Family Business Scale-ups:

Breaking Barriers to Growth

Commissioned by:

FAMILY BUSINESS UK

Report by:

SCALEUP INSTITUTE

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Foreword

Foreword

The UK's scale-ups and mid-market businesses are increasingly recognised as a vital and dynamic segment of the national economy – they are the drivers of growth, employment and innovation.

Included within this cohort, family businesses represent a particularly significant force.

This ScaleUp Institute report, commissioned by Family Business UK, presents new analysis of the critical mid-market cohort of family firms that contribute more than £140 billion to the UK economy and employ more than 900,000 people. Scaling family businesses alone generate £72 billion and support half a million jobs.

These are family enterprises that combine commercial ambition with long-term stewardship, deep community roots and multi-generational commitment. Embedded in local economies and anchored in key sectors – from manufacturing and logistics to professional services and retail – they are quiet engines of growth across the length and breadth of the nation. Their growth potential is substantial, and with the right infrastructure and policy environment, which we explore further in this report, they can drive the productivity gains Britain urgently needs.

Now is the moment to back the family businesses that have already proved their resilience, commitment and long-term value to the communities they serve, and unlock the full potential of Britain's missing middle.

Steve Rigby, Chair
Family Business UK

"The ScaleUp Institute is delighted to work with FBUK to shine a light on the vital role family businesses play within the scale-up and mid-market economy. The data reinforces the importance of family businesses to local communities and their significant growth and global ambitions that we should all get behind."

Irene Graham OBE
Founding CEO
ScaleUp Institute

Acknowledgments

We would like to thank
the business owners of Bettys & Taylors, Macphie, JW Lees Brewery, Bennie Group, W&R Barnett and Strathberry, who contributed to this research.

Executive summary

This report from Family Business UK (FBUK), working with the ScaleUp Institute, presents a fresh analysis of the UK family business landscape. It focuses exclusively on mid-market and scaling businesses, using firm-level data from Companies House. It represents a first-of-its-kind approach to analysing Britain's family business sector moving beyond other survey-based reports.

It shows that family businesses reaching the mid-market and scaling-up stages play a distinctive and significant role in the UK economy, anchoring jobs and investment in local economies while supporting long-term, sustainable growth that is internationally driven with strong representation in our industrial sectors and heartlands.

Family businesses are a significant contributor to the UK business population

For the first time, this report shows that one-third of all active companies with employees registered at Companies House are family businesses (under the ONS definition whereby a family holds a majority stake and one or more family members are directors), numbering **766,847 in total (excluding sole traders); with an estimated revenue of £1.6 trillion**[1] **and employing over 3 million people**.

Family businesses are a regional powerhouse

The vast majority of these businesses, **84.3%**, are based outside London, and **68.2% outside London and the South East**, highlighting their role as key contributors to regional economies, with the East of England (11%), the North West (10.5%), the South West (9.1%) and the West Midlands (8.3%) contributing 40%.

Family businesses are embedded across core sectors of the UK economy, with strong representation in the UK's Industrial Strategy growth priorities

Family businesses are present in traditional and Industrial Strategy sectors, with a growing number in the professional services, science and tech economies: 35% of family businesses operate within the government's Industrial Strategy[2] sectors, with professional science and tech businesses the second largest sector in family-business make-up (14.5%); 29.8% of family businesses operate in real estate and construction, and 10.9% in wholesale and retail.

Figure 6 details how family businesses are clustered in key Industrial Strategy sectors.

[1] Based on average reported turnover at different stages of evolution.
[2] https://www.gov.uk/government/publications/industrial-strategy-sector-plans

Executive summary

Family businesses generate growth and build into businesses of significant scale

For the first time this report undertakes a comprehensive probe into the **mid-market and scaling family businesses population, reflecting that there are nearly 10,000 such firms across the country:** 8,641 mid-market family businesses alongside 2,985 scaling family firms **(one in four of all visibly expanding businesses)**; 1,765 are in both segments:

- They are spread across the country, with **nine in ten** based outside London and **seven in ten outside London and the South East** for both segments. The North West, South West and East of England all have significant clusters of mid-market and scaling family businesses, with three in ten based in these regions. Sectorally, they are more likely to be operating in the Industrial Strategy sectors (42% of mid-market and 51% of scaling family businesses), with a significant proportion in **Advanced Manufacturing** (21% for mid-market; 28% for scaling family businesses) and Professional Services (11% for mid-market; 17% for scaling family businesses).
- Taken together, these mid-market and scaling firms have raised **£3.2 billion** in investment, which is split between traditional debt and growth equity. HSBC, NatWest and Lloyds are the primary sources of debt funding, while **Business Growth Fund (BGF)** is the most frequent patient growth capital backer of deals with these firms.
- **Mid-market and scaling family businesses are here for the long term:** On average, more than 50% of mid-market family businesses are more than 20 years old with 33% more than 30 years old, while 20% of our scaling family businesses are more than 30 years old with 369 having been in business for more than a hundred years.
  - **These firms are highly international**, with six in ten saying that selling overseas is a priority for their future growth.
  - **They are innovative**, with nine in ten having undertaken innovative activities in the last three years.
  - **They are growth-oriented**, with seven in ten expecting to continue to scale up in 2026, five in ten planning to grow their employee headcount and four in ten aiming to increase their turnover.
- On planning international expansions, six in ten say that selling overseas is a priority for their future growth, with the **EU (66%)** and **North American (33%)** markets cited as key areas for such expansion/growth.
- **More than half (59%)** are also considering putting a physical presence or operations overseas, while a further 23% say they may do so. When asked about relocating their headquarters overseas, only two in ten said this is something they are considering.

Family businesses are clear about what they need to foster their growth and scale

- Against the backdrop of macroeconomic challenges that family businesses see as threats to their growth and investment, they most frequently cite access to markets, both in the UK and overseas, and the ability to attract and retain talent as the main barriers to scaling up further. These are followed by concerns about tax environment uncertainty and the ease of accessing infrastructure and R&D facilities.

Executive summary

- Mid-market and scaling family businesses place a strong emphasis on **developing their people, leadership and governance as they grow**. Later in this document we will go into details of family businesses demonstrating best practice in this area, such as Macphie and Bettys & Taylors.
- Six in ten family firms already operate formal governance structures, with a further three in ten planning to introduce such a structure, whereas eight in ten firms are focused on developing the skills of their senior leadership teams. In doing so, these businesses are increasingly complementing family leadership with external experience, including non-executive directors (NEDs) and fractional executives, and are adopting more professionalised approaches to support scaling up.

ACCESS TO TALENT

Access to talent and skills is one of the most frequently cited barriers to further expansion for mid-market and scaling family businesses.

- **Four in ten report shortages in AI and cyber skills**, while one in three cite gaps in research and technical skills, manufacturing and engineering, and core business functions such as finance.
- **While more than half employ staff from overseas**, three in ten say that difficulties accessing international talent, including visa costs, processing times and system complexity, are constraining their ability to grow at pace.
- **Four in ten offer apprenticeships, internships and/or work placements**, and many see scope to expand this provision. There is a desire for greater flexibility in provision, with access to flexi-apprenticeships, a Flexible Talent Fund and upskilling and reskilling programmes to enable workers to move into their sector all sought-after.
- **Strengthening links with universities, local institutions** and peer networks is seen as critical to building leadership capability and sustaining growth. This is an area reinforced in Family Business UK's (FBUK) Policy Agenda,[3] where family businesses highlighted their desire for specific leadership programmes with universities or business schools to enable succession planning.

[3] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/

Executive summary

ACCESS TO MARKETS

- Mid-market and scaling family businesses operate across multiple market channels: 70% sell to other businesses or government (B2B) and 73% are selling direct to consumers (B2C), while 43% serve both markets.
- When working through domestic markets and supply chains they want better access to key decision-makers and opportunities to showcase their businesses by expanding brand presence through trade shows and “meet the buyer” events.
- To foster their internationalisation, export and overseas expansion, they are keen to see access to a local international trade hub; support for finding or recruiting in-country management or employees; funding for research into new markets; and access to financial products to support overseas expansion, including through UK Export Finance insurance and loan guarantee schemes. Support with market selection, entry and fulfilment, as well as introductions to corporate businesses and financiers able to support overseas growth, are also viewed as helpful to break down barriers to overseas markets.

FURTHER BUSINESS SUPPORT

- While family businesses are positive about the government's Industrial and Trade Strategies and Plan for Small Businesses, in implementing these they want to have better strategic account management of family firms in their local communities and clusters.
- Where concierge services are being considered, they would value fast-tracking of innovation opportunities and collaborations; support for going into new markets overseas; and sharing and fast-tracking of procurement opportunities.
- Eight in ten family firms say that they are using some form of external finance, which in the main is debt, with three in ten family businesses utilising some form of external equity funding, which they require to be patient. In common with others, however, when seeking funding, they view it as harder to raise outside London. They also highlight challenges to do with the scale of funds people are willing to invest, the appetite for risk of UK funders, and the level of short-termism in their outlook, meaning they are less willing to invest for a longer period and to provide patient capital at scale.
- To overcome these challenges they would like more regular set briefings with the investor community on investor options and trends; "meet the investor" events to showcase their businesses; access to investor relationship managers/advisors; and also the ability to find relevant finance board advisors and NEDs.
- Positively, six in ten think that public-sector finance offerings are joined up and a similar proportion are aware of recent changes made in the capital markets, including the Private Intermittent Securities and Capital Exchange System (PISCES) and listing reforms.
- While five in ten are confident that the activities under way to bridge the growth capital gap by unlocking pension funds and institutional monies, such as the Mansion House Accord, new National Wealth Fund and British Growth Partnership Fund, will reach them, more than a third would consider a stock exchange listing, with the UK being the most likely destination.
- Around half of mid-market and scaling family businesses are aware of the latest government strategies that are being developed, and seven in ten feel that these strategies will be beneficial to their business.
- In building sustainable businesses for the long term, family firms continue to voice concern over the changes in the tax system and the need for stability. FBUK's Policy Agenda found that business rates and corporation tax are having the biggest impact on mid-market family businesses and there is also concern about Employer National Insurance Contributions.[4] They desire a review of Inheritance Taxes (Business Property Relief and Agricultural Property Relief), as also reflected by family businesses such as JW Lees and Bettys & Taylors – which is discussed in the Case Studies section later in this publication.
- Vital for their confidence in future growth is the need for more joined-up, stable and predictable tax and regulatory frameworks, which support long-term investment, succession and innovation.

[4] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/

Definitions and methods

1

Family Business

A family (two or more individuals with the same last name) holds a majority stake (50.01%) in the company and one or more people with that same last name are directors of the company.

2

Scaling family businesses

A family business defined as fitting the international benchmarks of OECD and Eurostat scaling parameters: this report covers family scale-up businesses that are growing their turnover or employee headcount or both by 20% or more each year over a monitoring period of three years, with at least ten employees at the start of that period and the scaling pipeline of family firms that are growing at a rate of between 10 and 20% by the same parameters.

3

Mid-market family businesses

These are defined as firms that meet criterion one and have either or both of the following characteristics: (1) 50 to 499 employees; (2) a turnover of between £10 million and £100 million.

The analysis in chapters two, three and four of this report has been conducted by the ScaleUp Institute using live data from Companies House, accessed via a range of data platforms[5] to create a full picture of the family business ecosystem. By applying the definitions above we have been able for the first time to create an assessment of family businesses in the UK based on firm-level data, with a particular focus on the mid-market and scaling segments of family firms.

As with all research methods there are limitations and challenges in this approach; for example there is no reporting requirement for companies to specify that they are family-owned, so in order to find out about familial relationships between shareholders and directors, an assumption must be made that these individuals will share the same last name. This means that some family businesses will not be captured by this method, for example when family names might differ, e.g. owing to marriage or among different branches of the same family, or where family trusts are involved in the ownership structures. Furthermore, this method might also on occasion pick up businesses that are not family-run but merely involve individuals with a common last name, e.g. Smith or Jones, but who are otherwise unrelated.

Additionally, depending on the size of the enterprise, businesses must comply with different reporting requirements. Only those meeting at least two of the following criteria are required to file full accounts: a turnover greater than £10.2 million, assets exceeding £5.1 million, and/or more than 50 employees.

[5] Including mnAi, Beauhurst and Data City.

Introduction

Introduction

According to the Department for Business and Trade's (DBT) Business Population Estimates[6] in 2025, there were 5.7 million private-sector businesses in the UK. The vast majority of these businesses, more than 75%, are non-employers (4.3 million), while 1.2 million have fewer than ten employees; 220,000 are small businesses (10–49 employees); 38,000 are medium-sized businesses (50–249 employees); and 8,000 are large (with more than 250 employees).

It is widely acknowledged that family businesses comprise a large proportion of all UK enterprises, with many studies looking at the composition of the UK business population to assess overall numbers. In many cases these studies classify all businesses without employees as a family business by virtue of them having a single owner/director. However, to estimate the wider landscape with employees, they utilise survey data as a proxy to calculate the proportion of each business size classification (micro, small, medium and large) that could be considered as family businesses. The most recent studies using this method conclude that more than 1 million UK firms with employees are family-owned: more than 70% of all businesses with employees. In total, when adding in those firms without employees, they conclude that more than 90% of the private sector can be considered to be family businesses.

While these studies provide a useful snapshot of the economy, there are some limitations in the methods used and thus the representativeness of the data, especially when seeking to segment the data by sector, region and economic contribution.

This new research that FBUK has commissioned with the ScaleUp Institute is designed to **shine a light on mid-market and scaling family businesses** that are spread across the country and, for the first time, to assess family businesses in these areas using firm-level data from Companies House. By assessing each firm based on their own filings, we are able to bring together further insights into the landscape of these businesses, including trends in growth and investment. Over the next few sections of this report we discuss the dynamics of the 760,000 family businesses registered at Companies House that can be identified, with a critical focus on those that are operating in the mid-market and scaling-up sectors.

Focusing on these segments enables a more detailed examination of how family businesses grow, invest and engage with policy environments.

Chapters five and six provide additional insights into the challenges facing family businesses as they seek to grow and expand, with evidence from the 2025 ScaleUp Institute Survey and case-study interviews with family business leaders.

[6] Business population estimates 2025 – GOV.UK

The UK family business landscape

Family businesses are a key segment of the UK economy. It is, however, often challenging to identify exact numbers and quantify the contribution these businesses make.

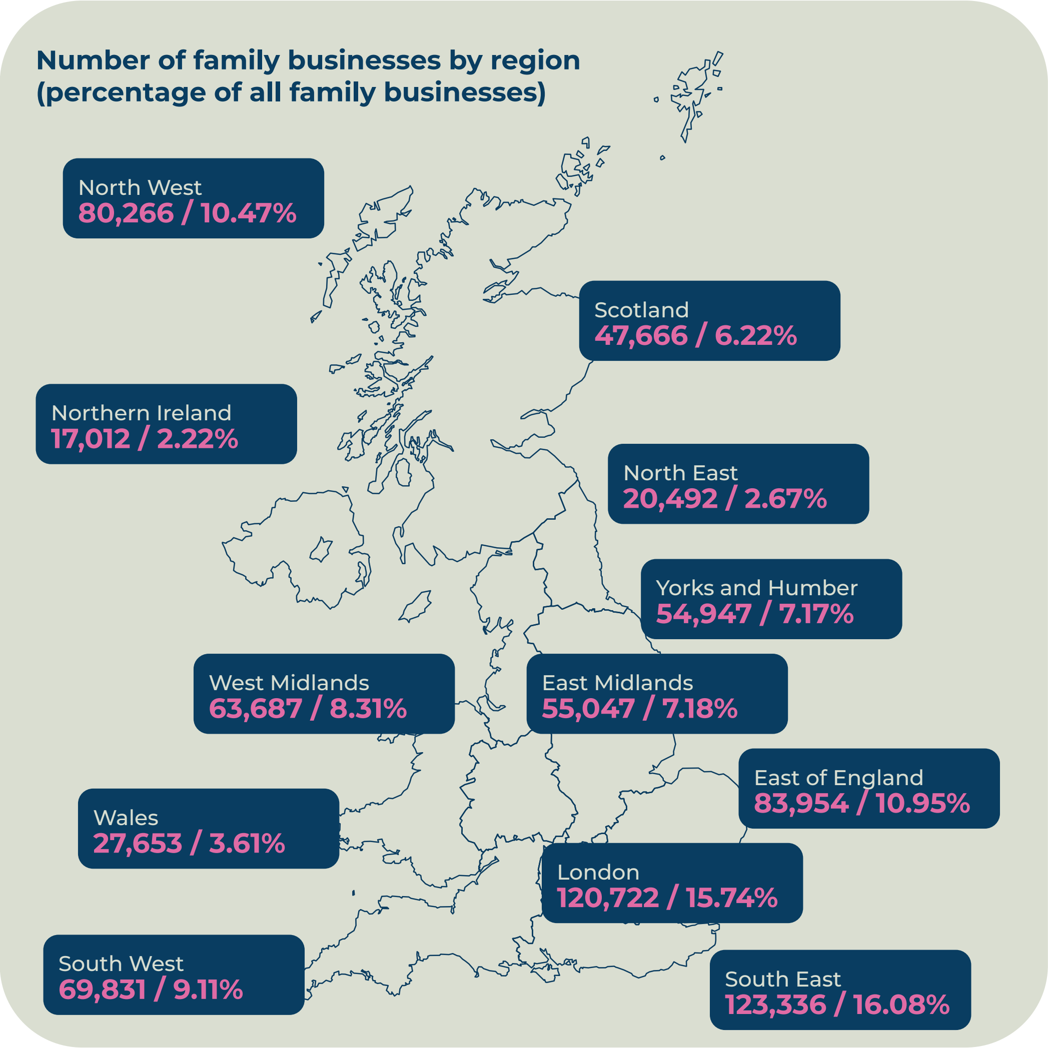
To provide new insights, this research report utilises firm-level data on family businesses from Companies House for the first time. This new approach opens up an additional layer of data on the reported attributes of those firms determined as family-owned and family-run and how these broader characteristics fit with wider data sets. In alignment with ONS categorisation, we identify family businesses as those that are:

Active enterprises registered at Companies House, where a family (i.e. two or more individuals with the same last name) holds a majority stake (>50.01%) in the company and one or more people with that same last name are directors of the company.

