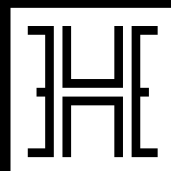


THE ENTREPRENEURS MANIFESTO FOR SCOTLAND



Building Scotland's Economy
Together we can



THE
HUNTER
FOUNDATION

FOREWORD

Scotland invented the modern world – we led the world in invention, philosophy, philanthropy and education.

What went wrong and how do we fix that?

Now I don't know how to run the country and I'm happy to admit it but myself and fellow entrepreneurs do know how to start and grow companies, create good jobs and pay our tax. That tax pays for the NHS, the education system, social care and all other public services.

Why doesn't the Government call on us to help grow the Scottish economy and increase the tax take? Every single entrepreneur we speak to is passionate about their business and passionate about their country.

We have a wealth of talent that our country is not tapping into – regardless of their political persuasion they are willing to help: country first, politics second.

And yet nobody calls on us.

At The Hunter Foundation we have access to hundreds perhaps thousands of entrepreneurs and wealth creators through Scottish Edge, Scale Up Scotland programmes and the Founders Conference that we run.

We asked them what they need from Government to help them grow their businesses – The Entrepreneurs Manifesto is the result of us listening.

Without doubt our economy is over regulated. A newt can hold up the building of much needed housing while families stay in damp and unacceptable accommodation. We have a housing emergency but it can still take over a year to get planning to build houses and of course we are over-taxed, debilitating growth.

Our rates system disincentivises investment – a hospitality business can invest a seven-figure sum in an unoccupied building, create thirty decent paid jobs and their reward? A rates bill going up eightfold!

If we encouraged more businesses to invest, create jobs and pay a fair rate of tax our tax take would go up yielding more money for the NHS and all that we care about for our nation.

I'm an optimist every time I sit for dinner with our Scale Up businesses. I'm excited and impressed about their ambition for their companies but even more so by their passion to see Scotland succeed.

I think if we asked Scots who invented the telephone; the TV; penicillin then to look at Scotland today they would wonder what happened to us.

Let's not let them down, let's come together and fix this.

As we say in our video: Can we do it? Aye we can.

Good luck,



CONTEXT

In November 2025 the Founders Conference at Gleneagles hosted all the main political parties* and asked them to present their ideas for Scotland's economic growth.

To respond to those presentations, The Hunter Foundation canvassed attendees for their ideas and combined those with our own thoughts, driven by working with the entire ecosystem through our Scale Up Scotland and Scottish EDGE programmes and past-commissioned research from Oxford Economics. In short, we asked the market what was needed to drive economic growth and those ideas are set out in this synopsis.

We don't have all the answers but we believe that by having a constructive dialogue between those who know how to grow the economy and those in power we can have a better result for Scotland.

