Family Business UK (FBUK) Pre-Budget Submission

Family Business UK (FBUK) is the independent trade body representing the UK's private and family-owned businesses. Our members represent the bedrock of British enterprise – from small founder-led firms to multi-generational global organisations. They span every sector of the economy, from manufacturing and retail to agriculture and professional services.

Family businesses possess unique strengths that can help deliver the Government's ambitions for economic growth, higher employment, stronger regional economies and increased productivity.

At a time when the Government faces significant fiscal pressures, protecting and growing the businesses that already underpin the UK's tax base should be a central priority. Family businesses contribute £422 billion in taxes annually, generate £985 billion in Gross Value Added[1], and have a proven track record of long-term investment, job creation and economic resilience. With the right policy environment, they can play an even greater role in supporting economic growth, strengthening public finances and delivering prosperity across the country.

This submission is therefore structured around four themes:

1. supporting the jobs of the future
2. creating a stable tax environment
3. investing in communities
4. helping family businesses scale up for success.

Together, these priorities form a practical package of measures designed to unlock investment, encourage job creation and strengthen the contribution that family-owned firms make in every part of the country.

While Family Business UK recognises the challenging fiscal environment facing the Government, evidence gathered through FBUK surveys and roundtable discussions across the country suggests that recent policy changes are creating significant concern among family-owned businesses. Many business owners have indicated that they are reducing investment and actively reconsidering the long-term viability of remaining family owned.

A recurring theme in our engagement is that many business leaders are reluctant to voice these concerns publicly. They fear that doing so could create uncertainty among employees, shareholders, suppliers and the wider communities that depend on their businesses. As a result, the full extent of concern is unlikely to be reflected in public debate, despite the significant impact these issues are having on business confidence, investment decisions and succession planning.

[1] Family Business Research Foundation: 2023 edition of The State of the Nation: The UK Family Business Sector.

Changes to Business Property Relief (BPR) and Agricultural Property Relief (APR) remain the overriding concern for family businesses and farms, and it is important that the Treasury understands the consequences of the previous Chancellor's announcement. FBUK recognises the Government's subsequent amendments to the policy, including increasing the full-relief threshold to £2.5 million, transferability between spouses, and the option to pay liabilities over ten years. However, evidence from family businesses suggests these changes have not fully addressed concerns regarding succession, investment and long-term business continuity.

The changes have created an uneven playing field, conferring a competitive advantage on overseas businesses, private equity-backed firms and publicly listed companies, which do not face an effective tax burden of up to 33%[2] of business value on the death of a shareholder. By contrast, Britain's family businesses face significant risks to their ability to invest, grow and create jobs, despite the measures being forecast to raise only around £300 million annually for the Exchequer before any consequential impacts on investment, productivity and economic growth are considered.[3]

Family businesses think about the long term. They think in generations, not electoral cycles. They want the confidence to invest, support future generations of business owners, safeguard apprenticeships, continue their charitable and philanthropic contributions, strengthen local supply chains and invest in the communities that depend upon them.

Throughout this submission, we demonstrate the wider consequences of policy decisions for investment, employment and growth. We also set out a constructive agenda that positions family businesses as partners in delivering the Government's economic and social objectives.

Family businesses want to create jobs. Family businesses want to invest in their communities. Family businesses want to drive long-term growth. Restoring full BPR and APR would help unlock that potential. The result would be stronger economic growth, higher long-term tax revenues for the Exchequer, and a more resilient economy built on the success of the businesses that have supported local communities, created employment and helped build Britain for generations. With the right support and a genuinely pro-growth policy environment, they can continue to do so for generations to come.

Neil Davy
Chief Executive
Family Business UK

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[2] A 20% inheritance tax charge on a family business can translate into an effective economic cost of around 33% of business value. This is because the funds required to pay the IHT must typically be extracted from the business.

[3] https://commonslibrary.parliament.uk/research-briefings/cbp-10181/

Supporting the Jobs of the Future

Family businesses create high-quality, long-term, stable jobs and are well placed to provide employment opportunities for people from disadvantaged backgrounds, those with long-term health conditions, and young people entering the workforce. However, the cumulative impact of rising ownership costs, higher business costs and increasing regulatory burdens is making job creation more difficult.