Overall, 766,847 businesses have been identified as meeting these criteria, which is equivalent to 33.8% of all active companies with employees registered with Companies House (2.27 million). They are found across the country, with 646,125 (84.3%) of these family businesses based outside London and 35% operating within the government's eight Industrial Strategy priority sectors.

The UK family business landscape

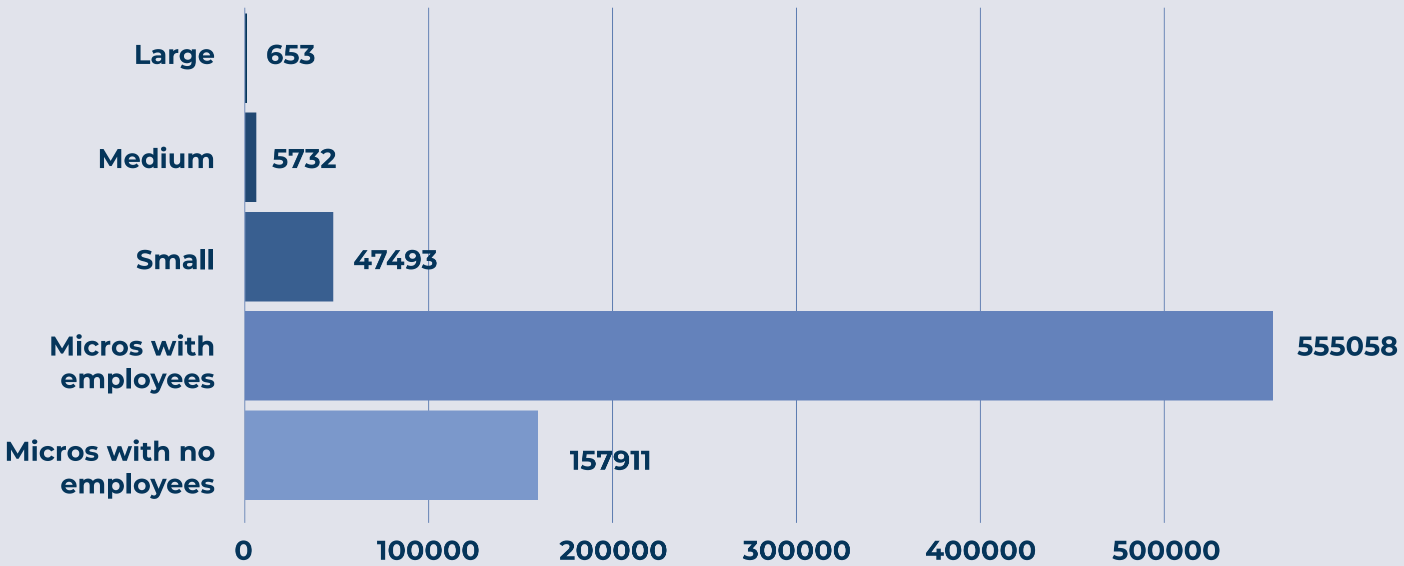
Figure 1: The Geography of family businesses



The UK family business landscape

The vast majority, 93%, of these family businesses are micro businesses with fewer than ten employees. Within this segment, however, 20.6% currently have no reported employees. This cohort is primarily made up of newly formed enterprises that are yet to file any accounts at Companies House (100,000) and those that are considered to be active owing to a technicality (e.g. following a court order), but which are potentially dormant or in distress. Overall, the 609,000 with employees provide work for more than 3 million people.

Figure 2: Breakdown of family businesses by size



The UK family business landscape

Figure 3: Percentages of family businesses

	Number of family businesses	% of all family businesses	% of all active firms with employees on Companies House
All family businesses	766,847		33.8%
All FB with employees	608,936	79.4%	26.8%
Micro (1-9)	555,058	72.4%	27.5%
Small (10–49)	47,493	6.2%	23.6%
Medium (50–249)	5,732	0.7%	13.1%
Large (250+ employees)	653	0.1%	5.4%

These family businesses are generating an estimated total revenue of £1.6 trillion. While not all businesses are required to report their turnover to Companies House, it is possible to extrapolate an estimate of their total turnover from the average reported by businesses in each size bracket:

Figure 4: Turnover of family businesses (FBs)

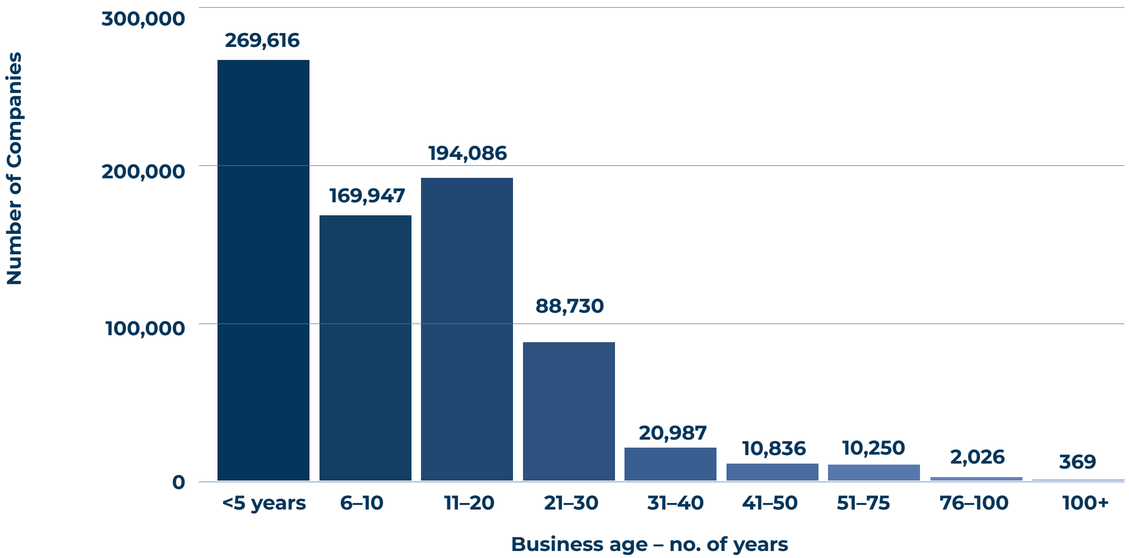
	Average reported turnover of FBs in size bracket	No. of family businesses	Estimated total turnover
Micro (1–9)	£1m	555,058	**£555.1bn**
Small (10–49)	£19m	47,493	**£902.4bn**
Medium (50–249)	£23m	5,732	**£131.8bn**
Large (250+ employees)	£53m	653	**£34.6bn**
All family businesses			**£1,623.9bn**

The UK family business landscape

These family businesses are operating across all sectors of the economy. When broken down by Standard Industry Classification (SIC 2007) codes, the largest share – 29.8% – operate in Real Estate and Construction, followed by Professional, Scientific and Technical Services (14.5%) and Wholesale and Retail (10.9%). In addition, 35% operate within the Industrial Strategy sectors, highlighting both their strong presence in traditional UK industries and their growing role in newer, strategically important sectors.

Figure 5 below shows that, across all 766,000 businesses, 42% are over ten years of age. However, as they grow into the mid-market we see a greater proportion over the age of 40; 369 of these businesses are older than 100 years.

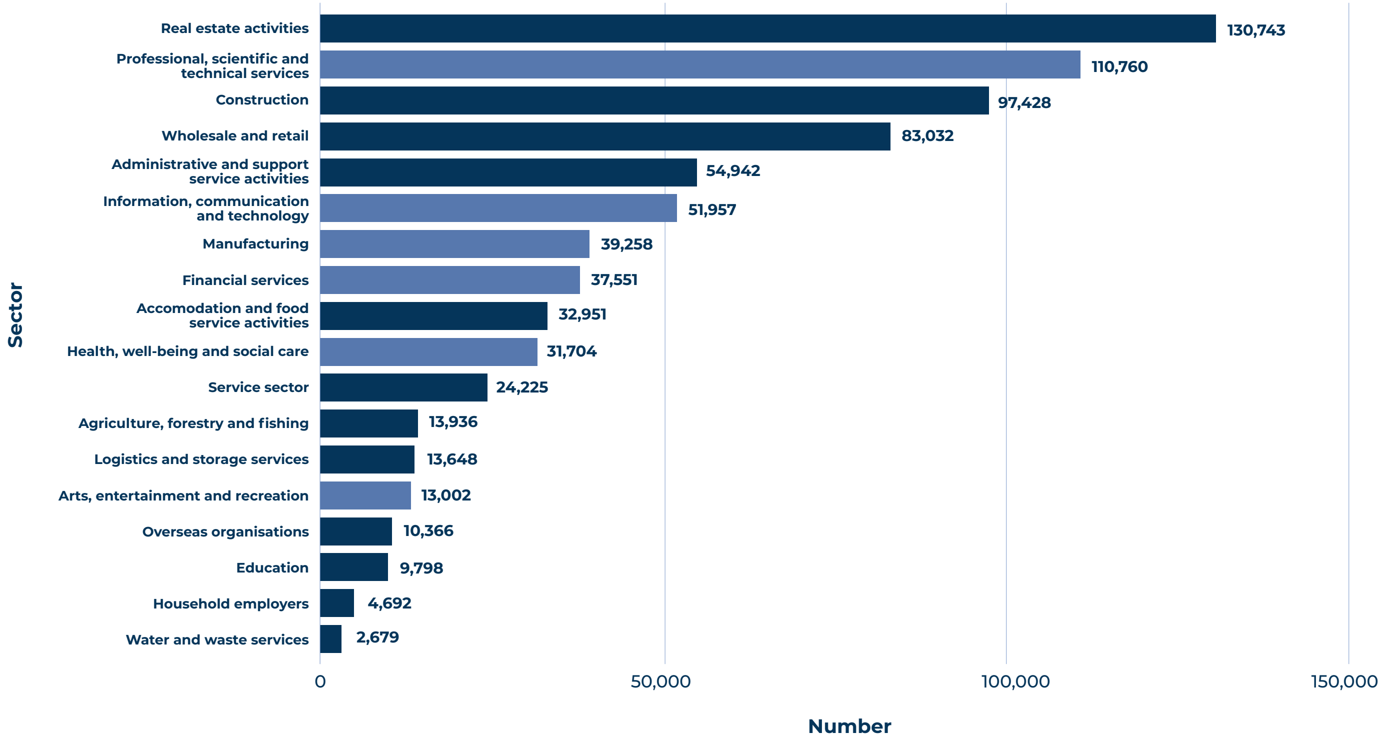
Figure 5: Age of family businesses



The UK family business landscape

Setting out the scale, distribution and characteristics of the family-business population across the UK, the analysis now turns to a more detailed examination of family businesses operating in the mid-market and scaling-up stages, where growth, investment and organisational complexity are more visible, both in firm-level data and through business-level evidence.

Figure 6: Family businesses by SIC 2007 section



Mid-market family businesses: true regional powerhouses

Mid-market family businesses

Mid-market firms[7] comprise slightly more than 80,000 of all UK businesses, as identified by the ScaleUp Institute on behalf of the mid-market Council. Within this cohort there are 8,641 mid-market family businesses, generating £142.1 billion in turnover and employing 912,000 people across the country. One in five (1,765) of these are currently scaling up.

These mid-market family businesses are found throughout the country and are significant contributors to the economy through their turnover and employment. Of the mid-market family businesses, 88% are based outside London, with 76% based outside London and the wider South East of England.

Figure 7: The spread of mid-market family businesses across the UK

Region	No mid-market family businessess	Total turnover from Companies House filings	Total employment from Companies House filings
East Midlands	704	£11.6bn	77,159
East of England	878	£15.0bn	90,338
London	1,008	£19.2bn	103,002
North East	290	£4.5bn	33,198
North West	1,000	£16.3bn	107,464
South East	1,095	£17.4bn	116,382
South West	767	£10.5bn	82,636
West Midlands	733	£11.6bn	75,899
Yorkshire and The Humber	725	£14.2bn	76,403
Northern Ireland	424	£7.7bn	45,498
Scotland	629	£8.9bn	64,561
Wales	388	£5.2bn	39,658
Grand Total	**8,641**	**£142.1bn**	**912,198**

[7] Mid-market businesses are defined as firms that meet either or both of the following criteria: (1) 50 to 499 employees; (2) turnover of between £10 million and £100 million.

Mid-market family businesses

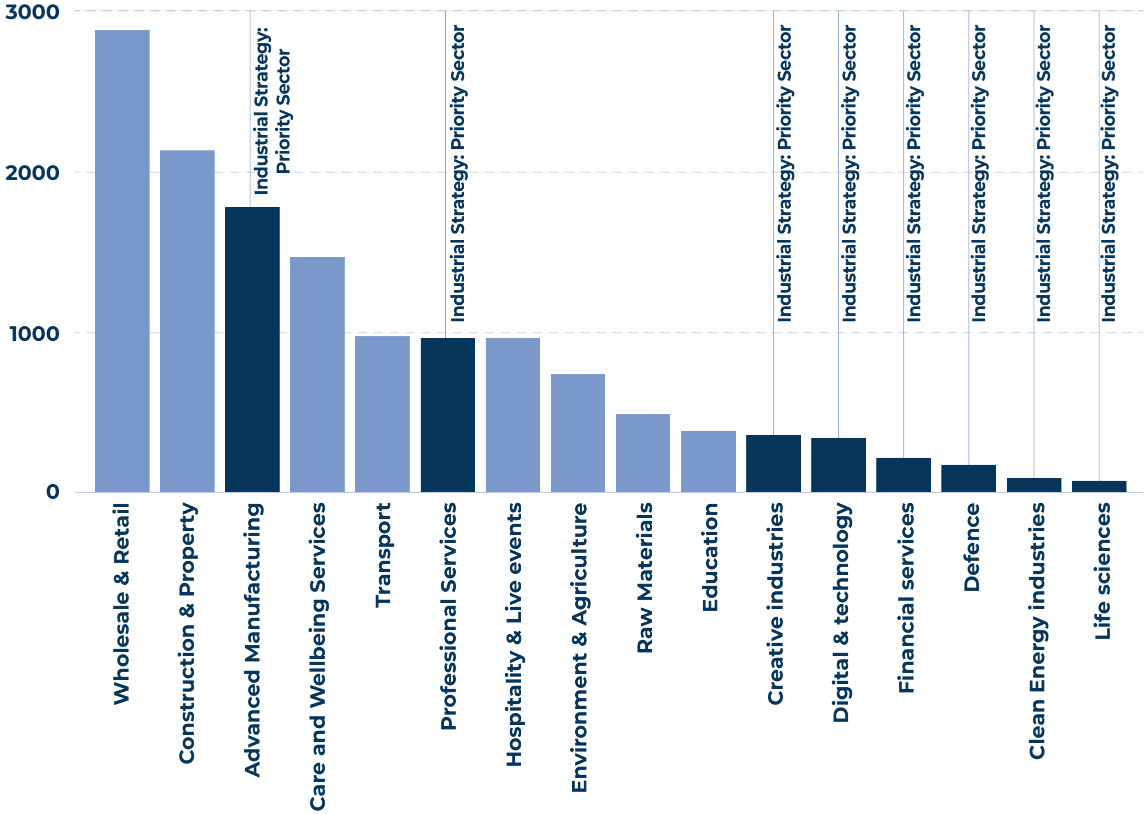
Mid-market family businesses industries

For this cohort of mid-market family businesses, deeper analysis has been conducted of the industries they operate in, using not just SIC codes but wider data sources to provide insights into their precise industries of operation based on how each business describes itself.

This is in order to better reflect emerging sectors that are not effectively captured by SIC codes and also to eliminate those known challenges of SIC inaccuracies (e.g. lack of updating post-business registration, infrequent code updates), as well as to provide insights into the eight key sectors in the UK Government's Industrial Strategy.

Similarly to all family businesses, the largest areas of operation for mid-market are wholesale and retail and construction/property. Just over 42% are operating within the Government's eight Industrial Strategy priority sectors, with the largest groups in Advanced Manufacturing (21%) and Professional Services (11%).

