Venture capital in the UK

May 2025

Contents

Foreword – the venture capital view

The UK's venture capital market is one of the most important in the world. It is a fundamental driver of economic growth, providing vital investment to help businesses start, grow, and thrive long into the future.

Last year, £9bn was invested into UK venture-backed businesses by General Partners alongside other co-investors such as corporates and financial institutions, maintaining the UK's status as the third largest VC market in the world, behind only the US and China.

Across the UK, there is an amazing array of entrepreneurs and founders building incredible businesses, with a wide range of investors supporting them at all stages from start-up to scale-up and beyond.

However, there is more the Government and the industry can do to support these businesses and their investors. The policy recommendations set out in this paper provide a framework to increase growth and create the right environment to build global companies in strategic sectors areas like AI, net zero and defence.

Critically, this means taking steps to increase investment into high growth companies, especially in the later stages of their development, by unlocking larger pools of domestic and international capital, giving these companies the support they need to compete with the very best in the world.

Building businesses in the UK

Young businesses looking to grow and thrive in the UK can still face difficulty in accessing funding, especially after Series A when they receive their first significant cheque from domestic investors. Scale-up companies looking for significant further investment from Series B to pre-IPO can struggle to find UK investors to lead these later rounds. BVCA data has shown that UK companies are overly dependent on overseas and particularly US investors in order to scale, and in deals where foreign investment has been secured, in some cases companies have had to relocate from the UK to secure this.

This exposes the lack of available scale-up capital in the UK, with too few funds of real scale available to invest once deals tip over the £20m mark in particular.

Accessing investment

The British Business Bank will continue to be an important source of capital for businesses looking to start and scale up. It helps drive innovation, support entrepreneurs, and can help break down barriers to capital. Its remit should be expanded as part of the 2025 Spending Review to cover growth capital funds alongside expansion of the BBB's Nations and Regions Investment Funds.

These changes would better facilitate crowding in of UK pensions investment, boost the UK's SME growth ecosystem, and ultimately support British businesses across all nations and regions in the UK to fulfil their potential.

The establishment of the British Growth Partnership is also welcome, and it has the potential to play an important role in unlocking UK pension investment and strengthening the UK's business investment ecosystem.

Unlocking pension investment

Now is the time for the Government to push forward with its plans to encourage more UK pension fund and institutional investment into innovative UK companies. Pension capital needs to be facilitated into private market funds. The creation of NOVA – New Opportunities for Venture and growth Acceleration – can make that easier and build the market and learning the lessons of the successful French Tibi scheme, by introducing a marketplace of independently accredited funds for DC schemes to invest in strategically important sectors. This will bridge the gap between the pension and private capital sectors, and give pension funds looking to deploy capital in the coming years more confidence.

Leadership to drive investment

The UK's competitor economies are driving investment into their domestic private capital funds through strong leadership and engagement from their most senior Government leaders. The UK's venture capital ecosystem is thriving, but we can do more. The Government, regulators and industry must be ambitious if we are to ensure that entrepreneurs and founders can continue to start and build brilliant businesses in the UK.

Stephen Chandler
Managing Partner, Notion Capital & Chair of the BVCA VC Forum

Venture capital in the UK: an overview

UK venture capital at a glance

UK investment

£9bn

invested into UK venture backed businesses in 2024 by VC firms alongside others.

Investing for the long-term

6.7 years

average holding period for VC backed businesses exited in 2024 but can be for more than 10 years.

Business footprint

9,100

businesses are backed by venture capital in the UK.

Employment

378,000

people are employed by companies backed by venture capital across the UK.

Invested across the UK

51%

of venture businesses backed in 2024 were outside of London.

UK innovation

Ranks 5th

in the World Intellectual Property Organisation's Global Innovation Index 2024.

10 year horizon return

11% p.a.

