



Royal Bank
of Scotland

The Middle Speaks:

Narrowing the mid-market
conversion gap through
technology, talent, and trade

October 2026

**Growing
Together**

NatWest Group plc
Public Policy Insights Report
October 2026



Foreword

Paul Thwaite, CEO of NatWest Group



Mid-market businesses are among the most important contributors to the UK's economy, yet they are all too often overlooked. Sitting between smaller businesses and large corporates, these firms employ millions of people and help drive growth across every nation and region of the country.

Although they make up only a small proportion of companies operating in the UK, their contribution extends far beyond their size. These are established businesses with the capacity to innovate, scale and invest. Deeply rooted in the communities they serve, their success is vital to the strength and resilience of our wider economy.

Yet many mid-market businesses face distinct challenges. While those challenges vary, many find themselves caught between support designed for smaller firms and the specialist capabilities often found in larger organisations.

At NatWest Group, we see these challenges first hand. We support more of these businesses than any other UK bank and, through our deep customer relationships, our Mid-Market Champions network and the Mid-Market Growth Council, we hear directly about the issues affecting their growth.

This report explores those challenges through three areas that businesses consistently tell us matter most: technology, talent and trade. Whether it is adopting new technologies, accessing critical skills or expanding into new markets, many of these firms are navigating hurdles that can make growth harder than it should be.

They also have an important perspective to bring to policy discussions and the wider economic debate. As this report demonstrates, the realities of operating at this scale are not always fully understood, despite the significant contribution they make to the UK.

Addressing these challenges matters not only for individual firms, but for the communities, industries and regions they support. By improving access to skills, supporting the adoption of new technologies and making it easier for businesses to trade and expand into new markets, we can help more firms realise their full potential, and make an even greater contribution to the UK economy.

Delivering that change will require government to recognise the mid-market as a distinct and important part of the economy, with industry and business leaders bringing their experience to the design of practical solutions.

Collaboration is key. And we are determined to play our part as a partner and convenor, using our relationships, customer insights and regional presence to support businesses and help ensure their voices are heard.

With the right conditions in place, the UK's mid-market can play an even greater role in driving investment, productivity and growth. Unlocking that potential would strengthen local economies, support job creation and help deliver sustainable growth across every nation and region of the UK.

Foreword (cont'd)

Irene Graham and Max Winkler,
Mid-Market Growth Council



The UK's mid-market is one of our economy's greatest assets. These businesses employ millions of people, generate significant economic value, and play an important role in driving growth and investment across every nation and region of the UK. Many are scaling, international, and part of our Industrial sectors. Yet despite this contribution, they do not always receive the recognition or support they deserve.

Since 2025, the Mid-Market Growth Council (MMGC) has brought together business leaders from across the country to better understand the opportunities and challenges facing this segment. We have heard directly from companies operating in different regions and sectors, and the message is clear: Mid-market businesses have the ambition to grow and scale further but face barriers to realising converting that ambition into growth.

This report builds on the work of the MMGC in giving a voice to those businesses. It reflects extensive engagement with mid-market firms customers. The mid-market is a segment with enormous potential, but one that is also facing distinct challenges that are not sufficiently represented in policy discussions.

Three themes emerged consistently. Businesses see significant opportunities from technology and AI, and are leveraging these capabilities, but still seek practical support to adopt AI successfully and at scale. Talent remains a major constraint, particularly in technical and leadership roles. Trade continues to offer growth opportunities, but complexity and uncertainty can limit firms' ability to take advantage of them.

The recommendations in this report are intended to be practical, focused, and informed by the experiences of mid-market employers themselves. They recognise that responsibility does not sit solely with government; the mid-market also has a role to play in sharing expertise, building capability, and developing policy solutions.

The UK's mid-market has the potential to be an even greater driver of growth in the years ahead. Many of the ingredients needed to foster mid-market businesses are already in place, but they need better coordination, segmentation, and focus. By giving these businesses a stronger voice and the support they need to scale, we can unlock investment, create jobs, and strengthen economies in every part of the country.

