to be confident that they can recruit the workers they need, and for investors to back them. Skills and talents are not just about the broad workforce that a business needs, but about specific leadership and business development skills. In the absence of domestic or local business leadership, this sometimes has to be brought in from overseas.

To address domestic skills shortages, the BVCA recommends:

- **The introduction of a new Growth and Skills Levy to fund specific, high quality non-apprenticeship training programmes**, such as skills bootcamps, in areas where specific skills shortages constrain economic growth and where there is demonstrable business need, so that employers can contribute more to wider skills development.
- **The Apprenticeship Levy should be expanded, to fund specific non-apprenticeship training programmes**, such as skills bootcamps. This would provide support for businesses to provide lifelong learning and training to employees and help combat the skills crisis.
- **The introduction of specialist visas to secure talent in key sectors that contribute to national security and align with the Government's Industrial Strategy.** This would ensure that the UK can attract and secure talent in critical areas as visa decisions are often too slow, resulting in the UK losing talent to other jurisdictions.

The BVCA welcomes the establishment of Skills England, which will help formulate a national understanding of the skills gaps that exist and how these can be addressed. This will contribute to the Government's objective to achieve economic growth in alignment with the growth driving sectors set out in the Industrial Strategy. The BVCA looks forward to engaging with the Government as further detail is announced.

3. What steps could Labour take – including in the industrial strategy - to increase private investment and create good jobs across the country, boosting living standards?

The private capital industry is a key partner for driving UK economic growth, already backing businesses that contribute 7% of GDP and supporting 2.5 million jobs. Ensuring we have right policies in place to maximise the industry's investment in UK businesses, including through the industrial strategy, can help these businesses to grow, enhance productivity, and create jobs which in turn boost living standards.

Analysis carried out by Public First on behalf of the BVCA shows that the British economy would be boosted by an estimated £100 billion by the end of this Parliament if businesses across the country achieved productivity growth comparable to private capital-backed firms. Higher productivity is widely recognised as the key determinant of improving living standards, but the UK has underperformed similar economies in recent years. Alongside increasing investment, closing the productivity gap will be essential if the Government is to kickstart economic growth and raise living standards in every corner of the UK.

A successful Industrial Strategy must ensure the market ecosystem for each sector, including regulation, incentives, and talent pool, works to attract investment in businesses of all sizes. The Government's Industrial Strategy must look to maximise private equity and venture capital investment in UK businesses.

The private capital industry is already an indispensable partner for UK economic growth, standing as it does at the unique intersection of deploying capital, investing for the long term and helping to shape the strategy of the British businesses it invests in. UK based private capital specialists have £178 billion of funds to invest, which they expect to deploy in the next three to five years. Historically, around half of the funds managed in the UK, known in the industry as 'dry powder', are put to work here.

Capital is mobile. To drive economic growth, we must bring that capital here, both by encouraging the global investors to put their capital in UK funds and by ensuring that investors have the confidence to invest in UK businesses.

Pension reform

Labour has committed to the whole UK pensions landscape – including DC and DB pensions – playing a key role in stimulating UK growth. The BVCA supports this ambition, and strongly believes that enabling this will be beneficial to UK growth, and also has the potential to deliver enhanced returns to pension funds, and therefore savers.

In 2024 the Government consulted on new requirements around pooling in the LGPS, as well as new reporting requirements on 'local' investments. There is a clear relationship between scale and the ability of institutional investors to be able to invest in private capital growth opportunities, and so the BVCA is supportive on the direction of travel.

However, it is not a given that further pooling will either protect or increase the ability of the LGPS to invest locally in the UK's nations and regions, or indeed in smaller, impact focused opportunities. DC schemes are largely starting in a very different place to the LGPS in terms of investment in private market opportunities – the relative immaturity of most large DC schemes means that there is no history of making such investments, and there have been historical and structural challenges that have made it difficult for them to invest in anything other than liquid, public market opportunities.

The BVCA welcomed the recent announcements from the Government following the first phase of the Pensions Investment Review, in particular the confirmation that the Government confirms will press ahead with significant consolidation of defined contribution and local government pension schemes.

Increasing investment into private markets, and specifically private capital, is a significant focus of the reforms set out in the Review, with an increased ability for larger schemes to build capability in their investment teams to invest in private market assets.

The Review recognised the need to improve the attractiveness of the UK as a place to start and scale up businesses through improvements to the supply of domestic capital and highlighted that a narrow focus on cost has been detrimental to saver outcomes.

The BVCA engaged extensively with Government throughout the Review to emphasise the need to ensure pension providers are better placed to invest in a fuller range of asset classes including venture capital funds and improve access to capital for high-growth businesses, and improve the retirement prospects of UK pension savers. The BVCA will continue to engage as the proposals set out in the review are introduced into legislation.

Role of the National Wealth Fund (NWF)

The success of the National Wealth Fund in mobilising private investment and subsequently stimulating economic growth is dependent on a number of factors. To successfully crowd in private investment it is crucial that the NWF has a clear mandate, including how it will interact with other Public Finance Institutions. For our members, there is a lack of clarity as to whether the NWF remit is wider than infrastructure projects, and how it will interact with the British Business Bank, which has a proven track record of successfully investing alongside VCs.