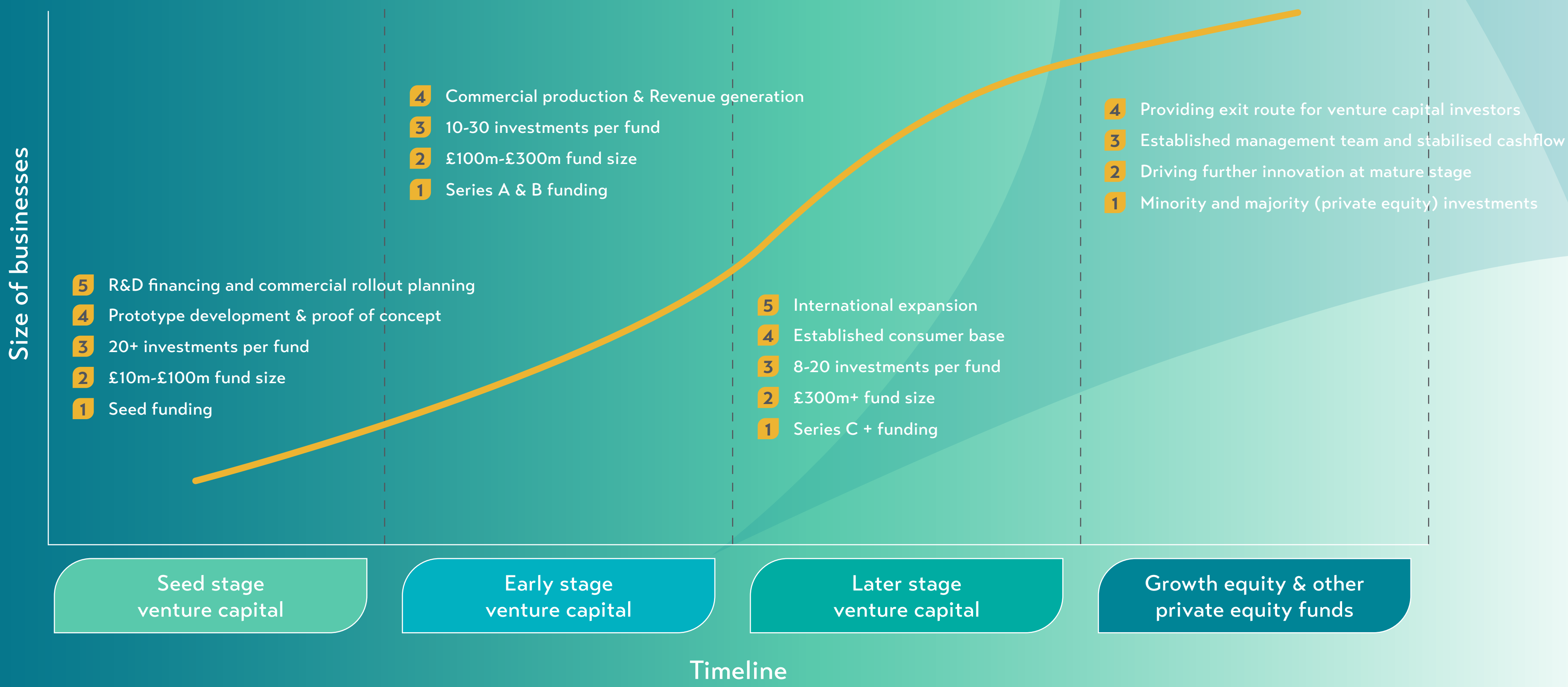
10-year horizon IRR for UK managed VC funds vs 5.3% and 7.5% for the FTSE All Share Index and MSCI Europe Index.

"The UK remains Europe's leading venture capital hub, powered by a vibrant ecosystem of top-tier founders, AI expertise and world-class universities. Media tech continues to attract major investment, with a growing number of unicorns, showcasing the UK's advantage in the intersection of media, entertainment and AI. We must continue to ensure we have the right framework to help these companies scale effectively."

Alan Hudson, Founding General Partner, Mercuri Ventures

Venture capital journey

Venture capital (VC) funds provide equity finance that backs early-stage innovative companies with a high growth trajectory. Venture capital investors back companies from the earliest stages (seed) to later investment stages (series A, B and beyond). Throughout each stage, additional capital is required to enable companies to grow and enable a company to continue to innovate and create jobs. Early-stage investors back founders and teams to develop innovative products that have the potential to scale quickly, while later stages of VCs and growth equity funds allow companies to expand its reach, take risks, scale, and provide expertise to help navigate the journey to becoming a mature, larger business.



The UK as a VC hub

> *"Disciplined capital deployment, grounded in data, valuation rigour and risk management, remains key to consistent fund performance. In a competitive and volatile environment, this measured approach enhances transparency, supports resilience and drives long-term venture returns."*
>
> **Chloe Dagnell**, Principal, Isomer Capital

In an environment of global political and economic uncertainty, the UK remains a global VC hub. Attracting capital into new UK businesses and supporting them to grow is vital if we are to ensure the benefits of economic growth, including jobs, skills and wealth creation, are felt across nations and regions of the UK.

In total, general partner firms, alongside other co-investors such as corporates and financial institutions, invested circa £9bn into UK venture stage businesses in 2024. This is a £1bn or 12.5% increase compared to the previous year.

Fundraising

VC funds managed from the UK had a strong year in 2024 with the total amount raised reaching £4bn, compared to £2.3bn in 2023. This reflects the fundraising performance of several large UK based managers.

2024 saw a rise in the number of venture funds raising capital, from 44 in 2023 to 48 in 2024, demonstrating continued investor confidence in this type of investment. UK venture funds attract capital from a diverse range of sources with capital markets and corporate investors retaining their position year on year and further increasing their share to 18%, followed other asset managers (13%) and academic institutions/foundations/endowments (11%).

Investment

Venture capital invests in companies at different stages, from seed stage, through early stage to later stage and beyond. Companies at early-stage make up circa 85% of all venture-backed companies in 2024, continuing a trend of recent years.

