

Private Capital in the Midlands

2025

Contents

Foreword.....	3
Employment.....	4
Investment and Economic Contribution.....	6
Businesses.....	8
Case Studies.....	10
The Investment Ecosystem.....	13
About the BVCA.....	16



Foreword

The data makes clear that the Midlands is an exciting destination for private capital, whose investment supports the development of 905 businesses which call this region home. These businesses bring value to local communities through the 302,000 jobs they support.

In 2024 alone, private capital invested £1.18bn in the Midlands. This level of investment is unsurprising when you consider the region is the UK's fastest growing tech-hub especially with cities such as Birmingham now acting as a life sciences centre, and universities like Warwick, Leicester and Loughborough that are producing more innovative business spin-outs.

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

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

Michael Moore
Chief Executive, BVCA



Employment

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

As of 2025, data shows the real impact of private capital investment with **over 302,000 jobs** supported by the industry in the Midlands. With more regional businesses being backed by the industry, this has resulted in the number of jobs increasing by approximately **32%** when compared with the last data set from 2023. By geographic area this can be broken down into:

East Midlands

Private capital supported over

130,000 jobs

A **28.6% increase** since 2023



West Midlands

Private capital supported over

172,000 jobs

A **35.9% increase** since 2023



Employment

(*Figures are rounded)



Private capital's backing of the wholesale and retail sector is a specific standout when supporting jobs. In total, **over 74,000 jobs** were supported by private equity and venture capital across this sector, servicing the growing population and economic importance of the Midlands.

Employment by Combined Authority:

West Midlands: 83,000 jobs
East Midlands: 52,000 jobs

There are almost 40,000 jobs supported by private capital in Birmingham alone

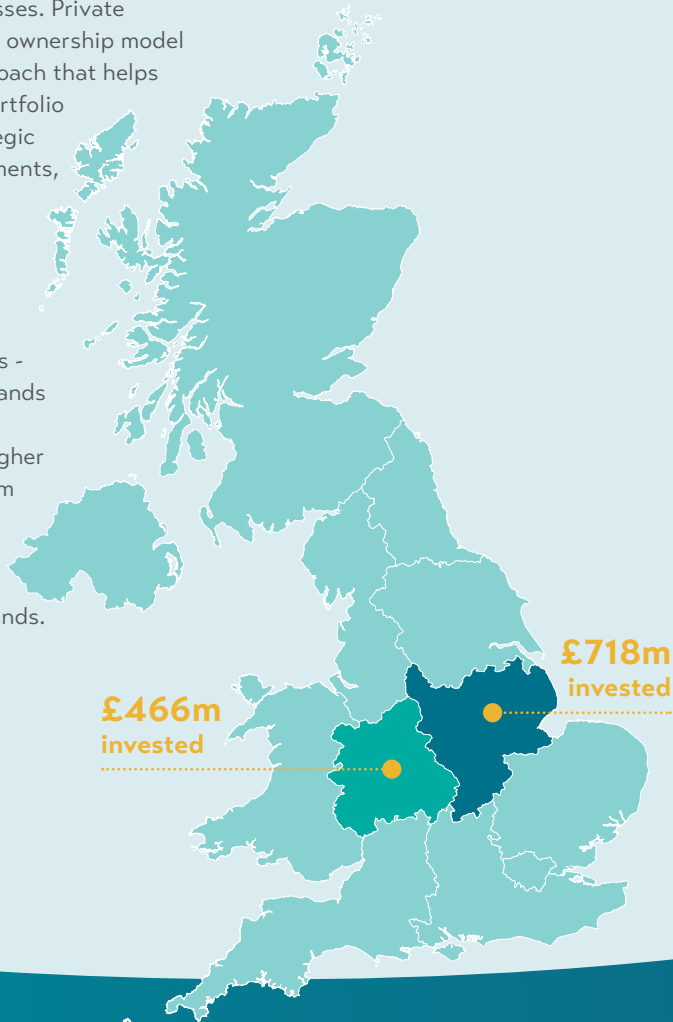


Investment and Economic Contribution

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

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

In 2024, private capital collectively **invested £1.18bn** into the Midlands - £718m into the East Midlands and £466m into the West Midlands. This is higher than in 2023, when £774m was invested in these regions - £434m in the East Midlands, and £340m in the West Midlands.



