



**ENTERPRISE
BRITAIN**

Time to Act

The future
belongs to
those who
build it. Let's
build a better
one here.



Britain is an extraordinary place, capable of great things.

But a narrative of decline has taken hold — eroding confidence and dulling ambition.

We reject this wholeheartedly. Defeatism is not destiny. Our future can be proud, prosperous, and fair. But only with a radical reset.

A cultural reset: from defeatism to fierce ambition.

A policy reset: from tinkering to bold measures.

And an economic reset: from trickle-down to shared prosperity.

We created Enterprise Britain to help make this happen.

We are entrepreneurs, business leaders, and investors who love Britain and are determined to see it succeed.

Our task is urgent. We have a narrow window of opportunity in which Britain can not only regain its place in the world, but shape it.

**The future belongs to those who build it.
Let's build a better one here.**

**Join the movement:
www.enterprise-britain.com/timetoact**

FOREWORD

Letter from our Co-Chair



Stephen Fitzpatrick
Co-Chair, Enterprise Britain

BRITAIN HAS ALWAYS BEEN A NATION OF INVENTORS, BUILDERS, AND PIONEERS. From Stephenson's railways to Whittle's jet turbines, from Bell's telephone to Arm's RISC chips, and from Babbage's mechanical mind to DeepMind's AI systems, British innovators and companies have powered every stage of the modern world. They have made the world smaller, connected it through design and technology, and helped us to understand it more deeply.

Enterprise has been the engine room of our prosperity, turning ideas into industries, and ambition into action. The results have been impressive. Today, we have the world's sixth largest economy, four of the world's top ten universities, and Europe's largest stock exchange.¹ Outside the US and China, we lead the world in venture capital.² Yet we all know something is wrong.

Every day, we hear about another British success story that is moving overseas. Or a promising business failing because it couldn't raise enough money. Or talented graduates unable to find jobs that make use of their skills. Despite everything we have going for us, it feels like we are stuck in a cycle of decline.

Amid this doom and gloom, there are still places where Britain leads the world — reminders of what can happen when capital, talent, and ambition pull in the same direction.

Motor racing is one of the UK's most successful and globally dominant industries, and it has been a personal passion of mine for many years. Formula 1 sits at the pinnacle of the sport, and seven of the eleven F1 teams are based here — drawn by an unrivalled concentration of engineering excellence, precision manufacturing, and a culture that celebrates innovation and performance. From design studios to factory floors, Britain attracts world-class talent and nurtures skills that reach far beyond the track. The results speak for themselves: British teams have won half of all Constructors' titles since the sport began. And British drivers have amassed 325 Grand Prix victories between them.³

There are many lessons we can learn from this remarkable success story. But the most important of all comes down to pure science. Every car reaches its top speed when all the power from the engine goes into overcoming the drag of the air pushing back against it. Drag increases with the square of speed — it's exponential. At low speeds, you barely notice it, but the faster you go, the more resistance you face, until drag becomes the only thing that matters.

Businesses are no different. Talent and capital are like the fuel and the oxygen — the source of drive and acceleration — while bureaucracy, complexity, and a lack of public trust create drag. As companies grow larger, the more the resistance builds, sapping momentum and slowing progress.



Over recent years, we've increased the amount of resistance businesses face in this country, while starving them of the capital and talent they need for fuel. If we continue down this track, our worst expectations about the future will turn into a self-fulfilling prophecy.

Britain's greatest threat isn't from disaster, it's from drift — a slow erosion of confidence that we barely notice until it's too late.

So we need change. Big, bold, ambitious change. Not just in our policies but in our attitude. It's time to act: to reignite our ambition, to unlock the capital that fuels growth, and to harness the talent that drives it.

If we want to get our economy moving again, we have to back British business — the builders, innovators, and employers who create jobs and drive growth.

With that support comes responsibility. We must ensure that the wealth these businesses create is better shared — through good jobs, investment in people, and a genuine commitment to the communities that sustain them. We need to recognise that real prosperity isn't a zero-sum game; it is achieved when everyone benefits from success.

Over the last several years, there have been some high-profile departures of prominent British entrepreneurs and businesses that have chosen to relocate abroad.

When that happens, we lose more than capital; we lose faith in renewal.

For many of us, myself included, moving abroad simply isn't something we would ever want to consider. Whatever success I've had in life is because I was fortunate enough to be born in a country — and at a time — when anything felt possible. The UK is my home: where my friends and family live, where my children are growing up, and where my future lies. I want this to be a country where my children have the same sense of pride and hope that I did; where we all have the quiet confidence that this is still a country where the future will be built.

That's why I'm launching Enterprise Britain alongside my Co-Chair, Brent Hoberman, and a group of other British entrepreneurs, investors, and business leaders who care passionately about the future of this country and want to play their part to improve it.

This movement is for everyone who is choosing to stay and build — to prove, not just believe, that Britain can still be a place where endeavour is supported, ambition is celebrated, and our growing prosperity can be shared by everyone.

**The future belongs to those who build it.
Let's build a better one here.**

Letter from our Co-Chair



Brent Hoberman
Co-Chair, Enterprise Britain

BRITAIN SITS AT A CROSSROADS. Global power structures are shifting, new technologies are rewriting the rules of competition, and the economic landscape is being reshaped at an unprecedented speed.

The world order that has largely held since the Cold War is being reconfigured — and the question for the UK is whether we shape this new era, or are shaped by it.

Right now, the public seems to think we are heading towards the latter. Polling we commissioned from YouGov found that 74% of Britons believe that the UK's position on the global stage is declining.⁴

That perception matters — but it is not destiny. It's not too late to change our trajectory. But doing so will require a collective reset in ambition and a willingness to think bigger.

First, we need to start thinking, and acting, globally. If you look at the countries with the largest number of unicorns — companies valued at over \$1 billion — the UK sits high in the global rankings. But when you adjust for population size, an interesting picture emerges. Countries like Sweden, Singapore, and Israel outpace us.⁵ Why?

It's not because they have more access to capital or better talent — though those are critical ingredients for success. It's because they have global ambition

baked in from day one. Their founders build for the world because their (relatively small) domestic markets demand it.

In contrast, Britain's business culture remains inward-looking. Only 11.7% of British businesses export goods or services.⁶

For a small island nation, that's not just surprising — it's unsustainable. If we want to maintain — let alone boost — our position in the global economy, we need to start looking beyond our own shores.

Recent trade missions point in the right direction. I took part in the trade missions to India and Saudi Arabia last year, and the energy and enthusiasm amongst the business delegations was clear. We now need to build on that momentum, supporting ambitious companies of every size to enter new markets and scale globally.

This global mindset also applies to people. Immigration debates are often heated, for reasons we won't try to unpick in this report, but one fact is undeniable: the UK thrives when it attracts exceptional talent.

Over half of the 100 fastest-growing companies in the UK were founded by individuals born overseas⁷ — despite foreign-born residents making up less than 15% of the population. Their contribution to

our economy is outsized and invaluable. In the 'Talent' section of this report, we highlight how the UK can attract more founders and entrepreneurs, while boosting our homegrown talent at the same time.

To empower these ambitious entrepreneurs — from the UK and abroad — we must champion a culture that celebrates success rather than downplays it. Britain has extraordinary companies scaling incredible heights, often despite headwinds. Highlighting their stories isn't about ignoring challenges; it's about giving the next generation proof that ambition here is not just possible, but welcome.

This is why support for entrepreneurship should sit at the heart of government. In our 'Ambition' section, one of our recommendations is to establish a Minister for Entrepreneurship — a dedicated champion ensuring that high-growth companies have a voice at the highest levels of policymaking. This role would help shape conditions for start-ups and scale-ups to flourish, create jobs, and invest in communities across the UK.

Enterprise Britain is a movement of entrepreneurs, business leaders, and investors who feel compelled to act, now, to build a better future for the UK. Our task is not an easy one. But entrepreneurs know that constraints often fuel creativity — and that extraordinary outcomes follow when ambition meets action.

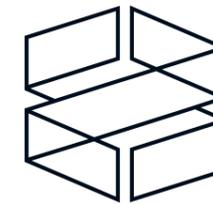
The moment is urgent. The opportunity is immense. And with the right ambition, Britain can not only regain its place in the world — it can help shape it.

As Stephen highlighted, we look at policies in three areas that will help deliver on our mission: **ambition, capital, and talent.** We considered adding a fourth: **pace.** For Britain to thrive in a rapidly changing world, the government itself will need to have an entrepreneurial mindset and move at the speed of business, which is getting faster every day.



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**ENTERPRISE
BRITAIN**

INTRODUCTION

Who we are

Enterprise Britain is a movement of entrepreneurs, business leaders, and investors who feel compelled to act, now, to build a better future for the UK.

We have come together to resist defeatism, reawaken ambition, help great businesses to grow, and ensure that future prosperity is shared more widely.

Our Advisory Board includes entrepreneurs who have scaled and exited successful businesses, unicorn founders, and investors who have backed some of Britain's most innovative companies.

CO-CHAIR



Stephen Fitzpatrick
Founder, OVO Energy, Kaluza, Vertical Aerospace

CO-CHAIR



Brent Hoberman
Co-Founder & Executive Chairman, Founders Factory, Founders Forum Group, firstminute capital



Lionel Barber
Former Editor, Financial Times



Philip Belamant
Co-Founder & CEO, Zilch



Euan Blair
Founder & CEO, Multiverse



May Habib
Co-Founder & CEO, WRITER



Nick Hanauer
Co-Founder & Partner, Second Avenue Partners, Founder, Civic Ventures



Sir Tom Hunter
Founder, The Hunter Foundation



Baroness Martha Lane Fox CBE
Co-Founder, lastminute.com, Member, House of Lords



Dr Ben Maruthappu
Founder & CEO, Cera



Baroness Helena Morrissey DBE
Founder, 30% Club, Member, House of Lords



Richard Reed
Co-Founder, Innocent Drinks, Co-Founder & Partner, JamJar Investments

Our Advisory Board provides invaluable advice and strategic guidance based on their decades of experience. In order to maintain our independence, they act in a consultative capacity and do not have any governance responsibilities. Individual Advisory Board members do not necessarily endorse every policy recommendation outlined in this report.

What we believe

A thriving private sector is essential to Britain's prosperity. All our hopes for the future — from the standard of living we enjoy to the opportunities we create for our children — come back to this.

To build a thriving private sector, we need more companies to make the leap from start-up to scale-up to global champion. Larger companies pay higher wages, generate more tax, invest more in research and development (R&D), drive higher productivity, and export more to the world. When companies fail to scale, the whole country loses out.

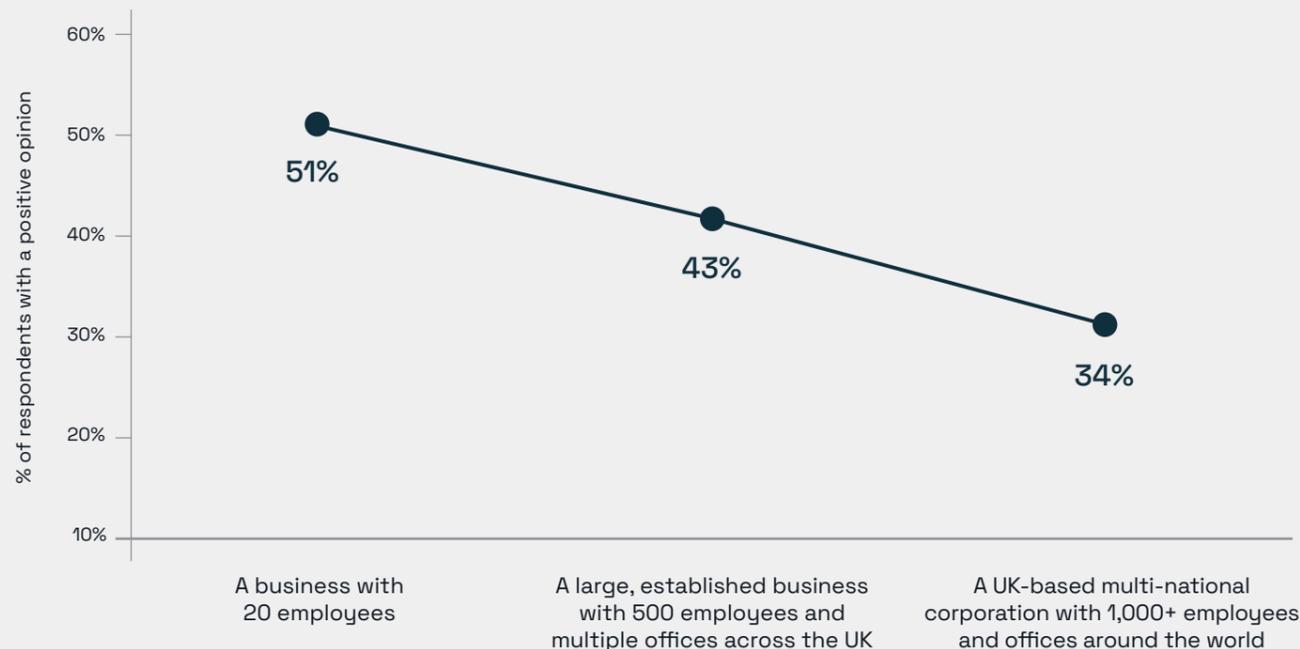
Right now, too many British businesses are stagnating. More than one in three adults in the UK is involved in entrepreneurial activity, one of the highest levels in the world.⁸ But between the garage and the global stage,

something happens. Many young companies slow down. Some move abroad. Others simply give up.

We urgently need policies to help businesses scale — but these lack widespread public support. While most British people back small businesses, support drops sharply when those companies grow. 51% have a positive opinion of businesses with 20 employees — but only 34% feel the same about those with 1,000 or more.⁹

Most people don't feel they will significantly benefit from companies' success — or from the success of our wider economy. YouGov polling commissioned by Enterprise Britain shows that few people feel a significant impact when the UK economy grows, the stock market goes up, or the companies they work for do well.

Public support for businesses declines as company size increases



Source: YouGov polling on behalf of Enterprise Britain

Percentage of people who feel that there is a "large positive impact" for them...

...when the UK economy grows:

16%

...when share prices of companies on the London Stock Exchange go up:

8%

...when the company they work for does well:

22%

Source: YouGov polling on behalf of Enterprise Britain

This feeling of disconnect is understandable. Only 8% of Britons' wealth is invested directly in the stock market.¹⁰ Most Britons invest very little in British businesses through their pensions,¹¹ and vanishingly few have an ownership stake in the companies they work for.¹²

At the same time, trust has broken down between the British public, the private sector, and the government. Most people don't trust that the government will ensure that economic growth benefits people like them. Nor do they believe that businesses will consider their employees' best interests when making decisions.