Figure 8: Industries of mid-market family businesses



Mid-market family businesses

Mid-market firm size

Mid-market family businesses are identified by the number of employees they have as well as the turnover they generate.

When considering employees, the vast majority, 81.1%, have between 50 and 249, with 10.6% having between 10 and 49 employees. There are 1.2% with fewer than ten employees that still qualify as mid-market firms on the basis of their turnover, and 7.1% have more than 250 employees.

Equally, they are spread across different turnover brackets, with the majority generating between £10 million and £100 million as their reported revenue. Because businesses are not required to disclose their turnover if it is below £10.2 million, the next most populous group consists of those that have either not reported their turnover or are pre-revenue (41%). These companies have nonetheless reached mid-market status through their employee headcount.

Figure 9: Breakdown of mid-market family businesses by employee number

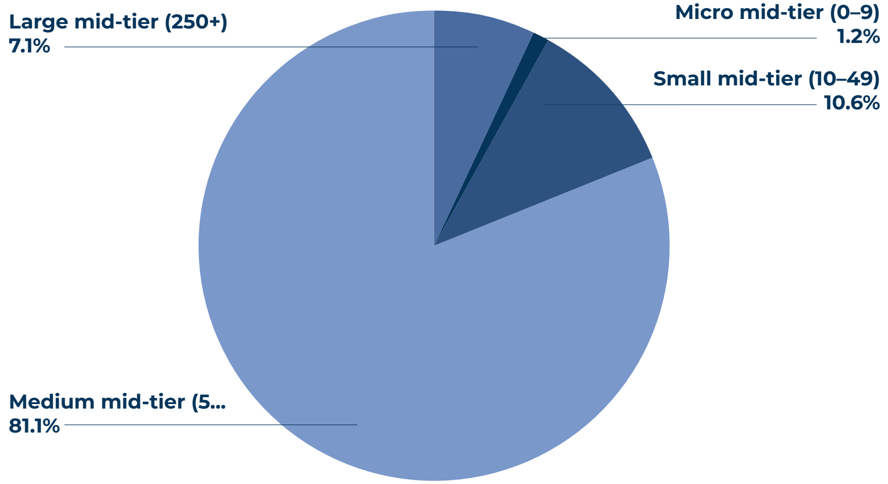
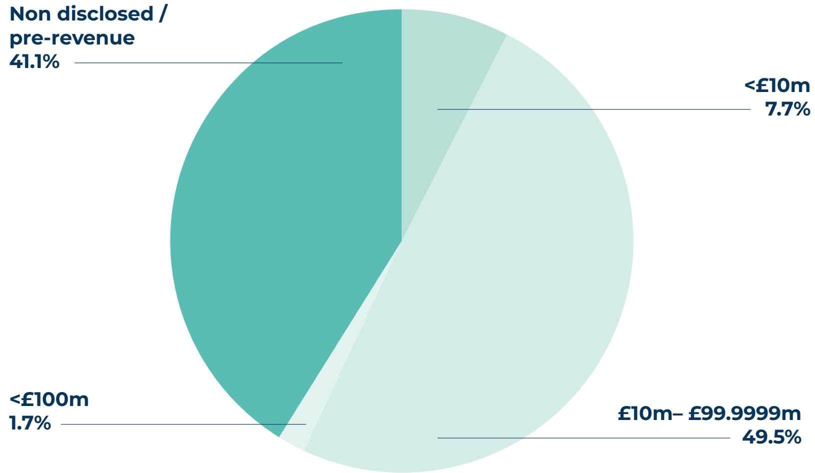


Figure 10: Breakdown of mid-market family businesses by turnover bracket

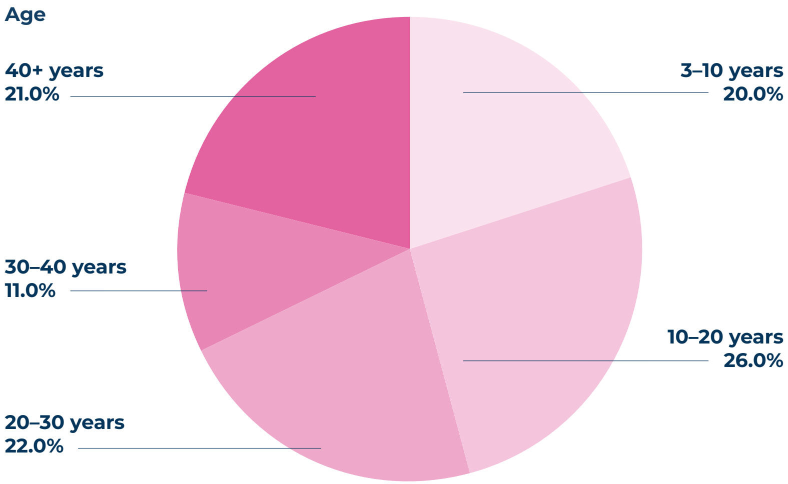


Mid-market family businesses

Age of mid-market family businesses

Compared with their peers in the mid-market bracket, family businesses tend to be significantly older: the majority are over 30 years old, compared with only 6% of family businesses overall. This reflects the greater maturity and development typically required to reach mid-market status and meet the associated employment and turnover thresholds.

Figure 11: Age of mid-market family businesses



"Family businesses tend to be significantly older: the majority are over 30 years old"

Mid-market family businesses

Investment dynamics in mid-market family businesses

Four hundred and twenty-seven mid-market family businesses have collectively raised £2.38 billion across 676 fundraising rounds. This amount is fairly evenly split between debt – £1.36 billion across 300 rounds into 250 companies – and equity – £1.07 billion across 388 rounds into 213 companies. Twelve rounds involved both debt and equity.

Equity investment represents 46% of the total amount raised by these mid-market family businesses. While not all businesses or funders report how their investment is used, among those that do, the most common use of equity was for research and development, with £262 million in funding directed toward these activities. However, the greatest amount of equity was earmarked for job creation (£308 million) and £231 million was planned for international expansion. BGF has backed the largest number of equity deals (26) followed by Business Angels (17).

The investment picture is slightly different when one looks at uses of various forms of debt finance. While job creation appears as the most common primary use of debt finance, accounting for £534 million, property attracts the largest overall amount at £570 million. HSBC is the most active provider of debt finance to family businesses, participating in 56 deals, followed by Lloyds Banking Group with 38 and NatWest with 35.

The role of government agency funders is also evident in the mid-market arena:

- The British Business Bank, through both direct investments and co-investment activity in established funds, participated in 18 fundraising schemes for 15 mid-market businesses.
- The Development Bank of Wales participated in ten deals involving mid-market businesses.
- Scottish Enterprise participated in two deals across two mid-market businesses.
- Innovate UK grants have supported 209 mid-market family businesses in their innovation and R&D activities, awarding 368 grants with a total value of £33.7 million and leveraging a further £44.6 million in follow-on investment. Notably, 85% of these grants were awarded to mid-market firms located outside London and the South East.

Figure 12: Top investors in scaling family businesses by number of deal participations

Debt Funders	No of Deals	Equity Funders	No of Deals	Government/Public Funders	No of Deals
HSBC	56	BGF (formerly Business Growth Fund)	26	Coronavirus Business Interruption Loan Scheme (CBILS)	22
Lloyds Bank	38	Business Angel(s)	17	Development Bank of Wales	10
NatWest Group	35	Mercia Asset Management PLC	9	FW Capital	5
Virgin Money	19	Crowdcube	6	Finance Yorkshire	3
Barclays	16	Downing	3	UK Export Finance	3
Santander	16	FSE Group	3	Invest NI	2
Asset and Equipment Finance	10	Maven Capital Partners UK LLP	3	Newcastle City Council	2
Barclays Corporate Banking	4	NEL Fund Managers	3	Scottish Enterprise	2
ThinCats	4	Social Impact Enterprises	3	Welsh government Economic Resilience Fund	2
Bank of Scotland	3	Tata Steel	3	West Yorkshire Business and Skills	2
Caple	3	Various	3	Finance Birmingham	2
Cynergy Bank	3	Accel Partners	2	Whiterock Finance	2
Mercia Debt	3	Blossom Capital	2	**Innovate UK**	**368 Grants**
OakNorth	3	Foresight Group	2		
Shawbrook Bank	3	General Catalyst	2		
Bank of Ireland	2	Highland Europe	2		
Danske Bank	2	Pembroke Investment Managers LLP	2		
Invoice Finance and Factoring	2	Republic	2		
River Capital	2	Salica Investments	2		

Mid-market family businesses

Summary

Significantly, one in four of all visibly scaling firms in the UK is a family business, reinforcing the fact that family firms are a key component of our high-growth business community, generating significant employment and revenues at a regional, global and Industrial Strategy sector level.

They experience challenges that come with growth, and the following sections, including our Family Business Insight Perspectives, explore how the leaders of scaling and mid-market family firms perceive their business environment, the markets in which they operate and the support they would like to obtain from different stakeholders in the ecosystem, including the role the public and private sectors play in their continuing development.

Scaling family businesses

Scaling family businesses

The ScaleUp Institute's 2024 ScaleUp Index provided insights into the 10,859 visibly scaling firms[8] in the UK, generating £384bn in turnover and employing 2.05m people. Through this new research we can reveal that more than 27% (2,985) – 1 in 4 – of these are family businesses.

They contribute £72.4bn (19%) of the total turnover and have almost 500k employees (24% of all scaling businesses). Similarly to the mid-market, 88% are based outside London and 76% outside London and the South East; however, the North West has the second largest cohort of scaling family businesses after the South East, with London third.

This emphasises the local nature of family businesses that are scaling up and, along with their mid-market presence, their importance to the UK's regional growth dynamics, which are anchored locally with long-term sustained growth and strategic decisioning/plans for expansion.

Figure 13: The Spread of Scaling Family Businesses across the UK

Region	No scaling family businesses	Total turnover from Companies House filings	Total employment from Companies House filings
East Midlands	261	£5.0bn	39,434
East of England	288	£5.7bn	40,679
London	360	£10.9bn	58,125
North East	110	£3.1bn	19,725
North West	366	£8.8bn	79,554
South East	371	£11.2bn	55,116
South West	294	£5.6bn	50,296
West Midlands	243	£6.0bn	52,035
Yorkshire and The Humber	257	£8.0bn	43,695
Scotland	198	£4.3bn	32,097
Northern Ireland	114	£1.9bn	15,233
Wales	123	£1.9bn	13,706
Grand Total	**2,985**	**£72.4bn**	**499,695**

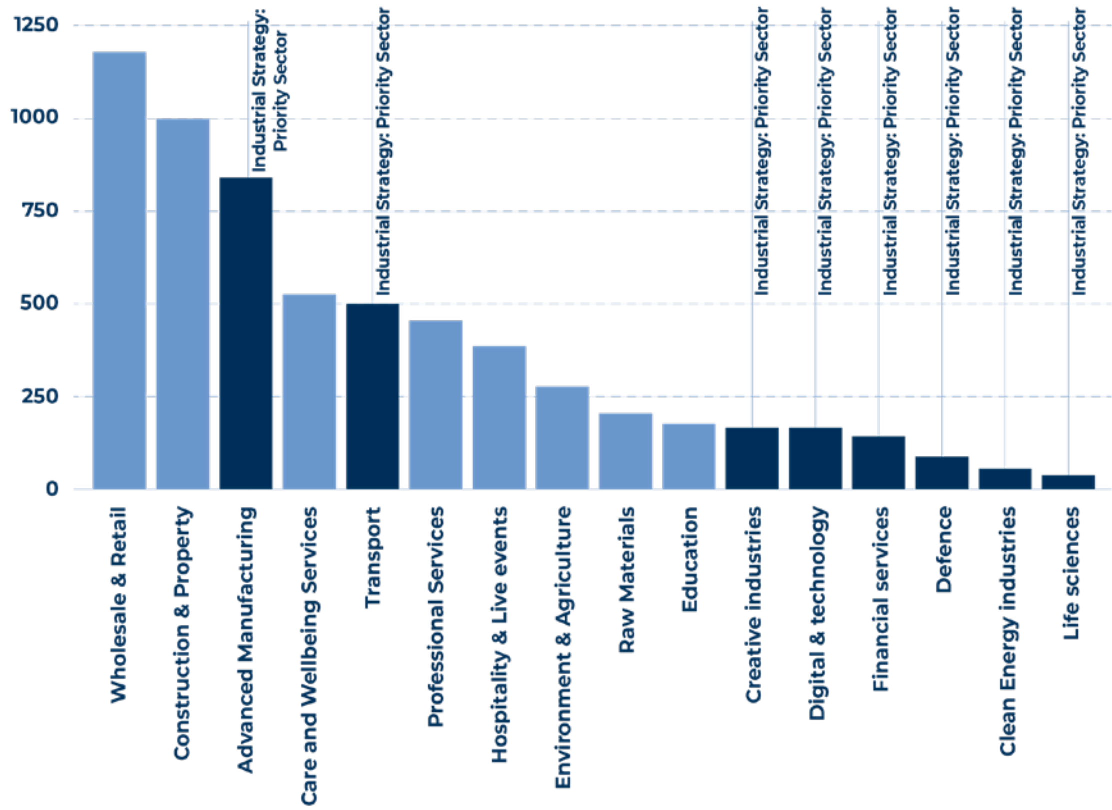
[8] A scaling firm is a business that is growing its turnover or employee headcount or both by 10% or more each year over a monitoring period of three years, with at least ten employees at the start of that period. Scale-ups are firms growing at a rate of 20%+ by the same parameters.

Scaling family businesses

Scaling family businesses – Industries

Scaling family businesses are also operating in the wholesale and retail and construction/ property sectors. However, they are more likely than their peers across all family businesses and those in the mid-market to be within one of the industrial strategy sectors, with 51.2% serving one or more of these industries. As with the mid-market, advanced manufacturing (28.3%) and professional services (16.7%) are the top two IS-8 sectors.

Figure 14: Industries of scaling family businesses



Scaling family businesses

Scaling firm size

By employment, scaling family businesses are primarily mid-market-sized with 66.5% in this group of businesses, split between those employing between 50 and 250 staff (54.1%), and the 12.3% who have more than 250 employees.

Smaller firms (fewer than 50 staff) account for 33.5%. Medium-/mid-sized scaling firms are also the biggest contributors to turnover, generating £31 billion.

While 50% of family businesses are scaling up, by this employment metric they sit beneath the £10.2m turnover threshold; of those family businesses that are disclosing revenues, the majority are in the mid-market, generating between £10m and £100m. These firms are collectively bringing in £37bn in turnover and employing more than 233k people.

On a sectoral level, the largest number of scaling family businesses with revenues exceeding £100m are operating in Wholesale & Retail, followed by Advanced Manufacturing, Construction & Property and Transport, while those that are scaling up by employment but sit beneath the £10.2m threshold are typically operating in Education (76% of businesses in this sector), Care & Well-being Services (72%), Hospitality (62%), Defence (58%), and Professional Services (56%).

This further reinforces the importance of the government's current focus on scaling-up firms in their respective strategies and entrepreneurial prospectus and the importance of family businesses within that segment of our economy.

