



Private Capital in Scotland

2026











UK PRIVATE CAPITAL

Invested in a better future

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Foreword from UK Private Capital

This report launches at a time when economic growth is high on the political agenda, with both Scotland's programme for Government and the new leadership in the UK Government stressing the importance of increasing investment in businesses with strong growth potential.

Private capital already plays a substantial role in Scotland's economy, backing businesses across every sector. Over the past five years, Scottish businesses have attracted over £4.6 billion of private capital investment, including around £1.1 billion in 2025. Growth capital accounted for £840 million in 2025, alongside £144 million of venture capital, highlighting the industry's role in helping businesses scale and backing Scotland's pipeline of young companies. Those headline figures sit behind thousands of day-to-day decisions in firms right across the economy.

Through active ownership, private capital firms strengthen management and operational capability, helping promising businesses navigate the difficult journey from innovation to sustainable scale, and helping established businesses compete in a rapidly changing economy.

Clean energy is a particularly powerful example of where the industry is making an impact. The combination of energy assets, specialist suppliers and innovative businesses gives Scotland a strong foundation for growth, with private capital helping companies build capacity and commercialise new technologies.

The scale of that contribution matters and with the right conditions, the industry can play an even bigger part in the Scotland's success. This means having a policy and regulatory environment that enables firms to move from start-up to scale-up, gives businesses access to the skills and talent they need, and delivers the infrastructure required for investment and expansion.

With those foundations in place, private capital can play an even greater role in turning Scotland's ambitions into growth.



Michael Moore
Chief Executive, UK Private Capital

Foreword from Gallagher

Scotland has always been a nation of ideas, innovation and enterprise. Today, those strengths are being translated into ambitious businesses with the potential to compete and grow on the international stage. Private capital has an increasingly important role to play in turning that potential into long-term economic value. The impact is already significant. Private capital supported 639 businesses and 159,000 jobs across Scotland in 2025.

Scotland possesses many of the characteristics investors are looking for: world-class universities, a rich pipeline of intellectual property and ambitious founders, combined with recognised strengths across technology, life sciences, advanced manufacturing and the energy transition. Scotland is also home to a strong base of 275 university spinouts, demonstrating significant opportunities for further investment to turn Scotland's research excellence into businesses of real scale.

Private capital can provide much more than funding. At its best, it brings expertise, networks, discipline and the confidence to invest for growth. It can help founders commercialise intellectual property, enable established Scottish businesses to expand internationally, support investment in people and technology, and provide a bridge between Scotland's extraordinary capacity for innovation and global markets.

There is, of course, more to do. Scotland still has an opportunity to create more businesses of scale and ensure that successful Scottish companies can access the capital they need as they grow. That is why bringing investors, entrepreneurs and advisers together matters.

At Gallagher, we see first-hand through our work with investors and businesses how access to capital, expertise and effective risk management can give ambitious companies the confidence to invest and grow. We are therefore proud to partner with UK Private Capital for the 2026 Invest Series and to support a platform that helps connect Scotland's businesses with the capital and relationships they need for their next stage of growth.



Alistair Lester
CEO of the Private Equity and M&A Practice, Gallagher



Richard Codd
Director, Private Equity and M&A, Gallagher

How private capital supports business growth

Private capital supports growth by combining long-term funding with active ownership.

Businesses backed by the industry can benefit from stronger governance, clearer strategic planning and access to specialist networks, helping management teams make faster and better-informed decisions. This support can include professionalising finance functions, improving management information, investing in digital tools and strengthening boards with relevant sector and scaling expertise. For founder-led and family-owned firms, private capital can also help with succession planning and leadership development, so the business is set up to grow sustainably over the long term.

These interventions matter because they translate into measurable outcomes. Private capital-backed businesses in Scotland are **1.1x more likely to also deliver annual revenue growth above 10%**[1].

This increased likelihood of growing quickly is supported by a higher propensity of private capital-backed firms to engage in export activity. **Companies backed by the VC industry in Scotland are 45% more likely to also be strongly internationalised** than those not backed by VCs, which could indicate earlier access to export markets and the investor networks that can help businesses expand overseas.

Private capital-backed businesses in Scotland are

1.1x more likely

to also deliver annual revenue growth above 10%[1]



[1] Analysis of PitchBook data by Henham Strategy for UK Private Capital.