In this environment, when political leaders propose reforms to help businesses grow, the public often pushes back. Policies stall. Promises soften. Momentum evaporates.

The government will only pursue bold policies to support businesses if there is widespread public support — and that support will only come when people believe they have a stake in our economic story.

So, we need to create a "nation of shareholders", in which Britons are more directly invested in — and benefit from — companies' success. Only then can we get more people behind an ambitious vision for Britain's future.

Bold government action and business dynamism do not make a virtuous circle in themselves. We need shared prosperity to make it complete. This is how we will build a better future — and these beliefs form the foundation of this report.

Addressing the breakdown in trust

80%

don't trust the government to ensure that economic growth will benefit people like them

63%

don't trust British companies to consider their employees' best interests when making decisions

60%

don't trust their own employers to consider their best interests when making decisions¹³

Source: YouGov polling on behalf of Enterprise Britain; 60% figure based upon the subset of people surveyed who have an employer



What we do

01

We lead a national conversation.

We're here to talk about ambition and how to inspire it. To shine a spotlight on success and celebrate it. To gain support for bold reforms and mobilise it.

02

We bring people together.

Across the UK there is a huge appetite for practical, real-world ideas, and a restoration of national self-belief. We are here to channel that energy, to foster collaboration, conversation and — most importantly — action.

03

We shape bold policies.

Our movement holds invaluable experience and insight about how to scale businesses and grow our economy. We draw on this to develop new ideas, refine them, and ensure they are heard at the highest levels.

Learn more and join the movement:
www.enterprise-britain.com/timetoact



EXECUTIVE SUMMARY

Britain needs to ACT urgently in three areas

01

Ambition

02

Capital

03

Talent

In this report, we recommend a series of resets in each area. Some have been talked about for years, others are new ideas we have sourced from our growing movement of entrepreneurs, investors, and business leaders.

Ambition

Britain is suffering a crisis of confidence. 74% believe our standing on the world stage is declining — a mindset that is draining the dynamism and energy on which our future depends.¹⁴ We need to forcefully reject this defeatism with a new, reinvigorated sense of national ambition. In practice, that means a relentless focus on the good that businesses do for our society. It means reducing the drag British businesses face as they grow. And it means backing more businesses to think big and pursue global ambitions.

Key reset recommendations

01 Change the culture

- **Set a clear vision for the future**, which rallies people around the belief that our nation's greatness is not a thing of the past but a prize to be won again.
- **Reject trickle-down economics and pursue an approach focused on advancing shared prosperity**, encouraging businesses to play their part in sharing the rewards of growth.
- **Launch a national campaign to showcase and elevate entrepreneurs**, giving the next generation something to aspire to.
- **Create a Minister for Entrepreneurship and establish a Chancellor's Roundtable** to send a clear signal that the UK is open for business and keen to nurture and attract entrepreneurs.

02 Reduce drag

- **Streamline the tax system and remove disincentives to job creation, investment, and risk taking**, including by:
 - **Reversing the National Insurance increase** to incentivise job creation.
 - **Dramatically reducing — or removing — tax on retained and invested profits** to encourage businesses to invest in growth.
 - **Overhauling tax credits for R&D**, making them easier to access — especially for emerging technologies.
 - **Boosting Business Asset Disposal Relief from £1 million to £20 million** to keep our most talented and ambitious founders here in the UK.
 - **Offsetting corporate venture losses against Corporation Tax**, thereby rewarding companies for taking risks on innovative new ideas.
 - **Incentivising successful entrepreneurs to reinvest their gains in new British companies**, such as by allowing them to defer paying Capital Gains Tax after an exit if they reinvest their money within a certain period.
- **Set a goal of achieving the highest productivity in the G20**, leapfrogging European peers like France and Germany and taking aim at the US's top spot in the rankings.

03 Go global

- **Encourage — and support — British businesses' global ambitions** by boosting access to support services and lending.
- **Turbo-charge trade missions**; host more of them, ensure more scale-ups are on the plane, and provide more support for these businesses to maximise the opportunity.
- **Broaden the mandate of the new "concierge service"** to support British companies seeking to expand, not just international companies coming to the UK.

Capital

The UK has no shortage of capital. Our problem is that we haven't been making the most of that money to grow our economy. At an individual level, the UK has the lowest level of retail investment of any G7 country. This starves our stock market of capital and makes the UK a less attractive place for companies to list. At an institutional level, UK pension funds are more risk-averse than their peers in countries like the US. As a result, they invest very little in UK-listed companies and even less in venture capital. These problems at the top of the market quickly cascade all the way down, having a chilling effect on private equity investors and venture capitalists and leaving ambitious, scaling businesses scrabbling for a diminishing pot of money. We urgently need to address the barriers to both individual and institutional investment. That means changing attitudes, overhauling regulation, and rethinking our national relationship with risk. The goal: a genuine shareholder economy.

Key reset recommendations

01

Boost individual investment

- **Encourage more people to invest in the stock market**, including by tackling the deep-seated culture of risk-aversion and providing more balanced and proactive financial advice.
- **Pair the recent changes to the Enterprise Investment Scheme (EIS)** with reforms to boost data collection and transparency.
- **Reset the income tax relief for investors in Venture Capital Trusts (VCTs) to 30%**, encouraging greater participation from those willing to back our most promising start-ups and scale-ups.

02

Unlock institutional investment

- **Tackle the risk-averse culture amongst pension funds**, taking a hard look at the regulations that have encouraged an overly cautious approach and unintentionally condemned many to a retirement where they struggle to make ends meet.
- **Generate healthy competition amongst pension providers** with a campaign — and accompanying reforms — to encourage savers to take greater control of their financial future.
- **Explore using tax incentives** to help channel more pension money towards start-ups and scale-ups.

03

Make public investment more effective

- **Ensure that the British Business Bank catalyses a robust venture capital and growth equity ecosystem**, making fewer, bigger-ticket investments in privately managed growth-stage funds.
- **Push harder to pool local government pension assets into “megafunds”** — and use this as an opportunity to unlock more capital for British businesses.

Talent

The UK is home to incredible talent. But we are failing to maximise our potential. Talent doesn't flow between jobs as freely as it should. Too few people feel that their efforts will be properly rewarded. The difficulty of addressing issues like executive pay and taxation means we are less competitive than we should be in the global talent marketplace. Heated debates over immigration obscure the positive impact that entrepreneurs, researchers, and other skilled workers bring to Britain. Meeting all these challenges needs bold action: to nurture our homegrown talent, to keep more of our top talent here in the UK, and to make Britain a magnet for the world's best and brightest.

Key reset recommendations

01 Nurture homegrown talent

- **Make it easier and faster to hire**, including by:
 - **Giving people the power to reduce their notice period to one month**, dramatically speeding up the pace at which people can move between roles.
 - **Banning non-competes** while maintaining protections on intellectual property and confidentiality.
 - **Making relocation costs fully tax-deductible** so that huge expenses are not a barrier to the movement of talent around the country.
- **Make it more appealing for people to take career risks by linking unemployment support payments to previous earnings**, bringing Britain in line with global peers.
- **Get more creative with tax incentives designed to help pay for childcare**, such as income tax breaks for primary caregivers who return to work.

02 Keep our top talent in the UK

- **Make the case for competitive executive remuneration and taxation**, in order to keep our most impressive senior leaders in the UK.
- **Explore aligning tax incentives for executives and NEDs with international peers** like the US.
- **Prioritise tax breaks for compensation structures that are linked to performance**, so that executives are rewarded for success, not failure.
- **Revisit the changes to non-dom taxation**, given that the exodus of wealthy taxpayers is costing the UK money, not saving it.
- **Keep wealthy — and highly mobile — taxpayers in the UK with new visa categories** that include exemptions on earnings from abroad.

03 Attract the world's best and brightest

- **Reform the Scale-Up Visa** and raise awareness of its existence.
- **Launch a global campaign to attract ambitious entrepreneurs to the UK**, backed by a package of tax benefits, visa pathways, and investment incentives.
- **Create a Minister for Talent** whose remit incorporates both homegrown talent and skilled immigration.

Join the movement

We face a closing window of opportunity. If we act boldly, we can set Britain on a path to shared prosperity. If we hesitate, we risk slipping into long-term decline.

Greatness has never come from playing it safe. Britain must reward ambition, embrace risk, and back those who aim high.

We want you to join us. The recommendations in this report are a starting point, developed in consultation with a wide range of entrepreneurs, investors, economists, and current and former senior government officials. Now, we want to hear from you.

We welcome your views on any of the areas outlined in this report. One that we think deserves special attention is how to create a nation of shareholders. Most people today do not feel invested in the future of British businesses. How can we change that?

No idea is too bold or ambitious. Given the scale of the challenge we face, we cannot afford to leave anything off the table.

Join the movement and share your ideas:
www.enterprise-britain.com/timetoact

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Let's build a better one here.**





PART 1

Ambition

The challenge

Britain was long known as a fiercely ambitious nation — even one that believed in its own exceptionalism. But in recent decades our national ambition and self-belief have been dulled. Polling that we commissioned from YouGov shows a clear majority of Britons — 74% — believe our standing on the global stage is declining.¹⁵ As a country, we have become too quick to write ourselves off or talk about all the reasons why we won't succeed.

The roots of this confidence crisis are long and varied. National reticence about celebrating success has made us more likely than some of our competitors to downplay what's great about Britain. We have been buffeted by economic and political instability since the Global Financial Crisis in 2008-9. In recent years it has become commonplace — almost expected — for voices in the media and in politics to talk resignedly of long-term decline. This mood infects good businesses, making them more risk-averse than they otherwise might have been.

Barriers to ambition are not just cultural but practical. The so-called “risk-aversion ratchet” has transformed the UK's regulatory framework over the last several decades, meaning that compliance costs have skyrocketed.¹⁶ Businesses have dedicated increasing manpower towards satisfying the rule-makers rather than driving growth. When onerous planning processes and an increasingly complex tax system are added to the burden, the effect is a powerful drag on the growth and ambition of British businesses.

In addition to this, Brexit was a shock to the system. Whatever your opinion of the decision to leave the EU, it is clear that this rupture has led many at home and abroad to view Britain as a parochial place, and not the global player it once was.

The reset

CHANGE THE CULTURE

Instead of the knee-jerk defeatism that has characterised our national debate, we must strive to shape a clear and invigorating vision of what the British economy could look like if we back our most ambitious businesses to succeed. That vision must be more than growth for its own sake. It must be a vision of prosperity in which we all share and have a stake. Crafting this vision requires the government to be bold, the media to profile entrepreneurs who succeed, and businesses to play an active role in shaping the conversation. Allied to this, we must work to inspire more Britons to pursue their entrepreneurial dreams, and address the fear of failure that holds many back.

REDUCE DRAG

Many governments have promised to cut red tape, simplify taxes, and make the planning system more conducive to growth. But most of the policies with transformative potential are hobbled by both political opposition and a lack of public support. It is essential that when it comes to tackling these issues, we are no longer incremental but bold — with a wholesale review and reboot of how we approach regulation, planning, and taxation.

GO GLOBAL

The extraordinary shifts we have seen in geopolitics in recent years make it critical that we turn outwards, not in. We need to start thinking — and acting — globally, attracting investment and talent from around the world while opening up markets for our most ambitious businesses to trade. In later sections of this report, we emphasise the need to mobilise our domestic capital and talent to realise our ambitions as a country. But as a small island nation, our success also relies on our links with the rest of the world. That has always been true, and we shouldn't expect it to change now.

Five drag factors on scaling businesses

Britain is brilliant at backing small businesses. But as they scale — and regulatory burdens mount — we make it a lot harder. While many of these requirements are put in place for laudable reasons, the cumulative effect is profound. Companies dedicate increasing amounts of time and energy to satisfying the rule-makers — and less to driving growth.

01 SME scheme cliff-edge

Helpful schemes such as SEIS and EIS drop off (at 25 employees and 250 employees respectively), impacting fast-growing companies' ability to attract investment at a critical point in their growth. Once a company reaches 500 staff, it is also no longer eligible for R&D tax credits, meaning a significant jump in the effective tax rate.

02 The reporting ratchet

As headcount grows, requirements for detailed reporting mount up: not only on financial performance but on ESG criteria like environmental measures and pay reporting, absorbing a significant amount of time. Ensuring transparency and encouraging good governance are important goals, but the amount of paperwork required from companies — particularly those that are publicly listed — has escalated significantly.

03 Tax complexity

Scaling companies face increasing tax complexity and frequent changes to the status quo — as well as far less leniency from the authorities — necessitating a significant outlay on accountants and tax experts. As we highlight in the ‘Capital’ section of this report, many of these taxes actually disincentivise investment and hiring — rather than encouraging it.

04 Employment law

Being a great employer is the best advantage a company can have, and it is important to set a high standard that every business must meet when it comes to workers' rights and protections. But some of the requirements placed on companies simply create extra paperwork. For example, businesses that need to make more than 20 employees redundant in a 90-day period must notify the Secretary of State 30 days before the first dismissal.

05 Compliance requirements

We support high standards and excellence. However, we have developed a culture and a regulatory bias towards prevention of all harm — rather than restitution of harm when it happens. That means that company directors and responsible business leaders spend a disproportionate amount of time on compliance at the very moment that they are going through the pain of scaling. For example, at 250 employees, a raft of new rules hit, from more comprehensive health and safety regulations to stricter GDPR compliance requirements, involving detailed record-keeping, dedicated hires, and impact assessments.

How to change the culture

SET A CLEAR VISION FOR THE FUTURE

If you asked the average American to tell you what the “American Dream” looks like, most people could give you an answer. It might not always be consistent — or feel truly achievable — but they would at least have a vision for what it looks like to “make it” in America. If you asked the average Briton what the “British Dream” looks like, you would probably be met with a blank stare or an answer focused on home ownership, which has long been our marker of financial success.

That is not due to a failure of imagination on behalf of the British public. It is due to a culture that is too often defined by malaise and risk-aversion. If we are going to turn the economy around and reclaim Britain’s position in the world, we need to change that — quickly. We need to set an aspirational vision not only for the economy as a whole, but for individuals to aspire to. **We need our own “British Dream”** to encourage people to aim high, take calculated risks, and back themselves to succeed. And we need to demonstrate that when they do, the country will get behind them. This will take a collective effort from the government, the media, and businesses themselves.

REBUILD TRUST

To rally the country behind that vision, we need to **rebuild trust between the British public, the private sector, and the government**. Today, the debate about economic policy in the UK is dominated by a zero-sum mindset. Policies that support business are often viewed with suspicion, on the assumption that any gains will come at workers’ expense. That scepticism is reinforced when some business leaders and lobby groups are seen to push back against basic employee rights and protections.