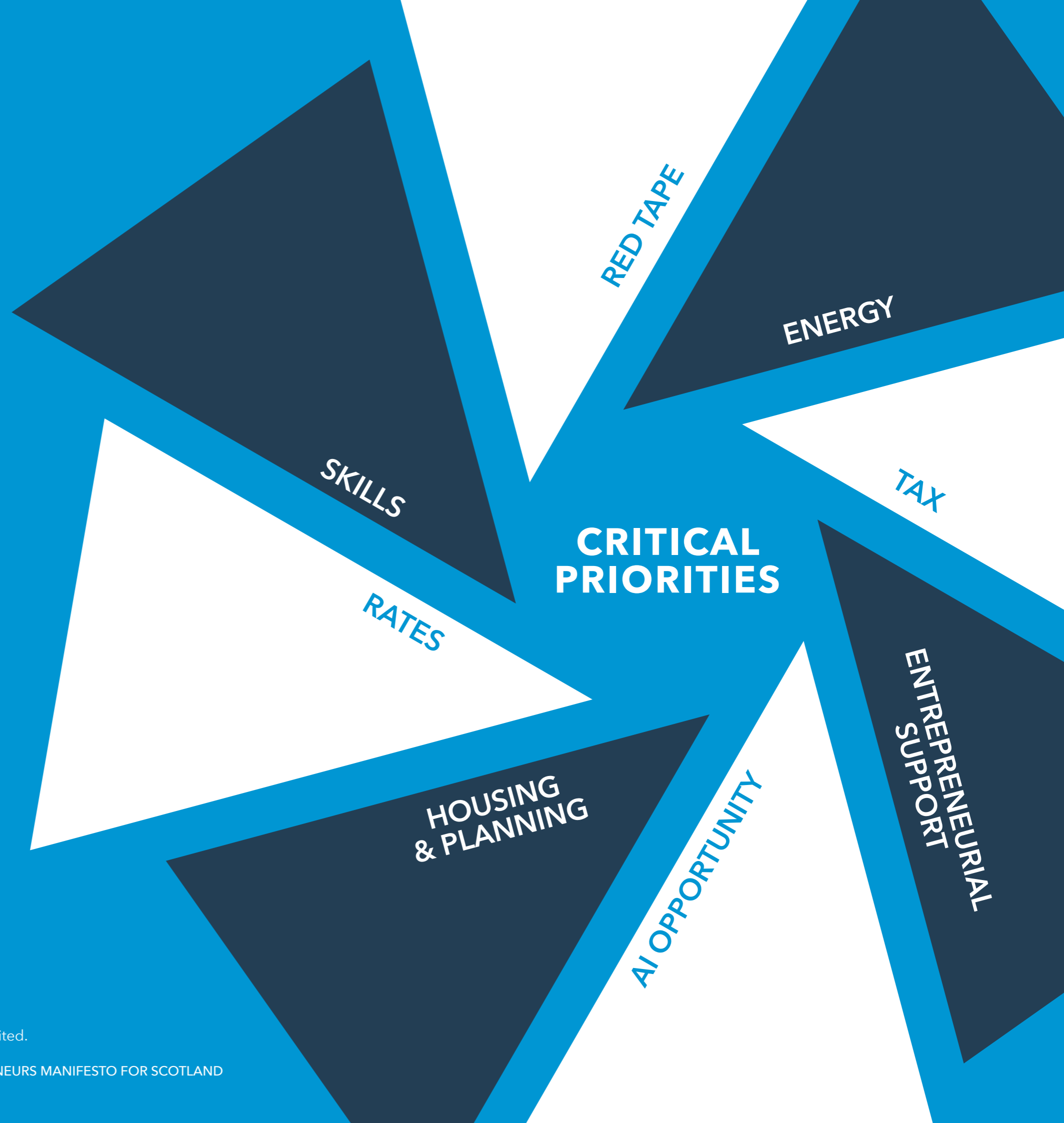
We believe, if adopted, the actions detailed will deliver over a 100,000 new jobs, protect a similar number and generate significantly more tax in support of NHS Scotland, social care and education as well as delivering markedly increased new housing stock.

Contextually, Scotland by any measure has suffered anaemic growth – 2025 at best saw 1% growth. The RBS Regional Growth Tracker indicates contraction in the manufacturing and service sectors, sectors that contribute the bulk of GDP. Meantime, businesses are seeing higher utility, wages and business rates. Patently this growth, or lack of it, has to be addressed.

There are, as the entrepreneurial community sees it, eight critical priorities:

1. Rates
2. Skills
3. Energy
4. Entrepreneurial support
5. Tax
6. Housing & Planning
7. Red tape – Bonfire of the Quangos
8. AI opportunity

* The Green Party did not attend the Founders Conference but were invited.



RATES

HOSPITALITY, LEISURE & RETAIL

How do we build growth, increase employment in towns and rural areas and increase the overall tax take from the sector?

Hospitality and retail employment sits at 450,000 in Scotland, 20% of the workforce, but these sectors are under incredible threat from rates uplifts and literally thousands of jobs and livelihoods are at risk if the Scottish Government does not act.

The current system is a tax on success, debilitates employment and investment – one operator took an underperforming hospitality business, invested in it and was rewarded with a seven-times increase in rates from £50K to £350K per annum, while another suffered an eight-times uplift having invested over £1m in bringing a restaurant back to life. This is a disincentive to invest, in particular in sites that often support regeneration of towns and rural settlements.

Whilst we welcome the Scottish Government recognising the outdated and unfair valuation methodology for non-domestic rates by

commissioning an independent review, reviews take time and the sector needs immediate, urgent support.

