

Autumn Budget 2026 - Founders Forum Group submission

About Founders Forum Group

- Founders Forum Group (FFG) is a global community and group of businesses supporting entrepreneurs at every stage of their journeys, including founders, investors, and the UK's most valuable scaleups.
- The group was founded in 2005 with the intention of establishing a credible, peer-to-peer network of European entrepreneurs to echo the innovation and support seen across Silicon Valley. Since then, FFG has evolved into a group of businesses designed to support entrepreneurs at every stage of their growth – from pre-seed to post-exit.
- FF Group owns and runs [Tech Nation](#) which delivers a wide range of growth programmes to startups and scaleups from across the technology sector and is also the official endorsing body for the Home Office's Global Talent Visa. Over the past ten years, Tech Nation's programmes – which includes its flagship scaleup initiative [Future Fifty](#) as well as other schemes including [Upscale](#), [Climate](#), [Libra](#) and [Creo](#) – have seen over 1,000 organisations graduate from them including the likes of Skyscanner, Darktrace, Monzo, Revolut and Wise.
- Alongside Informa, we co-host [London Tech Week](#), held at Olympia London, which brings together the UK technology sector with its international counterparts every June to demonstrate the UK's offering to the global technology community. Our 2025 event brought together 30,000 attendees from 128 countries, making it the UK's largest annual gathering of the sector.
- This submission draws on our global network of founders and investors, our experience of what founder sentiment is towards the UK economy and third party research.

Executive summary

Within the UK, there is a thriving startup and scaleup ecosystem which is a significant driver of growth across the wider UK economy.

In H1 2026 alone, \$11bn was [raised](#) by UK startups and, by June 2026, the UK had [produced](#) a total of 189 unicorns. Scaleups are a disproportionate contributor to the wider economy compared to businesses of other sizes. Despite making up just 0.8% of businesses, scaleups [generate](#) 25% of turnover and 14% of employment in the UK, collectively employing 3.9 million people in total and contributing £2.2 trillion in gross value add to the economy.

Ahead of this submission we surveyed 150 founders (56% early stage, 36% Series A+ and 8% other or non-VC backed) from across our community, as part of [Founders Pulse](#) to better understand the challenges facing their businesses and how the Government can support their continued success:

- 27.8% said that access to capital and investment was the single most important thing that they would want the Government to prioritise
- 38.3% said 'boosting British investment' was the most important thing to ensure growth.
- 48.7% said they felt less optimistic about the UK's economic situation compared to 12 months ago, compared to 24.3% who felt more optimistic and 26.1% felt about the same.

- Founders would respond positively to a joined-up growth plan – with clear funding, timelines and visible execution.

Our submission focuses on four policy levers that the Treasury and wider Government can pull in this Budget to truly unlock continued and sustainable growth across the technology sector and wider economy. These are:

1. **Introduce Repeat Entrepreneur Relief (RER)**, a targeted capital gains tax deferral for founders reinvesting exit proceeds into UK businesses, to reduce capital flight and ensure money can remain where it can support the wider economy – within scaling businesses.
2. **Further expand the Enterprise Management Incentive (EMI) scheme** to reflect the size and growth ambitions of UK startups and scaleups today and allow them to continue to attract top talent.
3. **Introduce a Digital Adoption Tax Credit** to reflect that the biggest cost to a business of effectively adopting digital tools and AI solutions is often the technical staff to oversee its rollout to the organisation, and ensuring it actually delivers real-term productivity gains.
4. **Introduce an ‘investor route’ to the Global Talent Visa** to allow successful investors looking to put capital into UK scale-ups or regulated growth funds to enter the UK, boosting the capital available for fast-growing businesses.

In addition to the above, we have heard from the founder community that increases to Capital Gains Tax as part of this Budget will discourage those entrepreneurs taking risks and will push entrepreneurs out of the UK. By the Treasury’s own [analysis](#) from June 2025, increasing CGT rates would lower tax revenues, and history has [shown](#) that in the late 1980s when CGT was raised to 40%, tax receipts remained level generating no substantial economic gain for the Government.

The Government should not pursue what it sees as a short term economic windfall, which is not the case, given the detriment it will cause for long term economic prosperity and gains. It benefits the UK to have an economy where founders want to start, scale and keep their businesses - given the net contribution they make in tax and jobs. Raising Capital Gains Tax does the opposite of this.

Founders Forum Group’s recommendations

1. Introduce Repeat Entrepreneur Relief

Access to capital is one of the biggest challenges facing startups and scaleups in the UK. Despite this, too much of the capital gained when a successful UK business exits leaves the ecosystem rather than being used to fund the next generation of founders.

Additionally, repeat founders – with their breadth of experience and strengthened understanding of the challenges facing startup businesses – have a significant contribution to make to startups and scaleups outside of just capital investment. Tax is an appropriate and well-evidenced lever for encouraging reinvestment. Encouraging them to reinvest for financial reasons, while allowing them to make a contribution that goes beyond, will inevitably lead to greater success in the UK’s startup ventures and create more founder momentum for future businesses.