Executive summary

Mid-market businesses¹ contribute approximately £1.2 trillion in turnover and employ 7.3 million people across the UK, making them a critical driver of economic growth². Yet many firms feel underrepresented in policy discussions and underserved by existing support that is typically designed for SMEs and large corporates.

Mid-market firms have proven their commercial potential, with greater capacity than smaller businesses, but often lack the specialist capabilities and organisational resources available to larger corporates. This creates what we have termed a ‘conversion gap’, preventing firms from fully converting their ambition into growth.

This report builds on the work of the Mid-Market Growth Council, which was set up in 2025 to provide a voice for the mid-market, and insights gathered by NatWest Group through its Mid-Market Champions network. Our engagement with Mid-Market businesses has highlighted three persistent challenges and opportunities, centred around Technology, Talent and Trade.

Technology presents the greatest long-term opportunity for productivity, but firms need more practical support, leadership capability and clear governance frameworks to move from AI experimentation to organisation-wide transformation.

Talent remains the most immediate constraint on growth, with shortages in technical, digital, engineering and leadership skills, compounded by challenges around recruitment and retention, rising labour costs, and a skills system that does not reflect employer and regional needs.

Trade is central to the mid-market’s growth ambitions, but administrative friction, customs complexity, geopolitical uncertainty and limited specialist export capacity continue to constrain international expansion.

We have made five recommendations for the UK Government and industry to unlock mid-market growth:

1. **Develop a dedicated Mid-Market Growth Framework** to address gaps in existing provision and make it easier for firms to access coordinated support.
2. **Ringfence funding for a mid-market AI adoption accelerator** to help firms move from experimentation to strategic deployment.
3. **Launch a mid-market Leadership Capability programme leveraging existing** initiatives to equip leaders to scale their organisations and deliver business-wide transformation.
4. **Build an employer-led growth and skills system** that aligns training and technical education more closely with mid-market and regional workforce needs, building on skills reforms already underway.
5. **Cut the cost and complexity of international growth** by reducing administrative and trade barriers and improve access to end-to-end export and international support.

This is an economic prize that we must act on now to win. Closing the conversion gap will empower the mid-market to translate ambition into growth. Coordinated action from government, business leaders, and local partners is needed to create the conditions for the mid-market to become a key driver of economic growth.



(1) Mid-market Growth Council definition of the mid-market: businesses with a turnover from £10 million to £100 million and/or 50 to 500 employees.

(2) [NatWest Group \(2026\) Championing mid-sized businesses](#). Note this statistic uses an older definition of the mid-market.

The conversion gap



Mid-market businesses contribute approximately £1.2 trillion in turnover and employ 7.3 million people across the UK³, making them a critical driver of economic growth. Yet many firms feel underrepresented in policy discussions, and underserved by existing support that is typically designed either for small businesses (SMEs) or large corporates.

The mid-market faces specific barriers to growth – Barriers that affect mid-market businesses in different ways across the UK's nations and regions. mid-market firms have proven their commercial potential and have greater capacity than SMEs, but they lack the specialist capabilities and resources of large corporates. They are increasingly adopting AI within their businesses, but lack the capability and leadership to deploy AI strategically across their organisation. They are facing acute recruitment and retention challenges as they look to grow, whilst lacking the resources to absorb increasing labour costs. They are looking to build their international footprint to drive growth, but lack the expertise and capacity to navigate administrative and regulatory burdens.

The mid-market needs support to overcome these growing pains and fulfil its economic potential. But the support the mid-market receives from the public sector is fragmented and does not always address the specific challenges facing mid-market firms. Responsibility does not sit solely with government; industry also needs to do more to convene business leaders and facilitate support for the mid-market through existing networks and forums.