Retail and licensed hospitality businesses are not treated within the same non-domestic rates calculation framework. Most retail premises are primarily assessed on square footage, licensed hospitality valuations are driven by turnover and rental value. A critical distinction, often misunderstood, is that a retail unit owner can invest heavily in a property, or choose not to invest at all, and their rates liability will typically remain unchanged. In contrast, when a licensed hospitality operator invests significantly to improve a premises, enhance the customer experience, increase footfall, or regenerate a site, that success is captured through the valuation methodology and translated directly into a higher rates bill. In reality, a tax on entrepreneurship.

This creates a clear disincentive to reinvest, particularly in larger premises and in locations that rely on hospitality as a driver of regeneration, employment, and social value right across our high streets. Any reform of non-domestic rates must therefore recognise these structural differences. A one size fits all approach risks further

entrenching the inequity already faced by licensed hospitality and undermining the very investment and growth that Government policy seeks to encourage.

The recommendation is we move to a system where rates are calculated on the square footage of the premises and a competitive poundage rate, with a lower poundage rate for all licensed hospitality premises including the larger premises. In addition, we propose ongoing targeted rates relief for licensed hospitality, leisure and retail including the larger premises over a £51k RV, along with the raising of the £110k cap currently in place.

In addition – see addendum – we believe the existing non-democratic role of Property Assessors requires radical attention with democratic oversight and a realistic appeals process.

The impacts of these actions are compelling:

1. Sites become investable – these sites don't then just become employers offering sustainable jobs generating taxes, they are invested in, support the supply chain and offer catalytic impacts in towns and rural locations. This is a regeneration agenda supporting communities and people

2. Existing locations and their employment are protected halting the ever-increasing number of closures across the industry (100,000 + jobs lost to date in the UK since the last budget)
3. Supply chains are similarly protected
4. Increased economic activity, employment and investment will generate more, not less, economic return for Scotland and offer a boost to tourism
5. A 10% increase in the hospitality sector alone could yield over 22,000 new jobs and add an estimated £640m per annum of Gross Value Add to the Scottish economy

(Note on hospitality: In Q2 of 2023, the Scottish hospitality sector's Gross Value Added (GVA) was £1.6 billion, accounting for 3% of all Scottish GVA.

The sector supported 228,000 jobs in Q2 2023, which is 8% of all jobs in Scotland, making it the country's fourth-largest employer. Across the UK, the sector accounts for 10% of all employment and sees £7 billion of investment every year, but that is in jeopardy.)

SKILLS

Fundamental to economic growth are the skills needed for Scotland's future. Scotland has a critical shortage of skilled labour in housing and construction and due to the ageing population, will see thousands of skilled labour leave that market. The Apprenticeship Levy does not and has not worked.

In addition, Scotland needs to upskill all our talent in the use and application of AI if we are to compete not just domestically, but globally, for exports and inward investment.

We recommend:

1. Dropping the Apprenticeship Levy and instituting a system that allows apprenticeships to be tax deductible, funded by the reallocation of Skills Development Scotland's budget
2. Launching an online learning portal for AI offering crucial AI skills for schools, universities and businesses. The Hunter Foundation will commit £1m towards this if the Scottish Government will match that commitment – an open access, free resource
3. Making training programmes tax deductible to support a developing workforce



APPRENTICESHIPS

The Apprenticeship Levy did not have the effect that the then Tory Government would have hoped for, in fact it actually resulted in a decrease in apprenticeships, especially in the construction industry.

The small print in the bill was counter-productive: "That only the time spent at college or in training counted towards your investment in apprenticeship" not recognising the "on the job" practical part of their training was part of the employees' cost, which in normal circumstances is 80% of an apprenticeship.

Scotland could lead the way in kickstarting a new interest in the importance of Technical Apprenticeships. We have a major shortage across all the trades in construction, we need hundreds of new electricians, plumbers, heating engineers, bricklayers and roofers.

We have a situation at the moment where the Government has declared a "housing crisis", surely here is a way of turning two wrongs into a right.

Tax incentives should be offered to companies who invest in apprenticeships, rather than have levies imposed on them. Remember these will all be well paid jobs that will help greatly with the tax take. Apply Skills Development Scotland's budget to this initiative.

Scotland has a wonderful reputation in leading with innovation. This is a powerful opportunity to show the rest of the UK that we have a solution.