As of 2025, data shows that **£19bn of Gross Domestic Product (GDP)** was generated by private capital backed businesses in the Midlands. By geographic area this breaks down into:

East Midlands

Around

£8bn GDP

With wholesale and retail
adding around £1.6bn



West Midlands

Around

£11bn GDP

With manufacturing alone
adding around £1.3bn

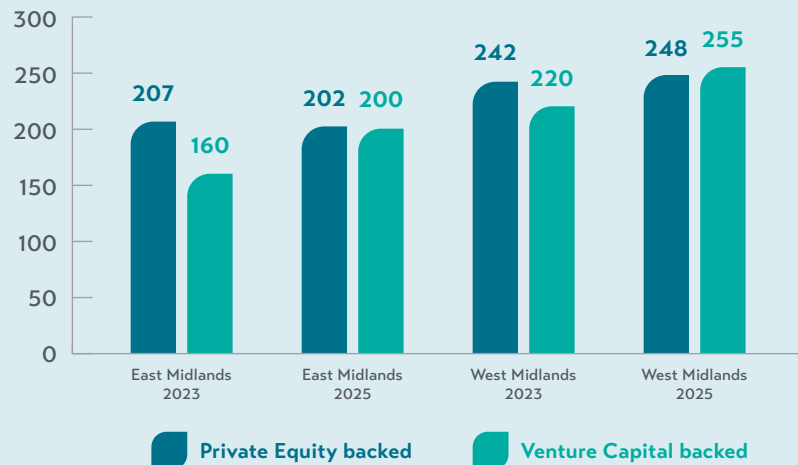


Businesses

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

It's easy to see why the Midlands is a great place to grow a business. The associated costs around conducting business are lower, for example average SME rent prices are around £43,000 lower than the UK average. The region already benefits from strong information, communication, professional, scientific and technical activities sectors, alongside an established and growing manufacturing base. Thus, the regional ecosystem and investment landscape is continually seeing significant development. Data from Public First estimates that private capital backed businesses increase their productivity by 1.1% per year more than the business population as a whole, highlighting the strong growth potential that private capital brings to the economy.

Companies backed by private capital



As of 2025, data shows how many businesses are backed by private capital, with **905 companies** being supported across the region. By geographic area this can be broken down into:

East Midlands

Private capital supported
402 businesses

PE backed 202 businesses,
which is a -2% change
from 2023

VC backed 200 businesses,
which is a +25% change
from 2023

West Midlands

Private capital supported
503 businesses

PE backed 248 businesses,
which is a +2% change
from 2023

VC backed 255 businesses,
which is a +16% change
from 2023



Case Studies

The impact that private capital plays in the Midlands is borne out not just in the statistics, but also by the business success stories that have been developed across these areas.



Precision Micro

Precision Micro was founded in 1962 and is a Birmingham-based provider of high-precision components using photochemical etching – a state-of-the-art manufacturing process, using chemistry to cut sheet metals without the limitations of conventional stamping or laser cutting. It now has sites in the UK, Germany, the Netherlands and France.

In April 2018, LDC backed the £22.5m management buyout of Precision Micro from global aerospace, defence and energy group Meggitt plc. Through its partnership with LDC, Precision Micro continues to drive forward its organic growth alongside its ESG commitments.

ESG is at the forefront of Precision Micro's strategy with chemical etching applications reducing fossil fuel usage. As part of its commitment to ESG, Precision Micro prioritise minimising environmental impact and promoting sustainability across all operations, which is achieved by deriving 100% of its electricity usage from renewable sources and optimising electricity usage through LED lighting.



Sterling Pharma Solutions

Based in Dudley, Sterling was founded in 1969 and is a service provider to the pharmaceutical industry. It specialises in complex small molecule chemical synthesis, producing Active Pharmaceutical Ingredients (API) and High Potency (HPAPIs).

Sterling supplies a diverse and international customer base from 5 sites, serving circa 200 customers from the UK HQ in Dudley, with additional sites in Deeside (UK), Cork (Ireland), North Carolina and Wisconsin (US). The firm currently employs 1250 staff across all units.