Figure 15: Breakdown of scaling family businesses by employee size

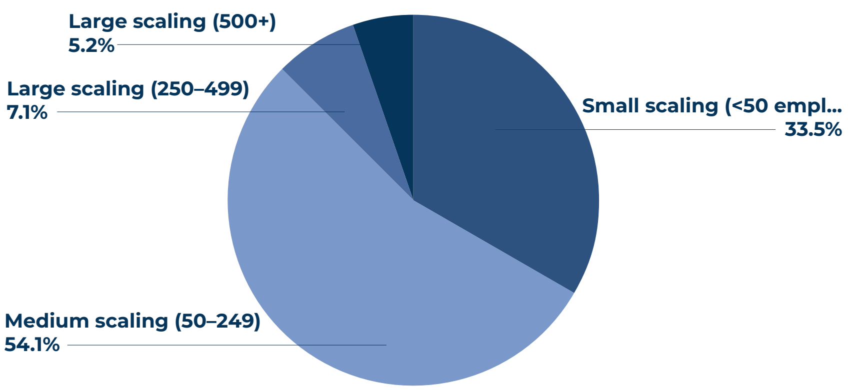
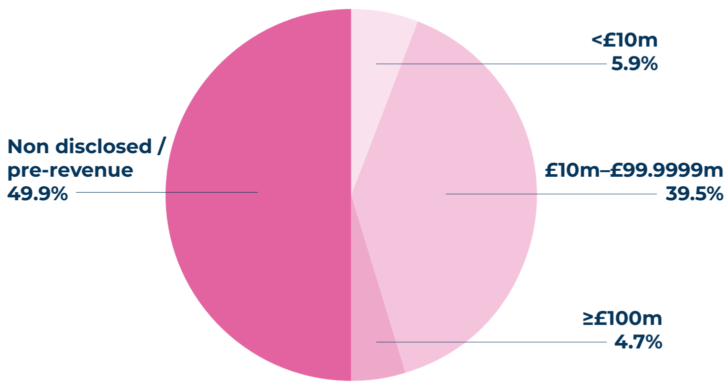


Figure 16: Breakdown of scaling family businesses by turnover bracket



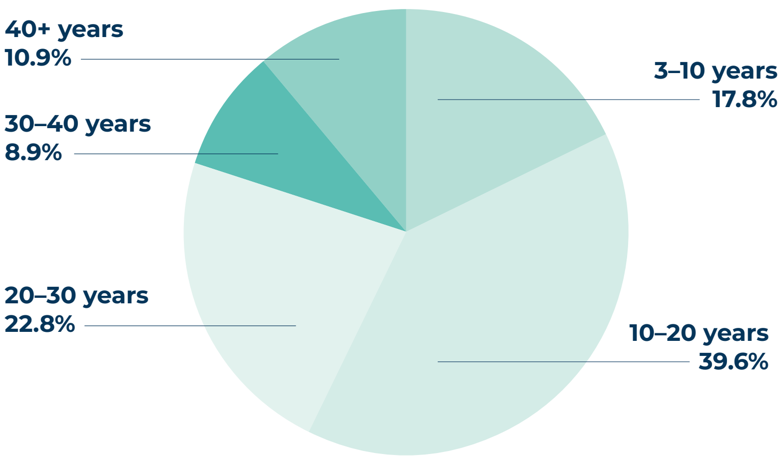
Scaling family businesses

Age of scaling family businesses

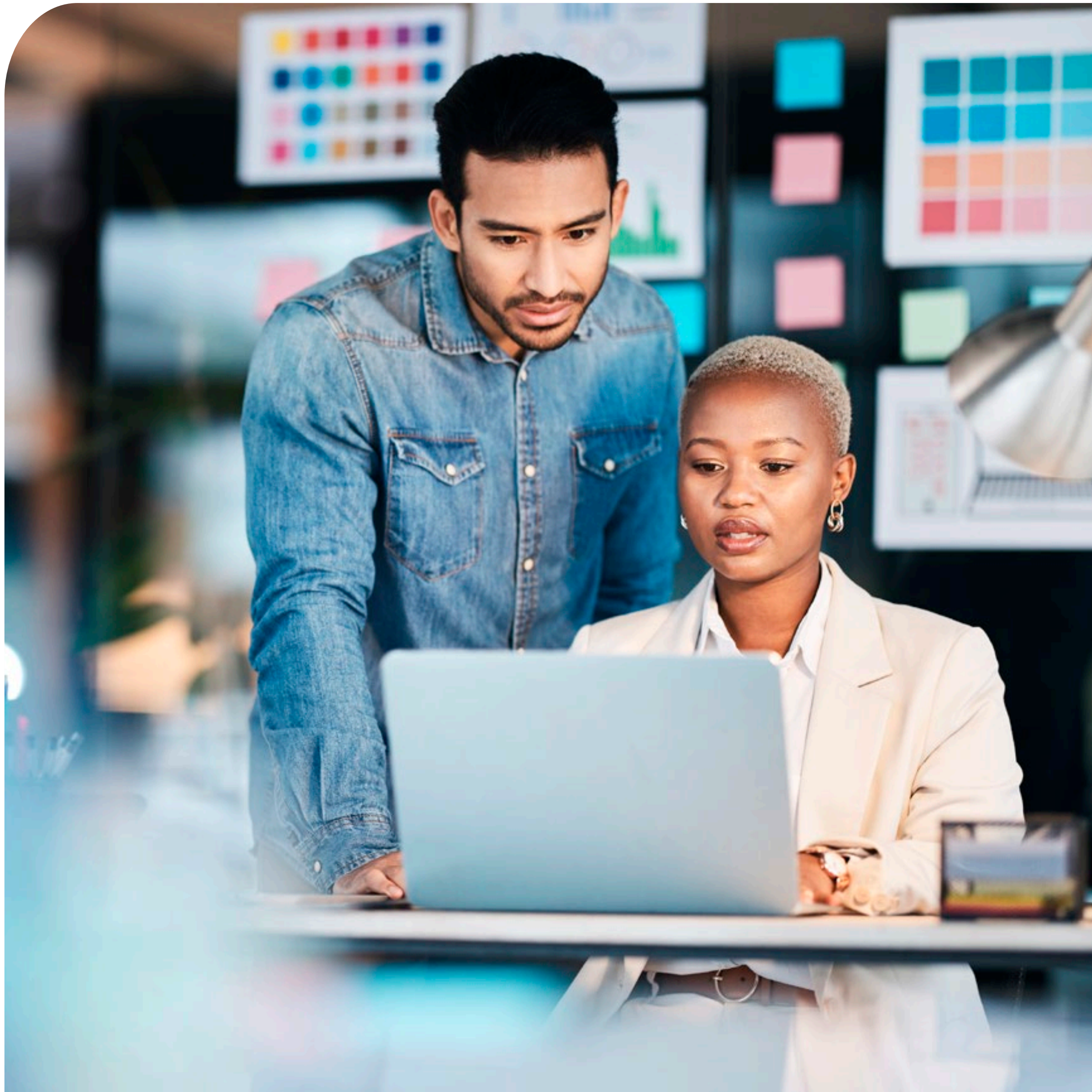
While mid-market family businesses were more evenly distributed by age, those that are scaling up are typically 10–20 years old, reflecting wider research on predictors of scaling up.[9] One-fifth, 20%, are over 30 years old.

This reflects the long-term nature of these family firms and why certain tax schemes need to remove age barriers that can present cliff edges for investment.

Figure 17: Age of scaling family businesses



[9] See p. 32: https://www.scaleupinstitute.org.uk/wp-content/uploads/2023/01/ScaleUps-Debt-Finance-Journey.pdf



Scaling family businesses

Investment dynamics in scaling family businesses

More than £2 billion has been raised by 278 scaling family businesses across 420 funding rounds. More than half of this total has been raised through 241 equity deals, amounting to £1.14bn, while there have been 185 debt raises worth £918m. Six rounds have involved both debt and equity styles of funding. Of the scaling family businesses that have raised investment, 63% are within the government's eight priority Industrial Strategy sectors (IS-8).

As observed with the mid-market family businesses, the scaling-up cohort are particularly focused on resource hiring (£268m was noted as being raised for this purpose) and international expansion (£220m), while £45m of debt funding and £148m of equity are reportedly to be used for R&D and Innovation.

UK investors are key backers of family businesses, with BGF (11) again the most significant backer of equity funding rounds in family businesses that are scaling up, followed by Business Angels (8). Overall, the vast majority of investors were from the United Kingdom; however, 15 deals had international involvement: US investors participated in six deals with six scaling family businesses worth £391m; Korean Investor SeAH Wind backed one scaling family firm in a deal worth £260m; and the European Investment Bank (EIB) in Luxembourg backed one firm with £185m. Other investors came from Australia (two deals); China, the Netherlands, Denmark, Ireland and Germany (all one deal each). Half of these firms were in the IS-8 but spanned a diverse range including Advanced Manufacturing, Construction, Clean Energy, Fashion, Software Development, Shipping and Childcare.

When using debt finance, these scaling family firms report that almost £400m is for the financing of specific projects and £374m is for property. HSBC is the largest debt funder for these businesses (42 rounds), followed by NatWest (22) and Lloyds Banking Group (21).

As with the mid-market, the role of the British Business Bank is evident through both its direct investments and its co-investment in established funds, participating in ten fundraising schemes in ten scaling family businesses. The Development Bank of Wales has participated in seven deals in six scaling family businesses. Scottish Enterprise has been involved in one deal with a scaling family business.

When it comes to R&D and innovation, 89 scaling family businesses have received 241 Innovate UK grants with a total value of £57.2m; these firms also leveraged £163m in private funding. Three-quarters (76%) of these firms backed by Innovate UK grants were from outside London and the South East.

Scaling family businesses

Investment dynamics in scaling family businesses

Figure 18: Top investors in scaling family businesses by number of deal participations

Debt Funders	No of Deals	Equity Funders	No of Deals	Government/Public Funders	No of Deals
HSBC	42	BGF (formerly Business Growth Fund)	11	Coronavirus Business Interruption Loan Scheme (CBILS)	10
NatWest Group	22	Business Angel(s)	8	Development Bank of Wales	7
Lloyds Bank	21	Crowdcube	3	UK Export Finance	3
Virgin Money	12	Maven Capital Partners UK LLP	3	Welsh Government	2
Barclays	11	Foresight Group	2	Finance Yorkshire	5
Santander	9	Highland Europe	2	FW Capital	6
Caple	4	NEL Fund Managers	2	**Innovate UK**	**241 Grants**
ThinCats	4	Macquarie Group	2		
Bank of Ireland Business Loans	3	Tata Steel	2		
Bibby Financial Services	2				
Cynergy Bank	2				
Mercia Debt	2				
OakNorth	2				

Summary

Significantly, one in four of all visibly scaling firms in the UK is a family business, reinforcing the fact that family firms are a key component of our high-growth business community, generating significant employment and revenues at a regional, global and industrial strategy sector level.

They experience challenges that come with growth, and the following sections, including our Family Business Insight Perspectives, explore how the leaders of scaling and mid-market family firms perceive their business environment, the markets in which they operate and the support they would like to obtain from different stakeholders in the ecosystem, including the role the public and private sectors play in their continuing development.

The challenges to growing and scaling family businesses

Given the importance of family businesses to the economy and society, it is important to analyse what barriers to growth these firms face as they scale up. Beyond firm-level capabilities, the wider policy and operating environment also plays an important role in shaping the confidence and capacity of family businesses to invest and grow at scale.

The challenges to growing and scaling family businesses

The ScaleUp Institute has consistently identified a number of core challenges[10] to scaling up a business in the UK ecosystem, reviewing them annually to ascertain changing priorities among the country's fastest-growing businesses.

In total, in the second half of 2025, 468 mid-market and scaling family businesses took part in the 2025 Annual ScaleUp Survey.[11]

Their responses show that family businesses remain significantly concerned about the macroeconomic dynamics of increasing costs, the impact of tax, energy prices and supply chain disruption, as reinforced in FBUK's recent Policy Agenda,[12] with four in ten businesses saying the economic environment is affecting the extent to which they can pursue growth. This includes impact on recruitment, skills development and the ability to develop or launch new ideas or enter new markets, and more than a third say it is affecting the extent to which they can invest in the business.

Challenges specifically hindering the growth ambitions of mid-market and scaling family businesses include access to markets (56%) and talent and leadership development (55%). These are followed by the need for patient growth finance (42%).

Businesses also highlight the importance of easier and more consistent access to tax incentives (29%), as well as infrastructure and R&D facilities (25%), as key enablers of growth. Tax issues feature even more prominently among firms on a low-growth trajectory (43%). Regulatory barriers (25%) are most significant for businesses operating in Advanced Manufacturing, Digital and Tech, and Financial Services.

[10] Access to talent/skills, leadership, markets, finance and infrastructure.
[11] Segment analysis of: ScaleUp Institute (2025). ScaleUp Annual Review 2025: Powering Up the ScaleUp Economy. Data collected in Q3/Q4 2025.
[12] Family Business UK: Policy Agenda, Building Britain for Generations. At the end of January 2026, Family Business UK surveyed more than 550 family firms of which 323 were in the mid-market.

The challenges to growing and scaling family businesses

Figure 19: Top barriers to further growth for mid-market and scaling family businesses

TOP BARRIERS TO FURTHER GROWTH

- access to markets in UK and internationally **56%**
- talent and leadership development **55%**
- access to right bank/ equity finance **42%**
- access to tax breaks **29%**
- infrastructure and access to R D facilities **25%**

THESE BUSINESSES ARE AMBITIOUS

- **7 in 10** expect to continue to scale in 2026 by turnover and/or employee headcount
- **5 in 10** expect to grow employment
- **4 in 10** expect to grow turnover
- **6 in 10** say they are out-performing their peers

BUT CONSIDER THEY ARE FACING SIGNIFICANT MACROECONOMIC BARRIERS

- **6 in 10** increasing costs to the business
- **6 in 10** impact of energy prices
- **6 in 10** supply chain disruption
- **5 in 10** geopolitical uncertainty & conflict with their peers
- **5 in 10** rising tariffs
- **5 in 10** lower levels of business / consumer confidence

THE ECONOMIC CHALLENGES MAKE THEM MORE CAUTIOUS ABOUT

- how much they can try to grow their business **43%**
- the extent to which they can recruit or develop staff **40%**
- the extent to which one can develop or launch new ideas/go into new markets **40%**
- the extent to which one can invest in the business **35%**

The challenges to growing and scaling family businesses

Despite these perceived barriers to growth, mid-market and scaling family businesses remain highly ambitious. Seven in ten expect to increase further in turnover or employee headcount, and six in ten believe they are outperforming their peers across the wider economy.

Family businesses are also highly innovative and internationally oriented. Nine in ten have undertaken some form of innovative activity in the past three years, and more than half report a greater appetite for innovation in 2025/26 than in previous years.

International expansion is central to their growth ambitions: six in ten identify overseas sales as a priority, and many are already exporting or considering expanding their physical presence abroad. However, these ambitions expose them to fragmented and complex support landscapes, reinforcing the need for more coherent and navigable public support across innovation, trade and finance pathways, including export finance.

To achieve their scale-up goals, mid-market and scaling family businesses emphasise the importance of easier access to local support – rooted in local ecosystems and better coordinated across the system. Reflecting the role they play in their local economies, six in ten report being part of a local cluster. Yet 41% highlight gaps in regional support, particularly with regard to access to local investors, support for entering new markets, additional space to grow, networks of NEDs and fractional executives, and help in finding talent.

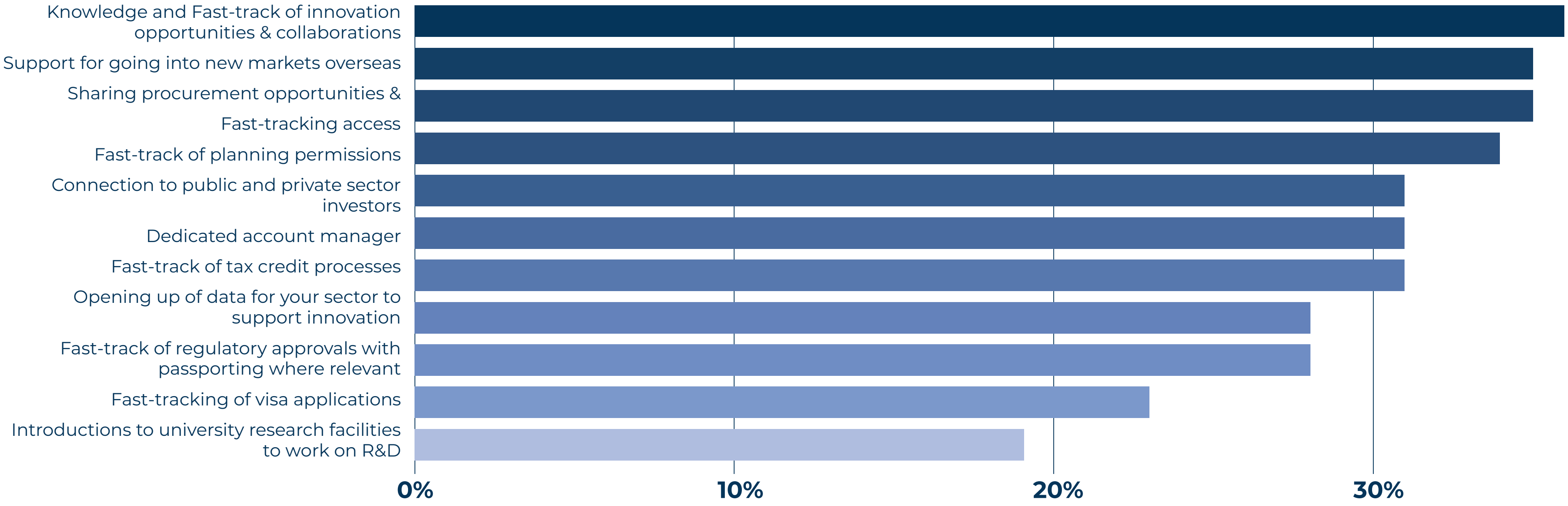
Awareness of government strategies is mixed: five in ten have heard of the Plan for Small and Medium-Sized Businesses, while only four in ten are aware of the Industrial Strategy or the Trade Strategy. Overall, eight in ten are aware of at least one of these. Among those who are aware, sentiment is positive – seven in ten believe the Plan for SMEs and the Industrial Strategy would be helpful to their business, and eight in ten say the same of the Trade Strategy.

These strategies include the government's proposal for a new "concierge" service, which aligns closely with the priorities of scaling businesses. When asked what such a service should deliver, four in ten mid-market and scaling family businesses prioritise fast-tracking of innovation opportunities and collaborations (36%), support for entering new overseas markets, and improved access to fast-track procurement opportunities.

The challenges to growing and scaling family businesses

To broaden access to support, five in ten businesses would like easier local access to Innovate UK and UKRI schemes, while four in ten want improved access to programmes that help them enter domestic markets, supply chains and procurement opportunities.

Figure 20: What should a concierge service deliver?