Rebuilding trust requires changing both the way we talk about economic policy and the type of policies we pursue. Many of the recommendations in this report would benefit employees and employers alike. When making the case for them, businesses and the government must be explicit about those shared gains.

We also need to turn the page on the era of “trickle-down economics”, which assumes that the benefits of growth will be automatically shared. While we shouldn’t shy away from supporting wealth creation, we need to be clear about how to ensure that wealth is more widely shared. A shift toward “middle-out economics”, focused on expanding, empowering, and investing in the middle class, offers a more credible route to shared prosperity.¹⁷

That should include measures to ensure that people are fairly compensated for their work and incentivised — and rewarded — for driving the growth of the companies they work for. It should also include efforts to broaden capital ownership, giving people a direct stake in the success of British businesses. The ‘Capital’ section of this report includes several recommendations in this area.

58%

of non-entrepreneurs say that a fear of failure has prevented them from starting a business — the highest level ever

TACKLE THE FEAR OF FAILURE

At the same time, **we need to tackle the fear of failure that holds many people back**. Britain has a low-risk corporate culture because the rewards for success are too low and the consequences of failure are too high. This impacts companies across the entire pipeline, from start-up to scale-up to global champion.

At the earliest stage, fear stops many people from starting their own businesses or joining a start-up. Data from the Global Entrepreneurship Monitor shows that the percentage of non-entrepreneurs who said that a fear of failure has prevented them from starting a business has risen significantly since the Global Financial Crisis.¹⁸ It is now at its highest level ever — 58%.

While it is too soon to say what the long-term impact of this will be, recent data on company formation paints a worrying picture. New company registrations fell by 10% in the fiscal year ending in March 2025 — and dissolutions increased by 9.6%.¹⁹

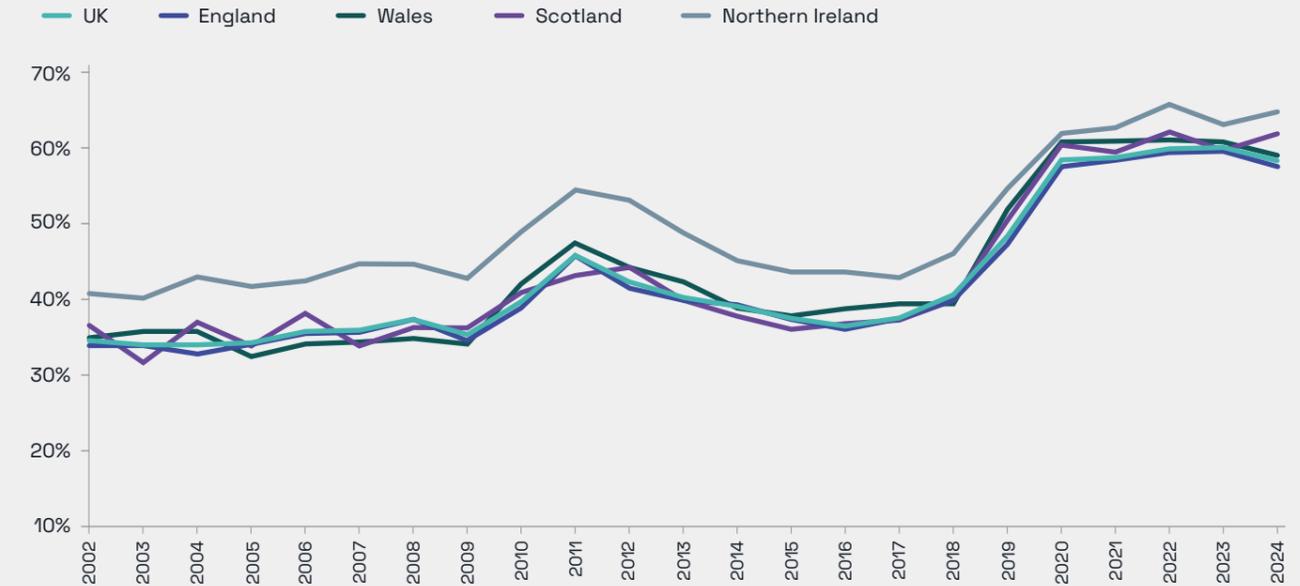
For those who take the leap and start their own business anyway, fear of failure can stunt their ambitions to scale. Many choose not to pursue the finance that would enable them to expand their businesses because they are afraid of the ramifications if it doesn’t work out. A study from the Bank of England showed that 77% of SMEs would prefer slower growth over borrowing to grow faster.²⁰

While a bit of trepidation can be healthy — and prevent founders from getting too far out over their skis — it also holds back growth. We need to address this, embracing a culture of ambition and acknowledging failures as a core part of entrepreneurship.

The fear of failure affects large, established companies as well. Any C-Suite leader of a FTSE 100 company can tell you what it feels like to get raked over the coals

Fear of failure is a strong factor frustrating entrepreneurial ambitions

% of non-entrepreneurs who report that a fear of failure has prevented them from starting a business



Source: Global Entrepreneurship Monitor

after a bad quarter or a round of redundancies they worked hard to avoid. While public scrutiny of big business is important, it can sometimes tip over the line and create an environment in which large corporates stop innovating and trying new things due to fear of failure.

To address this, we need to tackle the culture of blame that has taken root in the UK. It picked up after the Global Financial Crisis, when people were rightly looking for answers and someone to hold accountable for the pain we endured as a country. Today, we need to close that chapter and look to the future.

When businesses break the rules set by the government, they should be punished. Leaders should be held to account, and consumers should be protected. But we should be championing those that are working within the rules to create jobs, generate opportunities for British workers, and drive shared prosperity.

LAUNCH BOLD PUBLIC CAMPAIGNS

The government should also **look for opportunities to generate excitement about British business at home and abroad**. In doing so, it could leverage the existing “GREAT” brand, which celebrates British excellence. The brand currently has a broad focus, aimed at attracting international audiences to visit, study, invest, and work in Britain.

However, as its recent “Unicorn Kingdom” campaign demonstrates, this brand can also be used as an umbrella for promoting exciting businesses in key sectors. The campaign highlighted Britain’s thriving tech sector and used creative tactics to showcase our leading founders.²¹ There is scope to expand on this and launch campaigns highlighting other sectors under the “GREAT” brand. In doing so, the government should foster partnerships with the private sector, which can lend their funding and platforms to expand the reach and impact of these campaigns.

We don’t just need to convince audiences abroad of what makes the UK great. We also need something similar that is aimed at audiences here at home, raising our collective level of ambition. “You can’t be what you can’t see”, as the saying goes, so a campaign that elevates impressive entrepreneurs from all backgrounds would be very impactful.

BOLSTER MEDIA COVERAGE

The media has a critical role to play in shifting the national conversation. Unlike the US, the UK has no flagship broadcast programme dedicated to British business and economics. At the same time, many newspapers have steadily scaled back their domestic business and economics coverage. The result is a growing vacuum — at precisely the moment when the country needs a clearer, more serious conversation about how prosperity is created.

By **telling the stories of ambitious British businesses**, and clearly linking their success to jobs, wages, and investment at home, the media can help connect stories of economic growth with the public interest. This is not about turning journalists into cheerleaders. Scrutiny matters. But so does substance — and there is far more room for high-quality coverage of business news than currently exists.

Business itself also has to step up. Speak to journalists about why positive stories go uncovered and consistent themes emerge: weak or overly promotional pitches, unclear news angles, and executives who are reluctant to put themselves forward. That is a failure of confidence as much as communications. If British companies want to be better understood — and more trusted — they need to make their case more clearly, more openly, and more often.

LEVERAGE THE GOVERNMENT'S PLATFORM AND CONVENING POWER

Since we left the EU, our neighbours across the channel have set their sights on attracting our most promising founders, enticing them with tax incentives and streamlined visa processes. Just as importantly, they have sent a strong signal from the top of government that they are open for business. French President Emmanuel Macron has not been shy about telegraphing his ambitions to take the UK's tech crown, seizing on the opening created by Brexit.²² However, the current political instability in France and the debate about policies that could be very damaging for business are making his task more challenging, providing an opening for the UK.

The UK government could send a strong signal about its desire to support homegrown innovators — and attract those currently abroad — by creating a **Minister for Entrepreneurship** and establishing a regular **Chancellor's Roundtable** for industry leaders and investors. This would ensure that the government consistently hears from the people at the coalface of delivering on its growth objectives.

This should be part of broader efforts to **foster collaboration between the public and private sectors**. Given the lightning-fast pace of technological change, it is more important than ever for the public sector to be fully across the issues impacting our most innovative businesses. A proper dialogue between the government, founders, and leaders of Britain's most ambitious scale-ups is essential.

How to reduce drag

STREAMLINE THE TAX SYSTEM AND REMOVE DISINCENTIVES TO JOB CREATION, INVESTMENT, AND RISK TAKING

The tax system in this country is designed in a way that hinders growth rather than helps it. First, it is incredibly complex. Corporation Tax returns have a staggering 985 boxes to complete.²³ Businesses spend huge sums of money and massive amounts of time on tax compliance alone. This balloons over time as companies grow. We welcome the government's recent commitment to revisit reporting requirements and urge them to **address the complexity of Corporation Tax filings in particular**, aligning them with some of our most forward-looking global peers like Estonia.

Second, it disincentivises job creation. The increase in National Insurance (NI) enacted in 2024 made it more expensive for companies to employ people, prompting layoffs and hiring freezes across industries. **We strongly urge the government to reverse the NI increase**, given the negative impact it has had on businesses, employees, and jobseekers.

Third, it disincentivises investment. Profits are taxed the same way regardless of whether they are going to be paid out as dividends or reinvested in the business. The government should **explore dramatically reducing — or removing — tax on retained and reinvested profits** to encourage businesses to invest in growth. We should also better incentivise investment in R&D, enhancing tax credits for hiring researchers and technical talent (particularly in emerging technologies), broadening the definition of eligible R&D, speeding up processing, and reducing administrative burdens.

Finally, the tax system disincentivises risk taking. Entrepreneurs take on a huge amount of risk when they start a business. They make massive sacrifices, often taking lower salaries and putting in gruelling hours in the hope their time and energy will pay off. We should be rewarding this risk through tax incentives. This includes **increasing Business Asset Disposal Relief**, which was introduced in place of the previous Entrepreneurs' Relief. We support the call from the Unicorn Council to boost this from £1 million to £20 million, which would help keep our most talented and ambitious founders here in the UK.²⁴ We should also be rewarding companies for taking risks on innovative new ideas, including by **offsetting corporate venture losses against Corporation Tax**.

And we should **incentivise successful entrepreneurs to reinvest their gains in new British companies**. When you speak with founders in Silicon Valley who have either fully or partially exited their companies, the vast

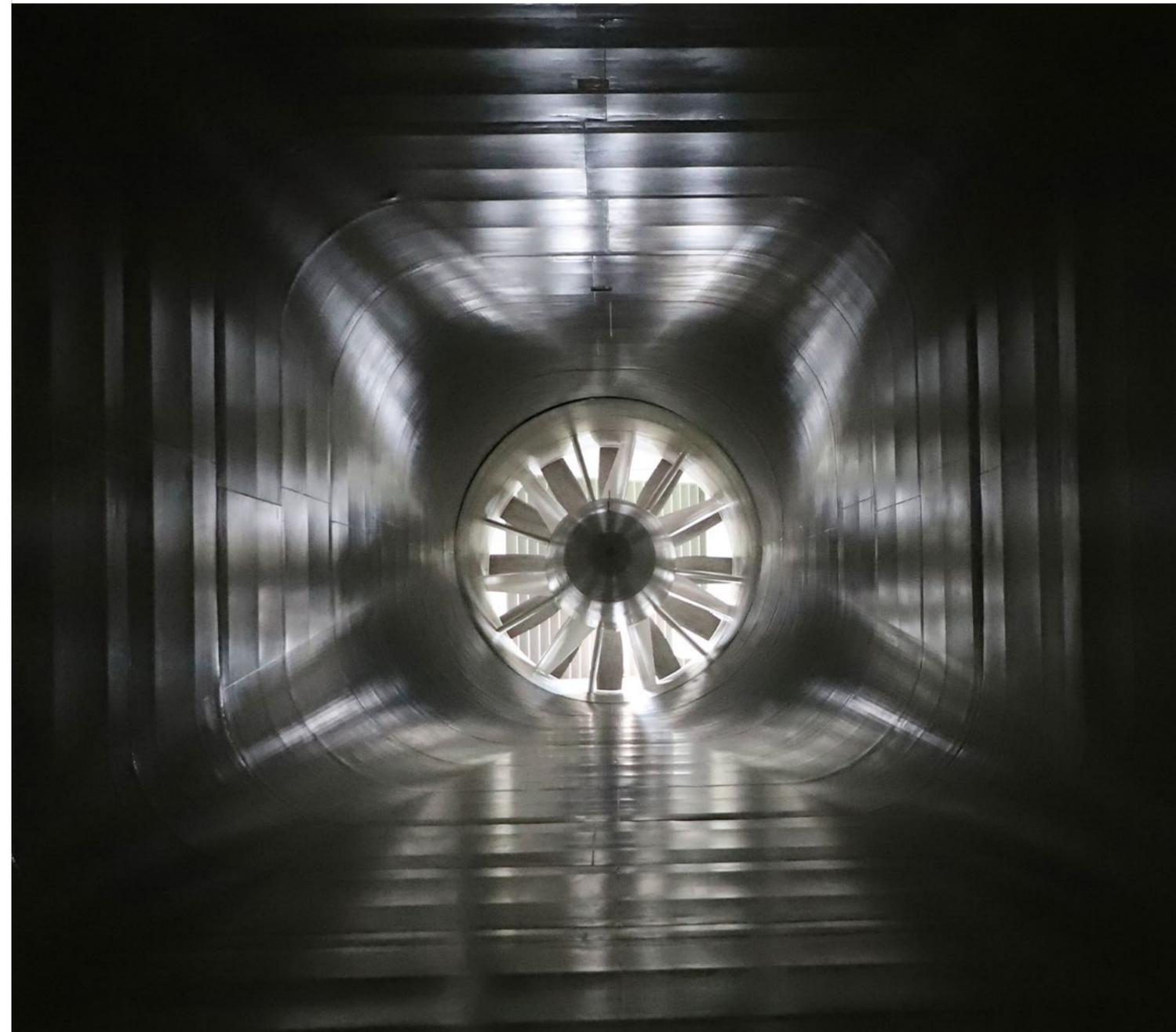
majority already have a portfolio of other businesses they have invested in. Here in the UK, that is much less common. We could shift this dynamic by implementing a similar structure to a scheme in France, which allows entrepreneurs to defer paying Capital Gains Tax after an exit if they reinvest their money in domestic companies within two years. This tax deferral can become a full exemption if certain conditions are met.