We propose a mechanism titled ‘Repeat Entrepreneur Relief’ (RER) to tackle this, and give successful founders and investors a direct incentive to keep their capital working within UK companies instead of diversifying elsewhere or remaining stagnant in personal funds. This would be a targeted Capital Gains Tax (CGT) deferral for founders who reinvest exit

proceeds into new UK-headquartered businesses. To ensure the policy is viable, we have undertaken economic research with [Beauhurst Insights](#). This found that if this policy persuaded fewer than one exited founder in 200 to reinvest, when they would not have otherwise done so, the policy will pay for its costs in incoming employment taxes alone. As a net positive to the Treasury, adopting this policy would be a driver of growth across the founder ecosystem and a wider benefit to the UK economy.

- Firms founded by experienced founders raise 61% more capital and are 25% larger by headcount than otherwise similar firms matched on sector, region and founding year. (Beauhurst, 2026)
- Only one in eight exited founders have chosen to reinvest in a new venture, and there are around 10,200 founders in the UK that have built and sold a company and not returned. (Beauhurst, 2026)
- In recent years there has been a drop of capital available to startups. According to the British Business Bank, UK smaller business equity investment [fell](#) 4% in 2025 to £12.3bn, with seed investment deals falling 27% and venture stage deals falling 13%.
- Yet funding remains a focus for growing businesses, our Founders Pulse survey found that access to capital and investment was 27.8% of founders' top priority for what they would like to see from the Government.
- Meanwhile, the levers to boost the capital available remain clear. One in two investors [said](#) that better tax incentives would increase their UK investment activity.

The commissioned independent research with [Beauhurst Insights](#): showed that:

- Counting only the direct employment taxes generated by the new firms it brings into being – and not accounting for future corporation tax, VAT, or future gain from each organisation – the RER pays for itself if it persuades fewer than 1 exited founder in 200 to reinvest who would not otherwise have done so.
- The cost of forgone Capital Gains Tax to the Treasury, if the cap for relief was set at £250,000 of reinvestment, is around £22,500 per reinvesting founder.
- For the purpose of this modelling, the cap was set at £250,000, in line with the [Seed Enterprise Investment Schemes](#) (SEIS) lifetime funding cap for organisations and to ensure the mechanism remains an instrument for investment, not just a means to shelter gains.
- Each firm would generate around £740,000 in employment taxes over 10 years at the present value, which is around 30 times the Capital Gains Tax given up to encourage the founder to re-invest.
- Based on this modelling, including the caps detailed, if you were to lift the refounding rate from its current 12% to 20%, you would generate employment taxes over the next ten years of around £47m against roughly £3.6m of relief paid to those reinvesting claimants.
- This modelling does not take into account the future corporation tax, VAT, or future gain from each organisation which is near impossible to define. Nor does it account for the potential increased success of repeat-entrepreneurs due to their experience and previous ventures.
- This modelling does not also factor in the return on investment for funds invested in alternative growth funds or vehicles, not specific businesses.

There are other countries which offer similar schemes to encourage reinvestment and curb capital flight:

- The US Qualified Small Business Stock (QSBS) scheme [offers](#) 0% federal capital gains tax on gains up to \$10 million from qualifying small business stock. This

exemption is widely credited as a primary driver of Silicon Valley's reinvestment culture.

- France's apport-cession mechanism, [under](#) which an entrepreneur who contributes shares to a personal holding company and then sells them has the CGT deferred, provided at least 60% of the proceeds are reinvested into qualifying economic activities within two years.

The ask:

- Introduce a targeted Capital Gains Tax (CGT) deferral for founders who reinvest exit proceeds into British startups, scaleups or an FCA-regulated growth fund or vehicle.

2. Further expand the Enterprise Management Incentive (EMI) scheme

The Enterprise Management Incentive (EMI) Scheme was introduced as a means to support scaling organisations in attracting top talent, offering another compensation option for businesses that are often unable to compete with salaries or the stability offered by more established organisations. Hiring top talent benefits startups and scaleups, who are able to have the best talent and subsequent chance of seeing their business be a success, which in turn generates economic gains and growth for the UK. However, as the scheme has proved itself a success, and scaling businesses continue to grow at pace, it is now the case that many of those companies that would specifically benefit from the scheme are no longer eligible.

The Government [recognised](#) this and changed the limits in the last Autumn Budget, reforming the scheme to widen the eligibility criteria. However, as AI continues to significantly accelerate the pace at which startups and scaleups are growing, raising the value and reach of EMI options further would ensure these businesses can continue to compete for talent as they outgrow today's limits.