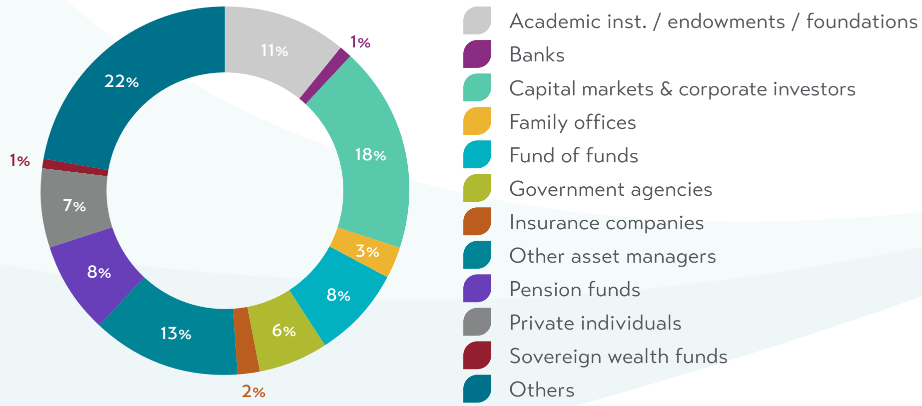
For companies at later stage, the amount invested increased 70% year-on-year, although the actual number of companies that received investment remained steady.

Companies at seed-stage are companies at the very beginning of their development. Investment in these seed-stage companies increased over 80%, and the number of companies receiving seed-stage investment increased 30%.

Where businesses are supported by VC investment, that investment is typically for the long term. The holding period for investments increased to 6.7 years for venture investments in 2024. This investment over the long-term gives the business a platform on which to scale, improving productivity, upskilling employees and generating jobs.

Funds managed from the UK

48 funds were raised across 36 firms. The sources of capital were:



Investing in jobs across the UK

"Venture capital is increasingly enabling high-quality innovation across UK nations and regions, particularly in university-led ecosystems. Localised investment is helping close historic funding gaps, allowing promising companies outside London to scale and contribute meaningfully to national economic growth."

Marion Bernard, CIO, Northern Gritstone

VC investors support businesses across all nations and regions of the UK, and the number of businesses supported by VC investment has grown. In 2024, more than 9,000 businesses were supported by venture funding, an increase of around 1,000 since 2023.

The number of jobs supported by businesses with VC investment across the UK's nations and regions has also grown. In 2025 these businesses employed 378,000 people, an increase of more than 60,000 people on 2023.

This is indisputably good news, and there are many examples of businesses around the UK thriving with VC investment – businesses such as Bettering Our World (BOW), a spin-out business based in the North East and supported by Northern Gritstone.

However, a challenge remains that there is a lot less capital deployed into businesses outside London and East of England . The biggest increase in regional investment year-on-year by amount was in London and the East of England. Around 55% of jobs in venture backed businesses are businesses headquartered in London, followed by the South East and East of England.

There are a range of organisations and programmes with a role to play in addressing this. Some, such as British Business Bank programmes and the Enterprise Investment Scheme, are referenced later in this report, as is pension reform and its potential to unlock further capital for investment. Regional policymakers, devolved governments and Metro Mayors have a role to play in creating a policy environment and infrastructure that supports a region as an investable proposition. From the industry side, throughout 2025 the BVCA is holding a series of Invest Forums in nations and regions around the UK, bringing together different organisations to discuss how to remove barriers to investment and ensure the impact of economic growth is felt in every part of the UK.

BOW

Supported by Northern Gritstone

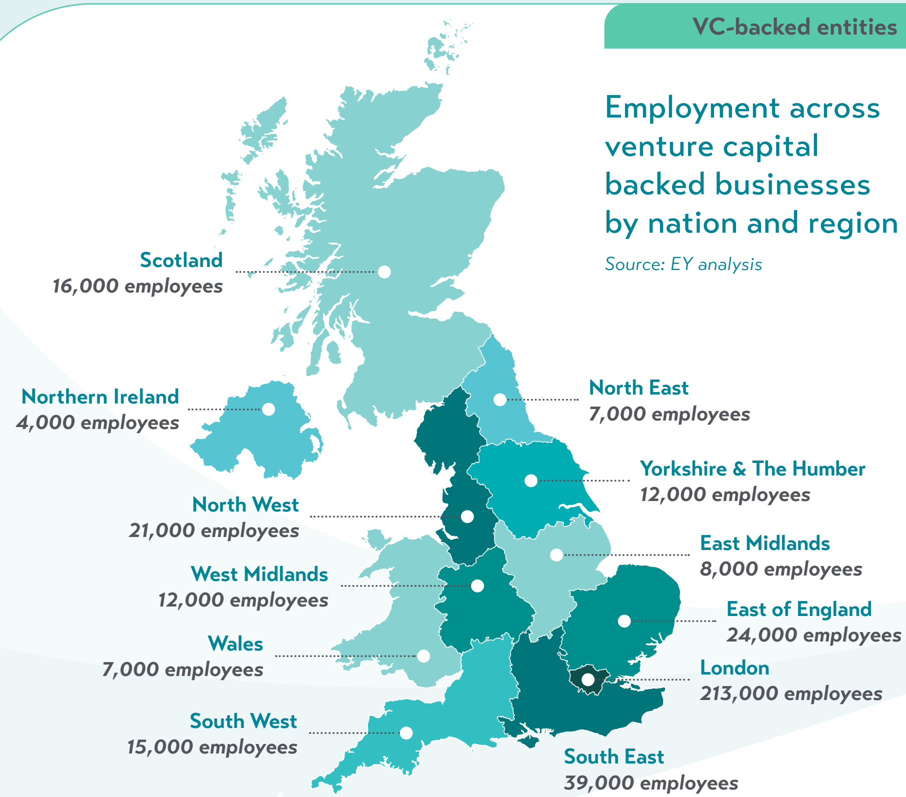
Originally spun-out from the University of Sheffield in 2020, BOW offers a software platform that handles the complexities of robotics and allows developers to focus on innovation and creativity instead of technical challenges. The company is developing 'robot-agnostic' software development kit (SDK) to bridge the gap between diverse robotic systems, enabling integration and operation across multiple platforms, regardless of operating system or manufacturer.