As part of its most recent budget, the government announced a Call for Evidence on Tax Support for Entrepreneurs. This is currently underway, and it provides a crucial opportunity for a wholesale review of the tax system and whether it effectively supports companies to start, scale, and stay in the UK.

ADDRESS REGULATORY FRICTION AND STREAMLINE PLANNING PROCESSES

It is very easy to create new regulations and much harder to remove them. We have seen an explosion in the regulatory hurdles that businesses need to jump over in recent years. Though well-intentioned, they have had negative consequences. The cost of regulation in this country could be as high as 6% of GDP — a huge price to pay.²⁵

The government has acknowledged the burden of regulation, setting a new growth objective for regulators as part of its planned overhaul. We wholeheartedly support this, but it is much easier said than done.





“The UK should set a goal of achieving the highest productivity in the G20, leapfrogging European peers like France and Germany, and taking aim at the US’s top spot in the rankings.”

Part of the issue is that regulators often don’t have experience driving growth in the industries they are regulating; it is much more common to see former regulators going to the private sector than the other way around. While the government understandably doesn’t want to create potential conflicts of interest, it should **create more opportunities for regulators to engage with business** to discuss how the new growth objective can be achieved in practice.

This should include engagement with the new **Regulatory Innovation Office (RIO)**, which was created in 2024 to help ensure that the UK’s regulatory system supports – rather than hinders – innovation. It is a great idea. The only problem is that very few people are aware of it yet. In our conversations with founders and entrepreneurs when drafting this report, most had not heard of the RIO. It is still early days, but the government should ensure that the RIO is empowered with the budget and high-level support they need to fulfil their mission. The Startup Coalition has made some excellent recommendations about how to create a pro-innovation RIO, which the government should act upon.²⁶

We should also seize opportunities to align our regulatory framework with international peers, so that British businesses can more easily access international markets. This could include **opting into the “28th Regime”** – also known as EU-Inc – a voluntary pan-European legal framework for start-ups.²⁷ Momentum is building behind the proposal, and the European Commission is expected to present more detailed plans in the coming months. The aim is to streamline company formation across Europe and enable companies to expand more seamlessly across borders. As plans are fleshed out, the UK should actively explore how to join this framework. British businesses took a significant hit when we left the European Union; efforts to make it easier for them to do business across the continent should be prioritised.

Finally, we need to **tackle the painful and time consuming planning processes in this country**. This is already on the government’s radar, and we support the proposed measures related to Nationally Significant Infrastructure Projects (NSIPs). These include creating clearer, faster processes; issuing new guidance on consultation and publicity; delegating straightforward decisions to officers; and carrying out a review every five years to ensure that processes keep up with the times. This streamlining shouldn’t be limited to infrastructure. It should also be applied to strategically important industries, providing sector-specific fast-tracks in areas such as clean energy, data centres, and advanced manufacturing.

FIX OUR PRODUCTIVITY PROBLEM

The UK currently performs 15% worse than Germany and the US and 10% worse than France when it comes to productivity.²⁸ This has a damaging impact not only for British companies – but also for workers. It leads to lower wages and worse working conditions, as British workers lack access to the machinery, software, and automation that their peers abroad can use to make their jobs easier.

We could devote an entire report to addressing this challenge; indeed, others have.²⁹ Many of the recommendations we make in the following sections would make a big difference, from building skills to improving access to capital. But the first step is to set a bold ambition. The UK should **set a goal of achieving the highest productivity in the G20**, leapfrogging European peers like France and Germany, and taking aim at the US’s top spot in the rankings.

How to go global

ENCOURAGE — AND SUPPORT — GLOBAL AMBITIONS

Only 11.7% of British businesses export goods or services.³⁰ There are a range of barriers that hold businesses back from trading abroad. Chief among them is a lack of knowledge. A survey conducted by the UK government found that 77% of business leaders who had the opportunity to export felt that they didn't have a good understanding of how to do so.³¹ 74% said they didn't know where to go for help or support. These leaders also cited limited access to contacts and networks abroad, limited internal capacity, and trade costs as key barriers.



The government can help address all of these issues, starting with raising awareness about the services it already provides. The Department for Business and Trade has services geared towards helping companies develop export plans, including identifying target markets and understanding trade restrictions and regulations. But too few business owners know that these exist. The government recognised this in its recent trade strategy, which acknowledged that businesses find advice and guidance on exporting too difficult to find and navigate. It should now prioritise efforts to **modernise, streamline, and simplify these support services**.

We were pleased to see that the government recently provided an additional £20 billion in capacity for **UK Export Finance (UKEF)**, boosting the agency's lending and guarantee limit to £80 billion.³² The impact of this additional capacity should be closely monitored, and the government should consider expanding it further.

ATTRACT INTERNATIONAL INVESTMENT

In the 'Capital' section of this report, we focus on how the UK can make more of the money we already have here at home to support British businesses. But we also need to continue attracting international investment. The Harrington Review of Foreign Direct Investment, carried out under the previous administration, is an excellent source of recommendations to provide a

"best-in-class investor experience". The government should act on these to make the UK a far more attractive destination.

Trade missions must be another key priority. The chance for exciting British businesses to meet investors face to face is invaluable. We need more such missions, more scaling businesses on the plane — and more tailored support to help them maximise these opportunities.

PROVIDE EQUAL SUPPORT FOR HOMEGROWN BUSINESSES AND THOSE WE ATTRACT FROM ABROAD

The government has announced that it will establish a "concierge service" for companies looking for a new home in the UK.³³ It is a good idea — and one that industry should be consulted on prior to implementation. But we shouldn't lose sight of the companies that are already here, creating jobs and contributing to our economy.

The new service should have a dual mandate: attracting the most exciting foreign companies while supporting homegrown businesses. For UK-based companies, the government could create a set of criteria based on how much they contribute to the economy, such as the number of people they employ and the amount they spend on research and development. **Companies that meet this threshold could benefit from a package of support** that includes streamlined access to government services, support with government procurement, and help expanding into international markets.

Key reset recommendations

01 Change the culture

- **Set a clear vision for the future**, which rallies people around the belief that our nation's greatness is not a thing of the past but a prize to be won again.
- **Reject trickle-down economics and pursue an approach focused on advancing shared prosperity**, encouraging businesses to play their part in sharing the rewards of growth.
- **Launch a national campaign to showcase and elevate entrepreneurs**, giving the next generation something to aspire to.
- **Create a Minister for Entrepreneurship and establish a Chancellor's Roundtable** to send a clear signal that the UK is open for business and keen to nurture and attract entrepreneurs.

02 Reduce drag

- **Streamline the tax system and remove disincentives to job creation, investment, and risk taking**, including by:
 - **Reversing the National Insurance increase** to incentivise job creation.
 - **Dramatically reducing — or removing — tax on retained and invested profits** to encourage businesses to invest in growth.
 - **Overhauling tax credits for R&D**, making them easier to access — especially for emerging technologies.
 - **Boosting Business Asset Disposal Relief from £1 million to £20 million** to keep our most talented and ambitious founders here in the UK.
 - **Offsetting corporate venture losses against Corporation Tax**, thereby rewarding companies for taking risks on innovative new ideas.
 - **Incentivising successful entrepreneurs to reinvest their gains in new British companies**, such as by allowing them to defer paying Capital Gains Tax after an exit if they reinvest their money within a certain period.
- **Set a goal of achieving the highest productivity in the G20**, leapfrogging European peers like France and Germany and taking aim at the US's top spot in the rankings.

03 Go global

- **Encourage — and support — British businesses' global ambitions** by boosting access to support services and lending.
- **Turbo-charge trade missions**; host more of them, ensure more scale-ups are on the plane, and provide more support for these businesses to maximise the opportunity.
- **Broaden the mandate of the new "concierge service"** to support British companies seeking to expand, not just international companies coming to the UK.



PART 2

Capital

The challenge

The UK has no shortage of capital. Our pension sector alone is valued at £3 trillion.³⁴ Our problem is that we haven't been making the most of that money to grow our economy.

At an individual level, the UK has the lowest level of retail investment of any G7 country.³⁵ 40% of household wealth in the UK is tied up in property, and another 35% is in private pensions.³⁶ When faced with the choice of whether to invest their remaining wealth in the stock market or save in cash, most people choose the latter, for reasons we will get into in this report. This starves our stock market of capital and makes the UK a less attractive place for companies to list. More importantly, it means that Britons aren't building as much wealth as they could be.

40%
of household wealth in the UK is tied up in property

At an institutional level, UK pension funds are more risk-averse than peers in countries like the US. As a result, they tend to go for "safe" investments like government bonds. They invest very little in UK-listed companies and even less in venture capital. Because we have a "pay-as-you-go" model for our state and public service pensions, the government's pension contributions aren't used to invest in British businesses either. Again, this has a dual impact. For British businesses, it makes it more difficult to invest in growth. For Britons, it means that the performance of their pensions is often worse than their peers in other countries.

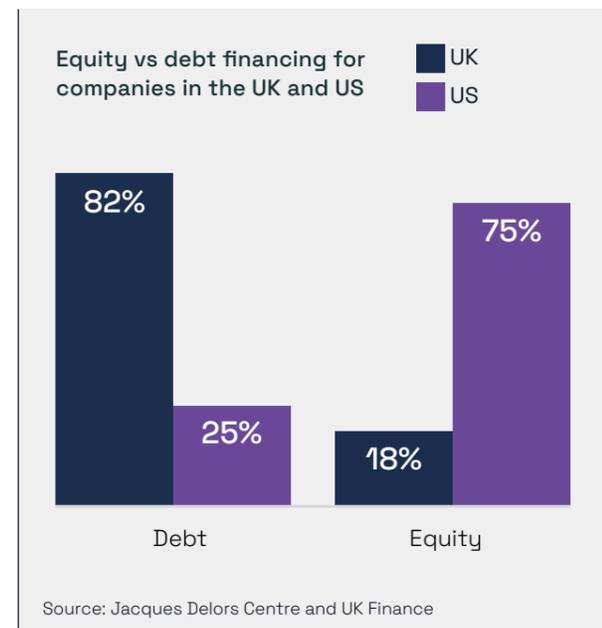
Not all companies are destined to go public, but when the flow of capital to listed companies gets choked, the entire pipeline backs up. Private equity investors lose a credible route to exit and pull back. Venture capitalists struggle to see where later-stage growth capital will come from, and rein in their investments too. A problem that starts at the top quickly cascades all the way down.

This all has a particularly damaging effect on our most ambitious, scaling businesses. Britain is great at creating innovative start-ups. And while raising capital for a new business is never easy, we are very competitive with our peers for early-stage funding. But as British companies grow, the funding they can access in the UK tapers off rapidly. They are forced to watch their competitors in the US raise more capital — more quickly — while they scabble for a diminishing pot of money. And in growing numbers,

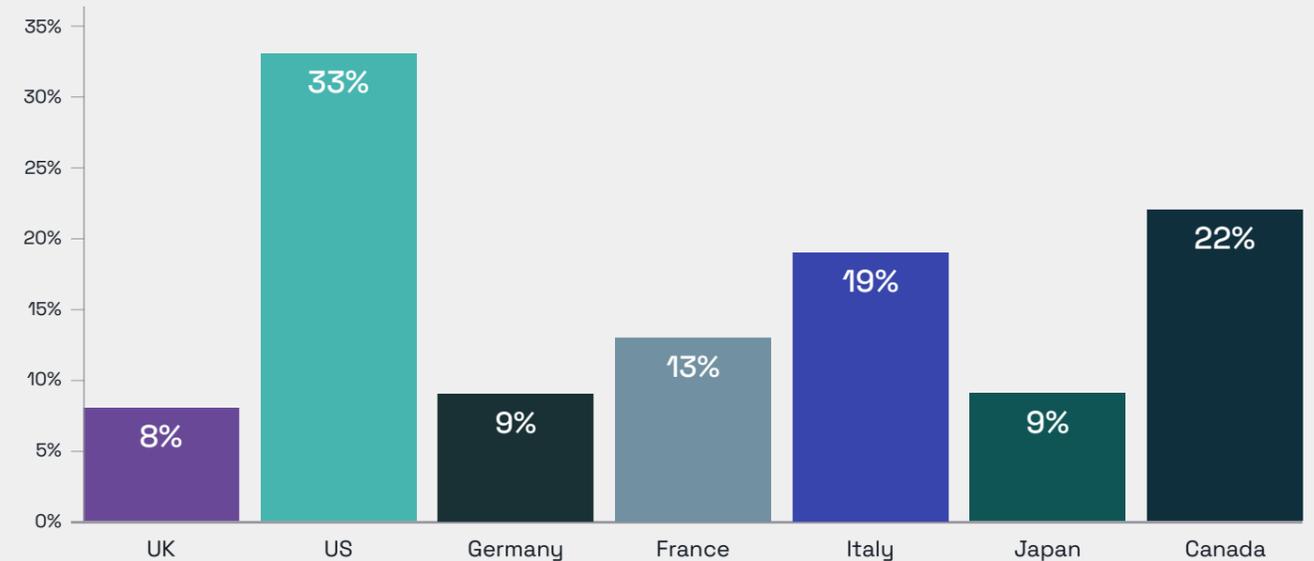
they follow them, leaving the country in order to attract investment and pursue a larger customer base. This challenge has been further compounded by Brexit, which has made it harder for British companies to access European markets.

Over the past 30 years, the way capital is deployed has also changed profoundly. The UK has historically been good at funding physical assets — and the large companies that once defined our economy were built around them. But the intangible assets that underpin great technology, from software to data to IP, demand a very different approach and a much higher tolerance for risk. This doesn't just impact the tech sector; it has implications for a range of industries, from life sciences to the creative industries. As rapid technological change has reshaped the global economy, Britain has fallen behind — not because we lack talent or ideas, but because we have clung to the investment models of the past.

It is worth noting that we have deliberately focused on equity finance in this report, not debt (such as bank loans). Debt finance has been critical for funding investment in tangible assets; the type that powered the Industrial Revolution, which Europe led. But modern economies have become highly dependent on intangible assets, including IP, software, human talent, and networks. This is much more difficult to fund with debt because of its asymmetric risk versus return profile. So, we need more equity investment, and the UK is currently lagging behind. In the US, 75% of companies' external financing comes from equity and 25% from debt.³⁷ In the UK, the pattern is reversed. 82% of funding comes from debt and only 18% from equity.³⁸ Debt will always play an essential role for British businesses, but this report concentrates on equity because it is where the biggest challenge and opportunity lie.