To ensure the National Wealth Fund successfully mobilises private investment, we need to encourage global investors to invest their capital into UK funds and ensure that investors have the confidence to back UK businesses. The success of the National Wealth Fund is highly dependent on the UK having the right regulatory and policy framework to attract private investment, which in turn can stimulate economic growth.

Further clarification on the relationship between the NWF and LGPS

The Strategic Priorities set by the Chancellor for the NWF notes that the fund *"will collaborate with other Public Financial Institutions, government departments, relevant government bodies, and the Local Government Pension Scheme to address access to finance gaps and support strategic objectives on growth and clean energy".*

The BVCA would agree that the Local Government Pension Scheme has a clear role in local growth discussions throughout the nations and regions. The Government's Pensions Investment Review has outlined that the NWF will work with Local Government Pension Schemes to address finance gaps and stimulate growth. It is important that the Government ensures that the pooling plans enable the right investments, and that clarity is provided on the expectations of the LGPS with regards to this relationship.

Clean energy industries: utilising blended finance

A well-structured partnership between public and private capital, underpinned by blended finance and responsive to the pace and diversity of funding needs, is essential to unlocking the full potential of green infrastructure. Blended finance mechanisms should be embedded, as through de-risking investment for private capital the NWF can crowd in significantly more private capital than it could deploy on its own. This not only increases the scale of impact but also improves capital efficiency.

Regional and local economic growth can work in alignment with the goal of tackling climate change in the following way:

- The transition to a low-carbon economy can stimulate regional growth by attracting investment in renewable energy, sustainable transport and green construction, thereby creating high-quality jobs and fostering innovation outside traditional economic centres.
- Infrastructure upgrades and climate adaptation projects can revitalise regional areas, boosting local economies while building long-term resilience and sustainability.
- Encouraging a more effective circular economy, with a focus on resource efficiency and waste reduction, promotes local entrepreneurship, reduces dependency on external resources and unlocks new markets for eco-innovative businesses.
- Through targeted investment, funds such as the NWF, working in alignment with the BBB, should encourage the development of green tech hubs in comparatively underperforming regions outside of London and the South East.

5. What steps should the Government take to ensure that major infrastructure is approved and developed quickly, in line with Labour's commitment to approve 150 major infrastructure projects this Parliament?

The Government recognises that infrastructure underpins all economic activity by connecting people, goods, services, and ideas, and that improvements in infrastructure will be essential to promoting UK economic growth.

Investing in infrastructure and reforming the planning system will be key to the success of the Industrial Strategy and will work to create more opportunities for small business growth and attract further private capital investment into the UK's nations and regions. The length of time it can take to get planning permission for facilities such as factories and laboratories adds further uncertainty for those looking to invest across the UK's nations and regions. In many cases, their plans are also vulnerable to planning delays affecting other necessary infrastructure, from the grid to transport to housing.

Business investors are not investors in infrastructure, but they can only deliver high growth and strong returns if there is world-class infrastructure for their businesses to make use of.

The BVCA and Public First's Investment commission makes several recommendations to improve the UK's planning and infrastructure:

- Planning laws need to be changed to make it significantly quicker and easier to build both the facilities and the supporting infrastructure that enable investment and job creation in the UK.
- Greenfield status should not be a block on building new facilities and supporting infrastructure. Forthcoming changes to Green Belt designation should not be restricted to housing development but must ensure that job-creating sites can be built where they are needed where there is insufficient suitable brownfield land.
- A lack of basic planning capacity is a crucial constraint on approvals: Government should invest in training planning officers, and deliver and go beyond its pledge to recruit 300 additional planning officers.

- Where a business commits to investing over a certain amount in physical assets in order to create over a certain number of jobs, the Government should support the costs of building associated grid or public transport connections in line with their timelines.
- The Government should also give stronger powers to the National Infrastructure Commission to ensure a clear roadmap around nationally significant projects.
- Government should recognise that one of the reasons to invest in infrastructure and reform the planning system to build more housing is to make it easier for talented individuals to travel to and live in the places they are needed, and therefore easier to invest in and grow businesses there.

6. What are the specific implications of policy proposals in this area for (a) women, (b) Black, Asian and minority ethnic people (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?

As the trade body for the private capital industry, the BVCA is regularly engaging with members and partners on the barriers women face which hinder their ability to start and grow successful businesses across the UK, both in our own industry and the sectors our members invest in. Through this engagement, we have identified a number of key barriers facing female entrepreneurs and solutions to address this.

- Access to Venture Capital Funding
  Female-led businesses, especially those with all-female teams, receive a disproportionately small share of venture capital funding. Notably, only 5% of total venture capital funding is allocated to all-female teams. This disparity is even more pronounced for ethnic minority women, who often face additional biases and challenges in securing investment. This is often the result of broader barriers, including the age limit on EIS/VCT funds, which has a significant impact for regional companies who often take longer to establish than those based in London. This is also the case for female founders.

