# UK private capital investment surges as government reforms boost confidence



Private capital firms are increasingly seeing the UK as an appealing destination for investment, buoyed by a strengthening domestic economy, regulatory improvements, and government pledges to support capital raising. According to research from the British Private Equity and Venture Capital Association (BVCA), around 40% of private capital investors regard the UK as a favourable place to invest and build businesses. Moreover, a third of dealmakers expect to increase their investments over the next five years, outnumbering the 20% anticipating a reduction.

Investment figures reflect this optimism. In 2024, private equity and venture capital investments in UK businesses surged by 44% to £29.4 billion, up from £20.4 billion the previous year. This significant uptick has strengthened the UK economy, with private capital now contributing nearly £200 billion annually—equating to around 7% of GDP. Notably, the bulk of these investments support small and medium-sized enterprises, which received 90% of the funding, while over 2.5 million jobs are sustained by private capital, with 69% of those roles located outside London. Regions such as the East of England, North West, and South West have experienced significant investment growth, particularly in sectors like IT, communications, biotech, healthcare, and business services.

The investment surge is underpinned by the availability of substantial capital ready to be deployed. UK-based private capital funds hold an estimated £190 billion earmarked for investment over the next three to five years. This capital supports approximately 13,000 businesses nationwide, with the majority of jobs found outside the capital. The strength of the UK’s skilled workforce and renewed clarity on long-term tax policies further enhance the market’s attraction for private investors.

Chancellor Rachel Reeves has reinforced this positive outlook with pledges to ease capital raising for firms and foster an environment conducive to investment and growth. Addressing the British Private Equity and Venture Capital Association Summit, Reeves highlighted private investment as “central to unlocking growth” and outlined government plans to cut red tape, encourage risk-taking among investors, and ensure the UK remains a competitive hub for business expansion. Her recent initiatives include the Leeds Reforms, a package aimed at simplifying regulations to stimulate private investment.

Despite this progress, the BVCA is calling for continued government action to maintain momentum. Michael Moore, the BVCA’s chief executive, urged the government to implement reforms in the upcoming Autumn Budget that would enhance the tax relief system to better channel investment into regions needing growth the most. The association also advocates for accelerating regulatory approvals in high-potential sectors such as defence and artificial intelligence, alongside reforms to pension schemes, to ensure investment funds are allocated efficiently. One proposal is the creation of a New Opportunities for Venture and Growth Acceleration initiative, designed to link private capital funds with defined contribution pension schemes to boost investment in critical areas.

Venture capital investment in British startups and scale-ups also continues to rise, with £9 billion invested in 2024—a 12.5% increase from the year before. This growth supports over 378,000 jobs across more than 9,000 businesses. UK-managed venture funds raised £4 billion during the year, almost doubling the previous year’s figure, reflecting robust confidence in emerging companies.

Overall, the private capital landscape in the UK is marked by strong investment flows, significant available funds, and government efforts to create a supportive ecosystem. However, industry leaders stress that sustaining and building on this success will require ongoing reforms to maintain the UK’s position as one of the world’s most attractive markets for private investment.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/), [[7]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/)
* Paragraph 2 – [[1]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/), [[2]](https://www.bvca.co.uk/resource/private-capital-investment-into-uk-business-tops-29bn-in-2024.html), [[4]](https://www.cityam.com/private-capital-investment-into-uk-business-jumps-44-per-cent/)
* Paragraph 3 – [[3]](https://www.bvca.co.uk/resource/up-to-190bn-of-private-capital-investment-could-be-unlocked-to-boost-uk-growth.html), [[6]](https://www.bvca.co.uk/research.html)
* Paragraph 4 – [[1]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/), [[7]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/)
* Paragraph 5 – [[1]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/)
* Paragraph 6 – [[5]](https://www.bvca.co.uk/resource/venture-capital-update-vc-investment-in-british-startups-and-scaleups-reaches-9bn-in-2024.html)
* Paragraph 7 – [[1]](https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/), [[3]](https://www.bvca.co.uk/resource/up-to-190bn-of-private-capital-investment-could-be-unlocked-to-boost-uk-growth.html), [[5]](https://www.bvca.co.uk/resource/venture-capital-update-vc-investment-in-british-startups-and-scaleups-reaches-9bn-in-2024.html), [[6]](https://www.bvca.co.uk/research.html)

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## Bibliography

1. <https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/> - Please view link - unable to able to access data
2. <https://www.bvca.co.uk/resource/private-capital-investment-into-uk-business-tops-29bn-in-2024.html> - In 2024, private equity and venture capital investments in UK businesses reached £29.4 billion, marking a 44% increase from £20.4 billion in 2023. This surge has significantly contributed to the growth of businesses across the UK, with 58% of the investments supporting companies outside of London. Notably, the East of England, North West, and South West regions experienced substantial investment increases, particularly in IT, communications, biotech, healthcare, and business services sectors.
3. <https://www.bvca.co.uk/resource/up-to-190bn-of-private-capital-investment-could-be-unlocked-to-boost-uk-growth.html> - As of the end of 2024, UK-based private capital funds have £190 billion available for investment, expected to be deployed over the next three to five years. This substantial capital supports 13,000 businesses across the UK, employing 2.5 million people, with 69% of these jobs located outside London. In 2024, private equity and venture capital investments in UK businesses totalled £29.4 billion, a 44% increase from 2023.
4. <https://www.cityam.com/private-capital-investment-into-uk-business-jumps-44-per-cent/> - Private equity and venture capital investments in UK businesses increased by 44% in 2024, reaching £29.4 billion compared to £20.4 billion in 2023. This growth has bolstered the UK's economy, with private capital now contributing nearly £200 billion annually, equating to 7% of GDP. Small and medium-sized enterprises (SMEs) received 90% of the investments, and over 2.5 million jobs are supported by private capital, with 69% of these positions outside London.
5. <https://www.bvca.co.uk/resource/venture-capital-update-vc-investment-in-british-startups-and-scaleups-reaches-9bn-in-2024.html> - In 2024, venture capital investments in British startups and scale-ups reached £9 billion, a 12.5% increase from 2023. This growth supports over 378,000 jobs across more than 9,000 businesses in the UK. Additionally, UK-managed venture funds raised £4 billion in 2024, nearly doubling the amount raised in 2023. The report recommends increasing limits on accessing funds through tax relief schemes and expanding the British Business Bank’s Nations and Regions Investment Funds to better support companies across the UK.
6. <https://www.bvca.co.uk/research.html> - The British Private Equity and Venture Capital Association (BVCA) serves as a leading authority on UK private equity and venture capital data. Their research focuses on various aspects, including deal activity, fund and business performance, diversity and inclusion, and the contributions of businesses backed by their members in addressing the climate crisis. The BVCA collaborates with academic and research communities in the UK, EU, and US, commissioning work from third parties to provide robust insights into the private capital sector.
7. <https://www.cityam.com/private-capital-firms-eye-increasing-investment-in-attractive-uk-market/> - Private capital firms are increasingly viewing the UK as an attractive destination for investment, with the Chancellor pledging support to assist firms in raising capital. Research from the British Private Equity and Venture Capital Association (BVCA) indicates that 40% of private capital investors consider the UK a good location to invest and build a business. Additionally, a third of dealmakers anticipate increasing their investments in the next five years, compared to just one in five who expect to reduce their investment.