Percentage of people's personal wealth held in equities and mutual funds, by country



Based on Aberdeen analysis of data from individual countries' financial accounts released in 2023. Source: Aberdeen

The reset

BOOST INDIVIDUAL INVESTMENT

The goal of creating a shareholder economy is of huge importance — not only to the individuals who will benefit, but to our long-term prosperity and even to social harmony. While tax incentives are one (frequently debated) tool for encouraging people to invest, we need to be clear about the underlying issue: an entrenched culture of risk-aversion; a belief that investing in the stock market is a risky activity largely reserved for those who can afford any potential losses. The government and regulators have — for understandable reasons — required firms to emphasise the risks of investment, but it is time we turned the dial back to a more reasonable middle ground. Potential investors should be informed, not scared off. Messaging should emphasise the benefits of investment, as well as the (properly contextualised) risks. This change in how firms are required to talk about risk should be reinforced with a long-term campaign educating people about where their pensions are invested and empowering them to take more control of their financial futures.

UNLOCK INSTITUTIONAL INVESTMENT

Tackling the entrenched risk-averse culture in UK pension funds is a long-term and complex task. It means overhauling the regulations that encourage caution over ambition. It requires more transparency about pension providers' performance, in order to drive competition and stimulate a push for higher returns. And critically, it needs new ways of encouraging individuals who hold pensions to learn more about their options and apply pressure for stronger returns. All measures to encourage investment in domestic markets should be on the table — including tax incentives to channel more funding towards scaling companies.

MAKE PUBLIC INVESTMENT MORE EFFECTIVE

Public investment must be laser-focused on strategically important sectors. Given that government bodies will never compete with the private sector for top finance talent, financial firepower should be used to support a thriving venture and growth capital ecosystem, with the British Business Bank making the most of the money at its disposal in this way. In addition, the government must continue with the complex task of consolidating the Local Government Pension Scheme, pushing hard to pool these assets into larger funds, achieve greater scale, and deliver stronger returns.

How to boost individual investment

INCREASE INVESTMENT IN THE STOCK MARKET

Only 8% of Britons' wealth is invested directly in equities.³⁹ In contrast, Americans invest nearly one third of their wealth in equities, while Canadians invest nearly a quarter. When asked why, most Britons say it's because it is "too risky".⁴⁰ As any behavioural economist will tell you, changing these entrenched views is a complex task.

Much of the energy in recent months has been focused on tax incentives, including changes to Individual Savings Accounts (ISAs). This has prompted a fierce debate, which we won't get into here. But it is important to recognise that this is only part of a complicated picture. Polling has shown that only a quarter of those who have a Cash ISA would move their funds into a Stocks and Shares ISA if the tax thresholds were changed — which happened in the most recent budget.⁴¹

When you look at the breakdown of attitudes by age group, a more promising picture emerges; more than half of 18 to 24 year olds say they would shift their investments towards a Stocks and Shares ISA. This is exactly the age at which risk appetites should be highest, when people are farthest away from retirement. Unfortunately, it is also the point at which most people have the least disposable income. So we cannot just rely on young people to reach the investment levels we need; we must also encourage those who are later in life to invest.

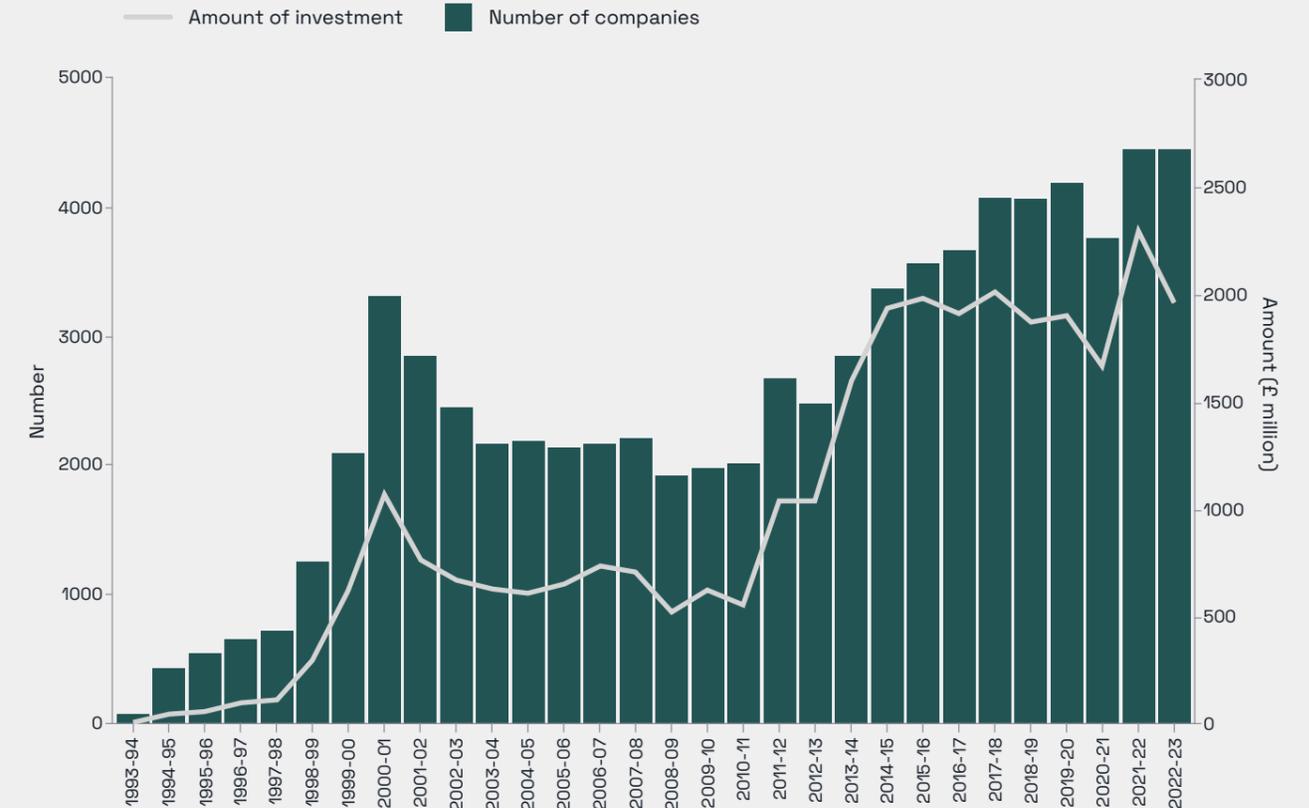
To engage people of all ages who are still reticent about investing, we need a concerted effort to shift opinion, including by **changing the way firms are required to talk about risk**. This is already on the cards, with the Financial Conduct Authority rolling out a package of reforms in this area and some investment platforms already trialling changes.⁴²

This must remain a top priority for the government — and for the private sector — over the coming years. With the financial crisis still a relatively recent memory, we are certainly not calling for investment risk to be sugar-coated. However, there is a strong case to be made that risk warnings have gone too far. Research has shown that the language currently used in these warnings doesn't actually help people make informed decisions — it just turns them off from investing altogether.⁴³ More contextualised risk warnings, in contrast, could boost the amount of retail investment by 14%, equivalent to an additional £4 billion in investment per year.⁴⁴ This would not only provide much-needed capital for British businesses, it would also give Britons a financial stake in their success. When these companies grow, so would Britons' wealth, giving them more purchasing power and creating a virtuous cycle.

More clearly explaining the potential benefits — as well as the risks — of different investment options could go a long way. In polling we commissioned from YouGov, we asked people whether they thought they would be better off if they had invested £100,000 in property in 2010 or the same amount in the FTSE 100. Twice as many people believed the property investment would have had better results, when in fact, the opposite is true.

Changing these perceptions will require a concerted effort to educate Britons about investing in the stock market — and address their fears. The government is launching a new **nationwide campaign** with private-

Number of companies raising funds through the Enterprise Investment Scheme and amount invested



Source: HMRC

More people incorrectly believe that investing in property would have yielded stronger returns than investing in the FTSE 100

If you had made the following investments in 2010, which do you think would have made you financially better off today?



Source: YouGov polling on behalf of Enterprise Britain⁴⁵

sector partners to raise awareness of the importance of investing to people's financial wellbeing. It is critical that this campaign is underpinned by robust research into Britons' current investing behaviours and the messages with the power to change them, so that it can create a sustained movement. It is also essential that it educates people about where their pensions are invested; the vast majority don't realise that their pensions can be invested in the stock market, too.

One of the biggest drivers of wealth inequality is the gap between those who invest and those who don't.⁴⁶ By broadening capital ownership, we can help address inequality while aligning the interests of the British public with the interests of British business. This will become increasingly important as emerging technologies like AI reshape our economy. Ensuring that a broader range of people earn value from investments in these technologies will be critical for easing the transition.

BOLSTER INDIVIDUAL INVESTMENT IN PRIVATE COMPANIES

The Seed Enterprise Investment Scheme (SEIS) and the **Enterprise Investment Scheme (EIS)** are both designed to incentivise individual investors to back start-ups and scale-ups by offering tax and loss relief. But because the funding gap is most acute at the scale-up stage, our focus here is on EIS.

EIS has been instrumental in channelling capital into early-stage businesses. Usage has risen steadily since the Global Financial Crisis, making it a critical source of finance.⁴⁷ One study estimated that between 34-52% of the money invested in early-stage companies would never have been invested without the scheme.⁴⁸

But critics of EIS have raised concerns that the tax relief that is central to the scheme may be providing perverse incentives. Some argue that investors may carry out less rigorous due diligence, knowing a portion of losses can be offset.⁴⁹ Others point to advisers placing greater emphasis on tax advantages than

returns when recommending EIS to their clients. The risk is that capital could be channeled towards lower-quality investment opportunities — with investors and HMRC footing the bill if they don't work out.

There have also been concerns about transparency. Reliable, comprehensive data on EIS performance is extremely difficult to find. HMRC publishes detailed statistics each year on take-up, fundraising totals, and loss relief claims — but nothing on returns. What the government chooses not to measure is revealing: performance is simply not a core metric of the scheme. As part of its most recent budget, the government announced an expansion of EIS, doubling the amount companies can raise. This is a welcome step. But it should be matched with reforms to how the scheme is evaluated, including the **systematic collection and publication of data on returns**, alongside the information already reported.

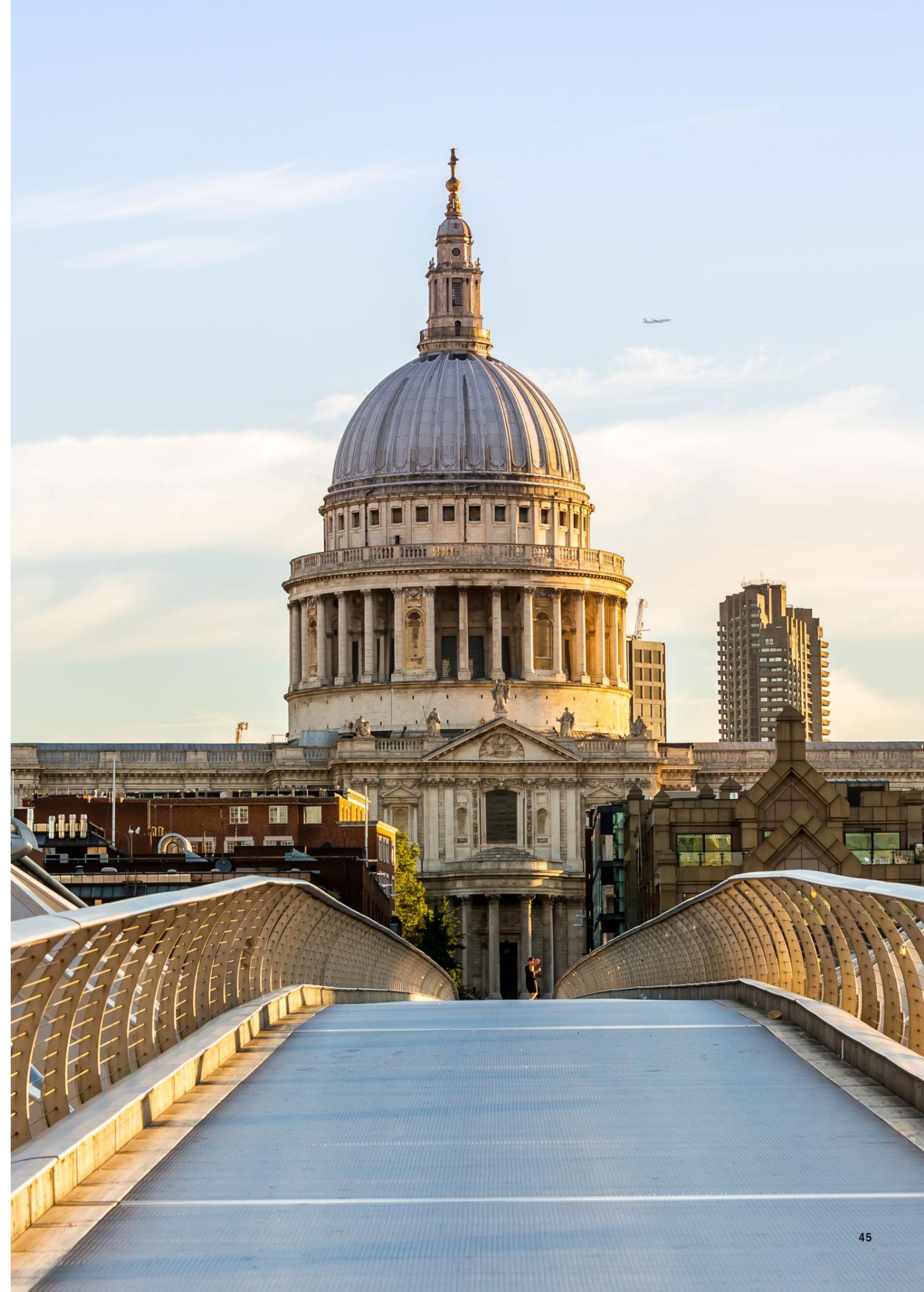
Venture Capital Trusts (VCTs) are another critical tool for directing much-needed capital to scaling companies. They allow investors to back high-growth firms while benefiting from tax incentives. Over the 30 years since their introduction, VCTs have built an impressive track record. They have raised more than £12.5 billion, supported hundreds of companies — including several unicorns — and helped create thousands of jobs. Companies backed by VCTs since 2018 alone now employ more than 44,000 people across the UK.⁵⁰

Performance data for VCTs is more robust than for EIS. According to Wealth Club, the 10 biggest VCT managers delivered an average net asset value total return of 81.4% between 2013 and 2023.⁵¹ Yet it is telling that HMRC's official reporting on VCTs excludes performance metrics.⁵² As with EIS, the government should reassess the data it collects and publishes, making it easier for investors to judge both the risks and the rewards.