  Initiatives like the Women Backing Women Fund which aims to create one of the largest funding pools for female-led businesses, should be encouraged. This involves mobilising both public and private sector investments and ensuring that capital is allocated through female investment decision-makers.

- Lack of access to mentorship and networks
  Access to mentorship and networks is critical for entrepreneurs to navigate the challenges of securing funding. According to the EISA, only 30% of women know an entrepreneur, and there are often difficulties in gaining access to the key networks that can unlock funding opportunities. While there has been a significant amount of work in this area across the industry, it is important that mentorship and networking opportunities are expanded across all sectors, in order to enable female entrepreneurs to build connections across the ecosystem.

  The creation of network and mentoring platforms specifically for female entrepreneurs to connect with investors, advisors, and peers, should be supported by Government. This can help overcome some of the barriers to success, such as limited access to key industry networks.

- Lack of education and awareness to develop female entrepreneurs of the future
  The lack of financial education and awareness is often cited as a significant barrier for female entrepreneurs, with limited focus given to enterprise in schools and universities, which contributes to the low levels of skills and entrepreneurial ambition.[2] For female entrepreneurs who may already lack access to mentorship and networks, this can be compounded by a lack of financial education.

  The Talent Pipeline in Science, Technology and Maths

[2] APPG Women and enterprise report

To create a pipeline of talent, it is important to continue to promote education in STEM subjects, data science and other tech related skills at school and university. It is also important to promote enterprise and entrepreneurship at all levels of education, which create a strong pipeline of female entrepreneurs.

Female entrepreneurs often lack role models that can often provide a demonstrable example that this can be a viable career prospect. This also limits understanding of the current landscape and the role, contribution and networks of female entrepreneurs that exist. These role models can be an important influence for females at school and universities participating in STEM subjects and for female entrepreneurs who chose to start a business at a later stage.

The BVCA's Report on Diversity in UK Private Equity and Venture Capital

The BVCA, alongside Level 20, produce annual Diversity & Inclusion reports, which present data on the representation of women and people from different ethnic backgrounds working within private equity and venture capital investment firms. The 2025 edition of this report shows steady progress on female representation at the mid and senior levels, and improvements in ethnic diversity at all levels. As part of the BVCA's methodology for this report, we are able to compare a UK gender data set to Level 20's latest European data.

In 2025, the percentage of individuals from ethnic minority backgrounds within the private capital industry increased to 20%, placing the industry in line with the UK national average. The BVCA is committed to working with both the Government and partner organisations to overcome those related to our industry, and identify solutions. This includes working to overcome barriers to women from ethnic minority backgrounds, who are struggling to access funding to help them start and grow a business.

The BVCA is a signatory to the Invest in Women Code, which collects data from signatories across the financial services industry, has now attracted over 250 signatories, an uptake from 190 in 2023.

Organisations such as Investing in Women Taskforce recommend increasing access to follow-on capital and scaling support, so female entrepreneurs can grow their businesses beyond the seed stage. The Investing in Women Code 2024 report provides compelling evidence that increased female representation among investors leads to greater investment in female entrepreneurs. Specifically, it highlights that signatories of the Code have consistently outperformed the wider market in funding female-led businesses.

The BVCA is working to encourage firms to diversify their investment teams, ensuring that decision-makers reflect the communities they aim to serve. This would involve increasing the number of women in investment roles, so that the investment process itself is more reflective of diverse perspectives.

The BBB, UKBAA, UK Finance, and the BVCA are united in their commitment to the Code and to working with the Department for Business and Trade to secure equal access to finance for female entrepreneurs.

Clarity, consistency and long-term support in these Government programmes supporting female entrepreneurs in the UK is also crucial. It is more effective to strengthen and streamline existing initiatives rather than continuously creating new ones, with clear signposting at all levels and close collaboration with regional and local administrations to ensure accessibility and impact.

7. What consideration would need to be given to policy proposals in this area when collaborating with devolved administrations, combined authorities and other local governments in England, Scotland, Wales and Northern Ireland?

National political leadership is critical to setting strategic and policy direction, however in the context of regional investment in particular, we heard in our Investment Commission member survey that regional political leadership such as metro mayors is significant and makes a big difference – both as champions of the area they represent and as a focal point for engagement. While the exact powers and responsibilities of metro mayors differ from mayoralty to mayoralty, and may be changed in future, the benefit of having a single central figure for potential investors to engage with is invaluable - perhaps more than through specific policies at mayoral level.

New bodies such as the Regulatory Innovation Office, the Industrial Strategy Council and the Mission Board for Growth need to be empowered to deliver investment and growth. The Prime Minister has pledged to "do everything in my power to galvanise growth including getting rid of regulation that needlessly holds back investment."

The Office for Investment needs to be resourced to deliver a world-class concierge support for foreign investors to navigate the UK government landscape. This will help maintain the UK and the City as a global hub for investment, with a competitive and stable tax system and a clear roadmap that sells the concept of Britain and the future of our economy.

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