The number of young people not in education, employment or training (NEET) exceeded one million for the first time since 2013, while the youth unemployment rate stood at 16.2% between January and March 2026.

More than a third (36%) of family businesses said that a reduction in Employer National Insurance Contributions (NICs) would be the tax measure most likely to support growth during the coming year.

Among medium-sized family businesses, increases to the National Living Wage and National Minimum Wage (28%) were identified as the most pressing tax-related challenges facing their businesses.

FBUK believes that, with targeted incentives and support, family businesses are well placed to create the high-quality jobs that the UK economy urgently needs.

The Youth Unemployment Challenge

We recognise the challenges young people face entering the workforce. The rise of artificial intelligence, limited job opportunities in some parts of the country, persistent generational worklessness, and growing mental health challenges are all making the transition from education to employment increasingly difficult.

In the latest Family Business Pulse survey, 38% of family businesses identified rising employment costs as a barrier to recruitment, while 36% said that reductions in Employer NICs would be among the most effective policy changes to support growth over the coming year.[4]

Against this backdrop, reversing recent increases in Employer NICs and moderating the pace of National Minimum Wage and National Living Wage increases would help restore business confidence, support recruitment and enable family firms to continue investing in jobs and growth.

Family businesses account for 93% of all private sector firms in the UK, representing 5.1 million businesses and employing 15.8 million people. The scale of their potential contribution is enormous. If each family business were supported to employ just one young person, the impact on youth employment would be transformational.

[4] FBUK Family Business Pulse Q2 survey – July 2026

The suggestions in this section provide a package of measures which address different parts of the youth unemployment challenge and are designed to overcome some of the barriers preventing businesses employing more young people. They are proposals that will support family businesses and build on the Government's Youth Guarantee offer.

While these proposals have been developed with family businesses in mind, Government may wish to consider extending eligibility to a wider group of SMEs to maximise labour market participation, improve fairness and minimise administrative complexity.

Six-month Family Business Internship Incentive

Create a new grant scheme to support family businesses offering six-month paid internships to young people aged 18 to 30, rather than restricting eligibility solely to Universal Credit claimants.

Suggested design:

1. Government pays a fixed grant up front – e.g. £3,000 - £5,000.
2. Placement must last at least six months and the business must provide structured training, mentoring and a named supervisor.
3. Bonus payment if the internship becomes a permanent job or apprenticeship.

This would allow family businesses to offer 'try-before-you-hire' opportunities without bearing all of the upfront risk. A Family Business Internship Grant could provide a low-cost, high-impact mechanism for helping young people enter the labour market.

Estimated cost: Assuming 25,000 placements annually and an average grant cost of £4,500 per participant, the scheme would cost approximately **£113 million per year.**

Extend the Youth Guarantee

The current Youth Guarantee risks becoming a late-stage intervention rather than a preventative measure. Support should be available before a young person becomes long-term unemployed and should extend to those outside the Universal Credit system, including school and college leavers.

Eligibility could initially be extended to:

- School and college leavers;
- Young people at risk of unemployment; and
- Non-Universal Credit claimants.

Support could focus primarily on careers advice, employability support and job matching services.

Estimated cost: £50 million to £100 million per year.

Employer NICs Relief for Young Workers

Introduce a six-month Employer NICs holiday for family businesses recruiting young people aged 18 to 24, or individuals aged up to 30 entering their first job.

The proposal aligns with changes made through the Employment Rights Act, which provides for the qualifying period for ordinary unfair dismissal to fall from two years to six months from 1 January 2027.

Such a measure would be simple, visible and effective in reducing the cost of employing younger workers. Extending the scheme to first-time employees up to age 30 would also help address concerns about the planned equalisation of the National Minimum Wage and National Living Wage rates.

Estimated cost: £100 million to £300 million per year, assuming 100,000 qualifying recruits.