44,000

people across the UK are employed by companies backed by VCTs since 2018

VCTs clearly have an important role to play, and we welcome the government's recent decision to increase the amount companies can raise through these vehicles. However, the decision to cut the income tax relief for VCT investors from 30% to 20% is short sighted. At a moment when the UK should be encouraging greater participation from investors willing to back our most promising scale-ups, this change pulls in the opposite direction. We urge the government to reverse this recent change.



How to unlock institutional investment

CHANGE PENSION FUNDS' ATTITUDE TOWARDS RISK

One of the hardest — and most important — things to tackle is the entrenched risk-averse culture amongst pension funds. The drivers of this are complex, going back three decades to the Robert Maxwell scandal.

The revelation that Maxwell had squandered the Mirror Group's pension fund to prop up his struggling business empire resulted in both public outcry and a wave of pension reforms, with significant changes to tax, regulation, and accounting rules.

The damage from this series of government decisions was significant — and lasting. One of the UK's most prominent economists, Sir John Kay, dubbed it "one of the great avoidable catastrophes of British public policy".⁵³

While designed to protect pensioners, the changes have unintentionally condemned many to a retirement where they struggle to make ends meet. This is because they have pushed pension

providers towards safer, but often lower-performing, investments. Part of the problem is that pension fund trustees are strongly disincentivised from taking risks. No one will criticise them if they hire a consultant and take their advice, which will often favour low-risk options. But if they take a riskier path in pursuit of stronger returns and it fails, the criticism will be swift — and severe.

This institutionalised risk-aversion has created a ticking time bomb for retirees; nearly three quarters (74%) of Britons don't think they will have a "reasonable standard of living" in their retirement.⁵⁴

In her speech announcing the Leeds Reforms, Chancellor Rachel Reeves highlighted the need to regulate for growth, not just for risk.⁵⁵ **Taking a hard look at the culture towards risk in British pension funds — and the regulations that reinforce it — should be a key area of focus.** If we continue to push pension funds towards lower-risk investments, that is just one step up from asking pensioners to put their cash under their mattress.

INCENTIVISE A STRONGER FOCUS ON RETURNS

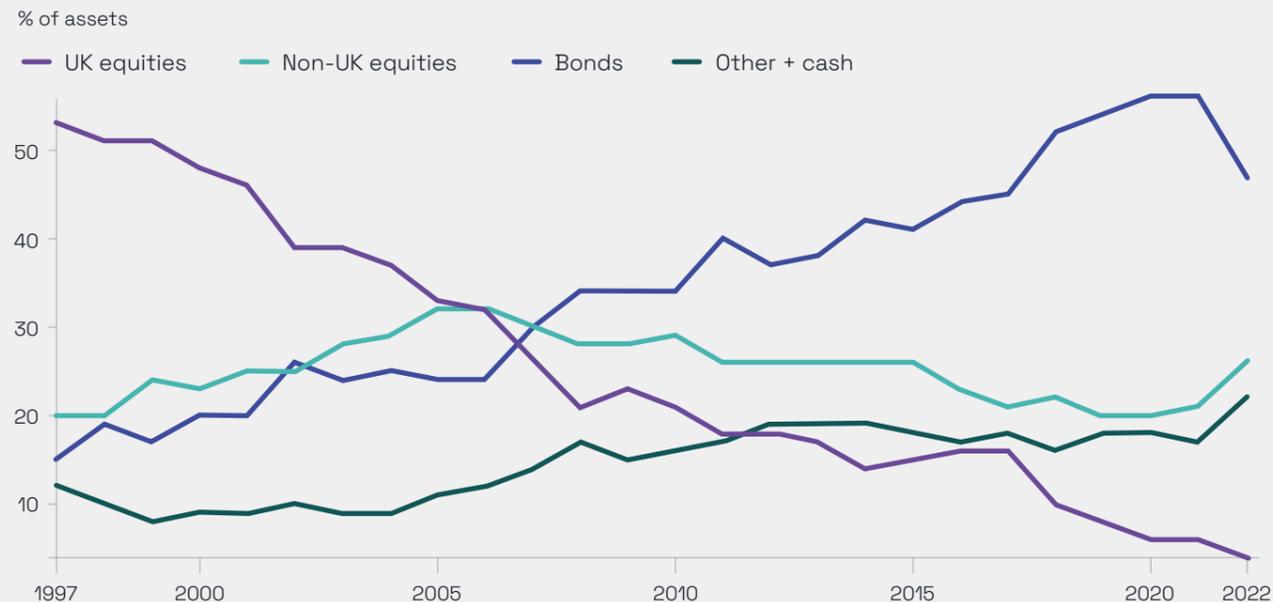
At the same time, we need to create stronger incentives for pension providers to prioritise returns. Transparency about performance is a key piece of the puzzle.

Value per pound for public-sector pensioners is significantly higher than their private-sector peers

Sector	What you would get back over 20 years for a £100 pension contribution	Value per £1 (2025)
NHS	£1130.20	£11.30
Civil service	£1008.60	£10.08
Teachers	£984.00	£9.84
Local government	£703.80	£7.04
Private sector	£533.80	£5.34

Figures based on a 20-year retirement
Source: Lane Clark & Peacock, cited in The Times and The Sunday Times

The amount that British pension funds invest in UK equities has dropped dramatically



Source: New Financial

The Value for Money (VFM) framework, introduced in 2023, set out to improve the availability and transparency of data on defined contribution (DC) pension schemes. But the implementation of the new requirements has been inconsistent.

One of the challenges is that different schemes show returns over different time periods, relative to different benchmarks. This makes it difficult for even the most savvy savers — or managers of workplace pension schemes — to compare different providers. Now that the framework has been in place for several years, the government should **carry out a review of how VFM has been implemented and look for opportunities for improvement.**

But transparency only goes so far. The vast majority of savers don't seek out or review information about their pensions. Two thirds of savers have either never reviewed where their pension is invested, or haven't since they joined their scheme.⁵⁶ And a staggering number of people — 96% — stick with their scheme's default investment strategy rather than actively choosing an approach that best meets their needs and risk appetite.⁵⁷

So, in addition to providing more easily digestible information, workplace pension providers should be required to **conduct an annual session** with every client, to which all employees participating in the

pension scheme are invited. In this session, they should proactively explain how employees can find information about how their pensions are invested, where to access performance data, and how to assess the options that are available to them. This would be a cost-effective way to remind people about their pensions annually and encourage them to reconsider their risk appetite based on their changing circumstances.

The planned public campaign to engage retail investors should include a strong focus on encouraging people to proactively manage their pensions. Supporting savers to take greater control of their financial future will generate **helpful pressure on pension providers to compete for customers.** It will also encourage them to move away from lower-performing asset classes and towards investments with higher potential returns — including equity investments.

Delivering stronger returns for savers in the private sector is critical to ensure they don't fall even further behind their peers in the public sector, who are on defined benefit rather than defined contribution schemes.⁵⁸ It isn't right that private-sector employees have lower returns, on average, based on the same contributions to their pensions. There are already calls to address this gap. If we don't act soon, there is real risk that simmering resentment could boil over and erode trust in the entire pension system.

ENCOURAGE MORE DOMESTIC INVESTMENT FROM PENSION FUNDS, WITH A FOCUS ON GROWTH CAPITAL

UK pension schemes invest less in domestic stocks and private assets than their peers in other major economies. This wasn't always the case; at the turn of the century, about 50% of assets in UK pension funds were invested in UK equities; now, that figure has plunged to 4.4%.⁵⁹ The ill-fated pension reforms mentioned previously were a big driver of this shift, as pension funds were pushed towards safer but lower-performing investments like government bonds.

There is no single 'silver bullet' that can reverse the trend of pension providers shunning domestic investments. Instead, a range of complementary measures are needed to undo the damage of the last 30 years. If they are successful, we can create a virtuous circle where more pension money goes towards ambitious British businesses and their success in turn yields stronger returns for retirees.

One measure that is already on the table is the Mansion House Accord, through which 17 of the biggest pension providers have agreed to invest 5% of their portfolios in the UK.⁶⁰ The recent launch of the Sterling 20 builds on this momentum, mobilising 20 of the largest pension funds and insurers to ramp up domestic investments.⁶¹ However, there has been strong pushback against mandating pension providers to invest more in the UK, and these are both voluntary commitments.

If pension providers follow through on their promises, these initiatives could be important steps in the right direction. However, there is no guarantee that this will help close the funding gap for scaling businesses, in particular. Indeed, many of the entrepreneurs and VCs we have spoken with fear that very little of this money will reach scale-ups; currently, workplace defined contribution pension schemes only invest 0.5% of their assets in VC, and there is no indication that will change.⁶² The reasons for this are complicated, and they include concerns over fees and limited in-house investment expertise within most pension funds.

On the fee front, part of the problem is a government-mandated charge cap that was implemented in April 2015. Like many of the pension reforms discussed in this report, it was well-intentioned, designed to protect savers by limiting the fees they pay. But it has also had unintended consequences, discouraging investment in assets that may deliver higher long-term returns, even where those returns justify higher fees.

The Financial Conduct Authority is due to consult on changes to the charge cap this year.⁶³ Any reform should **ensure that savers can access a broader range of investments** — ones that have the potential to generate stronger returns while also backing the UK's most ambitious, scaling businesses.

Alongside this, the government should also ensure **transparent reporting** on where pension funds are investing and consider additional measures to help channel more pension money towards scaling companies.

One option they could explore is using **tax incentives**. For example, Italy instituted a tax exemption on capital gains from VC investments for pension funds that have 5% of their overall portfolio dedicated to venture — with that figure rising to 10% in 2026.⁶⁴ A similar measure could be considered here to help ensure that funding reaches British scale-ups. A study from the Society of Pension Professionals showed that nearly three quarters (74%) of those they surveyed in the industry feel that some form of tax relief would be the most effective way to achieve the government's aims for increasing domestic investment.⁶⁵

How to make public investment more effective

CATALYSE A ROBUST VENTURE CAPITAL AND GROWTH EQUITY ECOSYSTEM

The British Business Bank is the biggest investor in UK venture and growth capital funds; its programmes have supported more than half of the UK's current unicorns.⁶⁶ Many entrepreneurs and VCs point to it as an effective government-led initiative to support scaling businesses in the UK. But there is still room for improvement.

Despite a recent increase in the Bank's financial capacity to £25.6 billion, it is still relatively small.⁶⁷ To make the most of the money at its disposal, **the British Business Bank should focus on catalysing a robust venture capital and growth equity ecosystem**. Rather than trying to replicate existing private-sector expertise within the Bank, it should make fewer, bigger-ticket, cornerstone investments in privately managed growth-stage funds.

The reality is that a government entity simply can't compete with the private sector for top finance talent. It can't pay the same salaries, nor can it provide the same incentives. So, the British Business Bank should leverage the strong investment expertise in the UK's top VC funds and focus on the unique, catalytic role it can play.

The newly announced Venture Link initiative is a positive step in this direction. In the most recent budget, the government announced that it would publish more information on the venture funds it

supports — and those it is considering backing. This is intended to help pension funds identify opportunities to invest in venture capital. The Bank should consult widely with both pension funds and VCs in designing this initiative to ensure it meets their needs.

We also support the Bank's plans to reduce bureaucracy, streamline its various programmes, speed up decision-making processes, and change its appetite for risk. These will all be critical to boost the funding available for Britain's most ambitious and innovative scale-ups and bolster a private-sector ecosystem that can sustain them over the long term.

BUILDING ON OUR STRENGTHS IN RESEARCH AND DEVELOPMENT

The UK can and should be a global leader in research and development (R&D). We have incredible universities that have been home to some of the best scientific minds in human history. We should be in a great position to build on these strengths, but the R&D landscape is currently too fragmented and unfocused to make the most of them.

The government's support for R&D is spread too thin, giving businesses and investors inconsistent signals about where the UK intends to lead. The announcement in the recent budget that UKRI would undertake a strategic reset to focus investment on the Industrial Strategy is a welcome step towards a **more focused R&D agenda**.

The National Centre for Universities and Business recently convened a business-led R&D Taskforce, which gathered insights from more than 2,000 firms and industry leaders across the UK.⁶⁸ We echo their recommendations, which include making UKRI's purpose and responsibilities clearer, requiring it to report each year on how it engages with business and supports private investment, ensuring that it works more seamlessly with Innovate UK, simplifying processes, better tracking the impact of public investment, and linking funding to clear outcomes.

ENSURE THAT LOCAL GOVERNMENT PENSION SCHEME REFORMS DELIVER MORE CAPITAL FOR BRITISH BUSINESSES

The Local Government Pension Scheme (LGPS) — which manages the pensions of local government employees — has massive untapped potential to support British businesses.

It is the only funded public-sector pension scheme in the UK, and if managed as a single fund, would rank as the sixth largest in the world.⁶⁹ Instead, it is split between dozens of local authorities. The government is rightly pushing to pool these assets into larger funds to achieve greater scale and deliver stronger

returns. But progress has been uneven. Most recently, ministers blocked 21 authorities across England and Wales from joining the same pool, citing concerns about capacity constraints.⁷⁰

Some friction is inevitable in a reform of this scale. But the government should not lose sight of why consolidation matters. As the Chancellor has previously noted, merging LGPS assets and creating "megafunds" could unlock up to £80 billion for investment in infrastructure and high-growth scale-ups.⁷¹

£80b
could be unlocked by merging LGPS assets into megafunds

As the consolidation effort moves ahead, the government should **make greater allocation to UK venture capital and private equity a clear priority**. Currently, LGPS funds allocate around 13% to private equity and infrastructure compared to 34% for Canadian public-sector pension funds.⁷² Consolidation provides an opportunity to improve this, unlocking more capital for British businesses.

Crucially, this isn't just about supporting British companies — it also helps drive better outcomes for savers. The government has estimated that retirees could be at least £6,000 better off thanks to the creation of megafunds.⁷³

Key reset recommendations

01 Boost individual investment

- Encourage more people to invest in the stock market, including by tackling the deep-seated culture of risk-aversion and providing more balanced and proactive financial advice.
- Pair the recent changes to the Enterprise Investment Scheme (EIS) with reforms to boost data collection and transparency.
- Reset the income tax relief for investors in Venture Capital Trusts (VCTs) to 30%, encouraging greater participation from those willing to back our most promising start-ups and scale-ups.