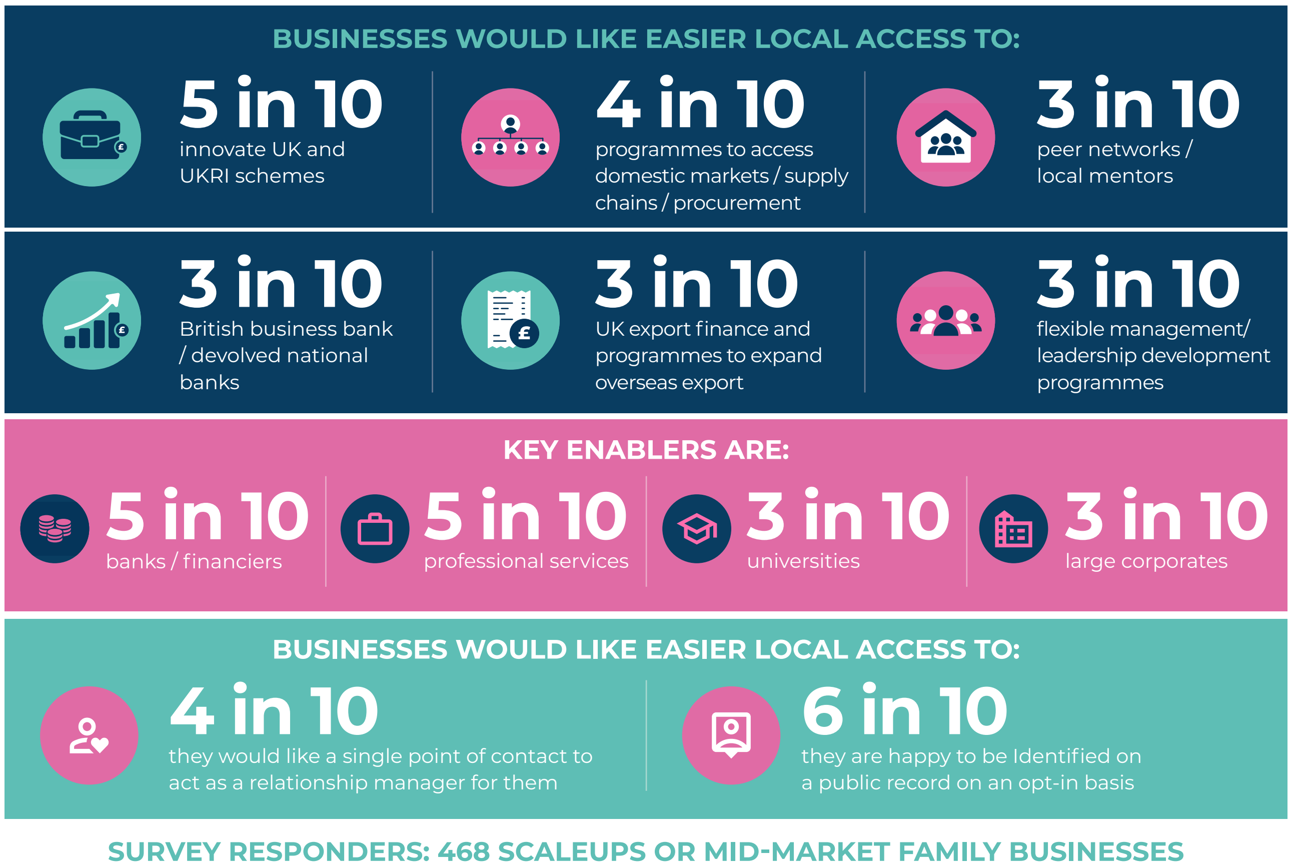
The challenges to growing and scaling family businesses

Three in ten highlight the need for easier access to the British Business Bank and the Devolved National Banks, peer networks and local mentors, flexible management and leadership development programmes and UK Export Finance and other initiatives supporting overseas expansion. These needs align closely with FBUK's Policy Agenda,[13] which emphasises funding and skills development to enable international growth, alongside support for innovation and adopting new technologies.

The private sector also has a role to play. Five in ten scaling and mid-market family businesses are seeking greater support from banks, financiers and professional services, while three in ten view local universities and large corporates as important partners.

As part of their growth journey – and to help them navigate support more effectively – four in ten mid-market and scaling family businesses would value **a relationship manager who can act as a single point of contact**. Six in ten are also willing to be identified on public records and have their status as mid-market or scaling family businesses shared on an opt-in basis, enabling more targeted support.

Figure 21: What would mid-sized family firms and scale-ups like easier access to?



[13] Family Business UK: Policy Agenda, Building Britain for Generations. At the end of January 2026, Family Business UK surveyed more than 550 family firms of which 323 were in the mid-market.

The challenges to growing and scaling family businesses

Access to markets

Access to markets is the most frequently cited barrier to expansion for mid-market and scaling family businesses, consistent with the wider scale-up population. The 2025 ScaleUp Annual Survey shows that family businesses at this stage of growth are already highly market-oriented but continue to face frictions in increasing sales both domestically and internationally.

Mid-market and scaling family businesses operate across multiple market channels: 70% sell to other businesses or government (B2B) and 73% are selling direct to consumers (B2C); 43% do both. They are also highly collaborative, with 76% working with a range of partners on joint projects and R&D, from large corporates to government bodies and universities.

However, they want to see greater support for accessing domestic markets. Figure 16 below shows that four in ten mid-market and scaling family businesses would benefit from improved **access to key decision-makers** when working with government and large corporates; a similar proportion want more opportunities to participate in trade shows and to access the government's **Contracts for Innovation**[14] programme. Three in ten highlight the need for clearer and faster procurement routes, improved understanding of procurement processes and frameworks, and better platforms to advertise their business and bid for contracts.

Figure 22: What support would help create greater access to markets?

70% sell to other businesses or government (B2B)

74% sell direct to consumer (B2C)

76% peer networks / local mentors

24% exporting goods / services outside the UK

WHAT WOULD HELP B2B BUSINESS TO WORK MORE WITH GOVERNMENT AND LARGE CORPORATES

4 in 10 better access to contracts for innovation (formerly SBRI)

3 in 10 online platform for procurement bids and showcasing your business

3 in 10 dedicated large corporates / government funding to buy from and work with scaling businesses

3 in 10 clearer guidance on how to become / qualify as a prime contractor

4 in 10 improved access to trade shows

3 in 10 fast track to procurement opportunities and dedicated R&D procurement

3 in 10 'Meet the buyer' style events and curated matchmaking

3 in 10 access to online collaboration platforms (e.g. Konfer, Interace)

4 in 10 improved access to key decision makers

3 in 10 education on how to respond to procurement processes, including across to preferred supplier lists / framework agreements

3 in 10 collaborative 'Test beds' and 'Sandboxes', including open data, for developing innovative solutions (e.g. FCA Regulatory)

2 in 10 dedicated account manager

[14] https://iuk-business-connect.org.uk/programme/contracts-for-innovation/

Alongside the UK market, they are also focused on international expansion. Figure 17 below shows **six in ten saying that selling overseas is a priority for their future growth**, with the EU (66%) and North America (33%) identified as the most attractive international markets. Other regions, including other parts of Europe (26%), the Middle East (20%), China (21%) and Africa (18%), also feature, pointing to a diversified approach to international growth that is consistent with the wider scale-up population.

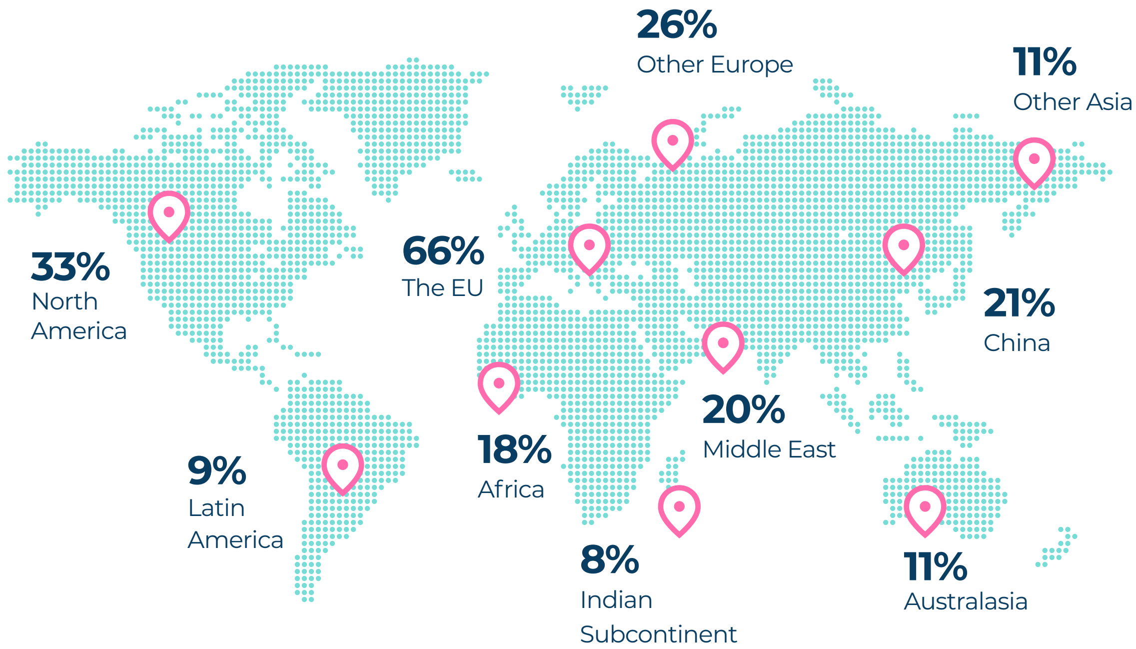
Figure 23: International expansion opportunities for businesses

6 in 10 agree that selling overseas is a priority for future growth, **however –**

4 in 10 aware of the government's trade strategy, **but –**

8 in 10 think it will be helpful to their business

Which of the following parts of the world do you see as presenting the best opportunities for your business (whether exporting more than you currently do or starting to export there or moving overseas)?



The challenges to growing and scaling family businesses

Access to markets

While trade is one aspect of their international growth agenda, **59% are also considering expanding their physical presence or operations overseas**, while a further 23% say they may do so. When asked about relocating their headquarters overseas, 23% say yes, 34% say maybe, and 43% say they would not.

Figure 24: Future business opportunities and relocation

When considering future business opportunities now, and in the future, do you see the business:

Expanding physical presence / operations overseas

Yes **59%** | No **18%** | Maybe **23%**

Relocating the business HQ overseas

Yes **23%** | No **43%** | Maybe **34%**

What would the key drivers of that relocation be?

Size of markets overseas	**37%**
Better infrastructure	**37%**
Access to investors	**35%**
A more favourable tax regime compared to UK	**33%**
More positive and proactive attitude to entrepreneurship and risk	**29%**
Better understanding of your sector	**29%**
Ability to hire / access talent more easily	**29%**
R&D access	**14%**

Where would you consider locating your HQ to, If you were to move?

58% The EU

42% USA

14% Canada

14% China

12% other parts of Europe

12% UAE

7% Africa

6% Elsewhere in Middle East

6% Indian subcontinent

6% Latin America

5% Other Parts of Asia

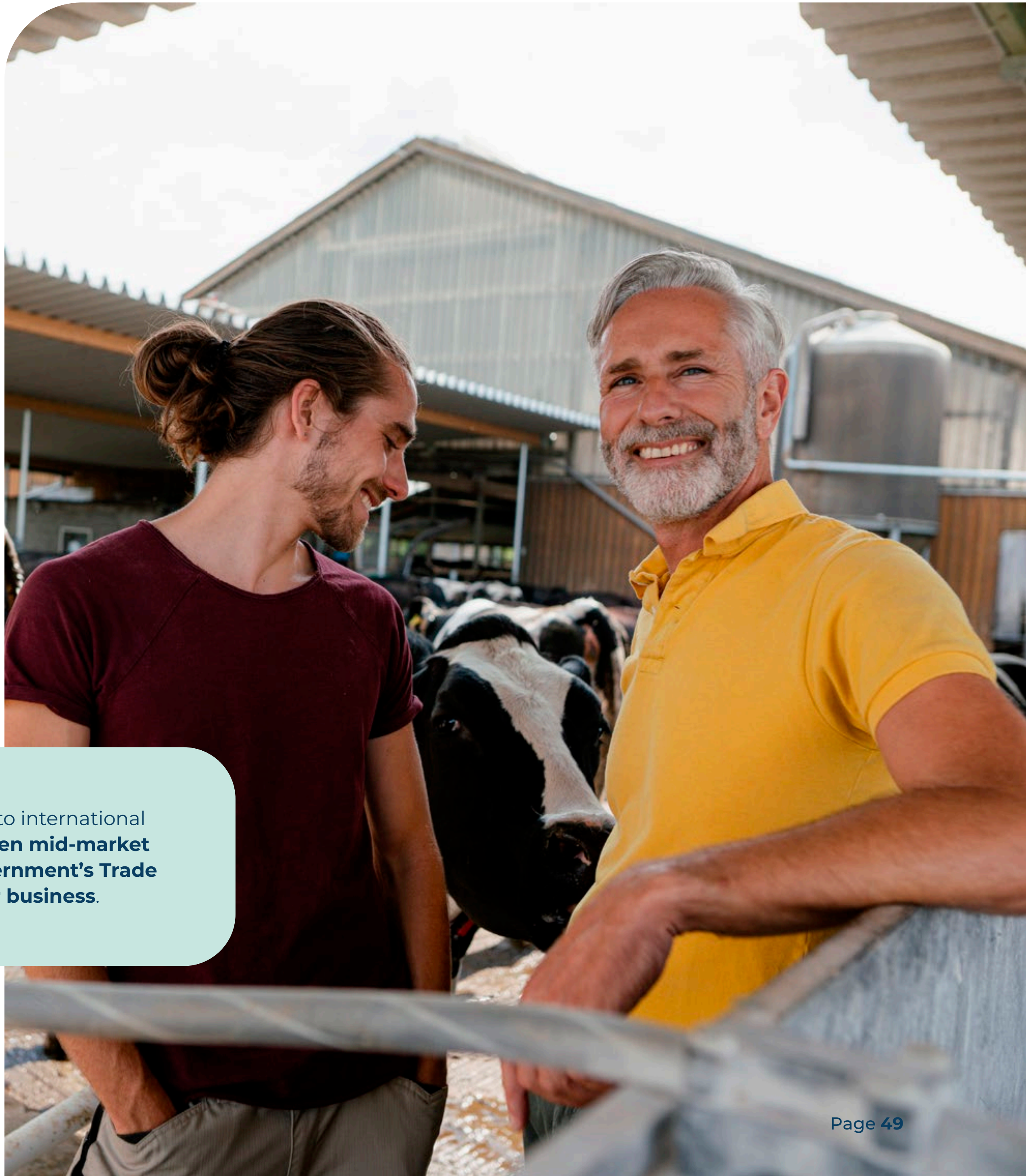
3% Australasia

The challenges to growing and scaling family businesses

For those considering relocation, preferred destinations closely mirror broader market opportunity patterns. The EU (58%) and the USA (42%) are the most commonly cited potential locations, followed by Canada (14%), China (14%), other parts of Europe (12%) and the UAE (12%).

The key drivers of relocation are largely market-led. **The size of overseas markets (37%), better infrastructure (37%) and access to investors (36%) are the leading factors. These are followed by perceptions of more favourable tax regimes compared with the UK (33%)**. Other considerations include a more positive and proactive attitude to entrepreneurship and risk (29%), better understanding of their sector (29%), greater ease in hiring or accessing talent (29%), and access to R&D (14%).

The survey highlights practical challenges in navigating routes to international markets and engaging with trade support. **While only four in ten mid-market and scaling family businesses say they are aware of the government's Trade Strategy, eight in ten believe that it would be helpful to their business**.



The challenges to growing and scaling family businesses

Access to markets

Figure 25: Interventions needed to expand internationally

The government has announced plans to provide focused export support in local areas across the UK as part of the Trade Strategy. What would be helpful to your business to be included in this support?

3 in 10

- A local international trade hub close to where you are in the UK
- Support to find / recruit in country management / employees in overseas markets
- Funding for research into new markets
- Access to financial products to support overseas expansion (e.g. UKEF Export Insurance and loan guarantee schemes)
- Training / support on market selection, entry and fulfilment
- Introductions to corporates and financiers who can support overseas expansion

2 in 10

- More proactive information on trade missions and market opportunities
- Introductions to buyers in overseas market
- Single point or contact for scaleups at the trade department in the UK and overseas
- Export-focused peer groups

1 in 10

- Greater bespoke market insights, e.g. via email, webinars etc.
- Tailored scaleup export trade missions

Businesses also identify a clear set of interventions that would help them to expand internationally. As part of the government's Trade Strategy, focused export support is being developed at a local level, and the survey highlights where this aligns with business needs.

Three in ten mid-market and scaling family businesses point to the value of a local international trade hub, support for finding or recruiting in-country management or employees, funding for research into new markets, and access to financial products to support overseas expansion, including UK Export Finance insurance and loan guarantee schemes. Support with market selection, entry and fulfilment, as well as introductions to corporates and financiers able to support overseas growth, are also cited by a similar share.