This is an economic prize that we must act on now to win. Through our engagement with customers through the [Mid-Market Champions network](#)⁴, and the work of the [Mid-Market Growth Council \(MMGC\)](#), we have identified three key challenges and opportunities: technology, talent, and trade.

(3) NatWest Group (2026) [Championing mid-sized businesses](#).

(4) For more information and contact details on our 11 Mid-Market Champions, please see [Championing mid-sized businesses](#).

The 3 Ts: Technology, Talent and Trade



Technology

Technology presents the greatest long-term opportunity for productivity growth. Mid-market firms are adopting AI rapidly but continue to lag larger corporates, lacking the capability and expertise to scale adoption strategically across their organisations.

Barriers include limited strategic capability, lack of AI expertise, uncertainty around investment returns, and concerns about governance and compliance. Businesses consistently highlighted the need for practical implementation guidance, leadership development, peer-to-peer learning opportunities, and clear governance frameworks to support adoption.

Government and industry need to work together. Our recommendations include supporting AI adoption by dedicating funding to a mid-market accelerator that provides strategic guidance, governance support, and peer networks to share proven use cases and best practice across sectors and regions.

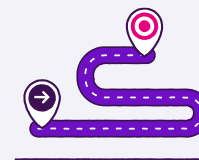


Talent

Talent remains the most immediate constraint on growth. Firms report persistent shortages in technical, digital, engineering and leadership skills, alongside difficulties recruiting and retaining employees. There is widespread concern that current skills provision does not reflect regional labour market needs, while apprenticeship and training systems are often seen as inflexible and bureaucratic.

Mid-market businesses also face increasing pressure from rising labour costs and the challenge of preparing their workforce for AI-enabled transformation. Beyond entry-level recruitment, many firms identified leadership capability as a critical gap that limits their ability to scale.

We support reform of the Growth and Skills Levy to support flexible, employer-led training, as well as giving employers a greater role in shaping technical education and skills provision, and strengthening pathways to align education with local labour market needs. Improved access to international talent, including the expansion of the Global Talent Visa scheme, would help address skills shortages and support long-term mid-market business growth.



Trade

Trade is key to the growth ambitions of the mid-market segment. Mid-market firms often have established cross-border trading relationships or are seeking to expand their international footprint. However, because of their size they lack the capacity available to larger corporates to overcome administrative friction, with limited expertise in areas such as customs complexity, regulatory burdens, supply chain disruption, and geopolitical uncertainty. This has a disproportionate impact on their ability to contribute to growth and competitiveness.

As well as dedicated, simplified export support for the mid-market, we need to raise awareness of existing export finance initiatives. The UK Government must build on recent momentum in relations between the Westminster and Brussels to prioritise UK-EU trade facilitation, reducing administrative burdens, and simplify customs processes for mid-market firms.

The Middle Speaks

Underpinning these themes is a historic lack of representation for the mid-market within the wider policy debate and existing forums for engaging with government, which has led to government policies that have focused on other segments (e.g., SMEs and larger corporates), further widening the conversion gap.

This report builds on the work of the Mid-Market Growth Council (MMGC), established in 2025 following the findings of [NatWest Group's The Critical Middle report \(December 2024\)](#). The report found that, with the right support, mid-market firms can be an engine of growth for the UK's economy. Backed by the UK Government, the MMGC provides a dedicated voice for mid-market businesses and champions policies that unlock their growth potential. We welcome this development as an important first step towards stronger representation for the mid-market in government.

NatWest Group has also been working with government and industry stakeholders to ensure that the mid-market is represented and heard within the wider policy debate. We have established a network of Mid-Market Champions, leveraging existing national and regional networks and relationships, to act as the bank's devolved nations and regional voice on mid-market growth. We have appointed Mid-Market Champions in 12 nations and regions to convene and give a voice to mid-market companies.

We have engaged with policymakers at a national and regional level, as well as feeding back insights from customers, to support the policy development process. We welcome the UK Government's recognition of the value of leveraging our customers' voices to support policy development, and we will continue to work together to ensure that the mid-market is being heard at every level of government.