ENERGY

The North Sea oil and gas industry is being devastated by the current tax system. Meantime the opportunity to invest in nuclear – in addition to all the green initiatives underway – is a compelling chance to deliver highly skilled jobs.

The actions below would save an estimated 1,000 jobs per month that are currently being lost in the North Sea and add 800 more through nuclear investment.

We recommend:

1. Bring forward immediately the new Energy Profits Levy to replace the windfall tax; adjust it to ensure investment flows into the North Sea not out from it. Aligned to that, and to reduce imports, enable new licences for development. In essence, as recommended by 7,000 signatories, bring forward immediately the Energy Profits Levy as the new fiscal regime. Why? According to the OBR (Office of Budget Responsibility), oil and gas tax receipts in 2022-23 were £9 billion – by 2030-31 they will be a mere £300m. The result for Scotland? Thousands of lost jobs, lost revenue and lost investment. This action will not only save thousands of jobs it will create thousands. In addition, offer urgent action to enable the Acorn development to go ahead
2. A mini nuclear plant (SMR) at North Ayrshire's Hunterston site would bring massive economic benefits, including potentially 800 jobs, £60m in annual wages, and hundreds of millions in local spending, creating a £1bn regional boom, replacing lost revenue from Hunterston B and boosting Net Zero goals



ENTREPRENEURIAL SUPPORT

HOW DO WE ADD £18 BILLION TO THE SCOTTISH ECONOMY AND 100,000+ JOBS?

Scotland has one of the best ecosystems in the world for supporting start-ups but is weak when it comes to scale ups and, as the Chancellor noted in her budget speech, they deliver 50% of the new jobs. In addition, there are serious flaws in the delivery of support for businesses, charities and not-for-profit social entities.

According to the Scottish National Investment Bank:

“Scale ups accounted for just 0.52% of the total number of Scottish SMEs in 2021, but generated one third of the total SME turnover, contributing £36.12 billion to the Scottish economy. In 2021, there were 1,770 scale ups operating in Scotland with an average turnover of £20.1 million.

“Scale ups are more productive than their peers, on average, they generate 61% more turnover per employee than other Scottish enterprises. The vast majority are growing between 20% and 40% in either their turnover or headcount, with a quarter growing at a rate of 50% or more every year.”

We can double the number in five years, adding £18 billion to the Scottish economy and thousands upon thousands of highly productive, skilled jobs.

TEST ALL PROGRAMMES

currently funded by Government and its agencies for OKRs (objectives and key results) setting criteria for dropping programmes that fail on an ROI calculation, pre-determined by a panel of private and public sector experts. Reapply savings to the programmes offering maximum economic returns

DELIVER AN E-PORTAL & DIGITAL FRONT DOOR

for all support on offer to business from the public sector with transparent rules on qualification for grants and loans

Why? There are circa **100 Scottish public sector organisations** that collectively offer more than **750 different types of publicly funded interventions**: who can navigate that?

REPLICATE

scaleupscotland.co.uk programmes to all regions of Scotland serving for and not-for-profit entities

REVIEW

Scottish company access to Government contracts and ensure opportunity prevails for home grown talent

DELIVER A 50% INCREASE IN THE NUMBER OF SCALE UPS IN SCOTLAND IN FIVE YEARS

CONSOLIDATE THE ECONOMIC DEVELOPMENT AGENCIES

into one entity with regional outreach and a laser focus on supporting scaling businesses – this has had proven and significant impacts in Ireland

See [Oxford Economics Report](#)

LOBBY THE UK GOVERNMENT

for an alternate immigration policy that supports overseas graduates to remain in Scotland and encourages migration to Scotland of skilled workforce. Scotland needs this as we have a demographic ticking time bomb – see note appended to this document

DEFINE A 'PASSPORT' FOR POTENTIAL HIGH GROWTH

scaling businesses to access with ease support mechanisms, training and development as they move through the various stages of growth

ENSURE

the Government's economic development agencies take a laser focussed approach to supporting scaling entities

AUDIT

all bureaucracy tied to support, cull unnecessary red tape and provide greater support for scale ups

See the [Scottish Scale Up Panel](#)

It is our firm belief that the current Scottish tax system is a disincentive for investment and growth of the Scottish economy.