These findings show that scaling and mid-market family businesses are already active across domestic and international markets, with exporting and overseas activity seen as a key enabler of their further growth. Rather than a lack of market ambition or international orientation, access to markets, both in the UK and internationally, remains the leading barrier to scaling up, reflecting persistent frictions in procurement, trade routes and market access mechanisms.

The challenges to growing and scaling family businesses

Access to talent and leadership capacity

Mid-market and scaling family businesses consistently highlight the importance of talent, skills and leadership capacity in enabling further growth.

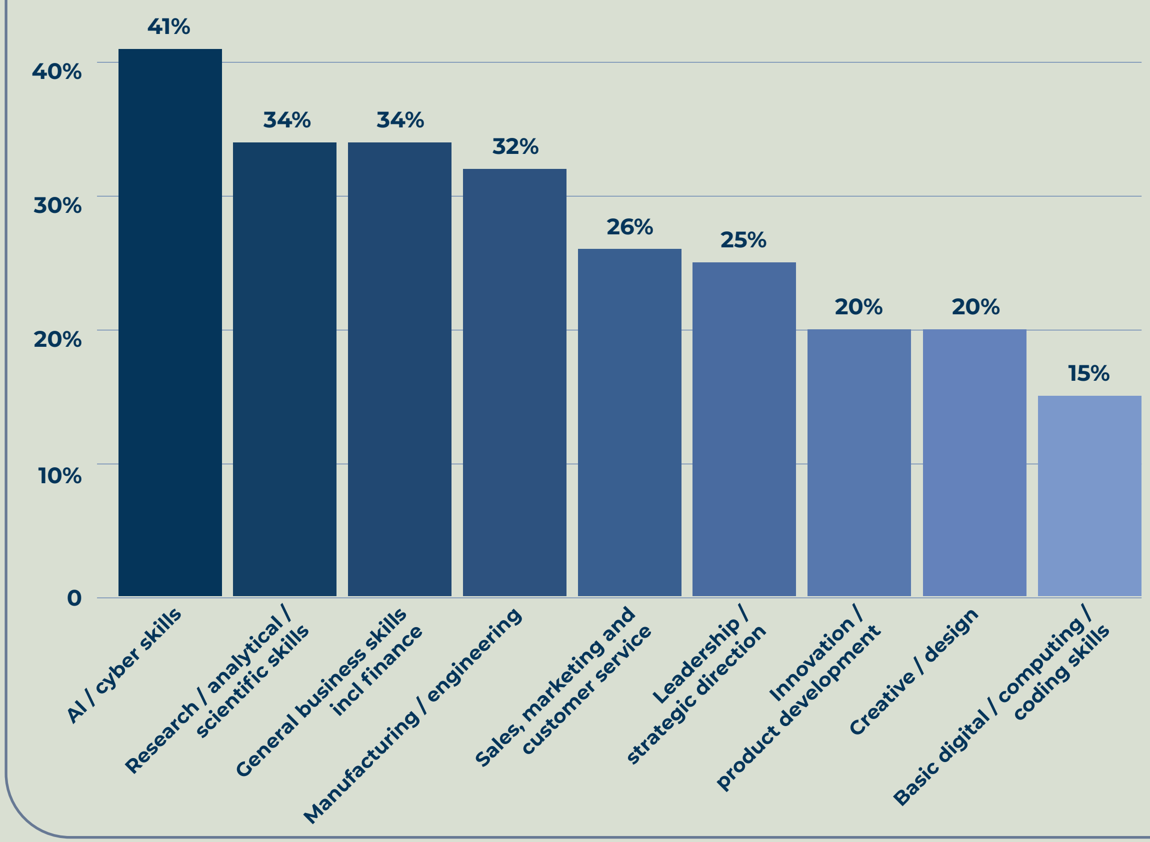
The ScaleUp Survey[15] shows that while these businesses are actively investing in their workforce and leadership capability, they continue to face challenges in accessing the skills, experience and progression pathways needed to support scaling up.

Workforce skills gaps are evident across a range of functions. The most frequently cited shortages relate to **AI and cyber skills (41%), research and technical skills (34%), general business skills such as finance (34%), and manufacturing and engineering (32%)**. Gaps are also reported in sales, marketing and customer service (26%), leadership and strategic direction (25%), and innovation, product development and creative or design skills (around one in five). This points to a broad-based skills challenge rather than isolated shortages.

[15] Segment analysis of: ScaleUp Institute (2025). ScaleUp Annual Review 2025: Powering Up the ScaleUp Economy. Data collected in Q3/Q4 2025.

The challenges to growing and scaling family businesses

Figure 26: Workforce skills gaps and recruitment challenges

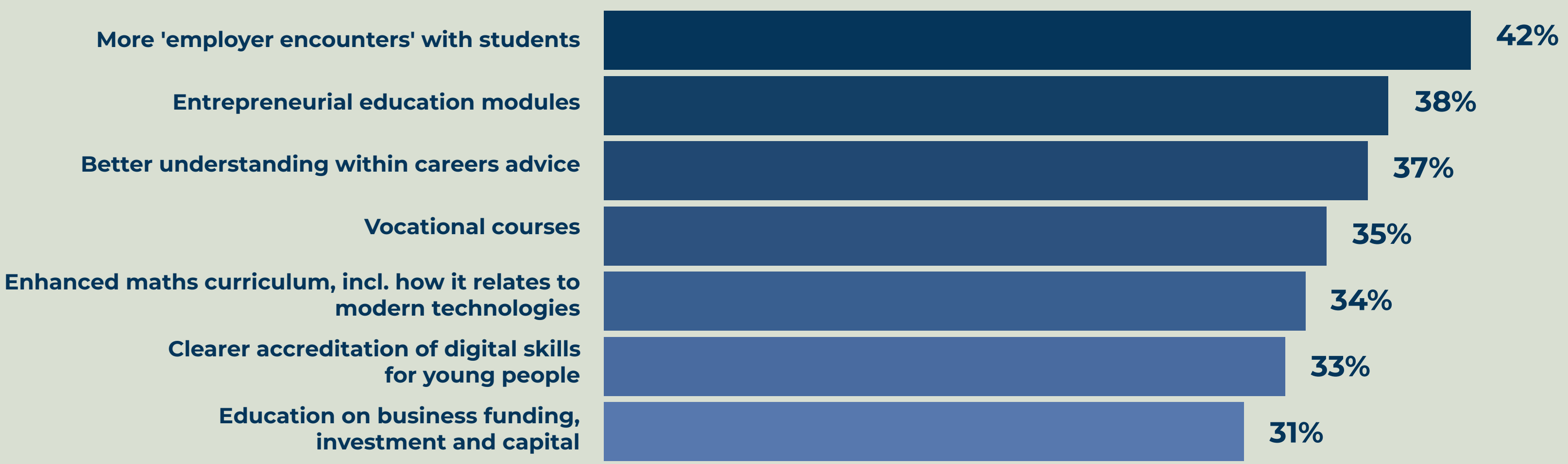


Mid-market and scaling family businesses are actively engaging with the education system to address these gaps.

Figure 26 to the left shows that when working with schools and colleges, family businesses are seeking more employer encounters with students (42%), entrepreneurial education modules (38%), and better understanding of opportunities with businesses like theirs within careers advice (37%). There is also strong demand for vocational courses (35%), enhanced maths curricula linked to modern technologies (34%), and clearer accreditation of digital skills for young people (33%). A further three in ten highlight the importance of education on business funding, investment and capital.

The challenges to growing and scaling family businesses

Figure 27: Workforce skills gaps and recruitment challenges



These issues and needs are further reinforced in FBUK's Policy Agenda[16] for family businesses – 58% of which were mid-market – highlighting the need for stronger connections with young people in schools and colleges, a greater emphasis on technical and vocational skills and digital technologies, and more support with succession planning.

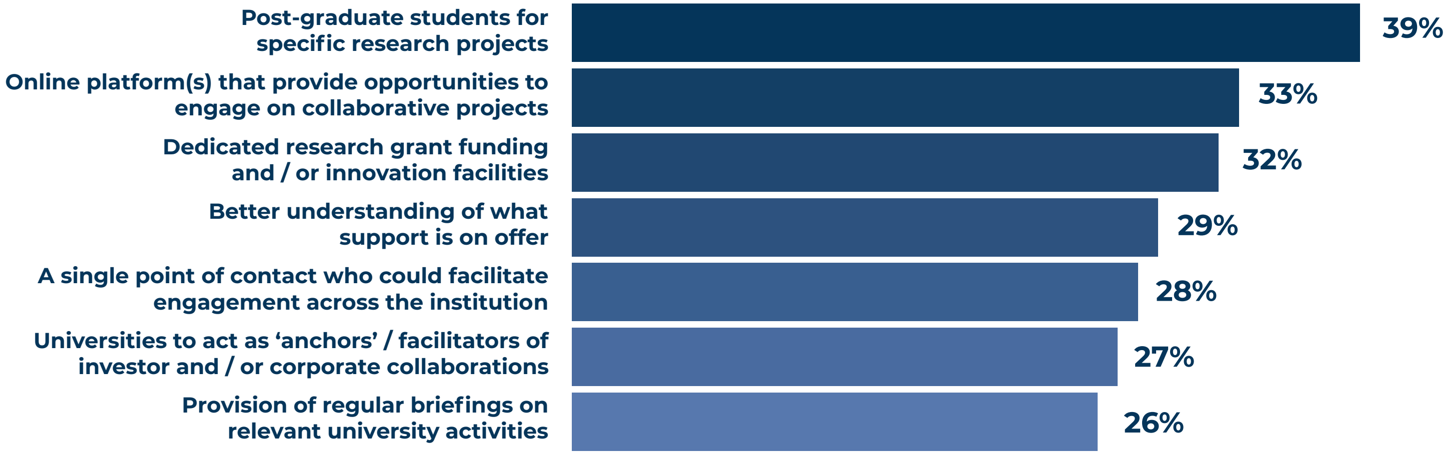
Businesses also see universities as an important partner in supporting scale-up and using the services and skills they can offer to enhance their leadership teams and R&D activities. Specific areas of demand include postgraduate students for targeted research projects (39%), online platforms to engage with collaborative research (33%), and dedicated research grant funding or innovation facilities (32%). There is also interest in clearer points of contact within universities (28%), universities acting as anchors for investor and corporate collaboration (27%), and regular briefings on relevant university activity (26%). Five in ten mid-market and scaling family-business leaders say they would be willing to pay to access university support if it met their talent and growth needs.

[16] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/ At the end of January 2026, Family Business UK surveyed more than 550 family firms of which 323 were in the mid-market.

The challenges to growing and scaling family businesses

Figure 28: Engagement with universities

5 in 10 scaling business leaders would be willing to pay to access university support, if it met their talent and growth needs



Alongside education pathways, businesses are making active use of skills and workforce programmes. **Four in ten (42%) offer apprenticeships, internships and/or work placements, and many see further scope to expand provision.**

When asked which reforms would help to bridge skills gaps, 46% point to a Flexible Talent Fund to support upskilling and reskilling current employees, 45% want access to recruitment and workforce transition programmes, and 41% would like upskilling and reskilling programmes to enable workers to move into their sector. Greater flexibility in the apprenticeship system is also desired, with 36% seeking access to flexi-apprenticeships where an agency employs the apprentice, but businesses can bring them on board for flexible, shorter-term placements, and foundation apprenticeships (32%) that develop essential employability and transferable skills alongside existing workers. One-third (34%) would like to see increased use of skills bootcamps, short courses that build sector-specific skills.

Access to international talent remains an important part of the picture. Just over half (51%) employ staff in the UK from overseas, and 36% already have employees based overseas, although three in ten say it is difficult to employ talent from overseas. **Businesses identify a number of areas where visa access could be improved, including faster processing times (41%), reduced application costs (41%), simpler systems (40%), fast-tracking for family and dependants (35%), coverage of a wider range of roles (34%), and lower salary thresholds (34%).**

The challenges to growing and scaling family businesses

Figure 29 : Access to international talent

51% **Employ staff in the UK form Overseas**

36% **Have employees based overseas**

30% **Say it is difficult to employ talent from overseas**

They want to see the following in visa access:

41%	Faster processing / approval time
41%	Reduced costs to apply easier to understand
35%	Fast-tracking of family/ dependents as well
34%	Coverage of a wider range of roles
34%	Visa salary thresholds should be lower

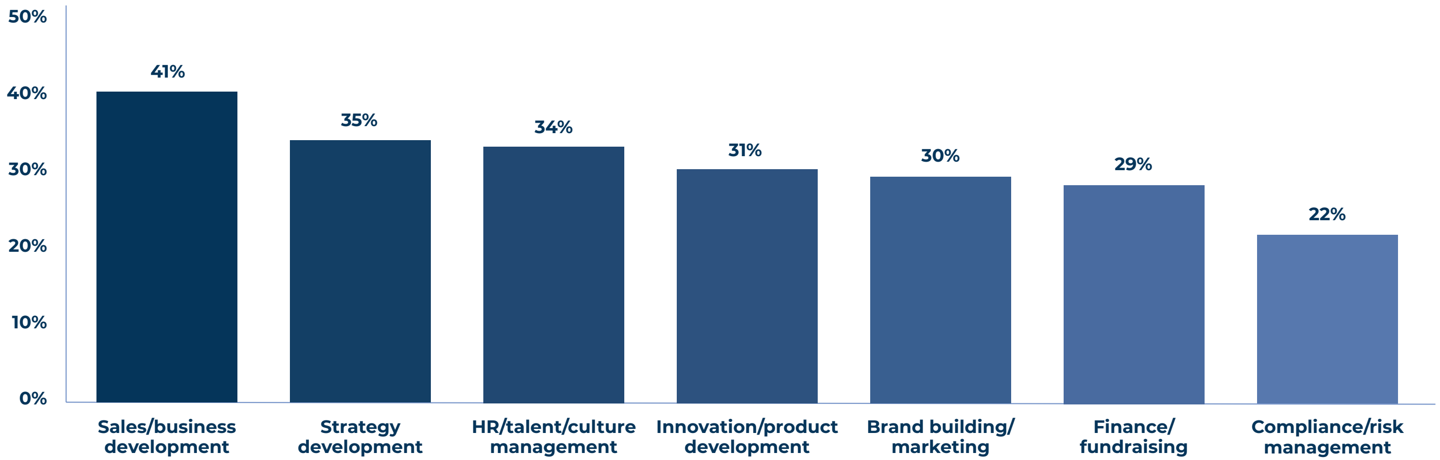
As with their peers across the wider scale-up ecosystem, mid-market and scaling family businesses place significant focus on building and developing the capacity and capability of their leadership team. Six in ten already have a formalised governance structure, with three in ten planning to establish one. However, many of these businesses are reporting key skills gaps among their senior leadership teams and boards, ranging from sales and business development (41%) to strategy development (35%), HR and culture management (34%) to innovation and product development (31%), and from brand and marketing (30%) to finance and fundraising (29%).

To fill these leadership gaps, eight in ten are focused on developing the skills of their existing senior team. However, it is notable that they are also seeking to bring in skills from outside the business and the family: seven in ten are aiming to recruit leaders with prior **experience of growing another business, and six in ten are looking to bring in fractional executives or to access non-executive directors.**

The challenges to growing and scaling family businesses

Figure 30: Skills desired at the senior level

BOARD / SENIOR MANAGEMENT SKILLS DESIRED BY SCALEUPS



Do you have a Board of Directors or some other governance structure (e.g. advisory / scientific group)?

58% Yes

28% No, but we plan to

13% No, and we do not plan to

TO FILL THESE SKILLS GAPS, FAMILY BUSINESS SCALEUPS ARE SEEKING TO DEVELOP THEIR LEADERSHIP TEAMS

8 in 10 Developing the skills of current members of the senior team

7 in 10 Recruiting leaders with experience of growing a business

6 in 10 Bringing in a fractional executive

Access to non-executive directors

The findings show that mid-market and scaling family businesses are actively investing in talent pipelines, leadership capability and governance, challenging assumptions that family businesses are less inclined to professionalise or develop leadership teams. The constraint on further expansion is not willingness to invest in people, but rather access to the right talent, skills and leadership support, delivered in ways that align with the needs of businesses at this stage of growth.

The challenges to growing and scaling family businesses

Accessing finance and growth capital

Mid-market and scaling family businesses make use of a range of external finance, with 78% responding that they are using at least one form of external funding and many being more likely to be using debt than equity.

However, four in ten say access to appropriate forms of capital remains a significant barrier as they seek to scale up further, rising to five in ten where turnover is around £25m or more. This mirrors the recent FBUK Policy Agenda[17] publication where six in ten are comfortable with their finance arrangements while among those in smaller family firms seven in ten report having concerns. **The mid-market businesses are also more commonly looking for long-term patient capital.** One in three are planning to self-fund operations, e.g. via retained profits.

Among those seeking finance externally there is a strong perception that most funding is in London and the South East of England, with 57% reporting this. Despite this, though, 59% think that public-sector finance offerings are joined up and a similar proportion are aware of recent changes made in the capital markets, including PISCES and listing reforms. More than half (54%) are also confident that the activities under way to bridge the growth capital gap by unlocking pension funds and institutional monies, and in the development of things such as the new National Wealth Fund and British Growth Partnership Fund, will reach them.