Key Sectoral Apprenticeship 'Starter Wage Support'

The Government's commitment to provide up to £2,000 for small businesses recruiting young apprentices is welcome. However, this support should be expanded to sectors that are both labour-intensive and socially critical, particularly retail, hospitality, leisure, education and care.

Estimated cost: Supporting an additional 25,000 apprenticeships through such a scheme would cost approximately **£50 million per year.**

An Employer-Responsive Growth and Skills Levy

FBUK's latest Family Business Pulse shows that 30% of large family businesses identified the Growth and Skills Levy (formerly the Apprenticeship Levy) as having a significant impact on their business. Only Employer NICs (38%) and Inheritance Tax changes (38%) were cited more frequently.[5]

There remains limited clarity regarding the revenues expected from the Growth and Skills Levy and a lack of understanding among employers about how levy funds can be used. This creates an opportunity for underspent funds to be redirected towards youth employment and pre-employment programmes.

The Treasury should provide clearer guidance on the operation of the Growth and Skills Levy, broaden awareness of eligible spending categories, and make it easier for businesses to transfer funds through their supply chains and local business ecosystems.

Three-year 'Employment Wage Policy' Review Cycles

Government should commit to a fixed three-year cycle for reviewing employment wage policy, similar to the spending review process. Any changes outside this cycle should be limited to genuine economic emergencies and triggered through a formal process.

[5] FBUK Family Business Pulse Q2 survey – July 2026

Push Back the Planned Alignment of the National Minimum Wage and National Living Wage Rates

Assess the long-term employment consequences of equalising the National Living Wage for 18-year-olds, with particular attention to whether higher rates reduce hiring of young workers and the potential to undermine long-term employment prospects. Government should publish a youth-employment impact assessment before each further step, with targeted employer support where material displacement risks are found.

Stable Tax Environment

Family businesses crave stability. The removal of full Business Property Relief (BPR) and Agricultural Property Relief (APR) in the 2024 Budget dealt a significant blow to business confidence and undermined long-term growth ambitions. Many are still recovering and questioning how to plan.

Modelling commissioned by FBUK from CBI Economics in 2025[6] found that the original BPR/APR reforms could reduce GVA by £13.4 billion over the Parliament and place more than 200,000 full-time equivalent jobs at risk. While this modelling was undertaken prior to the Government's subsequent amendments to the policy, it nevertheless highlights the importance of understanding behavioural responses and wider economic impacts when assessing reforms affecting long-term business ownership.

Around family business boardroom tables, discussions are increasingly focused on taxes on capital and how, when combined with Inheritance Tax (IHT), they could affect competitiveness, future investment decisions and the ability of family businesses to create the high-quality local jobs that support communities across the country.
This is not simply a matter of passing on assets. It is an existential challenge to business continuity as shown by the fact that more than one in ten businesses (11%) expect to downsize over the next year because of BPR/APR changes[7].

Business Property Relief (BPR)
The April 2026 changes to BPR and APR present a clear example of policy undermining growth. By limiting full relief to the first £2.5 million of qualifying assets, the reforms impose a 20 per cent inheritance tax liability on the value above that threshold. Once the additional tax costs associated with extracting funds from the business are considered, the effective tax burden could rise to as much as 33%.

In FBUK's July 2026[8] survey of more than 530 family-business leaders, 58% of respondents said they had been affected by BPR changes, 24% reported pausing or cancelling planned investment, and 23% reported reducing headcount or pausing recruitment.

<u>Recommendation:</u>

1. Restore 100% relief with no upper threshold would support the continuity of family ownership and could support higher levels of investment, productivity and economic growth, which over time will offset the Exchequer costs associated with the measure by unlocking investment, driving growth and creating jobs across the economy.
2. Conduct a comprehensive review of the behavioural and economic impacts of the reforms on family businesses. This would provide a clearer understanding of the consequences of the changes and support an informed reassessment of the policy.