Employment

Supporting jobs across the UK's nations and regions is a key part of what private capital does.

As of 2025, data shows the real impact of private capital investment with **around 159,000 jobs** supported by the industry in Scotland. With more Scottish businesses being backed by the industry, the number of jobs supported has increased by approximately **9%** when compared with the last data set from 2023. This can be broken down into:

Private equity

supports around

142,000 jobs

in Scotland



Venture capital

supports around

16,000 jobs

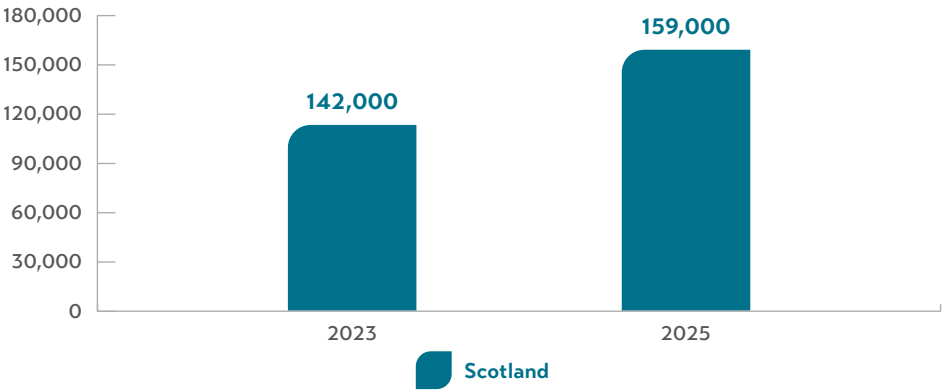
in Scotland



Employment cont.

Employment

(Figures are rounded)



Private capital's backing of the wholesale and retail trade sector is a unique standout. In total, **around 33,900 jobs** were supported by private equity and venture capital across this sector, across Scotland.

Employment by sector:

- Wholesale and retail trade: **33,900 jobs**
- Health and social work: **17,000 jobs**
- Accommodation and food service activities: **16,500 jobs**
- Professional, scientific and technical activities: **16,000 jobs**
- Manufacturing: **14,400 jobs**



Investment and economic contribution

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

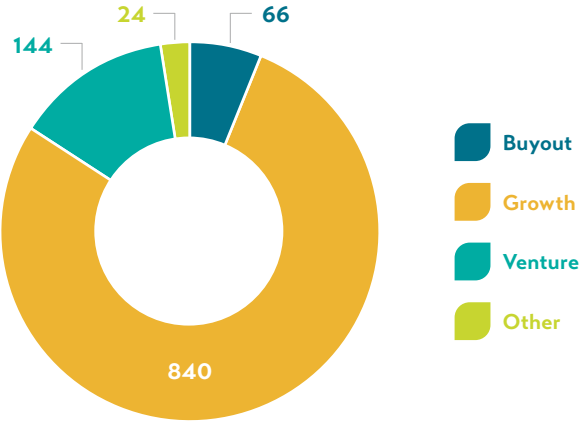
The industry makes long term investments directly into local businesses. Private capital employs an active ownership model, which is a hands-on approach that helps drive value creation in portfolio companies through strategic and operational improvements, whilst supporting wider economic development.

In 2025, **total investment into Scotland stood at around £1.1 billion**, of which the largest single proportion was £840 million in growth capital, supporting early and mid-stage companies looking to scale their operations. Venture capital accounted for £144 million, reflecting early-stage funding for innovative businesses seeking to enter the market, with a further £66m of buyout investment into established and mature companies.

The £1.1 billion invested in 2025 is significantly more than the total of investment in 2024, when £681 million was invested. Over the past five years, private capital has cumulatively invested over £4.6 billion into Scottish businesses.

The dominance of growth investment highlights the importance of supporting Scotland's businesses as they scale, with private capital providing the long-term funding needed to expand operations, enter new markets and strengthen their contribution to the Scottish economy.

Scotland investment by stage (£m)



Investment and economic contribution cont.