Addressing these challenges requires a collaborative approach – industry and government need to work together to co-create practical solutions. Businesses must play a proactive role by sharing best practice, investing in workforce development, participating in regional growth networks, supporting apprenticeships and skills pathways, and helping shape future policy through structured engagement.

By combining policy expertise with the experience of firms operating in the mid-market, the UK can unlock productivity gains, regional growth, and international competitiveness.



Mid-market firms are adopting AI but struggling to scale Technology

The UK Government has placed AI at the heart of its growth agenda, announcing a new AI Taskforce and more than £200 million of support in June 2026 to build AI capability and accelerate adoption⁵. There is a growing network of public and private initiatives providing businesses with access to expertise, peer learning, and innovation funding.

The opportunity is substantial: Recent reports suggests that AI could unlock more than £100 billion of additional revenue for UK mid-market businesses by 2030 and generate more than £30 billion in additional economic output⁶.

Recent NatWest Group survey data suggests that adoption has increased further, with up to 72% of mid-market companies who are currently using AI deploying it across one or more key processes.

However, the conversion gap is evident. Mid-market firms are caught between experimentation and business-wide transformation. They are investing in AI, identifying use cases and piloting new tools, but often lack the leadership, implementation capacity, and governance frameworks to scale adoption. They risk becoming stuck between SMEs experimenting with widely accessible tools within a lean corporate structure, and large corporates who can deploy AI strategically and at scale. Increasing adoption, and the distribution of adoption, across the mid-market segment could deliver significant productivity gains.

Adoption is currently focused on low-risk use cases and many organisations are deploying AI incrementally rather than pursuing enterprise-wide transformation. Interviews with mid-market firms highlight that deployment remains focused on tasks such as drafting and content generation, recruitment and HR administration, customer service support, and reporting. Many organisations are using Microsoft Copilot, ChatGPT and similar off-the-shelf tools rather than developing more complex but higher-potential proprietary solutions.

Mid-market firms now use AI across most major categories⁷ at higher rates than SMEs. Strengths include data analysis and forecasting, Generative AI and code creation, natural language processing, and customer personalisation. However, they continue to lag large corporates in more sophisticated areas, such as process automation, voice and speech technologies, and video and image analysis.

Our findings show existing support does not reflect these challenges. Government support remains fragmented – primarily designed either for SMEs or large corporates – With a focus on R&D and innovation. There is a gap in support for mid-market firms looking to strategically scale and embed AI into their business operations. A more targeted approach is needed to ensure that mid-market companies can become drivers of UK productivity growth.



(5) [UK Government \(2026\) Government to partner with tech companies, trade unions and industry leaders to boost AI adoption and equip workers with AI skills.](#)

(6) CEBR (2026) AI Adoption and mid-sized firm productivity.

(7) The seven categories identified in NatWest Group's AI survey include: data analysis and forecasting, Generative AI content and code creation, natural language processing, customer personalisation, process automation, voice and speech technologies, and video and image analysis.

NatWest Group's 2026 survey on AI adoption⁸

Up to 72% of mid-market companies have introduced one or more **core AI tools**, such as process automation, data analysis and forecasting, Generative AI, and natural language processing:

- However, less than half of these firms use more **complex tools** like computer vision (e.g., ID verification and livestream monitoring) and speech interaction (e.g., transcription and smart speakers).
- More mid-market companies use AI tools than SMEs across all seven product categories, but fewer mid-market companies use AI compared to large corporates across 6 out of 7 categories.