Earlier this year the company announced that Raspberry-Pi Co-Founder Liz Upton had joined the company as Chair. BOW is currently working with OEMs, software development houses and research and development teams to address the core issues of portability between different makes and classes of robots.

VC-backed entities

Employment across venture capital backed businesses by nation and region

Source: EY analysis



Driver of innovation in sectors across the UK

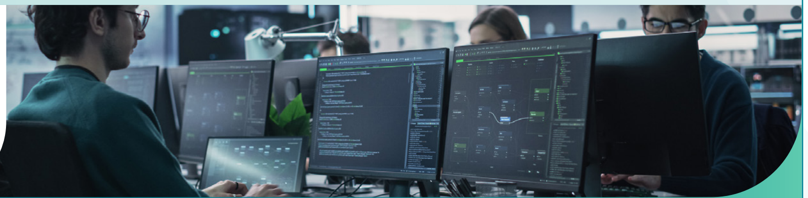
VC investment plays an important role in the information and communications sector, with 36% of people employed in VC-backed entities employed in that sector, representing 137,000 jobs.

Businesses in the professional, scientific and technical sector (13%), the finance and insurance sector (10%), and the manufacturing sector (9%), also represented a significant proportion of jobs in VC-backed businesses.

VC investment supports businesses in a variety of other sectors, across education, arts and entertainment, real estate, infrastructure and more.

The next section looks in depth at investment trends in the deeptech sector.

quantexa



Supported by AlbionVC

Quantexa is a global AI, data and analytics software company pioneering Decision Intelligence to empower organisations to make trusted operational decisions with data in context.

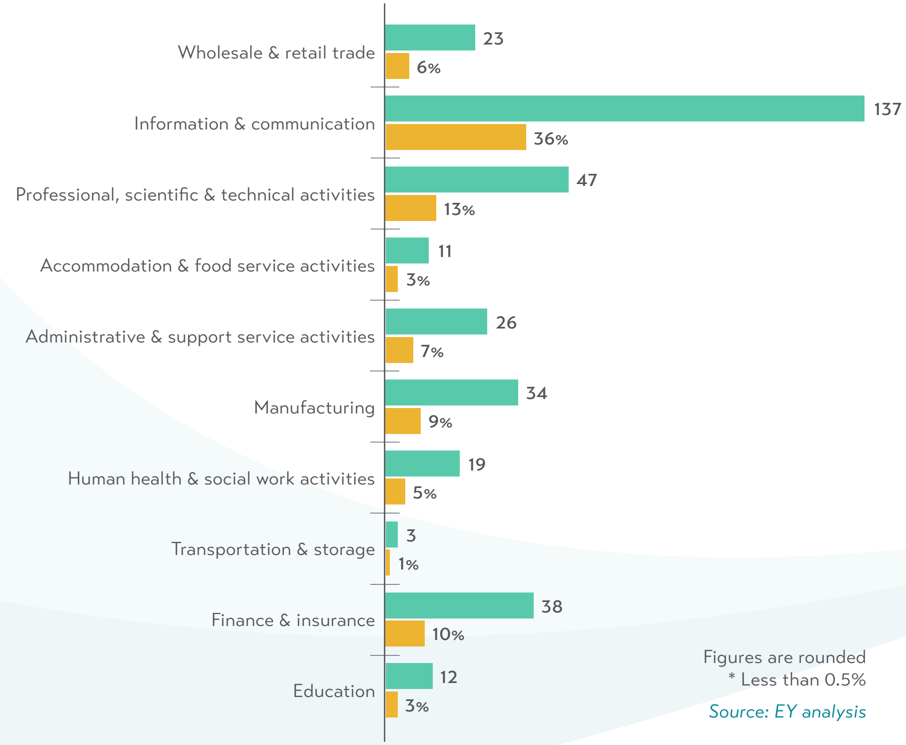
Using the latest advancements in AI, Quantexa's Decision Intelligence platform helps organisations uncover hidden risk and new opportunities by unifying siloed data and turning it into the most trusted, reusable resource. It solves major challenges across data management, customer intelligence, KYC, financial crime, risk, fraud, and security, throughout the customer lifecycle.