As of 2025, data shows that **£10.8bn of Gross Domestic Product (GDP)** was generated by private capital backed businesses in Scotland. Some of the key sectors to note are:

Economic contribution by sector (GDP £)

Wholesale and retail:

£1.63bn



Manufacturing:

£1.43bn



Information and communication:

£1.13bn



Finance and insurance:

£970m



Professional, scientific and technical activities:

£920m



Businesses

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

Scotland has a diverse business base, combining established strengths in energy, financial services, manufacturing and food and drink with growing specialisms in life sciences, technology, space and other research-intensive industries. From ambitious start-ups and university spinouts to family-owned firms and established exporters, businesses across the country have significant potential to innovate, expand into new markets and create high-value employment. Private capital can help firms at each stage of that journey access the funding, expertise and networks they need to grow.

As of 2025, data shows how many businesses are backed by private capital, with **639 companies** being supported across Scotland. This can be broken down into:

Private equity
backs
200 businesses
which is a -10% change from 2023



Venture capital
backs
439 businesses
which is a +10% change from 2023

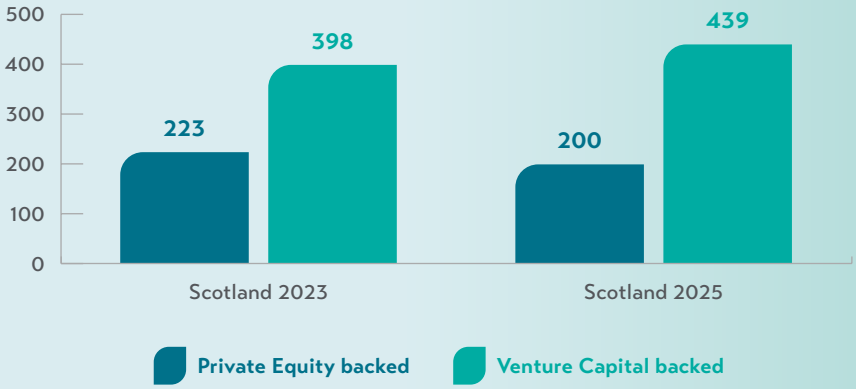


Businesses cont.

Scotland's private capital ecosystem has matured significantly over the past two decades, with angel syndicates, domestic investors and growing international capital broadening the funding available to businesses. Investors from overseas are attracted by Scotland's research base, sector strengths and cost advantages, reinforcing the country's investment appeal. The priority is to translate that interest into long-term growth within Scotland, ensuring that access to international capital helps businesses scale without pulling companies and their economic contribution abroad.

Commercialising Scotland's innovation assets requires stronger links between research, founders and private capital. First-time founders need entrepreneurial education and access to experienced entrepreneurs to help turn ideas into investable businesses. The announcement of Founders' Relief is a welcome recognition of the importance of rewarding entrepreneurial risk-taking, complementing the practical support founders need to build and grow businesses. Alongside a maturing investor base, stronger founder networks can help businesses start, scale and remain in Scotland.

Companies backed by private capital



Sector deep dive

Clean energy

Scotland's clean energy sector is a major economic asset and a compelling opportunity for private capital. Its contribution extends beyond renewable generation to the businesses, technologies and supply chains that support it. Research from the Fraser of Allander Institute shows that Scotland's renewable energy industry supported an estimated 49,200 full-time equivalent jobs and £14.9 billion of output across the Scottish economy in 2024[2], encompassing direct activity, supply chains and the spending supported by workers' wages.

That economic footprint gives private capital a broad investment opportunity, spanning energy assets, specialist suppliers and innovative businesses. The sector's reach across the Scottish economy makes strengthening domestic supply chains central to capturing the value of the energy transition. By combining long-term funding with active ownership, private capital can help suppliers build capacity, strengthen management and scale their operations, connecting the development of major energy projects with business growth and employment across Scotland.

The investment flowing into green energy reflects the scale of the opportunity. According to ClimateXChange, between 2020 and early 2026, Scotland's green energy sector attracted £9.8 billion in private investment across 54 transactions exceeding £10 million. With an average deal size of approximately £180 million[3], this is a market characterised by large-scale, infrastructure-style investments. Alongside the sector's employment contribution, these figures show why clean energy is an important part of the story of private capital in Scotland.



[2] Strathclyde University's Fraser of Allander Institute: *More than 47,000 jobs supported by Scotland's renewable energy industry*.

[3] ClimateXChange: *Mapping Scotland's sustainable finance landscape*.