The primary funding source used by mid-market and scaling family businesses is traditional debt from a bank or similar institution, with 61% currently using this type of finance; a further 13% are planning to use debt finance. They are less likely to be using other types of growth capital but there is typically a desire to use more finance in the future. One-third (33%) are currently using Trade Finance, including from UK Export Finance, while only 17% are using Venture Debt or Mezzanine Funding, but three in ten leaders are planning to use each of these sources in the future.

When it comes to Equity, 27% of mid-market and scaling family businesses have obtained funding in this way, and a further 31% are considering doing so. As highlighted throughout Sections 3 and 4, a small proportion are utilising all forms of equity financing, from specialist growth-capital equity providers such as BGF (42%), corporate venture funds (34%), institutional equity (33%), public equity (32%) and business angels (31%).

> "Overall, scale-ups and mid-market firms find it more difficult to secure investment from UK investors than from international investors"

Overall, scale-ups and mid-market firms find it more difficult to secure investment from UK investors than from international investors (36% vs 25%). Family businesses face similar challenges, encountering a range of barriers when seeking UK funding. Four in ten report difficulties linked to the scale of funds available, while three in ten point to the limited risk appetite of UK funders, the lack of broader support offered alongside investment, and a tendency towards short-termism that reduces willingness to commit to longer-term investment.

[17] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/ At the end of January 2026, Family Business UK surveyed more than 550 family firms of which 323 were in the mid-market.

As a result, eight in ten say they would welcome a structured referral process between equity providers, enabling their details to be passed to other funders and support services to help them access the capital they need to grow. This rises to nine in ten among Digital & Technology firms. To further improve access to growth capital, mid-market and scaling family businesses are seeking:

- Regular briefings on investment opportunities and trends (four in ten overall; five in ten for IS-8 sector firms).
- “Meet the investor” and other showcase events, along with access to relationship managers (three in ten overall; four in ten for IS-8 firms).
- Access to finance-focused board advisors or NEDs (three in ten overall).

When considering how they plan to use investment, the data shows that mid-market and scaling family businesses are primarily seeking finance for capital expenditure (41% overall; 48% for IS-8 firms), Research and Development (38% overall; 45% for IS-8 firms), and infrastructure or premises (35% overall; 40% for IS-8 firms). In addition, 31% are looking to use finance for international expansion (36% for IS-8 firms).

These businesses are also open to listing on a stock exchange: 34% are actively considering it, while a further 41% say it is something they might explore. The UK is by far the most likely destination for an International Property Office (IPO), with 97% identifying it as their preferred location; 25% would also consider the US. Among those unsure about listing or preferring to remain private, there is strong interest in accessing public-market investors through a more flexible platform arrangement, with eight in ten viewing this as a valuable option – highlighting the opportunity presented by PISCES.

The challenges to growing and scaling family businesses

Tax

Eight in ten mid-market and scaling family businesses have used, or plan to use, one or more government tax schemes. The most commonly used are the R&D reliefs, with 42% currently claiming them and a further 29% planning to do so.

Around a third have used Capital Allowances and the Enterprise Investment Scheme (EIS)/Seed Enterprise Investment Scheme (SEIS), but four in ten plan to use Capital Allowances and three in ten intend to use EIS or SEIS.

Leaders of these businesses are keen to see improvements to the tax system to make it more supportive of growth. They particularly want a broader range of eligible claims, faster processing times and simpler, more accessible schemes. Consistency is also important: four in ten want government commitment that these schemes will continue beyond their current timelines.

Currently, R&D costs must be incurred upfront and reclaimed later through tax credits. Half of mid-market and scaling family-business leaders would support a change allowing funding to be provided upfront – based on completed or planned R&D –then repaid through the tax credit system. Only 3% disagreed with this idea. Overall, 65% believe this approach would improve the current system, while 9% do not.

The recent FBUK Policy Agenda[18] highlighted tax administration and compliance as the most burdensome area of regulation for mid-market family firms, with business rates and corporation tax having the greatest negative impact. There is also concern about Employer National Insurance Contributions.

Unsurprisingly, support with these schemes – alongside reform of Inheritance Taxes such as Business Property Relief and Agricultural Property Relief – is seen as critical to enabling investment and growth over the next three years.

[18] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/ At the end of January 2026, Family Business UK surveyed more than 550 family firms of which 323 were in the mid-market.

The challenges to growing and scaling family businesses

Access to innovation

Nine in ten mid-market and scaling family businesses have undertaken some form of innovative activity in the past three years. More than half (56%) report that their appetite for innovation in 2025 was higher than in previous years, while a further 38% say it was similar to 2024.

Although their appetite for innovation is growing, many are seeking additional support to make it easier to innovate and collaborate. Three in ten want improvements to grant-funding processes, including a single point of contact at Innovate UK to help manage their relationship. A similar proportion want easier access to R&D facilities, flexible infrastructure and equipment, and support for adopting and exploiting new technologies. There is also a strong desire for greater collaboration with government and the wider public sector.

In addition, 51% of mid-market and scaling family businesses would like to see a new form of innovation funding from government and Innovate UK. This would involve offering larger innovation funding packages that become repayable once the business reaches agreed turnover or profitability thresholds, allowing the funds to be recycled to support the next generation of high-potential companies.

The FBUK Policy Agenda[19] also emphasises that infrastructure improvements would have a positive impact on the growth prospects of mid-market family businesses. They are particularly seeking enhancements to clean energy and environmental infrastructure, greater resilience, and improved digital connectivity.

"51% of mid-market and scaling family businesses would like to see a new form of innovation funding from government and Innovate UK."

[19] https://familybusinessuk.org/family-first-approach-in-new-fbuk-policy-agenda/

The challenges to growing and scaling family businesses

Summary

Mid-market and scaling family firms continue to face challenges to growth, particularly in accessing new markets and securing the talent and skills they need.

The wider macroeconomic environment is also influencing their growth plans. Rising business costs are dampening ambition and ongoing instability is making firms more cautious about the extent to which they can recruit, innovate or invest. Despite this, most mid-market and scaling family businesses still expect to grow their headcount and / or turnover, and many believe they are outperforming their peers across the wider economy.

Family businesses are not only local economic powerhouses with a strong presence in the mid-market and scaling community; they also have a significant global footprint and a clear appetite to expand further, export more and establish additional overseas operations. They remain highly innovative and collaborative, continuing to invest in these activities.

To overcome barriers to accessing talent, family firms are seeking greater support and stronger partnerships with local schools, colleges and universities to build a robust talent pipeline. They want to create clearer pathways into employment at all levels – from entry-level roles and apprenticeships to mid-career transitions and senior leadership positions. Many are also looking to bring in skills developed in other expanding businesses to strengthen their leadership teams. Retention and succession remain key priorities.

To break down barriers to entering new markets, these firms want more opportunities to **engage with key decision-makers**, expand their brand presence through trade shows and "meet the buyer" events, and gain better intelligence on market opportunities. They also highlight the **need for more proactive local trade hubs**, **support in finding the right talent** to enter new markets, and **improved understanding** of and access to export finance products.

Mid-market and scaling family firms are active users of growth capital, particularly traditional debt products, often deploying this investment for capital expenditure, R&D and infrastructure. However, more support is needed, and a knowledge gap persists, with many firms seeking clearer information and regular briefings on funding opportunities.

There are significant opportunities to support these businesses on their journey of growth, with a range of stakeholders identified as critical to this effort, including local banks and financiers, professional services and government agencies.

While there is already considerable activity under way within the Industrial and Trade Strategies and through private-sector initiatives such as the mid-market Growth Council, it is clear that implementation must focus on connecting family businesses across the UK to the resources available. Ensuring their voice is heard is essential, given their scale, contribution and importance within the mid-market and scaling community.

Insight piece:

Family businesses: at the heart of the UK economy

Insight piece

The UK's family businesses range from agile first-generation startups to centuries-old multi-industry conglomerates. While their scales differ, talking to young, entrepreneurial family firms and legacy multi-generational names revealed common themes of family influence adapting during scaling up, prioritising stewardship and managing deep-rooted assets for the next century.

They share core values that tend to reject quarterly capitalism for steady, debt-free growth and community values. While younger family businesses often embrace external expertise and "smart capital", multi-generational businesses lean toward financial conservatism. But they warn, too, that their stability is under pressure.

Family businesses warn of an "existential threat" from shifting tax policies that challenge the very nature of generational succession. However, they remain ambitious, internationally focused and eager to recruit from all age groups, with programmes for school leavers and graduates as well for the development of employees, senior staff and technical skills required for the fourth industrial/AI era.

Insight piece

The businesses

W&R Barnett is a fourth-generation family business based in Northern Ireland with more than 3,500 employees and around £2 billion in turnover from importing and processing agricultural commodities, trading global molasses, manufacturing corrugated packaging, and, thanks to its latest acquisition, manufacturing fitted kitchens. Each business functions independently, with overall group growth of between 4 and 8% per year.

Bettys & Taylors is a family-owned Yorkshire business known for its tea, coffee, and iconic café tea rooms. It produces leading brands including Yorkshire Tea, which holds over 40% of the UK tea market. The company employs more than 1,600 people and generates annual turnover in excess of £350 million.

Strathberry is a founder-led luxury accessories brand established in Edinburgh in 2013 by husband-and-wife duo Guy and Leeanne Hundleby, who have scaled the business from inception into an international brand. Built from a £25,000 Kickstarter campaign, the company now serves customers in over 100 countries and has grown from its Edinburgh base into a globally recognised name, demonstrating that a modern luxury house can scale beyond traditional fashion capitals.

Macphie, founded in 1928, makes food ingredients including sauces for pubs, restaurants and global Fast Food operators, bakery ingredients for most bakeries across the UK, and Ice Cream inclusions for Ben & Jerry's. The Scottish firm also has a property and alternative energy business, which supplies 70% of its power needs. CEO Ed Widdowson is the nephew of former chairman Alastair Macphie, himself great-nephew of Macphie's founder, making it a fourth-generation business. Turnover hit £73 million in 2024, with 19% growth.

JW Lees' brewery, pubs and inns group began in 1828, when retired cotton manufacturer John Lees established the Greengate Brewery in Middleton Junction. Today, Manchester-headquartered J W Lees has 138 pubs across the North West, with £106 million turnover. It employs 1,600 people and currently has the fifth, sixth and seventh generations of the founding family involved in management roles.

The **Bennie Group** was founded in 1935, in Kettering, Northamptonshire. What started as a contract ploughing and contracting business over 90 years ago has since evolved into a group of companies focused on material handling equipment and specialist loams and soils. Current Managing Director Matthew Ayres is the fourth generation to run Bennie, which employs nearly 200 people and has a £40+million turnover. His mother is Chair, and his grandmother remains a shareholder.

Insight piece

Key insights

Family structures to manage longevity, growth and investment

Multi-generational family firms tend to formalise the family's influence.

Macphie implemented a structured family council in 2012, integrating the next generation into governance early. "Myself, my sister and five of the next generation are all part of the family council," says Alastair Macphie. "To shore up governance, I transitioned away from chairing the family council myself. With 100% ownership of our property and energy interests and a 60% stake in the food business, I recognised that my family shouldn't always have to abide by my word alone. By appointing independent chairs, we've empowered our two businesses to operate with professional autonomy while encouraging maximum synergies between them."

> "You wouldn't put up two turbines with a ten-year payback. It just wouldn't happen in many businesses – we're talking about ten years to generations"

Bettys & Taylors introduced a Family Constitution in 1996, designed to govern and balance the relationships between the family and the business. It now has a Family Assembly and an Owners Council to represent the views of the shareholders.

"There's considerable infrastructure in place to maintain family influence, which is particularly important as we currently have no family members on the Board," says Antony Barnes, Chair of the Owners Council at Bettys & Taylors. "We needed to ensure that the family and the business maintain a close relationship. At the same time, we are fortunate that we have built an extremely capable Board and leadership team, who continue to deliver strong performance despite challenging external conditions."

Bennie's acquisition strategy involves working with family firms with no succession plan. "We've bought five businesses so far, with a range of turnovers up to £10 million," says Managing Director Matthew Ayres, "All were run by married men whose next generation were not interested in taking on Dad's business. I can promise them that we will look after the business and keep all customers and staff as best we can - which is something investors or private equity can't promise - and make their business become a part of something bigger."

The brand of a family business reflects the family name – meaning quality won't be sacrificed for speed or the other usual pitfalls of scaling up. At Strathberry, Leeanne Hundleby notes that "up to 80 pattern pieces go into one bag and every product is handmade; you cannot lose that care as you scale up".

Long-term generational thinking allows firms to make investment decisions that a public company might struggle to justify. Macphie installed wind turbines with a ten-year payback period, prioritising generational sustainability over quick returns. It now generates 70% of its own power, an ambition justified by long-term independence rather than immediate profit. "You wouldn't put up two turbines with a ten-year payback. It just wouldn't happen in many businesses – we're talking about ten years to generations," Macphie says.

Insight piece

Key insights

Financial conservatism and taxation dynamics

First-generation family businesses are more likely to take on external investment, while legacy firms prefer self-funding.

Family businesses often prefer zero debt; deploying capital with discipline and investing through the lens of long-term sustainability rather than quarterly demands from backers. "There is a profound cultural preference against external borrowing," says Barnes, at Bettys & Taylors. "Even where there is a compelling case for growth through debt, the family shareholders remain unified in their preference for self-funding and caution."

Debt-free Bettys & Taylors operates a four times dividend cover, and aims to retain around 75% of profit within the business. "As a family we favour controlled, steady growth, recognising that bigger is not necessarily better. Our priority is to remain a thriving, independent family business for generations to come."

Similarly, as brewer JW Lees, managing director William Lees-Jones says that while non-family firms "get caught up in the deal mentality, our number one goal is to remain family-owned and independent. We don't want to pass on a business with debt; we're building for steady growth"

Like Bennie, W&R Barnett has also scaled by buying other family-run firms. W&R Barnett has never acquired from private equity: "We have bought first-generation family entrepreneurs through to second or third-generation family businesses that tend to be well-run, with little or no debt and long-term thinking," as chief executive William Barnett explains. "When that next generation takes on a business, they often come in with new ideas, creating a growth spurt that changes the business and how it operates."

By contrast, Strathberry, one of the UK's first-generation family businesses, hired external candidate Martin Byrne as managing director and took on minority investment, from BGF, in 2021. "BGF provided a framework for growth and smart capital rather than just the money," Hundleby says.

Taxation: A real threat to sustainability and investment

Changes to Inheritance Tax and Business Property Relief (BPR) are major concerns for family businesses, who are more likely to have wealth tied up in tangible investments than liquid cash. The proposed 20% Inheritance Tax charge is an "existential threat" that forces a cycle of "double taxation", says brewer Lees-Jones.

"It could force family businesses to refinance every generation," he adds. "It's our biggest challenge to growth. Foreign firms will have a material advantage over British family businesses as we end up with double taxation. Consequently, we're currently not getting involved in some of the larger capital projects that we would normally. The government's decisions are holding us back."

At Bettys & Taylors, Barnes says since IHT changes were announced, "for the first time in years, we have felt like the ground has shifted beneath us. The stability that we took for granted has gone." Potential property investments now need a different type of scrutiny: "shareholder discussions are very different to just two years ago – we are more focused on ensuring resilience, being cautious in our appetite for risk and new ventures and focused on remaining flexible in the face of potential pressures." The policy uncertainty is very unhelpful for family businesses like ours that thrive on stability and long-term thinking" reinforcing the sentiments of many surveyed for this report on how vital long-term consistency of tax is imperative to drive confidence and investment commitment in our established mid-market and scaling family firms.