Albion led the first round in 2017 alongside HSBC, one year after the company was founded. The company recently completed a c.£140m Series F investment round in 2025, which values the British tech company at £2bn.

"A multi-sector approach allows us to manage risk while capturing innovation across Enterprise Software, Healthtech, Climate and FinTech amongst other sectors. The UK's diverse landscape supports this strategy, helping uncover durable companies at the intersection of multiple high-growth themes."

Ed Lascelles, CIO, Partner, AlbionVC

UK venture capital backed business employment by type of economic activity and business, 2025



Figures are rounded
* Less than 0.5%

Source: EY analysis

Spotlight on the deeptech sector

Deeptech is a sector which targets novel scientific or engineering breakthroughs in sectors such as AI, semiconductors, quantum computing and robotics. The UK is home to many specialist deeptech VCs, often based around deeptech hubs, as well as successful UK deeptech unicorns include Darktrace, Oxford Nanopore and Quantinuum.

There has been a marked increase in deeptech investment across Europe in recent years. The UK continues to be the leading hub for deeptech investment in Europe, attracting $4.2bn of VC and growth investment in 2024, with London receiving the more investment ($2.5bn) than any other city across the continent[1]. Oxford University is ranked first for creating the most deeptech spinout value in Europe, with Cambridge third, and Imperial College London and University College London in the top 10. Dundee University, the University of Bristol, and the University of Edinburgh are also significant regional and national investment hubs.

Dual-use and defence technologies

The UK has a strong track record in dual-use innovations, those with both civilian and military applications, and investors are looking to increase investment in other defence technologies such as drones or cyber, and defence is one of the eight growth-driving sectors identified by the Government.

The UK currently spends 2.3% of GDP on defence, which in 2024/25 was approximately £56.9bn, and this is expected to increase to nearly £60bn in 2025/26[2]. This is set to grow even further as the Government will increase the total spend on defence to 2.5% of GDP from April 2027, and to increase it to 3% of GDP in the next parliament[3].

It is encouraging to see the Government's announcement in the 2025 Spring Statement that the new UK Defence Innovation fund will have £400m to invest. It also set out plans to make it easier for startups to access government contracts and streamlining procurement processes.

[1] The 2025 European Deep Tech Report – Dealroom, Lakestar, Walden Catalyst (March 2025)
[2] Autumn Budget 2024 – HM Treasury (October 2024)
[3] No.10/MOD press release on defence spending (February 2025)

"Deeptech and defence require long-horizon capital and close coordination with government and industry. The UK's strengths in AI, quantum and security technologies are gaining momentum, but success will depend on sustained alignment between research, investors and strategic end-users."

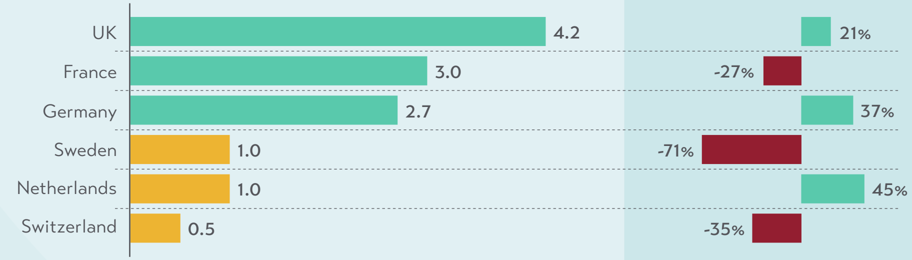
Dr Klaus Hommels, Founder & Chairman, Lakestar

Expanding NSSIF

The BVCA also recommends that the Government expands the remit of the National Security Strategic Investment Fund (NSSIF), the corporate venturing arm for dual-use advanced technologies backed by the Government and the British Business Bank. NSSIF is well established and has a strong track record of investing in funds and investing directly in companies in dual purpose and defence technologies. To achieve this, NSSIF should be formally established as a separate entity to the BBB and be able to ring fence its own capital and recycle returns into new investments. NSSIF currently receives £100m annually to invest across its programmes.

Deeptech VC funding by country in Europe 2024
$bn

YoY growth
%



Source: 2025 European Deep Tech Report (Dealroom, Lakestar, Walden Catalyst)

MINDGARD

Supported by IQ Capital & Lakestar

Founded at Lancaster University, Mindgard is an AI security company that helps enterprise to test, detect, and respond to cyber threats against their AI models. Their platform ensures that business can rapidly embrace LLMs and other AI technologies whilst protecting their digital assets, brand, and reputation within the new AI world.