Sector deep dive cont.

Scotland's ability to attract investment also reaches international markets. EY identified it as the UK's leading destination for utility-supply foreign investment in 2024, with 14 new projects. This international interest reinforces the importance of an investment environment that supports the sector's continued development. For private equity and venture capital, the opportunity extends beyond major energy assets to the specialist suppliers and technology businesses that can serve this market, commercialise innovation and build the capabilities needed for sustained growth.

Research and development is an important part of that opportunity. Beauhurst data shows that a third of backed clean energy businesses in Scotland explicitly use private capital for research & development purposes[4]. This connects investment with the development of new technologies, placing research-intensive businesses alongside infrastructure as a significant part of the sector's investment story. It also underlines why access to funding matters beyond the construction of renewable energy projects.

The relationship between investment and innovation is also visible in intellectual property. According to Beauhurst, Scottish clean energy companies backed by private equity or venture capital are 50% more likely to hold a patent than those without such backing[5]. This highlights the innovative businesses within the sector and the importance of connecting their research with routes to commercial growth.

Public investment can help unlock that opportunity at greater scale. The Scottish Government's £500 million offshore wind supply chain fund is designed to leverage £1.5 billion of additional private investment, a 3:1 multiplier[6]. The priority is to translate this ambition into investment in Scottish businesses and supply-chain capacity. By connecting public support with long-term private capital, Scotland can strengthen its industrial base, commercialise clean energy innovation and retain more of the economic value of the energy transition.

Clean energy firms
backed by private capital are
50% more likely to have a patent
than those without private capital investment

[4] Analysis of Beauhurst data by Henham Strategy for UK Private Capital. The majority of firms captured were VC investments, but there may be a small percentage of PE.

[5] *Ibid.*

[6] Scottish Government: *Renewable and low carbon energy*.

Spinouts

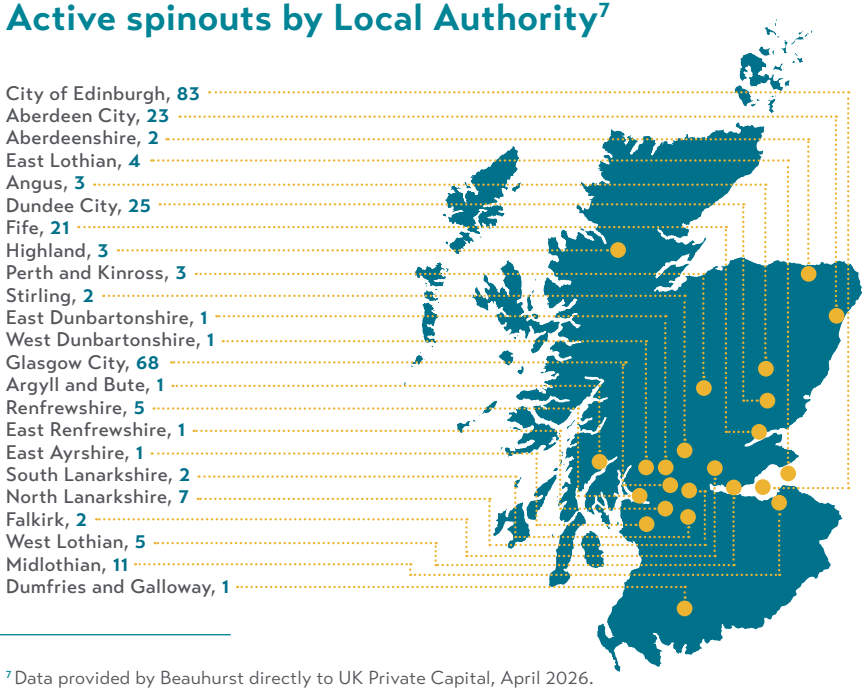
Spinouts are increasingly driving Scottish growth and attracting venture capital investment.

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

Boasting a tight cluster of world leading universities like the University of Edinburgh, University of Strathclyde and University of Glasgow, Scotland is well placed to continue to benefit from a wide range of spinout businesses. Data from Beauhurst shows that Scotland has **275 active spinouts**. The largest single proportion (83) of these are located in Edinburgh, followed closely by Glasgow (68), with the rest spread across Scotland's regions.