Take one simple example – someone earning £50,000 in Scotland pays £1,500 more in tax than someone living in the rest of the UK (rUK). What does that mean for business? The fact is, potential employees are savvy so to recruit in Scotland they ask for that premium to be covered – more cost for the business, less incentive to recruit.

Add to that anyone earning between £43,500 and £50,000 pays an effective 50% tax rate – we are punishing teachers, doctors, nurses and many more through this tax system, the very people so important to all our futures.

Our ambition is to find a better tax system that incentivises growth, that is fair and equitable and drives increased investment and jobs and therefore increases the tax take; it is not the tax rate that's critical for the economy, it's the tax take.



Our proposals are simple:

1. Adopt the rest of the UK tax regime, so extinguish the penalising system that is causing that 'recruitment premium'
2. The Scottish Government agree to work with a specialist team which The Hunter Foundation will fund to investigate both the impacts of the current system and to develop a new system that will increase the tax take

(Some analysis of the period when the UK raised the top marginal tax rate to 50% suggests that a subsequent cut back to 45% was revenue-enhancing, indicating that the 50% rate was on the wrong side for economic development.)

HOUSING & PLANNING

In May 2024 a national housing emergency was called by the Scottish Government – what has changed since then? Nothing.

Housing is a critical element in tackling poverty and an engine of economic growth.

To tackle this emergency Scotland should:

1. Deliver a fast track planning process for investments over £10m both in housing and industrial development via one central planning portal (see [Radical rethink needed to secure Scotland's future](#))
2. For core planning programmes sub £10m (e.g. home extensions/small scale industrial) apply AI to accelerate decision making
3. Per Entrepreneurial Support offer tax incentives for a broad range of apprenticeships serving the construction industry

BONFIRE OF THE QUANGOS: SCOTLAND HAS 130 QUANGOS COSTING £6.6 BILLION ALONE

Red tape and the proliferation of quangos in Scotland is debilitating growth and hindering developments across the nation.

By tackling red tape, bureaucracy and multiple duplication across Government agencies (quangos) we can increase GDP conservatively by 2% i.e. some £4.4 billion in GDP. But let's take a realistic target of 1% – Scotland's GDP is estimated at around £220 billion including offshore; a 1% increase adds £2.2 billion to GDP.

Reports from groups like the British Chambers of Commerce (BCC) and Novuna Business Finance consistently rank "red tape" and the associated administrative time (up to 33 hours per month for some small businesses) as a key barrier to growth, alongside other factors like access to skilled labour and economic uncertainty.

We recommend appointing a Red Tape Tsar to undertake an urgent review of red tape and to recommend radical reduction in red tape with full Government support.

Why?

- **Percentage of GDP:** Some studies suggest that the overall impact of red tape costs could be as high as **3-4% of the UK's GDP**. Another estimate from the Growth Commission in 2023 suggested regulations introduced since 2015 have imposed a negative regulatory impact equivalent to £143bn annually, or around **6% of GDP**
- **Monetary Value:** The recurring regulatory cost to UK business was estimated to average £57 billion a year between 2010 and 2019
- **Business Time:** Senior managers in the UK spend an estimated **10% of their time** dealing with regulation, which is more than the global average of 8%

SCOTLAND-SPECIFIC IMPACTS

While a precise GDP percentage for Scotland alone is unavailable, specific sectors and events, such as Brexit, provide context on the impact of regulation:

- **Brexit-related Red Tape:** Post-Brexit trade barriers and associated red tape are estimated to impact Scotland's economy significantly. For example:
 - The Scottish salmon industry has faced an estimated **£3 million a year** in extra costs just from post-Brexit paperwork
 - One analysis suggests Brexit trade barriers could impact the Scottish economy by **£4 billion** from trade reduction alone
 - Overall, the UK's GDP is expected to be 4% lower in the long run due to Brexit, which equates to an estimated £3 billion in lost public revenues for Scotland each year
- **Political Focus:** Political figures and business groups like CBI Scotland consistently call on the Scottish and UK Governments to cut red tape to attract investment and boost economic growth

These figures indicate that regulatory burdens have a substantial, measurable economic cost in Scotland, as part of the wider UK economy.