In 2023, Lakestar joined IQ Capital in investing $4m in seed funding to accelerate growth and expand operations. In late 2024, both funds further supported Mindgard as part of an $8 million funding round.

Building a stronger investment ecosystem: opportunities for policymakers

Unlocking UK economic growth

"Growth is the central mission of the Government."

Chancellor Rachel Reeves MP, March 2025

Achieving a thriving VC ecosystem means putting in place a stable policy framework to support businesses looking to start and scale, increasing UK pension investment in private capital, and ensuring government-supported investment vehicles support the early-stage ecosystem. The following sections look at these issues in turn.

The private capital sector makes long-term investment in British businesses to drive growth in the UK economy, support innovation and improve productivity. This needs to be supported by four 'investment tests' for the UK government:

- A stable economy, with macro-economic conditions conducive to investment and growth.
- World-class regulatory standards which are applied proportionately and do not disadvantage businesses seeking private capital investment.
- Support for an investment ecosystem that attracts global investment talent and maintains the UK's competitive advantage in private capital.
- Predictable policy frameworks that provide confidence that investment in different sectors of the economy today will be supported and taxed consistently throughout the holding period.

Continue to expand the remit of the British Business Bank (BBB) to invest across the range of UK venture capital and growth equity funds.

The BBB is the UK's economic development bank and largest LP investor in UK VC. It has a significant role in catalysing institutional investment into fast growing British businesses. The core programme for venture capital investment is the Enterprise Capital Fund programme (ECF), which catalyses investment in first time and emerging fund managers.

The BVCA welcomed the launch of the British Growth Partnership aimed at increasing pension scheme investment into innovative UK businesses. In the response to the Government's Spending Review, the BVCA advocated for the expansion of:

- Existing BBB programmes, including the Nations and Regions Funds and the Enterprise Capital Fund.
- Existing programmes to develop the ecosystem in line with the Government's growth mission. to ensure the UK retains its innovative venture capital ecosystem and ensure businesses can scale-up in the UK.
- The remit of the BBB to cover growth capital funds.

Expand funding for and resources of both UKRI and Innovate UK with a focus on investor readiness, so that startups are better prepared to pitch for VC investment.

The UK's national innovation agency, Innovate UK is part of UK Research and Innovation (UKRI). It aims to help companies grow and commercialize while funding and supporting innovative projects, particularly in R&D intensive sectors. This includes several programmes such as Horizon Europe.

Innovate UK also fosters collaboration with other Research organisations, government bodies or academic institutions to help strengthen UK's position as the international Innovation hub.

Improving the policy framework for startups

"The UK excels at producing startups but still lacks depth at the scale-up stage. Addressing capital gaps and improving connectivity across the ecosystem will be essential to convert more early innovation into globally competitive companies."

Chris Barnes, COO, Atomico

R&D tax credits

Ensure the tax credits system is consistent and efficient.

R&D tax credits allow research-driven companies backed by private capital to reinvest in their future growth. The UK's regime needs to be competitive with other international jurisdictions.

The BVCA welcomes the announcements related to R&D in the 2024 Budget. The Government must help improve the regime and increase uptake of advance assurance claims.

SEIS, EIS & VCTs

Increase limits on accessing funds.

Innovative UK businesses will continue to need capital to create large-scale, independent, businesses that remain in the UK and continue to contribute to UK economic growth.

The annual and lifetime investment limits have not increased in line with inflation and should be increased to reflect the needs of early-stage companies. The investment limits for Knowledge Intensive Company test should also be increased considerably, so R&D intensive IP rich companies in sectors such as biotech and deeptech can continue to raise capital. Regional EIS and VCT funds are particularly constrained by the 7-year rule, which limits access to access schemes. Raising this limit would provide more opportunities to scale up and grow across the nations and regions.

Emerging managers

Support new and emerging managers by expanding the BBB's Enterprise Capital Fund (ECF) programme.

New and emerging managers still find it challenging to raise capital from Limited Partners, such as family offices or pension funds, with the majority of investment from LPs going to funds managed by larger or more established venture capital firms. Venture capital funds that do receive ECF backing face a challenge when the funds have reached the maximum amount of ECF investment, but are too small to receive investment from other BBB programmes. In some cases, these venture capital funds have had to look abroad, which requires them to switch their investment focus away from the UK.

Expanding the size and number of investments the ECF can make will help to build the pipeline of future venture capital firms.

Improving the policy framework for startups

British Business Bank's Nations and Regions Investment Funds

Expand the BBB's Nations and Regions Investment Funds.

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. It helps drive innovation, support entrepreneurs and can help break down barriers to capital.

The BBB's Nations and Regions Investment Funds (NRIF) should be expanded to continue its valuable support for innovative companies across the UK.