Active spinouts by Local Authority[7]



[7] Data provided by Beauhurst directly to UK Private Capital, April 2026.

[8] The University of Glasgow has 34 spinouts, with Heriot-Watt University having 27, the University of Aberdeen 24, the University of Dundee 23, the University of St Andrews 22 and Abertay University 15. A further 17 universities contribute the remainder of spinouts.

Spinouts cont.

Scotland Universities by currently active number of spinouts[8]

THE UNIVERSITY of EDINBURGH

59 Spinouts



University of Edinburgh continues to translate its research into businesses with commercial potential, supported by Edinburgh Innovations, the University's commercialisation service. Its teams help researchers manage intellectual property, develop industry partnerships and access business advice, mentoring and accelerator programmes. Old College Capital, the University's venture investment fund, invests from pre-seed to Series A, working alongside private investors to support company growth. Spinouts supported include Invizius, which is developing treatments to improve outcomes for dialysis patients.

University of Strathclyde Glasgow

41 Spinouts



University of Strathclyde helps researchers turn intellectual property into investable businesses through Strathclyde Inspire and its Industry Engagement and Commercialisation Team. Spinouts include Microplate Dx, developing solutions to antimicrobial resistance, and Dxcover, working on early cancer diagnostics. Strathclyde also leads Scotland's Spinout Pipeline Project, sharing commercialisation expertise across universities and connecting research ventures with potential investors.

Innovation and R&D

Private capital is already playing a meaningful role in converting Scotland's research and innovation strengths into scalable, investable businesses.

Venture capital investors are backing a pipeline of high-potential companies, shown by the fact that a third of backed clean energy businesses in Scotland explicitly use private capital for research & development purposes[9].

Evidence on innovation outcomes highlights the strength of private capital-backed businesses in Scotland. Businesses backed by venture capital in Scotland are 4x more likely to also hold a patent than non-backed peers. This underscores the role of long-term capital in supporting R&D activity, intellectual property development and the commercialisation of new technologies.



Innovate UK Business Connect is the home of the UK's innovation networks, connecting businesses, researchers, investors and partners to accelerate innovation. As a strategic delivery partner to Innovate UK, part of UK Research and Innovation (UKRI), it combines data, insight and sector expertise to connect people and opportunities, helping ideas move from concept to scale. It works with private investors to increase investment in high-potential UK innovation, helping to bridge regional and sector funding gaps by connecting public and private investors with emerging growth opportunities. Through a network of early and late-stage investors, public organisations and private investment communities across the UK and internationally, Innovate UK Business Connect helps investors identify opportunities, share funding risk, navigate the innovation ecosystem and connect with businesses at every stage of growth.

[9] Analysis of Beauhurst data by Henham Strategy for UK Private Capital. The majority of firms captured were VC investments, but there may be a small percentage of PE.

Private capital and productivity

The UK has a long-established productivity challenge. Over time, output per worker and per hour has grown more slowly than in many comparable economies, leaving the UK with a persistent gap that constrains wage growth, living standards and the sustainability of public finances.

Productivity performance is also uneven across the UK: London's output per hour worked is 28.5% above the UK average and the South East is 7.7% above, while all other nations and regions are below. Scotland sits at the higher end of this distribution, with output per hour worked only 1.1% below the UK average[10]. And since 2019, output per hour worked has grown by 1.3%[11], closing this gap even further.

Improving firm-level productivity is an area where private capital has a proven track record and can offer lessons to the wider business population. Analysis of published academic studies by Public First found that private capital-backed businesses increase their productivity by 1.1% per year more than the business population as a whole[12]. This reflects a central feature of the industry's active ownership model – a focus on management capability, good governance and adopting technology to enhance business operations.



[10] Office for National Statistics, *Regional and subregional labour productivity, UK: 2023.*

[11] Ibid.

[12] Public First, *Private capital and the UK's productivity gap, 2025.*

Case study: Aveni



Edinburgh

Fintech

Aveni

Backed by PXN Ventures

Aveni is the established market leader in AI adoption across UK wealth and banking, with over seven years of live deployments and product development.

Aveni Assist, an AI productivity solution for advisers and operations teams, and Aveni Detect, its AI compliance monitoring tool, are deployed across the UK's leading banks, wealth managers and financial advisers. Underpinning both is FinLLM, Aveni's proprietary suite of specialist small language models built for and utilising UK financial services data.