Following its investment in 2019, GH0 Capital was also able to support Sterling Pharma Solutions to invest in digital platforms to operate multiple sites in a uniform manner. Since GH0's investment, Sterling focused on reducing its carbon footprint by investing in combined heat and power, purchasing gas to generate electricity, and by using wasted heat to generate steam.

Case Studies



Upperton Pharma Solutions

Founded in 1999, Upperton is a Contract Development and Manufacturing Organisation (CDMO) within the pharmaceutical industry. The companies specialise in providing a comprehensive CDMO package, enabling pharmaceutical companies to progress from early feasibility and dosage form selection to formulation development and manufacturing.

In 2022 private equity firm Inflexion invested alongside the founder and management team, enabling the company to scale their capabilities with the construction of a new manufacturing facility. The new Nottingham based facility was officially opened in 2024.

The Investment Ecosystem

The private capital landscape in the Midlands has evolved significantly over recent years. This important economic region benefits from a range of stakeholders, which now includes **9 private capital firms** headquartered there, playing a vital role in attracting investment into dynamic businesses throughout the region.

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

Planning and Infrastructure

In order to expand, businesses rely on key infrastructure and logistical links. Planning reform and the development of effective infrastructure are therefore key to enabling business growth.

The BVCA recommends that greenfield status should not be a block on building new facilities or developing infrastructure. Additionally, stronger powers should be given to the National Infrastructure Commission to give a clear roadmap around major projects, opening new possibilities for investment and to facilitate the transfer of interregional skills.



Metro Mayors and Devolution

Metro mayors and devolved powers are crucial in developing resources and policies that boost economic growth. The BVCA highlights the need for skills development initiatives like the West Midlands Digital Skills Consortium, which can improve the investment climate and leverage regional strengths in key sectors such as manufacturing and digital technology.

Local Government Pension Schemes (LGPS) and Pensions Reform

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

British Business Bank (BBB)

The British Business Bank has been pivotal in shaping the investment environment. The BBB helps bridge the funding gap for local SMEs. The BVCA recommends expanding programs like this to ensure tailored financial support that addresses the specific needs of regional businesses.

University Spin-Outs

The UK's world-class universities are capable of producing innovative companies. However, their ability to spin out these companies is hindered by complex internal procedures and investor processes. The BVCA recommends increasing proof-of-concept funding and introducing enhanced support measures such as high-quality entrepreneurship training and improved collaboration between academia and investors. These actions would help to overcome commercialisation delays and ensure regional spin-outs receive the necessary support.

Skills and Talent

It is important that businesses across the nations and regions of the UK have access to the skilled workforce they need to generate growth. Therefore, the BVCA recommends that the Apprenticeship Levy should be opened to fund non-apprenticeship programs, focusing on STEM skills to create the domestic workforce needed for the economy of the future. Where there is a skills shortage, British visas for top global talent should be simplified with clear criterion for recruiting talent into portfolio companies that recognise the role of venture capital and growth equity.

Regulatory Barriers

It is vital that businesses have the flexibility to innovate and expand without being held back by unnecessary or outdated regulatory barriers. As a result, the BVCA recommends that the Government should conduct a cross-cutting review of regulation in innovative and emerging spaces to enable investor confidence in the regulatory framework of rapidly changing technological spaces and avoid holding back innovation and growth. Where appropriate, UK regulations should be simplified in order to streamline investment opportunities for private capital and make doing business here more attractive to investors.



About the British Private Equity & Venture Capital Association

The British Private Equity & Venture Capital Association (BVCA) is the voice of private capital in the UK.

We have been advocating for the UK's private equity and venture capital industry for 40 years, helping it to uphold its vision and achieve its goals. We actively represent this diverse community of long-term investors, enabling them to speak with one clear and consistent voice to society, including the Government, media and MPs. We connect institutional investors, fund managers, companies, advisers and service providers together, with our membership currently comprising more than 600 businesses from across the private capital ecosystem.

This includes more than 260 private equity and venture capital firms, 100 institutional investors and over 190 professional services firms. The BVCA supports its members to help companies grow and achieve their long-term ambitions, creating value for the country, both economically and socially.

Together we are invested in a better future.

3rd Floor, 48 Chancery Lane, London WC2A 1JF
+44 (0)20 7492 0400 / bvca@bvca.co.uk
www.bvca.co.uk

Find us on