Removing regulatory barriers

Address legal and regulatory barriers for emerging VC funds in the UK.

For example, the Registered Venture Capital fund ("RVECA") regime, the UK on-shored version of the EU's EuVECA created after Brexit, should be reformed in a number of ways to make it more competitive and reduce the costs for VC fund managers.

High costs to set up a new fund should be mitigated through using a more standardised approach to fund documentation, as the BVCA already does for companies looking for VC investment.

healx

£ Supported by Atomico

Founded in Cambridge in 2014 by Tim Guilliams, PhD and David Brown, PhD, Healx harnesses AI to increase speed and efficiency of the R&D process for discovering new treatments for rare diseases. Healx's proprietary novel AI drug discovery engine combines deep scientific expertise and extensive proprietary data, and allows the team to move towards clinical trials 80% faster, 80–90% cheaper and with a greater chance of success than conventional drug discovery methods.

Atomico followed on from their initial investment in Healx in 2024, co-leading the company's $47m Series C in 2024. This bought Healx's total capital raised to $115 million.

Pensions reform & venture capital

Increasing investment from UK pension funds into UK private capital is vital to both driving economic growth and improving the retirement prospects of UK savers.

However, achieving this will require ambition and concentrated effort on all sides – from the Government, the pensions industry, the private capital industry, and regulatory bodies.

Government policy should focus on building scale and facilitating pension fund investment, while ensuring that UK pension schemes are still able to make smaller fund commitments to invest in the smaller, often regional segments of the UK economy where local economies, growth and jobs are supported by smaller private capital funds.

Getting more private capital firms and larger funds to be managed in the UK can be achieved through the following measures:

- **Building scale and ensuring sufficient governance requirements for domestic pension investors, including the LGPS.** Consolidating pension funds to establish 'megafunds' would encourage greater diversification of investment, improve performance and increase UK investment. As the Government's Pensions Investment Review set out, consolidation across DC and LGPS pensions is needed as scale is necessary to enable the resource and expertise needed to invest in private capital opportunities.
- **Enhancing the role of the British Business Bank** to cover growth capital funds, which would better facilitate crowding in of UK pensions investment and boost the UK's SME growth ecosystem.
- **Introducing a "NOVA" scheme** (New Opportunities for Venture and growth Acceleration), an accreditation scheme that matches pension funds with private capital funds. This would emulate the French Tibi scheme, focused on the UK investment ecosystem, and provide pensions looking to deploy capital over the coming years the confidence in selecting funds through an independent accreditation system.

Pension and Private Capital Expert Panel

The Pensions and Private Capital Expert Panel Final Report, published in April 2025, set out recommendations to address barriers for UK DC schemes to invest into private capital. These include:

- The creation of 'NOVA' (New Opportunities for Venture and growth Acceleration), as outlined above, to support the deepening of the market between pensions and private capital firms, to facilitate the deployment of pension fund capital over future years.
- A new fund of funds investment vehicle, to build on the British Business Bank's British Growth Partnership, which will enable pensions access to returns generated by smaller private capital funds.
- Removal of regulatory barriers such as reform of the 'permitted links' rules and further guidance on the application of the DC charge cap.
- Further cross-industry collaboration to continue the engagement generated by the Expert Panel, as new market practices develop and the legislative and regulatory environment changes. The Expert Panel will evolve to maintain industry engagement and collaboration, through a new forum.

Read the full report >

Pensions & Private Capital Expert Panel Final Report

"It has been very encouraging to see more and more pension funds making private capital commitments. The UK's most ambitious entrepreneurs and founders should have the opportunity to continue growing domestically, and work by the Expert Panel has made strides to ensure the venture and growth equity ecosystem receive this.

"Government has an opportunity to build on the growing momentum with a new programme informed by what both pensions and private capital leaders believe will make a difference. Creating a 'shop window' for private capital firms can accelerate and prompt new conversations that will ultimately drive investment in ambitious businesses higher, and result in great returns for pension savers."

Kerry Baldwin, Chair of the Pensions & Private Capital Expert Panel

Diversity in VC and the early-stage ecosystem

Increasing diversity in VC and the early-stage ecosystem

The venture capital landscape continues to face longstanding diversity challenges, but progress is being made. Although the industry has historically been dominated by a narrow demographic, recent data shows early signs of a move toward greater inclusion.

The BVCA and Level 20's Diversity in UK Private Equity and Venture Capital 2025 Report reported that 31% of VC investment professionals in the UK are women, with 23% holding senior roles. However, women still represent only 16% of Investment Committee members within private capital firms, showing that decision-making power remains disproportionately concentrated.

Ethnic diversity is improving, with 20% of individuals in UK VC and PE firms identifying as from an ethnic minority background – on par with the UK average. Yet under-representation remains more pronounced at senior levels.

This lack of diversity not only limits opportunities for under-represented founders but also constrains the potential for innovation and returns across the sector.