In June 2026 Aveni announced a £12 million funding round led by PXN Ventures and supported by existing investors Puma Growth Partners, Lloyds Banking Group, Nationwide and Scottish Enterprise. The investment will accelerate development of Aveni's Unified Assurance Platform (UAP) and the launch of its new Agent Assure and Agent Approve solutions, purpose-built to assess the conduct risk of AI agents that interact with consumers in financial services.

Case study: Skyrora



SKYRORA

Glasgow

Space Tech

Skyrora

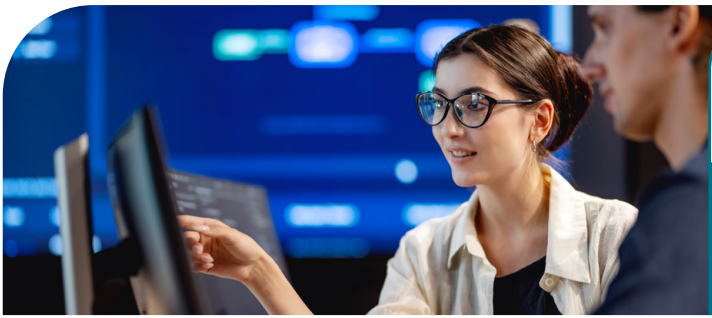
Backed by Seraphim Space

Skyrora is a launch vehicle designer, manufacturer and service operator developing a low-cost, personalised service to meet increasing demand for small satellite launches, that will ensure satellites are placed in the most effective orbit.

Headquartered in Glasgow with facilities located across Europe, Skyrora are developing launch vehicle technology to ensure that the life-changing benefits of space are realised here on Earth. In 2025 the company became the first UK rocket operator to receive a vertical launch licence, and in September 2026 one of the company's rockets successfully passed the "hot fire" test, which is a way for engineers to test an engine before a proper rocket launch.

Seraphim Space supported Skyrora through its Accelerator programme in 2018, when the company joined the Mission 2 cohort.

Case study:
Systal Technology Solutions



Systal Technology Solutions

Backed by Inflexion

Based in Glasgow, Systal is a global managed network, cloud and security transformation specialist. The company provides complex and strategic technology services for enterprise businesses, managing 200,000+ assets across 93 countries, with legal entities and delivery HQs across 35 countries.

These services help customers to achieve strategic technology transformation and maximise the business value, security and innovative potential of their IT infrastructure.

Independent and vendor agnostic, Systal has a global technical community of highly certified and accredited specialists, named and aligned as a natural extension of their own IT teams.

Inflexion has backed the company since 2021 and is working with Systal to further enhance its offering in the UK, Europe and the US. There is a large and growing market for managed network and cyber security providers, and Inflexion's deep knowledge of the technology is supporting the Systal team with their rapid growth plans.

The investment ecosystem: Recommendations

The private capital landscape in Scotland has evolved significantly over recent years. Scotland now boasts 17 private capital firms headquartered there, playing a vital role in attracting investment into dynamic businesses throughout the area.

While there is successful private capital investment into Scotland, the fact remains that investment still disproportionately goes into London and the South East of England. Redressing this balance will require a range of barriers to be overcome - from increasing support for Government investment vehicles, to more pension fund investment and business-friendly infrastructure.

Early Stage Innovation & University Spinouts

Scotland's world-class universities have a history of producing innovative companies, and there has been good progress in terms of the number of spinouts generated and the amount invested. Across the wider UK, universities now produce a similar number of spinouts per capita to the US. Over the past decade, average university equity stakes have fallen from 25% to around 16%, which can be attributed to progress following the 2023 Independent Review of Spinouts. However, Scotland still falls behind in supporting spinouts to commercialise and raise external funding, consistent with the pattern across the UK. Alongside the welcome announcement of a new Founders Relief, UK Private Capital recommends maintaining effective EIS and VCT incentives, whilst encouraging universities to provide clearer and more consistent approaches to intellectual property, equity and licensing, reducing unnecessary negotiation and helping spinouts attract external capital more quickly.



The investment ecosystem: Recommendations cont.