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[6]CBI Economics, commissioned by FBUK: Taxing Futures The economic and fiscal implications of changes to BPR & APR for UK family businesses and farms June 2025
[7] FBUK Family Business Pulse Q2 survey – July 2026
[8] FBUK Family Business Pulse Q2 survey – July 2026

Wealth Taxes

There has been considerable speculation regarding the introduction of potential wealth taxes, whether as a one-off levy or an annual charge, or the increase of Capital Gains Tax, Stamp Duty Land Tax or Inheritance Tax.

For family businesses, typically over ninety percent of wealth is tied up in the business through employment, equipment, buildings and innovation. These are not liquid assets. A wealth tax would therefore require capital to be extracted from productive businesses simply to meet tax liabilities, directly undermining investment, productivity and growth.

At a time when many family businesses are still adapting their investment and recruitment plans in response to changes to BPR and APR, the tax system should encourage growth and expansion rather than place additional burdens on productive business assets.

A broad-based wealth tax, or further restrictions on the taxation of dividends that penalise owner-managers, would risk undermining the very businesses that drive growth across the UK economy. More aggressive taxation of business wealth could force firms to reduce investment, postpone recruitment and curtail charitable or community initiatives. Others could face pressure to dilute family ownership simply to meet tax liabilities. Such outcomes would weaken competitiveness, reduce investment and ultimately diminish the tax base over the long term.

International evidence does not provide a compelling case for the introduction of a wealth tax. Experience across OECD countries[9] demonstrates that wealth taxes have fallen short of their expected revenue targets while creating significant challenges around valuation and negatively affecting entrepreneurship, investment and international competitiveness. Consequently, several countries, including Germany and Sweden, have abolished wealth taxes over the past three decades. Other countries, such as France and Spain, have introduced extensive exemptions for qualifying family-owned and owner-managed businesses in recognition of the challenges associated with taxing illiquid business assets.

Stability and forward planning in the tax system must remain central to Treasury policy. Government should provide a clear tax roadmap that gives businesses confidence in the long-term direction of travel. Greater certainty would enable firms to plan multi-year investment programmes and expand with confidence, without fear of unexpected tax changes similar to those announced in November 2024, which significantly disrupted growth plans across the family business sector.

Recommendation:

1. Rule out a one-off or annual wealth tax, to give business owners confidence to invest.

[9] OECD report The Role and Design of Net Wealth Taxes in the OECD (2018)

Capital Gains Tax

There has also been considerable speculation about changes to Capital Gains Tax (CGT).

Many family businesses rely on planned lifetime succession to ensure continuity, gradually transferring ownership to the next generation while the current generation remains involved in the business. Any CGT changes that impact this, including a curtailment of gift relief for passing on trading businesses to the next generation, could mean family firms face a double burden: higher taxes on both lifetime succession and the transfer of the business on death. The interaction of these taxes could force the sale of business assets, increase borrowing requirements, delay succession plans, or, in some cases, result in the break-up of otherwise viable businesses to meet tax obligations.

At a time when the UK economy urgently needs growth, policy should not discourage entrepreneurship. Recent Family Business UK (FBUK) Pulse data[10] shows that, as a result of the changes to Business Property Relief (BPR), more than one in ten family businesses (11%) expect to downsize over the next year. Further increases to CGT would risk exacerbating this negative business sentiment, reducing incentives for long-term investment, undermining succession planning, and placing additional pressure on family firms already facing rising tax burdens.

Family businesses often take a decades-long view of growth and investment; the tax system should encourage, not penalise, the transfer of successful businesses from one generation to the next.

Recommendation:

1. Commit to retaining CGT holdover relief on qualifying lifetime gifts and maintaining the existing CGT treatment on death.

Business Rates

Business Rates remain one of the most significant and persistent challenges facing family-owned businesses. Successive governments, businesses, industry bodies and independent reviews have recognised the need for reform, with concerns repeatedly raised about the burden the system places on firms with a physical presence on high streets, industrial estates and in local communities.

Despite a broad consensus that the current system is no longer fit for purpose, substantive reform has yet to materialise. The burden is particularly acute for family businesses, many of which are rooted in their local communities and operate from premises that are essential to their long-term success. Unlike some larger or more mobile businesses, family firms often have limited ability to relocate, restructure or absorb significant increases in property-based taxes.