Recent data and reviews continue to call attention to a persistent gender funding gap, suggesting that the UK could unlock up to £250 billion in economic value by better supporting female entrepreneurship. Recognising this, both government and private-sector players are actively working to shift the status quo through targeted programmes and capital deployment.

"Widening access to early-stage capital for founders from diverse backgrounds is crucial to unlocking untapped innovation. A more inclusive funding landscape strengthens the pipeline, improves return outcomes, and ensures the venture ecosystem reflects the full range of entrepreneurial potential in the UK."

Rodney Appiah, Managing Partner, Cornerstone VC

Spotlight

Invest in Women Taskforce – 2024 Fund Launch

Backed by the UK government and led by Debbie Wosskow and Hannah Bernard, the **Invest in Women Taskforce** successfully closed a £255 million "Women Backing Women" fund in November 2024. It is supported by leading institutions such as Barclays, M&G, Visa Foundation, Aviva and the British Business Bank.

The initiative responds to stark funding imbalances: in H1 2024, just 1.8% of UK VC funding went to all-female founder teams, down from 2.5% in 2023 (source: Invest in Women Taskforce | Funding female founders). The fund aims to back more female-founded scale-ups and change investment pipeline from the top down.

BVCA Model Documents

Setting the standard for VC deals

View them here

68,400+
views of the Model Documents
since their relaunch in February 2023

In February 2025, the BVCA revised its standardised documents for early-stage venture capital investment following the relaunch of the documents in February 2023. Since the 2023 relaunch, the documents have been viewed on the BVCA website over 68,400 times.

The 2025 revision included a revised version of its Subscription Agreement, Shareholders' Agreement and Articles of Association, as well as a new Summary of Terms to be used at the term sheet stage.

These documents have been drafted for use on a Series A funding round. They envisage a significant investment being made in whole or in part by fund investors.

The aim is simple: to promote industry-standard legal documentation in the UK so investors and entrepreneurs can focus on deal-specific matters. This will inevitably save both time and money and follows the precedent seen in the US. All parties are encouraged to adopt these documents as the starting point for their investments.

Some of the key changes in the latest set of documents include:

Subscription Agreement

- A short form alternative to the normal completion mechanics, to be used where the expectation is that 100% of funds will be received prior to Completion.
- Optional provisions related to the National Security and Investment Act 2021.
- Revised the intellectual property, business systems and data protection warranties, and new AI and insolvency warranties.

Shareholders' Agreement

- Optional language in relation to strategic investors (i.e. non-financial investors) only, allowing the Board to restrict access to information for strategic investors in certain instances.
- Optional language in which the Company undertakes to enter an indemnification agreement with the Investor Director.
- Reworded the optional EIS / VCT undertakings to add optional language making the undertakings subject to the fiduciary duties of Directors.
- New/updated company undertakings relating to anti-bribery, anti-money laundering, anti-tax evasion, sanctions, governance and financial policies and procedure.

Articles of Association

- Updated bad leaver provisions.
- Clarificatory changes to how the liquidation preference works, which reflect how the liquidation preference was being applied in practice, and updates to the liquidation preference for EIS/VCT investors.
- Updated language relating to anti-dilution protection.
- New provisions have been added restricting transfers of shares to a Sanctioned Person.

"The BVCA Series A Model Documents streamline early-stage deals by standardising key terms and reducing negotiation time. They've become an essential tool for accelerating execution and enhancing efficiency across the venture ecosystem."

Danny Bloom, Head of Legal, Balderton

Further resources

Methodology

New venture capital investment figures

The BVCA collects detailed annual data on investment activity of its members and other venture capital investors. We look at the amount raised and invested by UK managed funds, and the amount invested into UK businesses. Further detail on the data and methodology can be found in our Investment Activity Report.

In parallel with the publication of our latest 2024 Report on Investment Activity, we have conducted additional detailed analysis of the overall capital inflows into venture backed businesses that received funding in 2024. The aim was to get more in-depth understanding of how much capital has been invested into UK businesses by Venture Capital General Partner investment firms in combination with other private capital sources. This analysis combines data captured from BVCA members as part of the Investment activity data collection alongside third party information coming from public sources.

The results have shown that UK venture backed businesses received £9bn of capital coming from General Partners alongside other co-investors, primarily financial institutions and corporate investors and including venture debt. This figure does not include growth equity investments, angel investments or venture secondaries.

Contact & useful resources

- Diversity in UK Private Equity and Venture Capital Report 2025
- Economic contribution of UK private equity and venture capital in 2025
- Model Documents For Early Stage Investments
- Pensions and Private Capital Expert Panel Final Report
- Report on Investment Activity
- Performance Measurement Survey

If you would like to discuss the report on the industry's contribution more generally, please contact any of the following:

Michael Moore
Chief Executive

Karim Palant
Director, External Affairs

Sarah Adams
Director of Policy

Isobel Clarke
Director of Policy

Suzi Gillespie CFA
Head of Research

Chris Elphick
Head of Venture Capital

bvca

Invested in a better future

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