Insight piece

Key insights

People, culture and talent

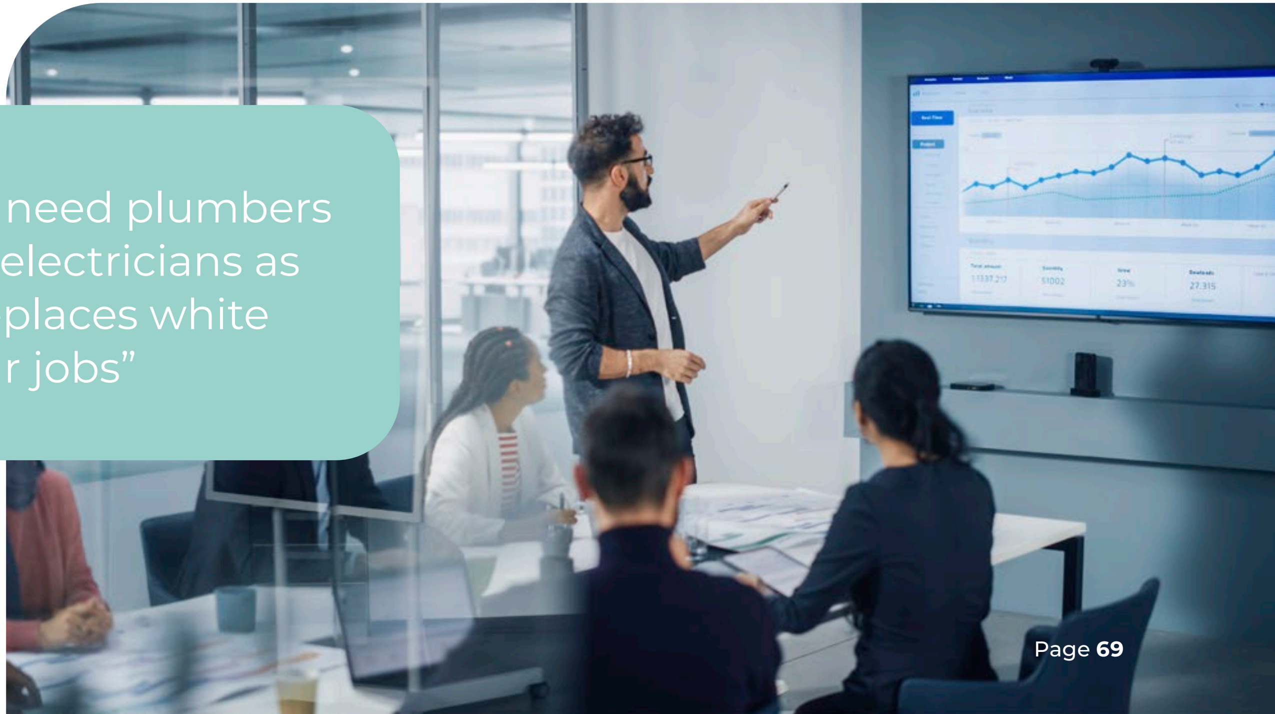
Family businesses shift as they scale up to mid-market size: management may not continue to know every employee but can maintain a family culture, and they use their family values and ethos and "reliability", alongside philanthropic work, as hooks to attract and train staff.

They also work with schools and universities to bring employees in and showcase the opportunities. But talent progression and leadership development can become a recruitment challenge as family businesses scale up and seek to retain high-flyers or attract the right technical skills.

"We have quite a number of students working part-time in our branches as waiters," says Barnes at Bettys. "We have a good reputation as an employer, so generally have no issues with talent, but sometimes it becomes harder to recruit in specific areas with skills shortages, such as automation and robotics. Sometimes we haven't had enough technical skills, so we send a lot of our people to college to get trained up. We have a good mix of very long-serving people – culture carriers – and the younger generation with bright ideas."

Alastair Macphie: "There are three universities in Scotland that turn out food graduates, and each year some come to us to do a six-month placement. But compare this to Cork, Ireland, where 120 food graduates go through that university every year. There are capabilities that we as a country, Scotland and the UK are not gearing up: all I'm hearing now is, 'we need plumbers and electricians as AI replaces white collar jobs'. Well, we need plumbers and electricians for the food industry, and the oil and gas and offshore renewable industry. But this country hasn't considered whether graduates are coming out with the qualifications we need in five- or ten-years' time. We've got to think at universities about what skills are in need, what industries need in five years' time, not what they needed five years ago."

"We need plumbers and electricians as AI replaces white collar jobs"



Insight piece

Key insights

People, culture and talent

Martin Byrne, MD at Strathberry, says: “We don’t generally struggle to recruit, because we’re growing and profitable and can increasingly attract good people. But it can be difficult to find people that fit in with our dynamic culture. We were advertising for a fairly senior role last year for 12 months – and ended up not recruiting anyone because we would rather not hire than recruit someone who doesn’t fit in. We’re choosy’, but the skills we want are out there, and finding talent won’t be an impediment to growth.”

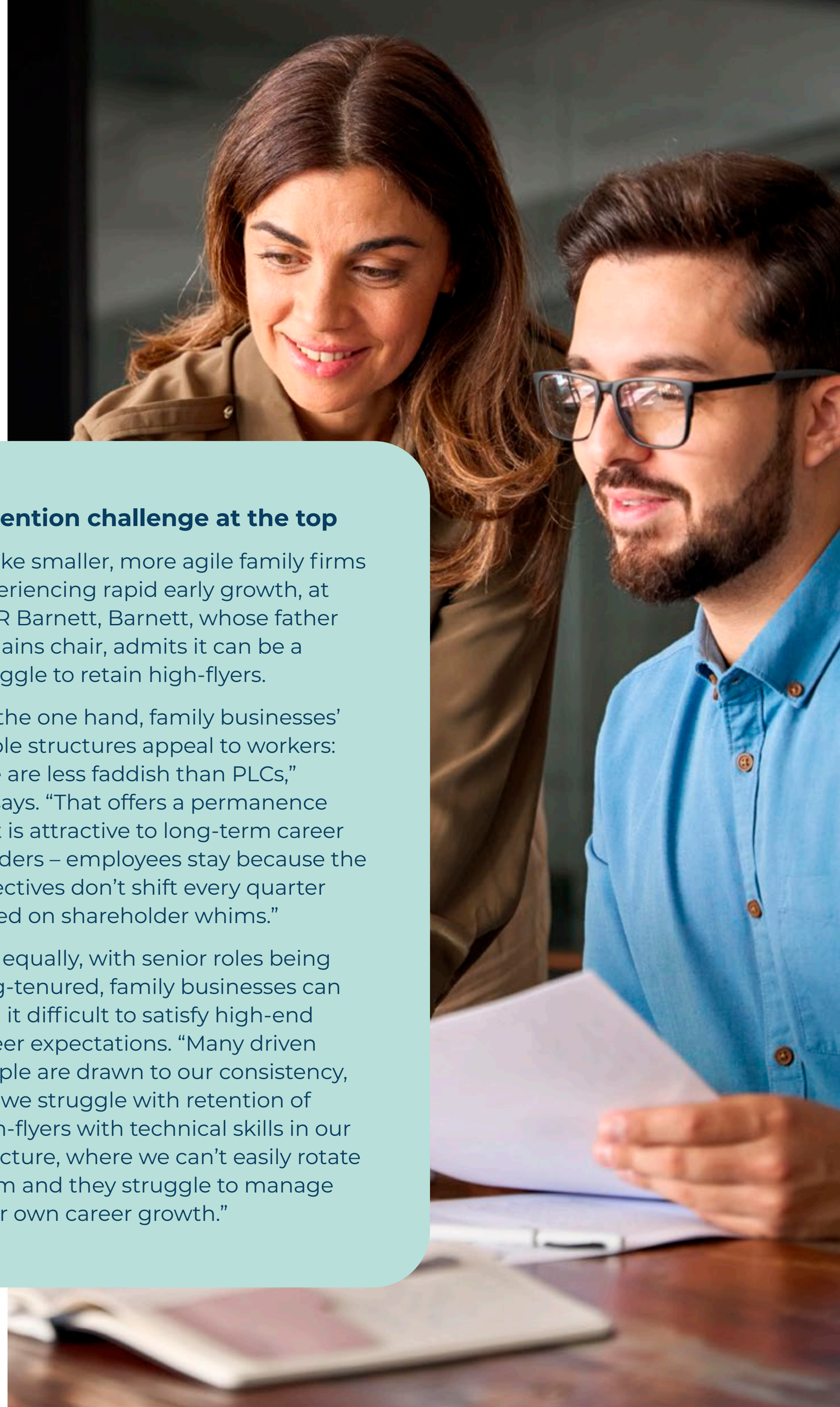
Family roots morph into family culture

As the family businesses become bigger with many more employees, retaining the underlying fundamental family culture is vital and family businesses deploy different tools to achieve this.

When the Hundlebys launched Strathberry in 2013, they relied on family for IT help. “Today, with 120 staff, we retain the family-business ethos: staff have a voice and share their views, with our values as a ‘moral compass’ for the team,” Leeanne says. “It’s doing ‘the right thing even when no one is looking’.”

Macphie commits 1% of profits to good causes, totalling more than £1 million so far. Former chairman Alastair Macphie says family firms are naturally philanthropic because they aren’t beholden to short-term shareholder returns. Family roots pervade the recruitment policy too: Macphie competes with the North Sea oil industry and can’t always match energy-sector pay, “but treating staff as human beings, not a salary, helps”. This approach has resulted in just 2% staff turnover.

Similarly at JW Lees, “Promotions involving relocations are timed to fit the beginning of the school year, to help parents who need to change their kids’ schools,” William Lees-Jones says. “As you promote people internally, they become an extended part of your family.”



Retention challenge at the top

Unlike smaller, more agile family firms experiencing rapid early growth, at W&R Barnett, Barnett, whose father remains chair, admits it can be a struggle to retain high-flyers.

On the one hand, family businesses’ stable structures appeal to workers: “We are less faddish than PLCs,” he says. “That offers a permanence that is attractive to long-term career builders – employees stay because the objectives don’t shift every quarter based on shareholder whims.”

But equally, with senior roles being long-tenured, family businesses can find it difficult to satisfy high-end career expectations. “Many driven people are drawn to our consistency, but we struggle with retention of high-flyers with technical skills in our structure, where we can’t easily rotate them and they struggle to manage their own career growth.”

Insight piece

Key insights

International and exporting

As this report highlights, family businesses are exporters and expand overseas where there's a key business opportunity; this is exemplified by new family generation businesses such as Absolute Collagen, Saint and Sofia and Strathberry and in more established businesses such as W&R Barnett.

Strathberry's biggest market is North America. "While the US tariffs presented challenges last year, we didn't pivot away; we pushed forward," says Leeanne. "We accelerated our plan to open a US warehouse, which will be operational from this Spring. Even with dampened consumer sentiment in the US, we are bucking the trend. The Middle East remains incredibly strong. Our biggest challenge isn't a lack of opportunity; it's focus. We have a lot of virgin territory, like the EU, which we haven't strategically tackled yet. We have to ensure we don't stretch ourselves too thin or get distracted. Because we are a direct-to-consumer business built on Kickstarter, our outlook has been global from day one. The UK has always been a smaller percentage of our business, so we aren't frightened by global challenges. We are operationally agile; when new regulations arise, we assess, adapt and move forward."

William Barnett at W&R Barnett has set rules when it comes to overseas expansion: "We have a global trading business based in London, operating across most of Western Europe, Asia, and Central America. However, in the grand scheme of things, we are primarily focused on the UK and Ireland markets. In our history, we have been reluctant to enter a new business and a new geography at the same time; you can call that risk-averse, but we don't tend to do it. Going abroad is like playing an away football match; you shouldn't be surprised that you have to be really, really good to win. If you have a strong local team who knows the market, you can do well. But when it goes wrong, it goes spectacularly wrong. Once you lose that local insight, it is very hard to find the right people to fix it. In our business, two or three percent is the difference between being a competitive business and bankruptcy."

"While the theory of the business – listening to customers and giving them what they want – shouldn't be difficult, it is much harder to execute abroad. To go broader in scale, we would need a stable management team that truly knows what they are doing."

"We are operationally agile; when new regulations arise, we assess, adapt and move forward."

Policy implications for the public, private and education ecosystem

Policy implications

It is important that family businesses are recognised as a key part of the UK economic landscape and that they feature in the plans and strategies already being developed by the government and the education and private sectors to ensure that emerging business support offerings are able to connect with key companies that have growth potential.

Many family businesses are central parts of the UK's mid-market and scaling ecosystem, acting as economic anchors within nations, regions and key cities. The Industrial Strategy, Small and Medium-Sized Business Plan and Trade Strategy each provide a helpful framework that could be utilised to support family businesses in their local areas and nationally. It is essential for these links to be better recognised and embedded in the initiatives that the government implements, and that awareness of these initiatives among family firms is increased.

Family businesses show a lower level of awareness of government strategies such as the Industrial and Trade Strategies. To foster growth, particularly in regional economies, it is crucial to improve understanding of these strategies among family businesses and highlight how they can effectively leverage them. This must be accompanied by ensuring that local growth plans adequately incorporate the needs of family businesses.

Achieving this growth requires enhanced collaboration between the private and public sectors. The core focus should be on raising awareness of existing initiatives, improving connectivity to available resources, and providing practical solutions to the growth challenges faced by scaling and mid-market family businesses. This includes how services such as the new Business Growth Service can further reflect the nature of these firms, including in the mid-market context.

While many potential solutions are already in development or under consideration, the regional impact of these critical firms must be a central consideration during the practical implementation of solutions.

Policy implications

With this in mind, we recommend the following actions, which can be taken across the private and public sectors to support growing family businesses in the mid-market and scaling community in more proactive manner:

1 **Adopt a shared definition of mid-sized companies** to enable consistency of approach and focus for UK wide policy and regional programmes – with proportionate regulation and governance.

The UK's mid-size-sector businesses hold huge potential and this needs to be harnessed to build a stronger economy at both a national and a regional level. It is important for the government to ensure a consistent approach and champion this throughout the different aspects of policy that are currently being implemented.

2 **Ensure that within existing industrial, local and business strategies there is a focus on the growth and resilience** of mid-sized family businesses – making sure these are included in dedicated Regional Strategic Account Management and relevant concierge services and fast-tracking of planning permissions.

Regional solutions – particularly Strategic Account Management – should be rolled out for scaling and mid-market firms, with attention being paid to family-owned businesses that are deeply embedded in regional economies. As locally anchored companies, their needs should be reflected in regional growth plans, ensuring that initiatives such as the Northern Growth Corridor, the Industrial Strategy and the Trade Strategy use the right data to target support effectively.

Planning and infrastructure matters are especially critical for these firms, given their place-based priorities. They want to see planning reforms fully implemented, including improvements to grid connections, alongside sustained investment in green transition projects and regional infrastructure.

3 **Embed a "family-business" lens in public, private and education-sector solutions** – ensuring that market access, talent development and funding support are tailored to the needs of scaling and mid-market family firms and aligned with their global ambitions.

3.1. Markets

Ensure that mid-tier and scaling family businesses are clearly recognised and actively supported in accessing market-opening opportunities – including regional procurement schemes and regional internationalisation programmes.

As both exporters and domestic suppliers, these firms want stronger market insights and better connections to key decision-makers. This reinforces the need for additional, well-targeted market access programmes and for regional initiatives that build on proven models such as the London Mayor's International Business Programme, as well as "meet the buyer" events that open up local supply chains and corporate procurement routes. Similar focused trade programmes can be tailored specifically to scaling and mid-tier family firms.

These businesses are also looking for clear, navigable pathways that make exporting easier – from understanding how to use UK Export Finance to accessing "end-to-end" support that connects them with overseas opportunities. The Business Growth Service and planned scale-up services can play a central role in delivering this for the family-business community.

Policy implications

3.2. Talent

Strengthen regional talent networks so family businesses can access the skills they need to grow – including high-quality fractional employees and trusted pools of non-executive directors who can support succession planning, bring in external expertise and help address skills gaps created by retention challenges. Universities and other regional talent anchors should be more intentionally connected to family firms to support their growth and hiring plans.

Scaling and mid-market family businesses consistently highlight the importance of securing the right talent, noting particular shortages in AI, cyber and research capabilities. While the culture and values of family firms can be a strong draw for candidates, there is significant opportunity to build a deeper talent pipeline by leveraging their local roots, for example, through stronger partnerships with nearby schools and colleges to develop vocational skills and improve careers guidance.

Family businesses are also seeking to enhance their leadership and governance structures as they scale up. Access to local leadership development support is important, but so too is the ability to draw on external skills and perspectives through regional networks of fractional specialists and experienced NEDs.

As regionally anchored organisations, universities and business schools form a critical part of the skills ecosystem. Ensuring family businesses are connected to these institutions will help them plan for future workforce needs. The recommendations in Tony Hickson's independent review on deepening university-investor links should be implemented by UKRI to strengthen collaboration between universities, spinouts, venture firms and family businesses. A continued recognition of family firms as a key part of the UK's scaling and mid-market community should run through refreshed strategies, ensuring they are seen as strategic partners in R&D funding programmes and knowledge-exchange activities.

3.3. Funding

Improving family businesses' understanding of the full range of finance options available to them as they grow remains essential – including greater awareness of patient growth capital and developments in public markets that can support generational transition and succession planning. The British Business Bank's regional role in enabling funding for scaling and mid-market firms, including those operating in Industrial Strategy sectors, continues to be a critical lever. Equally important is how private-sector investors and advisors engage with the family-business community to build confidence with and understanding of growth capital pathways.

The private-sector-led Mid-Market Growth Council also provides a valuable forum for identifying and addressing any gaps in mid-market funding for family firms.

4 Tax: Ensure a stable and predictable tax framework and review any unintended consequences that may arise as elements of the tax system evolve.

Family scaling and mid-market firms want certainty and consistency in taxation policy. They are significant users of R&D tax credits and rely on EIS/SEIS mechanisms, so the speed of R&D claim reconciliation, clearer eligibility criteria and simpler scheme operation are all seen as essential.

The entrepreneurial prospectus review of taxation remains an important vehicle for addressing the tax considerations facing scaling family firms, particularly as many family-run businesses now exceed the thresholds for initiatives such as EIS.

Family businesses also frequently raise concerns about the future impact of Inheritance Tax and how it may affect generational transitions. The potential tax burden following the death of a family member can, in some cases, force the sale of the business to overseas investors or lead to its break-up to meet liabilities. It will be important for ongoing tax reforms to consider these implications carefully.

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