[10] FBUK Family Business Pulse Q2 survey – July 2026

FBUK data shows that 43% of family-owned businesses identify Business Rates as the tax having the greatest impact on their operations.[11] This underlines the urgent need for meaningful reform that reduces the burden on productive businesses, encourages investment in commercial premises and reflects the realities of the modern economy. Without reform, Business Rates will continue to act as a drag on growth, investment and job creation across the family business sector.

The recent announcement of a 20% reduction in business rates for pubs, clubs and live music venues[12] is well intentioned. However, family-owned warehousing businesses are concerned that the changes could create unintended consequences[13], with fears that their sector may ultimately bear the cost of offsetting the relief provided elsewhere.

The time has arrived for wholesale reform and a more progressive system.

Recommendation:

1. Move to a progressive approach for calculating Business Rates. Under a new system, each portion of the rates bill would be charged at the rate applicable to that specific band, rather than applying a single percentage to the entire amount. This is how Income Tax and Stamp Duty Land Tax work, enabling revenue and fairness to be achieved together.
2. In the long term, the Business Rates system needs a fundamental overhaul to make it genuinely fair for family-run, bricks-and-mortar businesses who act as the long-term custodians of our high streets.

Energy Taxes

Three in 10 (30%) family firms say energy costs or volatility will be the main barrier to growth.[14] This is particularly prevalent in sectors including retail, hospitality and leisure which have tighter margins.

Domestic energy customers have recently benefited from an announcement to shift 75% of Renewables Obligation costs from energy bills to general taxation to offset rising price cap pressures. Businesses do not benefit from this change.

Recommendation

1. Extend to businesses the same approach taken for households regarding exemption from paying the Renewables Obligation Levy. Business should receive a similar benefit which the Treasury could treat as a 'fiscal offset' through lower inflation.

[11] FBUK: Building Britain for Generations: A Policy Agenda for Family Businesses – March 2026
[12] Burnham means business: PM slashes business rates bills for pubs, clubs and live music venues - GOV.UK
[13] https://www.cityam.com/warehouse-tax-could-threaten-high-street-businesses-burnham-warned/
[14] FBUK policy agenda: Building Britain for Generations – March 2026

Investing in Our Communities

Family businesses strengthen local economies, create jobs and provide huge amounts to support community organisations. As long-term stewards with deep roots in their communities, they are more likely to retain wealth locally and contribute to regional prosperity. Government policy should do more to support business models that encourage local investment and reduce the pressure on family businesses to sell their businesses, thus extracting economic value from their communities in response to rising costs and tax burdens.

Three-quarters (74%) of family businesses expect their business to remain family-owned in ten years' time.[15] This might seem positive at first sight, but it highlights the fragility of long-term family ownership. Maintaining family ownership across generations should be an ambition as important as achieving full employment. The objective is not simply to preserve ownership structures, but to ensure capital remains productive by encouraging businesses to continue investing in their communities, creating jobs and growing over the long term.

A Government that is genuinely on the side of family businesses will help deliver the ambition of achieving 'growth in every postcode'. Communities do not benefit sustainably simply because Government redistributes more money to them. They benefit when productive enterprises are rooted locally, retain capital in those communities and continue to invest, expand and create opportunities over time.

Fiscal Devolution

Family businesses are inherently local. They have particularly durable relationships with their locations, employees and supply chains because ownership and business strategy frequently extend across generations. Their success is intrinsically linked to the communities in which they operate, making them an important stakeholder in the devolution agenda.

As the Government pursues greater devolution of powers to regional and local authorities, it is essential that robust checks and balances are put in place to ensure that the business voice is meaningfully represented within new governance structures.

Using Scotland as an example, the Scottish Government has stated that it will "Explore the opportunities and challenges associated with wealth taxation in Scotland"[16]. In circumstances such as these, it is vital that family businesses are given equal consideration alongside other stakeholders during the development of policy and consultation processes. Devolution should empower local economies and promote growth, rather than simply create new opportunities for revenue raising by regional and devolved authorities.