Between one half and two thirds of mid-market companies who use these tools are still experimenting, piloting, or scaling AI products:

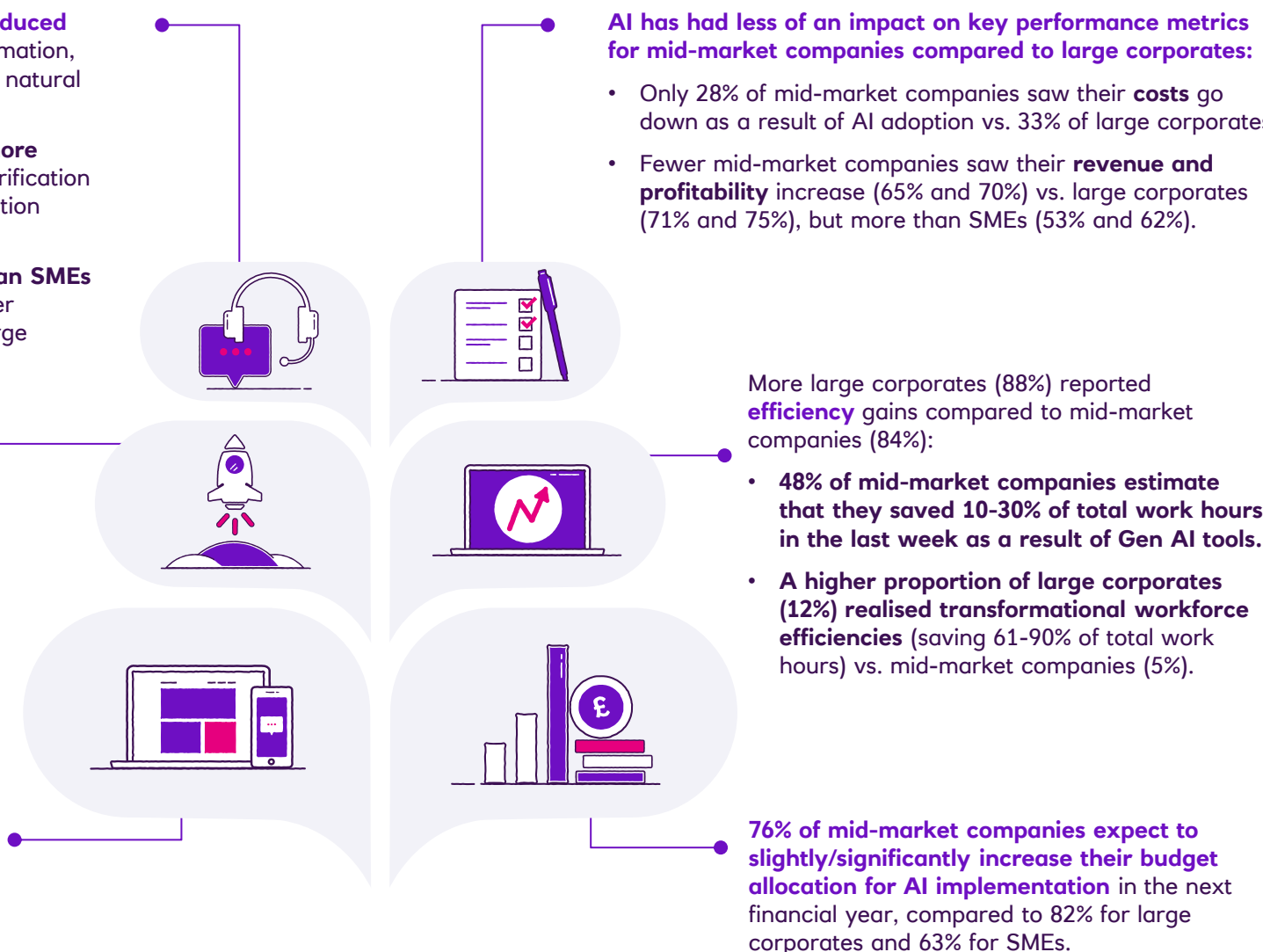
- Mid-market companies have pulled ahead of SMEs in scaling AI tools across their operations, but they are trailing large corporates on speech interaction (11%), computer vision (6%) and process automation (4%).