02 Unlock institutional investment

- Tackle the risk-averse culture amongst pension funds, taking a hard look at the regulations that have encouraged an overly cautious approach and unintentionally condemned many to a retirement where they struggle to make ends meet.
- Generate healthy competition amongst pension providers with a campaign — and accompanying reforms — to encourage savers to take greater control of their financial future.
- Explore using tax incentives to help channel more pension money towards start-ups and scale-ups.

03 Make public investment more effective

- Ensure that the British Business Bank catalyses a robust venture capital and growth equity ecosystem, making fewer, bigger-ticket investments in privately managed growth-stage funds.
- Push harder to pool local government pension assets into “megafunds” — and use this as an opportunity to unlock more capital for British businesses.



PART 3

Talent

The challenge

The UK is home to incredible talent. Our universities sit at the top of global rankings for innovation.⁷⁴ Our workforce is amongst the most skilled in the world.⁷⁵ And we have high levels of entrepreneurship.⁷⁶

But if we can't put the right people in the right jobs at the right time, we can't make the most of these advantages. While the UK continues to produce leading innovators, other countries are moving faster by creating environments where talent can flow freely and both their existing workforce and the next generation are equipped with the right skills. Unless we keep pace, those snapping at our heels will start to overtake us.

There are serious issues when it comes to nurturing homegrown talent in the UK. The entrepreneurial aspirations of countless young people are not fully encouraged and supported in the education system. For those wishing to upskill, the provision is patchy or incompatible with busy lives. Talent mobility has reached an all-time low, with lengthy notice periods and non-compete clauses holding back the careers of those who want to move faster. Relocation costs and the fear of failing in a new role — with no adequate financial safety net — discourage the risk-taking that is the lifeblood of enterprise.

Almost two decades on from the Global Financial Crisis, the way we talk about successful businesspeople is still laced with distrust and sometimes anger. This makes it difficult for governments to implement policies that would help us retain or attract the brightest talent — from tax incentives to non-dom rules.

At the same time, a heated national debate around immigration can obscure the necessity of attracting the world's best and brightest entrepreneurs — and make politicians wary of action in this area. As a consequence, the red carpet rolled out by other nations looks increasingly enticing to top talent.

The reset

NURTURE HOMEGROWN TALENT

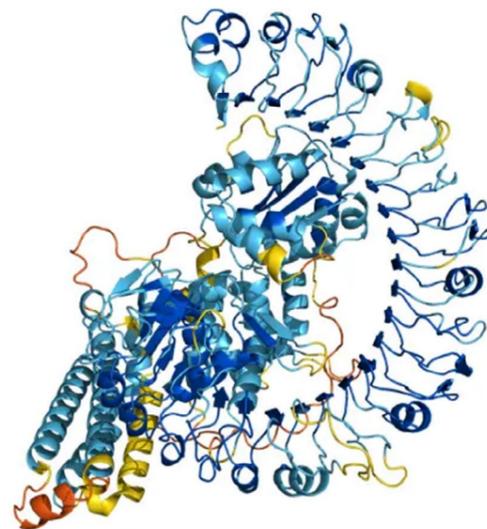
The raw ambition out there — in both younger and older generations — is crying out to be tapped with a skills offer that is aspirational, flexible, and as future-proof as possible. The government's push to train millions of adults on free AI courses is exactly the kind of bold measure needed. Meanwhile, we must look at all the issues that are blocking the free flow of talent — from non-competes to onerous relocation costs — and be proactive in tackling them one by one.

KEEP TOP TALENT IN THE UK

Retaining senior talent here requires a change in the way we talk about thorny issues like executive pay and taxation. We need to recognise the reality that we are competing in a global talent marketplace, and many of our most successful senior executives are being poached by companies in other markets where compensation packages are more appealing. And we need to make the case that keeping more of our top talent in the UK has significant benefits for the economy as a whole.

ATTRACT THE WORLD'S BEST AND BRIGHTEST

The data showing the positive impact that skilled global talent brings to Britain is impossible to argue with. We should continue welcoming entrepreneurs, researchers, and other skilled workers who want to contribute to our economy and more clearly explain the benefits this brings for British workers as well.



How to nurture homegrown talent

MAKE IT EASIER AND FASTER TO HIRE

Talent mobility has reached an all-time low, with a range of factors holding people back. Chief among them are the lengthy notice periods set by employers, particularly in knowledge-intensive industries.

Currently, over a third of businesses set notice periods for directors at six months.⁷⁷ In practice, this can result in employees spending months winding down their responsibilities, rather than investing energy into a new role. This not only delays their career progression but can also lead to disengagement and reduced productivity, meaning neither the employer nor the employee fully benefits during the handover period. In high-demand sectors like tech and finance, where talent needs to move rapidly, these delays have an outsized impact on both innovation and operational efficiency.

This is compounded by the rise in restrictive covenants like non-compete agreements, which prevent employees from working for a competitor or starting their own business for a period of time after they leave their jobs. Increasingly, employers are adopting a blanket approach to non-competes with little room for negotiation and, often, signed by employees who don't fully understand what they are agreeing to.

Non-compete clauses now affect around 30% of workers in the UK, rising to 40% in sectors like technology, industrial services, and communications.⁷⁸ While many would associate them with knowledge-intensive industries like tech, their use has spread to other areas such as retail, food services, and even education. They are also increasingly used across all levels, rather than just for senior talent. The average length of these agreements is around six months; however, they can extend to a year or more, particularly in higher-level roles.

Non-competes are often used as a deterrent rather than a genuine safeguard; research by the OECD found widespread use of clauses that go beyond what is legally enforceable. They are frequently bundled with other post-employment restrictions, most often non-disclosure agreements, which already provide protection for trade secrets. This reduces workers' bargaining power, as these restrictions are often presented as a non-negotiable package.⁷⁹

The effect of lengthy notice periods and non-competes on the UK jobs market is clear: the movement of talent is being choked. Almost a quarter of employees report that non-competes have directly prevented them from leaving a job to join a competitor.⁸⁰ Businesses that

Duration of non-compete clauses



Source: YouGov survey commissioned by the former Department for Business, Energy & Industrial Strategy (BEIS), 2022

want to hire face up to a year of lag time for skilled employees to join their firms, particularly at a senior level. Would-be entrepreneurs are also blocked from launching new ventures, with nearly a fifth of people bound by non-competes saying it had prevented them from starting a business.⁸¹ The overall result is a labour market that traps workers, stifles growth, discourages innovation, and holds back competition.

The UK can no longer sit back while other, more innovation-friendly jurisdictions snap up talent. This is why we are calling for the government to **give people the power to reduce their notice period to one month and ban non-competes.**

This can be done while maintaining protections for both businesses and workers. Intellectual property and confidentiality would continue to be safeguarded, and other restrictions like non-solicitation and non-poaching clauses — which prevent departing team members from taking clients or staff — would continue to apply. Companies could also continue to negotiate paid ‘gardening leave’ clauses in their contracts. But giving people the ability to reduce their notice periods and banning non-competes would finally allow the UK to realise the full potential of its workforce, creating a more dynamic, competitive, and innovative economy.

FACILITATE EASIER MOVEMENT BETWEEN ROLES

Another practical step the government could take to improve talent mobility is to **make relocation costs fully tax-deductible.** Currently, employer-paid relocation expenses are tax-free for employees up to £8,000; anything above that is treated as a taxable benefit in kind. If employees cover the costs themselves, they don’t receive any tax relief. Allowing employers to deduct relocation costs from Corporation Tax, and employees to deduct them from Income Tax, would lower the financial barrier to moving roles. This two-sided reform would improve the flow of talent across the economy, and would be particularly helpful for start-ups and scale-ups, which are far less able than their larger peers to fund relocation packages upfront.

MAKE IT MORE APPEALING TO TAKE CAREER RISKS

The government should also **make it easier for people to take career risks — and for firms to take risks when hiring.** Internationally, most advanced economies — including the majority of the G7 — link unemployment support to previous earnings. Adopting a similar approach in the UK would bring us into line with our peers and materially rebalance the risk-reward trade-off involved in switching jobs. It could also incentivise people who have been out of the workforce to seek new jobs, given that unemployment benefits would decline over time.

This could operate on a graduated basis: for example, people could receive 80% of their previous salary for the first three months of unemployment, 50% for the next three months, followed by the current flat rate thereafter. This would not be cheap, but the potential gains could be substantial.

TAKE A COMPREHENSIVE — AND FLEXIBLE — APPROACH TO DEVELOPING TALENT

Over recent years, investment in talent development has been on the decline — at precisely the moment it is needed most. From 2017 to 2022, the amount employers spent on skills training decreased by £10.9 billion in real terms.⁸² Some have blamed this decline on the inflexibility of the previous Apprenticeship Levy, which is now being reinvented as the Growth & Skills Levy. While that explanation is too simplistic, there is truth in the broader point: skills systems work best when they are flexible, responsive, and aligned with the realities of modern working lives.

10.9b

the amount employer spending on skills training decreased from 2017 to 2022 in real terms

That flexibility is rightly at the heart of the new Growth & Skills Levy. But as it is rolled out, the government must not lose sight of the enduring value of apprenticeships — particularly at a time when nearly one million young people are not in education, employment, or training (NEETs).⁸³ Apprenticeships remain one of the most effective on-ramps into work, especially for those struggling to access traditional routes into employment.

The government’s recent decision to fully fund training costs for under-25 apprenticeships in SMEs is welcome. It should now be backed by an effort to **drive uptake of apprenticeships among eligible employers.** These opportunities can be transformative for young people who might otherwise be locked out of meaningful work.

But apprenticeships aren’t just for the young. They can also provide benefits for older workers, including those at risk of displacement as technologies like AI reshape the labour market. Analysis from the upskilling platform Multiverse found that the ages of those taking part in AI apprenticeships ranged from 19 to 71.⁸⁴ Older workers should be encouraged to explore retraining — whether through apprenticeships or other programmes — as they

consider career transitions or seek to future-proof their jobs. This matters, given that 876,000 older people are currently unemployed or economically inactive but want to work — almost matching the number of young NEETs.⁸⁵

At the same time, apprenticeships will never be the right fit for everyone. The government acknowledged this in designing the Growth & Skills Levy, which offers a broader and more flexible menu of training options for employers and learners alike. That flexibility should now be fully embraced.

The government should explore **partnerships with both businesses and trade unions** to build workers’ skills through flexible initiatives that they can fit around their commitments at work and at home. We strongly support the government’s new initiative to provide free AI training to everyone who wants it.⁸⁶ We were pleased to see that it has set an ambitious and measurable target: upskilling 10 million workers with AI skills by 2030.

As this programme and others prepare workers to leverage technology, we also need to help them build the **skills that are likely to remain uniquely human** for the foreseeable future. These include skills like leadership, management, ethics, relationship building, and computational and critical thinking. As technology becomes more ubiquitous and integrated in our daily lives, people will continue to look to other humans to build trust and forge lasting relationships. Skills programmes should double down on these areas.

Building a strong and resilient talent base in the UK will require action that cuts across government departments. The Global Talent Taskforce, which was

introduced earlier this year, was a strong signal from the government that it is taking talent seriously. It could go a step further by creating a **Minister for Talent**, whose remit incorporates both homegrown talent and skilled immigration. In addition to putting a champion for talent at the table when key decisions are being made, this would also demonstrate that supporting British workers and attracting ambitious migrants doesn’t have to be a zero-sum game.

BACK OUR EXISTING CULTURE OF ENTREPRENEURSHIP WITH THE SKILLS NEEDED TO START AND RUN A BUSINESS

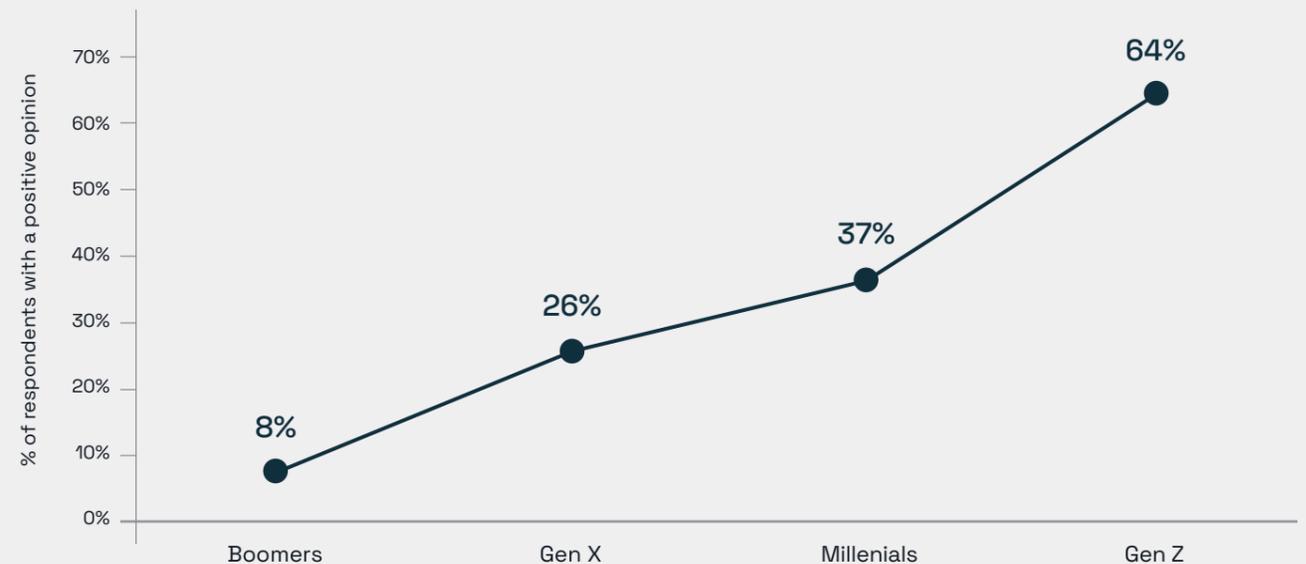
Young Britons have an incredible appetite for entrepreneurship. A study conducted by AXA found that 64% of Gen Z Britons would like to start their own business.⁸⁷ That compares to 37% of Millennials and just 26% of Gen Xers. We should do everything we can to foster this entrepreneurial spirit.

That should start with **changes to the education curriculum to incorporate financial literacy and entrepreneurship skills.** We support the government’s decision to strengthen financial education within the core curriculum for both primary and secondary school. Too many people leave school without a basic understanding of their own finances, let alone how to run a business or understand the broader economy.

As the government implements its planned changes to the education curriculum, it should ensure that students are equipped with the skills to turn their entrepreneurial ambitions into reality. This should

Young Britons have an incredible appetite for entrepreneurship

% of Britons who want to start their own business, by generation



Source: AXA UK

focus on both aptitude and attitude, encouraging young people to back themselves, be willing to take calculated risks, and bounce back quickly from failures. Teachers should make lessons hands-on, practical, and fit for an age when young people consume more financial information from TikTok than they do from their teachers or parents.