Local Government Pension Schemes (LGPS) and Pension Reforms

The UK pension landscape is one of the largest in the world, yet on average, foreign pension funds invest approximately 16x more into UK-managed funds than domestic pension funds do. The LGPS funds are well placed to support regional growth opportunities, and have a strong track record of doing so. UK Private Capital calls to ensure the Scottish LGPS supports regional growth across Scotland, a diverse private capital ecosystem, and promotes innovative investment models. The UK Government's steps to reform the DC pension sector are welcome, but more must be done to ensure savers can benefit from innovative businesses like those in Scotland, in the same way as those in other countries currently do.

British Business Bank

The British Business Bank (BBB) plays a significant role in supporting growth funding in the venture capital ecosystem. The BBB must ensure it catalyses competitive investment ecosystems right across the UK, both through its regional angel funds, regional funds and wider programmes. The launch of the British Growth Partnership fund-of-funds structure and the UK Scale-Up Fund gives this role added importance. The UK Government announced it will provide the BBB with an additional £5 billion, taking its total financial capacity to £30.6 billion. The additional capacity is welcome, but it is vital that the BBB maintains momentum and ensures capital reaches scaling businesses quickly, including through regionally focused funds and lower mid-market private equity funds that invest widely across Scotland and the rest of the UK.

Scottish National Investment Bank

The Scottish National Investment Bank's planned Scottish Universities Fund, backed by up to £65 million of cornerstone capital and due to begin investing in spring 2027, is a welcome step towards helping university spinouts commercialise research and scale. Building on this initiative, the Bank should do more to catalyse commitments from limited partners into private capital funds. This would help attract additional private investment and strengthen the funding available to growing Scottish businesses.

The investment ecosystem: Recommendations cont.

Skills and Talent

Both domestic and international skills shortages remain a persistent barrier to growth for businesses. To close the domestic skills gap on the other hand, the Scottish Government, investors and employers should align training initiatives with local labour-market needs and the country's specialist sectors. This means promoting STEM and enterprise education, skills training programmes that focus on Scotland's sectoral strengths, and investing in universities and Further Education colleges as anchors for Scottish workforce development. Alongside this domestic effort, the UK Government's announcement it will almost double the size of its High Potential Individual visa scheme, increasing the number of eligible universities from 80 to 150, is a welcome move. However, more can be done to introduce specialist visas for sectors critical to national security and innovation, aligned with the UK's Industrial Strategy.

Regulatory Barriers

Private capital is a key driver of growth and productivity in strategic sectors like advanced manufacturing, energy, digital technology, and life sciences. Yet, this potential is often constrained by a regulatory environment that is outdated, duplicative, and slow. For Scotland to compete globally and attract more of the £207 billion in deployable capital held by UK-led private funds, regulation must evolve from a brake on investment to a bridge for economic growth. UK Private Capital recommends that the UK Government ensure the UK's regulatory and competition institutions across all growth-driving sectors maximise the private equity and venture capital industry's ability to invest in businesses of all sizes across Scotland. This means delivering predictable, pro-innovation regulation that establishes stable frameworks so that investors can plan with confidence.

Planning and Infrastructure

A place-based approach to economic growth requires transport, energy, digital and commercial infrastructure that enables businesses to start, scale and succeed across all parts of Scotland. Strengthening these foundations will improve Scotland's attractiveness as a destination for private capital, support business expansion and build sustainable innovation clusters. UK Private Capital recommends the UK and Scottish Governments develop clear, coordinated roadmaps for major projects, giving investors greater certainty on planning, infrastructure delivery and timescales. Connectivity between Scotland and the rest of the UK should be prioritised to make it easier for investors across the UK to invest in Scottish companies, and likewise so Scottish investors can more easily invest across the UK.

About UK Private Capital

UK Private Capital (formerly the BVCA) is the association of the UK private capital industry. We represent 600 firms including the wider ecosystem of professional advisers and investors.

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

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

In 2025, £25bn was invested by private capital into UK businesses in sectors across the UK economy, ranging from consumer products to emerging technology.

This increased investment has fuelled the growth of businesses across the UK, with 6 in 10 (57%) of companies backed by the industry in 2025 being outside of London. These investments are long-term, with an average investment period of six years, in contrast to less than a year in public markets.

UK-based private capital specialists have raised £207bn of funds, known as dry powder, which is expected to be invested over the next three to five years.

ukprivatecapital.co.uk







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Invested in a better future