One third (34%) of mid-market companies use off-the-shelf (OTS) products such as ChatGPT and CoPilot (roughly the same as large corporates); nearly half (48%) of SMEs use OTS products:

- More large corporates (88%) reported **efficiency gains from AI** use compared to mid-market companies (84%).

AI has had less of an impact on key performance metrics for mid-market companies compared to large corporates:

- Only 28% of mid-market companies saw their **costs** go down as a result of AI adoption vs. 33% of large corporates.
- Fewer mid-market companies saw their **revenue and profitability** increase (65% and 70%) vs. large corporates (71% and 75%), but more than SMEs (53% and 62%).



(8). [NatWest AI Adoption Report \(2026\)](#) See 'Additional information' page for notes on methodology.

Key challenges

Technology

Several government and business-led initiatives demonstrate the value of combining practical advice and business networks to support adoption⁹. These initiatives exist to support AI upskilling and adoption and innovation, but most focus on early stage AI innovators or SMEs, not how mid-market firms leverage AI within their businesses. The UK Government's recent £200 million commitment is a welcome step, but this support needs to focus on the specific challenges facing the mid-market.

Despite the availability of existing programmes, mid-market businesses continue to face significant barriers to deeper AI adoption, particularly around strategy, skills, investment decisions and governance. Feedback has focused on the need for practical guidance on implementation, opportunities to learn from other businesses that have already implemented AI successfully (including sector-specific examples), capability building for leadership, and guidance on governance (including compliance and risk management).

1. Strategy, leadership and scaling AI adoption

Mid-market firms recognise the importance of AI but remain unsure how to invest and scale effectively. Several firms described AI initiatives as being “delegated to IT”, resulting in broad but shallow adoption rather than organisation-wide transformation. Existing support does not focus on helping firms develop business-led AI strategies, embedding AI across core operations, and supporting leaders to make informed investment decisions.

What is the mid-market telling us?

Mid-market businesses in Birmingham reported difficulties embedding AI into core operations and delivering productivity gains beyond administrative and customer service functions. A business in the North West felt that they are being “left to figure it out for themselves”.

3. Uncertainty around ROI and funding

Many firms remain unconvinced of the medium-term economics of AI deployment. Research also identified a lack of clarity around implementation costs and productivity benefits. These challenges are particularly acute for firms considering automation and robotics (e.g., in the manufacturing industry). Although funding support is available for innovation and R&D, there is limited support for adoption at scale.

What is the mid-market telling us?

A pharmaceutical company in the South East highlighted the high up-front capital investment required in their warehouses to unlock the cost benefits from AI and automation.

Mid-market businesses know that AI adoption is critical, but moving from experimentation to widespread adoption requires improved capability and capacity. This means enabling business leaders to develop AI strategies, strengthen access to skills and implementation expertise, improve investment confidence, and provide practical guidance on governance.

2. Skills and capability gaps

64% of mid-market firms cite a lack of AI skills and expertise as a barrier to adoption¹⁰. Unlike large corporates, many mid-market firms do not have the resources to recruit dedicated AI specialists or establish internal AI functions. Existing support does not help businesses build and retain the in-house expertise needed to develop long-term organisational capability.

What is the mid-market telling us?

A mid-market firm in the South West said they had felt pushed into AI adoption due to the rising costs of hiring associated with rising Employer National Insurance Contributions. Meanwhile, companies at a roundtable in Preston raised questions about AI's long-term impact on workforce capability.

4. Governance, risk and compliance support

Firms need to consider data security, regulatory compliance, intellectual property, and responsible deployment. Government research found that 32% of firms identify ethical concerns as a barrier to wider adoption¹⁰. Businesses reported limited access to practical governance frameworks and implementation guidance.

What is the mid-market telling us?