- Of the tax-advantaged share schemes being operated, HMRC data from July 2026 [shows](#) that the EMI scheme is the most common with 90% of the 20,650 companies using it.
- There is a need to raise the EMI award limit as it has not increased [since](#) June 2012. Had the value kept pace with inflation, the limit [should](#) now be £370k per person per three-year period. Had there been an increase of this 48.2% difference over the previous 14 years, the scheme would act as a better incentive to attract top talent due to its significant value.
- The UK needs to offer attractive EMI scheme incentives to top talent as it currently can't compete based on salary alone:
 - Deel's Global Mobility Report from June 2026 [found](#) that in like-for-like roles a UK software developer or data scientist would have a median salary of £93,808 in the UK compared to \$154,000 (roughly £114,000) in the US.
 - Similarly, a foreign worker at top US-based startups could earn \$100,000 (roughly £74,000) more than American workers. However, in the UK foreign and British workers earn roughly comparable median salaries (£126,000 vs £130,000) showing the UK market is not able to compete in a global market on salaries alone.

The ask:

- Further expand the individual EMI award limit to £500k (from £250k) across a 3-year period

- Raise the eligible-company headcount limit from 500 to 750 employees
- Alternatively, replace the headcount test altogether with a revenue-based threshold

3. Introduce a Digital Adoption Tax Credit

Oftentimes, the biggest financial cost associated with implementing AI effectively in a business – regardless of its size, whether that be as a scaleup or a large corporation – comes from hiring the technical talent to support the rollout of the technology. For AI and digital solutions to actually be effective within a business' operations, it is important that there is the technical understanding of the tools being used, how they can be adopted safely and at scale, and whether the solution is effectively embedded into the wider digital infrastructure of a business.

Currently, the scope of what talent costs are eligible for R&D tax credits is incredibly narrow and focussed on hiring those resolving scientific or technological uncertainty. Widespread digital adoption will have an impact on business productivity, but to reap the benefits of such solutions and the impact they will have on the economy, we must ensure businesses of all sizes are supported in hiring the talent that is necessary to underpin their AI and digital adoption plans.

- AI adoption is a driver of growth, yet uptake remains low. Government research from February 2026 [found](#) that just 16% of UK businesses were using at least one AI technology in their operations, but 75% that had adopted the technology had reported improved workforce productivity as a resource.
- The biggest cause of this low uptake is a lack of skills within businesses, 60% of non-adopters of AI cited limited skills, expertise, and knowledge as the barrier limiting their adoption of the tool.

The ask:

- Extend the eligibility for R&D tax credits to include financial spending on talent working on digital and AI adoption more broadly within an organisation, beyond the current narrow definition of staff “directly and actively engaged” in resolving scientific or technological uncertainty.

4. Introduce an ‘investor route’ to the Global Talent Visa

Foreign investment is a significant contributor to the growth and success of many of the UK's startups and scaleups. Over previous years, there have been a number of changes to policy, including around non-dom status and the closure of the Tier 1 (Investor) Visa route, which have driven investors and entrepreneurs away from the UK. However, there are talented and experienced investors that see the opportunities of the UK's scaleup community as one that they want to be a part of.

Several other countries offer investor routes which have historically been significant contributors to their economies:

- Portugal's Golden Visa: which requires a €500k minimum plus multi-year source-of-funds checks has [contributed](#) €0.85bn to the economy since 2012 (excluding the contribution made by an alternative real estate route that has since closed)
- Australia's Significant Investor Visa: which required a mandatory \$5m AUD minimum

investment had [contributed](#) around \$10.1bn AUD by 2019 to funds under management. The government is now moving to phase out the visa entirely as part of a broader migration overhaul.

- Ireland's Immigrant Investor Programme: [generated](#) €1.25bn in approved investment but closed to new applications in 2023.

The UK has a real opportunity to deliver a legitimate route for high-net-worth individuals to invest and settle in the UK, bringing their wealth of experience and knowledge with them and potentially supporting more successful repeat ventures. For it to work where other countries have failed, it must be built around genuine investment into the productive economy from the start, and have strengthened oversight to ensure it delivers real value for the scaleup community.

- International investment makes up a significant proportion of startup and scaleup investments in the UK. In 2024, international investors [accounted](#) for 68% of UK startup funding.
- In life sciences specifically, every investment above £20m in 2023 [had](#) foreign capital in it.
- International investment has increased in recent years, showing there is appetite to participate in the UK economy.. According to the British Business Bank, in 2025, overseas investor participation had [climbed](#) from 7.5% of seed deals in 2015 to 28.4% in 2024, from 16.2% to 31.5% at venture stage, and from 23.2% to 33.1% at growth stage.
- However, previously popular visa routes for investors are no longer available. HMRC data from July 2026 has [shown](#) the number of non-dom taxpayers shrank by 1,200 last year.
- Introducing a visa route for investors could be a big contributor to economic growth. A similar proposal for an investment visa route from IPPR, although requiring more capital investment, has [estimated](#) it could contribute £900m to the UK economy.

The ask:

- Add an endorsement track under the Global Talent Visa's existing criteria which would allow for foreign investors to come to the UK and invest capital into UK startups and scaleups.
- Ensure investment funds of £2m are invested into UK-registered scale-ups or FCA-regulated growth vehicles, alongside active involvement in the investments or businesses (mentoring, board seats, follow-up investments) to qualify.
- Centre the visa path as one focussed on active-investment and high-transparency.