AI OPPORTUNITY

We believe artificial intelligence is the biggest opportunity for our country, our businesses and our economy.

AI will enable the Government and its leadership teams to run a far more efficient and effective NHS, public services, education system and much much more whilst enabling industry to flourish.

THF will, if the Government matches our commitment, fund an elite group we will pull together to explore and enable the benefits AI can bring to Government and business.

ADDENDUM

REGULATORY BURDEN

Report uncovers a £143bn regulatory burden on businesses

A new report published by the Growth Commission lays bare the staggering true cost of Government regulation to businesses well in excess of the Government's original assessment of £14.3bn.

According to the report, The Impact of Regulation on Economic Growth, costs on businesses from regulations imposed since 2015, could have a negative regulatory impact of £143 billion or 6% of UK GDP.

The report also explores "not fit for purpose" regulatory impact assessments which currently lack thorough analysis, assessments on long-term impact on cost, competition and wider societal knock-on

effects from legislative change. There is some absence of assessments which include the Government's proposed ban on the sale of new petrol and diesel cars.

Other poor practices involve missed legal obligations to publish regulatory assessments before legislation is passed, circumventing parliamentary scrutiny which could have led to protecting businesses from additional regulatory costs.

The report also estimates that improvements to regulatory assessments and reporting could boost GDP by 5-10% which is backed up by comparable reforms in other western economies.



PROPERTY ASSESSORS

Policy Brief: The Unchecked Power of Scotland's Property Assessors Summary

Scotland's property taxation system places vast fiscal influence in the hands of a small number of unelected officials known as Assessors. These officials determine the **rateable value** of every commercial property and the **Council Tax band** of every dwelling. Their valuations directly dictate how much individuals and businesses must pay in local taxation – giving them **de facto tax-raising power**. Despite this, Assessors are **not accountable** to any minister, council, or regulator. Their decisions cannot be overturned politically, and the only route of challenge – through the **Scottish Tribunals system** – is slow, opaque, and largely ineffective.

1. STRUCTURE & APPOINTMENT

- Scotland has 14 regional Assessors, each appointed by a **Valuation Joint Board (VJB)** made up of local councillors
- Once appointed, Assessors act independently of both councils and the Scottish Government
- They are not subject to direction by ministers or elected officials in how they value properties. This arrangement, originally designed to prevent political interference, has evolved into a system of **total institutional independence without accountability**

2. THE EXTENT OF THEIR POWER

- Assessors do not set tax rates, but they determine the taxable base – effectively deciding who pays what
- Even small changes in rateable value can add or remove millions of pounds from the tax burden of local businesses and households
- Councils and the Scottish Government cannot intervene, even where valuations appear inconsistent or unjust

In short, Assessors have the practical power to raise or lower taxes, **yet no one can hold them to account.**

3. WEAKNESS OF OVERSIGHT & APPEALS

- The only legal remedy against an Assessor's decision is a technical appeal to the **Local Taxation Chamber of the First-tier Tribunal for Scotland**
- According to the **Scottish Tribunals Annual Report 2023-24**, over 90% of non-domestic appeals are dismissed or withdrawn before being heard
- Appeals that do proceed often fail, meaning the overwhelming majority of valuations stand untested
- There is no ombudsman, no ministerial review, and no parliamentary scrutiny of valuation fairness. This leaves ratepayers effectively **powerless** against an administrative authority that defines their tax bills

4. ACCOUNTABILITY VACUUM

Assessors are funded by local councils yet answerable only to their own Joint Boards, which have little ability to influence individual valuation decisions. They are audited only for process, not for fairness, accuracy, or consistency in valuations.

No other tax authority in the UK – including HMRC – operates with such **absolute discretion and such minimal oversight.**

5. CONCLUSION

Scotland's valuation system represents a **constitutional blind spot.**

A handful of officials exercise quasi-fiscal powers over the country's entire property tax base, shielded from both political and public accountability.

With over 90% of appeals dismissed or withdrawn, and no external oversight mechanism in place, the integrity and fairness of local taxation ultimately rests on unchecked bureaucratic discretion.

Reform is long overdue. A modern democracy cannot justify a system in which **unelected assessors determine tax liabilities** without transparent accountability or effective recourse.



BUILDING SCOTLAND'S ECONOMY

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