The Government's new Fiscal Devolution Roadmap should require family business representation on all mayoral and regional business boards. Family businesses are among the UK's largest private sector employers and are deeply embedded within local economies,

[15] FBUK Policy Agenda, March 2026
[16] Scotland's Tax Strategy: Building on our Tax Principles - gov.scot

giving them a unique perspective on the opportunities and challenges facing businesses and communities.

Recommendation

1. To ensure their voice is consistently reflected in local economic decision-making, we recommend the appointment of dedicated family-business representation or expertise on mayoral and regional business boards. This role would help provide effective challenge, scrutiny and balance, while ensuring that policies on growth, skills, investment and employment reflect the needs of family-owned firms.

High Streets

Family businesses don't just trade on high streets, they are often part of the fabric of their communities. Their identity, reputation and success are closely tied to the places where they operate, creating a strong sense of responsibility to local employees, customers and neighbourhoods. While they can adapt and evolve like any business, many choose to maintain a long-term presence and investment in their communities.

This long-term commitment helps sustain local employment, investment and economic activity, often across generations. Tax policy should recognise and support businesses that make lasting contributions to the vitality and resilience of local communities.

We recommend Government introduce a Community Investment Tax Relief for businesses, similar to Gift Aid and Community Amateur Sports Club relief available to individual donors, allowing family firms to offset investment in community assets, local infrastructure, or crime reduction measures against their tax liability.

This would formalise and reward what many family businesses already do instinctively, and direct private capital towards community needs while leveraging private-sector investment to deliver public-policy objectives more efficiently than would otherwise be possible through direct government expenditure alone.

Recommendation

1. A capped Community Investment Tax Relief for family businesses on new community investment, modelled on Gift Aid principles. A targeted pilot of **around £100-£200 million** could initially focus on youth employment programmes. This would be a way to leverage private capital to deliver social outcomes that this Government is looking to achieve.

Local Procurement

The Government's Procurement Strategy, launched in March, is closely aligned with the strengths of family businesses. Family-owned firms are long-term investors in their communities, creating local jobs, strengthening supply chains and driving sustainable economic growth. FBUK welcomes the Government's commitment to increasing the weight given to social value in public procurement and its ambition to support British businesses through public spending. These objectives are naturally reflected in the family business model, where success is closely linked to the prosperity of local communities and regional economies.

As procurement reforms are implemented, it is important that family businesses are fully recognised within the framework and are able to compete fairly for public contracts. Public spending should help maximise local economic impact by encouraging participation from businesses with deep local roots.

Recommendation

1. Simplify the public procurement process and continue to strengthen the weighting given to social value, local economic impact, community wealth building and long-term delivery capability in Government tenders.
2. HM Treasury and the Cabinet Office should work across Government to ensure that financial, insurance and compliance requirements are proportionate to contract value and risk, enabling more family-owned and locally rooted businesses to bid successfully for public sector opportunities.

Scale-Up for Success

Britain has a 'missing middle'. The 10,000 mid-sized family firms that generate more than £140 billion in economic output and employ nearly 1.5 million people are largely invisible to policymakers. Family Business UK's report, conducted in partnership with the ScaleUp Institute[17], has homed in on mid-market and scaling family businesses population reflecting that there are nearly 10k of such firms across the country: 8,641 mid-market family businesses; alongside 2,985 scaling family firms (1,771 are in both segments).

Within these businesses, the mid-market firms generate more than £140 billion to the UK economy and employ more than 900,000 people; while family scaling businesses generate £72 billion and employ 500,000 individuals.

Similar to the German 'Mittelstand', the UK's mid-sized sector businesses hold huge potential and need to be harnessed to build a stronger economy at both a national and regional level.

HM Treasury should adopt a shared definition of medium-sized companies and work across all Government departments, to enable consistency of approach and focus. This should be those with revenues between £10 million and £100 million and between 50 and 499 employees.