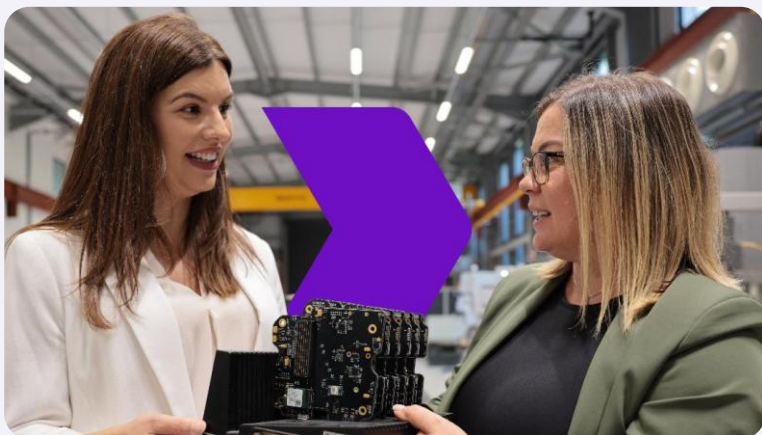
Mid-market companies in Cardiff highlighted that existing governance support is very risk-averse and concentrated in technology sectors rather than in general AI deployment.

(9) Including the [National Innovation Centre for Data \(NICD\)](#), [Be the Business](#), [CBI](#), [Innovate UK Bridge AI](#) and the British Chambers of Commerce (BCC) [AI Academy](#).

(10) [UK Government \(2026\) AI Adoption Research](#).

Policy tests

Technology



The outcomes of any policy interventions should be to equip mid-market firms with the tools, knowledge and support needed to adopt AI at scale and drive productivity and long-term value for mid-market companies.

Key tests:

01

Does it help firms scale adoption?

Support should enable mid-market businesses to move beyond experimental and adhoc implementation and embed AI across core operations, delivering measurable productivity and commercial benefits.

02

Does it build leadership capability and strategic confidence?

Interventions should equip senior leaders to make informed decisions on investment, governance, workforce transition and organisational change, rather than treating AI as a purely technical issue.

03

Does it help firms scale adoption?

Support should provide practical guidance on governance, compliance, security, implementation and investment decisions, helping firms adopt AI with greater confidence.

04

Does it encourage peer-to-peer learning and best practice?

Policies should enable firms to learn through peer networks, sector-specific case studies and regional ecosystems, creating “second-mover” advantage and ensuring successful adoption spreads more quickly across the mid-market segment.

Regional perspectives on technology: North West of England

Mid-market businesses in the North West of England described AI as an increasingly important board-level priority. However, many reported difficulties distinguishing between the media hype surrounding AI and the practical actions needed to drive value.

The strongest theme emerging was the value of peer-to-peer learning, with a desire for opportunities to learn directly from companies that have successfully implemented AI (“second mover advantage”), practical workshops focused on real business use cases, and support in developing AI strategies and governance frameworks.

Mid-market firms do not just need access to technology – They need guidance, practical case studies, and peer networks that can help de-risk their investment decisions. This came across clearly in Preston and Manchester roundtables.

One business noted that while government announcements increasingly position the UK as a global AI leader, there remains little practical guidance for firms seeking to understand how AI should be adopted within business operations.