The government could also look to the late Lord Young’s “Relevance of Enterprise in Education” report for ideas. The report called for the government to recognise enterprise activity throughout the education system — from primary school through to college and university.⁸⁸ One proposal, which originally came from Young Enterprise, was to create an **Enterprise Passport**, a digital record for young people to track and showcase their extracurricular activities. This could include things like running a small business, gaining work experience, or participating in mentorship programmes.

We should also find opportunities to celebrate and back those who take the leap and launch their own ventures. This could be done through **competitions that showcase young entrepreneurs both within the UK and on the global stage**. These competitions could be co-sponsored by the government and private-sector partners, helping to link our best and brightest young minds with those who can help accelerate their ambitions.

ADDRESS THE FACTORS THAT PUSH WOMEN OUT OF THE WORKFORCE

Britain has no shortage of capable women who want to work. The problem is that, too often, the system makes it hard to stay in work — or to return quickly after a life change. Caring responsibilities remain the single biggest driver of workforce exits: around 1.37 million women are economically inactive because they are looking after family or home.⁸⁹ As the population ages and more people require elder care, this issue will become even more acute.

1.37m
women are economically inactive because they are looking after family or home

For some, giving up work is a choice they gladly make. For others, it is an economic necessity. When childcare or elder care is scarce, expensive, or inflexible, even highly motivated people can find that working simply doesn’t add up.

The economic cost of women leaving work is enormous — and it compounds over time. For the women themselves, time out of the labour market both reduces their current earnings and damages their lifetime pay progression, savings, and pension outcomes. For the country, it means fewer people producing, fewer taxes raised, and less growth.

The government is well aware of this problem; it is one of six key issues addressed in its White Paper on “Getting Britain Working”.⁹⁰ But more could be done. For example, we could **get more creative with tax incentives** designed to help pay for childcare. Hungary is an unexpected source of inspiration. The country provides generous, state-sponsored funding for having and raising children, including tax breaks and discounts on services.⁹¹ While there are flaws in the way Hungary’s system is designed, there are also positive lessons to be learned. The UK government could consider providing similar income tax breaks for primary caregivers who return to work after having children, offsetting the cost of childcare. Unlike the recent arguments over ending the two-child benefit cap — which nearly two thirds of the public thought should be kept in place⁹² — this type of policy could be more likely to secure widespread support because it incentivises people to return to work.

How to keep our top talent in the UK

INCENTIVISE AMBITIOUS EMPLOYEES TO JOIN BRITISH SCALE-UPS

The Enterprise Management Incentive (EMI) scheme was designed to give often cash-strapped start-ups and scale-ups a tax-efficient way to attract and remunerate top talent by offering them equity stakes in their business. It is a great initiative, but unfortunately it hasn’t kept up with the times.

In its recent budget, the government announced that it was increasing some of the thresholds for the scheme, which were set in 2012 and designed for a world in which start-ups exited on shorter timeframes, with fewer employees. This included increasing the limit on the number of employees that companies can have to 500, boosting the cap on assets to £120 million, and increasing the company share option limit to £6 million. We welcome these changes and encourage the government to go a step further, aligning with the recommendations from Index Ventures, which has called to **boost the cap on assets to £200 million and increase the maximum headcount to 1,000**.⁹³ This better reflects the current scale-up landscape and would improve ambitious companies’ ability to attract and retain talent from both the UK and abroad.



REVISIT EXECUTIVE AND NED COMPENSATION STRUCTURES

We are competing in a global marketplace for executive talent. These highly skilled workers tend to be mobile, in-demand, and highly motivated to secure the best-possible compensation packages. Countries around the world are already going out of their way to help their local firms attract top British talent, from providing significant tax benefits to streamlining visa processes.

It is in our best interest to ensure that we keep more of our executive talent at home, rather than bolstering our competitors abroad. As a country, we should want these leaders to be incentivised to grow the businesses they work for, helping to create jobs for British workers and generate tax revenues. So, we need to **ensure that our compensation and taxation structures are set up in a way that supports this aim**.

We are well aware that any conversation about executive compensation is bound to be met with fierce debate. However, the issue is too big to ignore. We’ve spoken with entrepreneurs, investors, and executive search firms as we’ve prepared this report, and this issue came up consistently in those conversations.

As it currently stands, British companies — both large and small — simply aren’t competitive with their peers in the US when it comes to their ability to attract senior talent. That means that many of our most impressive senior leaders are tempted to move abroad — while we lose out in the race for global talent. If we are going to build and keep world-class companies, this must be addressed.

The government should **explore aligning tax incentives for executives and NEDs with international peers — like the US**. In doing so, it should prioritise tax breaks for compensation structures that are linked to performance, such as equity-based incentives and performance-related bonuses. That way, executives will

be rewarded for success — not for failure. To build public support for these changes, the government will need to make a clearer case about the benefits of keeping these leaders in the UK. These arguments will be better received if people at all levels feel that they are being fairly compensated and incentivised, so they should be paired with measures to address inequality.

REVISIT NON-DOM TAXATION RULES AND AVOID OTHER TAXES THAT PUSH ENTREPRENEURS AWAY

As part of the effort to keep more top talent in the UK, the government should also **revisit the changes to non-dom taxation**, introduced in 2025. While intended to increase tax revenues, they are likely to have the opposite effect as wealthy taxpayers choose to leave the country altogether — and deter others from coming to replace them. The government seems to have recognised the potential dangers of an exodus, ordering a review of the impact of recent non-dom status changes on tax revenues.⁹⁴

In its most recent budget, the government also announced a new cap on inheritance tax for offshore trusts. This may help soften the blow, but it is not enough on its own to keep wealthy — and highly mobile — taxpayers in the UK. The government should consider additional measures, including the introduction of **new visa categories** that include exemptions on earnings from abroad.⁹⁵

We were relieved to see the government rule out an exit tax, which was floated ahead of the most recent budget. The tax would have been counterproductive, pushing entrepreneurs out of the UK at the exact moment when we need them to stay and build. It was heartening to see the government listen to founders, who campaigned against this proposal.

How to attract the world's best and brightest

ENSURE THAT VISAS ARE DESIGNED TO ATTRACT TOP TALENT IN PRIORITY SECTORS

The debate over immigration has created deep social and political rifts in the UK. But the reality is that even if we designed the perfect set of policies for nurturing homegrown talent, we would still need to attract workers from abroad. Low birthrates and an aging workforce mean that our domestic labour pool is shrinking. This is a structural reality we have to face.

Bringing skilled talent into the UK doesn't have to be a threat to British workers; if done well, it can help drive economic growth and bolster British businesses, creating widespread benefits.

We were pleased to see the recent announcement from the government that there would be a new fast-track path to residency for entrepreneurs who hold Global Talent and Innovator Founder visas, recognising the contributions these people make.⁹⁶

The government should also **ensure that the new Global Talent Fund is used strategically to support talent to commercialise their research**. To that end, it should engage industry — as well as academia — about the areas the fund should target.

We also encourage the government to **reform the Scale-Up Visa** by reducing costs, speeding up approval times, raising awareness amongst scale-

ups, and making the process easier to understand. A recent report from the ScaleUp Institute demonstrates the need for change. They noted that only one in ten scaling businesses are currently using this visa; six in ten said they would consider it but lacked sufficient knowledge.⁹⁷

While the previous **Investor Visa** was rife with issues — which led to its demise — the government could also consider bringing this back in some form, linking it to strategically important sectors and ensuring that it requires a genuine economic contribution to the UK, not just passive investment.

LAUNCH A CAMPAIGN TO ATTRACT AMBITIOUS ENTREPRENEURS

These changes should be paired with a **global campaign** aimed at sending a message to the world that Britain wants to be a magnet for entrepreneurial talent. While there have already been some efforts in this area, they have been too small-scale and too fragmented to make a significant difference.

The government could look to our peers across the channel for inspiration. The Choose France campaign, launched by President Emmanuel Macron, positions France as Europe's most attractive destination for both investment and entrepreneurship. The campaign is not just a PR exercise. It is backed by a compelling package of reforms including tax benefits, visa pathways, and R&D incentives. It is also anchored by a high-profile summit at Versailles and supported by direct, high-level engagement with global CEOs and founders. In the earlier 'Ambition' section of this report, we highlighted how the UK government could leverage its convening power to launch a similar effort.

Key reset recommendations

01 Nurture homegrown talent

- **Make it easier and faster to hire**, including by:
 - **Giving people the power to reduce their notice period to one month**, dramatically speeding up the pace at which people can move between roles.
 - **Banning non-competes** while maintaining protections on intellectual property and confidentiality.
 - **Making relocation costs fully tax-deductible** so that huge expenses are not a barrier to the movement of talent around the country.
- **Make it more appealing for people to take career risks by linking unemployment support payments to previous earnings**, bringing Britain in line with global peers.
- **Get more creative with tax incentives designed to help pay for childcare**, such as income tax breaks for primary caregivers who return to work.

02 Keep our top talent in the UK

- **Make the case for competitive executive remuneration and taxation**, in order to keep our most impressive senior leaders in the UK.
- **Explore aligning tax incentives for executives and NEDs with international peers** like the US.
- **Prioritise tax breaks for compensation structures that are linked to performance**, so that executives are rewarded for success, not failure.
- **Revisit the changes to non-dom taxation**, given that the exodus of wealthy taxpayers is costing the UK money, not saving it.
- **Keep wealthy — and highly mobile — taxpayers in the UK with new visa categories** that include exemptions on earnings from abroad.

03 Attract the world's best and brightest

- **Reform the Scale-Up Visa** and raise awareness of its existence.
- **Launch a global campaign to attract ambitious entrepreneurs to the UK**, backed by a package of tax benefits, visa pathways, and investment incentives.
- **Create a Minister for Talent** whose remit incorporates both homegrown talent and skilled immigration.

CONDITIONS FOR SUCCESS

Achieving the aims we set out in this report will depend on creating the right enabling environment, with reliable infrastructure, strong institutions, and access to global markets. Below, we set out the conditions needed for success.

01 Infrastructure

Ensure that the UK has the infrastructure it needs to deliver on its ambitions.

Businesses need infrastructure they can rely on — robust, resilient, and built for the future. That means affordable energy, efficient transport, dependable water and waste systems, and strong digital connectivity. These basic foundations determine how well existing firms perform and whether investors see the UK as the place to launch the next generation of innovative businesses. With advanced technologies like AI now placing unprecedented demands on many of these systems, we will need sustained investment and large-scale upgrades to keep up.

02 Universities

Leverage the UK’s world-leading academic institutions, and make it easier to commercialise the ideas they generate.

Our universities produce cutting-edge research in science and technology, but academics face major barriers when it comes to commercialising ideas. Shifting the balance of IP ownership to give academics greater power to own, licence, or spin-out their work would accelerate innovation while still ensuring that universities reap the benefits from ideas they help to incubate.

The government’s ambitious plans to connect Oxford and Cambridge via a new corridor — creating “Europe’s Silicon Valley” — recognise the enormous potential of our universities.⁹⁹ But British excellence isn’t limited to Oxbridge. Universities across the UK are breaking new ground, and they should be supported to develop their own specialisms.

03 Sustainability

Ensure that growth is delivered sustainably.

If we deliver on the growth objectives set out in this report, it will place increased demand on our energy system. We must be making investments now to ensure that we can do so sustainably. This includes both boosting the mix of renewable energy sources and using energy more efficiently through smart infrastructure. We should be moving as quickly as we can to deliver clean energy at a price that consumers — and businesses — can afford. At the same time, we need to maintain protections for our natural environment, without allowing development to be completely bogged down in endless environmental impact assessments and planning processes.

04 Cities & regions

Embrace devolution, and create thriving regional economies.

Each part of the UK has unique strengths, and local leaders are best placed to recognise and develop them. The government should work with leaders to create sector-specific hubs in key cities and regions — from advanced manufacturing in the Midlands and Wales, to life sciences in the South East, to renewable energy in the Scottish highlands. These hubs would serve to concentrate talent, investment, and innovation, turning regional strengths into vibrant economies that generate jobs, attract capital, and create shared national prosperity.

05 Markets

Secure trade deals and foster closer collaboration with Europe.

The government has made good progress in securing new trade agreements, providing British businesses with new opportunities abroad. We now need to build on this foundation, leveraging relationships to ensure market access and a reliable flow of goods, investment, and talent to fuel our next-generation industries. Europe remains our largest trading partner and closest neighbour, with deeply integrated supply chains and customer bases. Strengthening ties with Europe will help secure these supply chains and support industries where we already have — or can develop — a competitive edge.

06 Procurement

Use public procurement as a lever for business growth.

The government spends over £300 billion a year on goods and services from the private sector.¹⁰⁰ That is enormous purchasing power, but it isn’t being used effectively to support innovation or help businesses scale. Public sector procurement processes are slow, risk-averse, and tend to favour established — and often overseas — suppliers, leaving British start-ups and scale-ups struggling to get a foot in the door. We need to build on the promising reforms introduced by the Public Procurement Act to make sure procurement is a driver of business growth and innovation, and ensure that start-ups and scale-ups have a real chance to compete.

Steps that businesses can take

Reawakening British ambition requires a huge collaborative effort. Policy changes alone won't fix all the challenges we face — and in many respects it must be businesses themselves that lead the cultural change we need to see. Businesses need to reset the conversation around enterprise, success, and who should share in that success — not only in words, but in actions.

If you are a founder or leader of a British business, we urge you to consider the steps you could take to build a better future for Britain. This includes:

- Investing in research and development.
- Buying from British companies, where possible, with a focus on start-ups and scale-ups.
- Treating your suppliers well and paying them promptly.
- Paying your employees fairly and offering reasonable working hours and contracts.
- Rewarding your employees for delivering growth through performance-based incentives and employee share schemes.
- Prioritising your employees' wellbeing and creating safe and inclusive workplaces.
- Investing in skills and providing clear pathways for advancement.
- Improving your environmental and social impact.
- Paying your fair share of tax and recognising the public services it supports.
- Working collaboratively with the government to help inform policy development.
- Engaging proactively with the media to tell positive stories about business innovation and success.



This report is the starting point for
a national conversation.

**How can we unleash our nation's potential and
transform the British economy?**

**How can we bring about the seismic changes
needed on ambition, capital, and talent?**

**And how can we ensure that the prosperity we
create is one that is truly shared by all — in a
nation of shareholders?**

**The answers to these questions need
your insight and experience.**

No idea is too bold or radical.

**Join the movement and share your ideas:
www.enterprise-britain.com/timetoact**

**The future belongs to those who build it.
Let's build a better one here.**

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