Family businesses are the missing piece of the jigsaw in scale-up and industrial policy frameworks, which are designed around 'venture-backed' or private-equity-owned growth trajectories. The current tax system provides a tax incentive to exit a business, as there is an effective tax rate of 24% on gains versus an effective 54% on generating profits and taking a dividend.

This additional 30% tax rate on retaining a company for the long term and extracting value by dividends rather than exiting does not support long-term holding of UK companies, but incentivises exits, often to overseas investors. Providing entrepreneurs with allowances if they invest in long-term businesses, which are epitomised by family-owned firms, would create a culture for longer-term investments built on patient capital.

Recommendations

1. Provide better incentives for family offices to invest patient capital in other businesses looking to scale up. This will recycle capital from one set of successful family businesses into the next, enabling diversification and harnessing scale-up potential. This could also include exploring Enterprise Investment Scheme style incentives and encouraging Corporate Venture Capital participation.
2. Allow rollover relief for investing in private trading companies. If someone sells an asset and reinvests the money in shares in a UK private trading company, they should be able to rollover and defer Capital Gains Tax, similar to the current EIS system, but without limits on the size of the company or amount invested. This not only incentivises reinvestment but increases the amount that can be reinvested.

[17] https://familybusinessuk.org/analysis-sheds-new-light-on-mid-market-scale-up-family-businesses/

Management Incentives

Enterprise Management Incentives (EMI) and Company Share Option Plan (CSOP) schemes can be effective tools for attracting, retaining and rewarding employees in entrepreneurial and private equity-backed businesses, particularly where a future business sale or exit is anticipated. However, these schemes are often less suitable for family businesses, which are typically focused on long-term stewardship and succession rather than an eventual exit.

Listed companies can also use approved employee share schemes, such as Save As You Earn (SAYE) and Share Incentive Plans (SIPs), to align employees with the success and growth of the business. While the recent increase in EMI and CSOP limits has been widely welcomed, many family business owners continue to call for simpler eligibility criteria and more flexible share-based incentive schemes that better reflect their ownership structures and long-term objectives.

<u>Recommendation</u>

1. Introduce a similar scheme to EMI/CSOP for family businesses – which allows efficient and simple equity incentivisation. This could be done by amending EMI rules to allow exit via share buybacks. An 'ownership-focused' equity scheme incentive for family businesses would be the primary focus. It would support productivity, employee retention and workforce engagement, which in turn could promote inclusive growth and broaden access to employee ownership.

Access to Export Support

FBUK believes there is a strong case for closer collaboration between Government, UK Export Finance (UKEF), and business organisations such as FBUK to ensure that family-owned firms can access the export finance and advice they need. This should include tailored outreach and advisory services, flexible credit guarantees for first-time exporters, and small-scale grants or support mechanisms to cover practical needs such as translation, international marketing, and supply chain integration.

<u>Recommendation</u>

1. Create an Export Support and Finance 'task-and-finish' group to address the unique barriers family firms face. Convened by FBUK, Department for Business, Innovation, Science and Trade and UKEF this would help more family firms take their first, or next, steps into international trade.

Access to Scale-up Finance

Government should take steps to improve awareness and accessibility of the Business Growth Fund (BGF), National Wealth Fund (NWF) and British Business Bank (BBB) among privately owned and family businesses. While each institution offers distinct forms of capital and support, many family firms remain unaware of the opportunities available to them. Better promotion and more targeted engagement would help unlock investment, support scale-up ambitions and strengthen long-term business growth.

Government should also promote greater awareness of the Private Intermittent Securities and Capital Exchange System (PISCES). As a regulated platform for the trading of shares in private companies, PISCES has the potential to provide family businesses with greater flexibility in accessing capital, managing succession and supporting long-term growth while retaining their private ownership model.

Recommendations

1. HM Treasury and the Department for Business, Innovation, Science and Trade should develop dedicated financial products for family firms and create a clear, easy-to-navigate 'Family Business Products' section within the Business Growth Service.
2. Use HM Treasury's convening power of growth funding to ensure banks and lenders understand family governance models and expand growth capital funds which are tailored to non-venture-backed 'asset-rich, cash-poor' family businesses.