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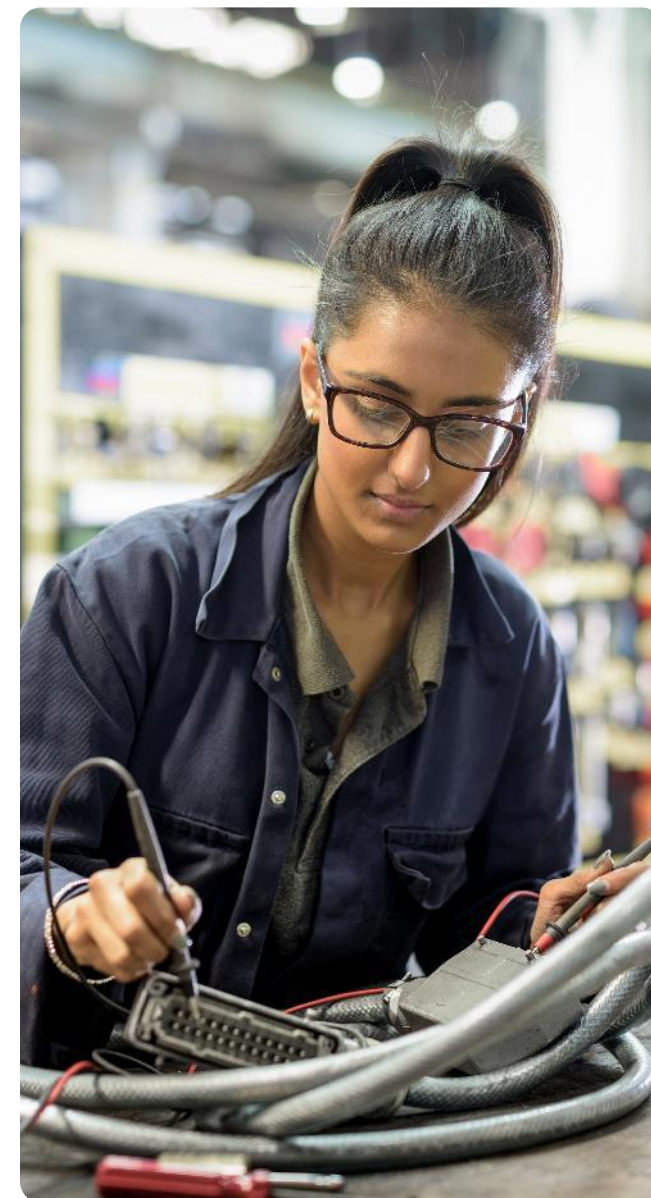
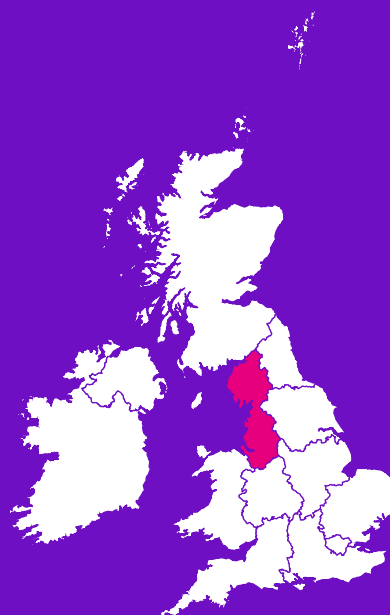
To some extent, responsibility for AI adoption is still delegated to IT departments. As a result, you end up with broad and shallow adoption, with lots of people using basic AI applications, rather than implementing transformative change.

”

One business described the need to differentiate between “hype and reality”, noting that while AI usage is becoming widespread, adoption remains uneven outside the technology sector.

Manufacturing, logistics and other operational businesses in the region are more advanced in certain areas. These firms are exploring automation and robotics, AI-enabled machinery, predictive maintenance, and warehouse and logistics optimisation.

Adoption is being driven by rising labour costs, recruitment challenges and a desire to improve productivity, but investment decisions often involve significant capital expenditure and trade-offs against hiring decisions.



Regional perspectives on technology: East of England

Mid-market firms in the East of England are cautious in their approach to adoption. Many businesses are currently using tools such as Copilot and ChatGPT for administrative tasks, recruitment, and customer service processes.

Mid-market businesses are increasingly exploring opportunities to expand AI into core operations. One firm reported implementing a major ERP transformation programme and is now assessing AI applications across accounts processing, invoice management, customer relationship management, and demand forecasting. Much of this work is intended to replace manual spreadsheet-based processes and improve operational visibility.

Advanced Air are a Norfolk-based company who specialise in energy efficient air distribution management and fire safety products. Jonathan Hendry, Finance Director, explained how mid-market firms like Advanced Air are navigating the challenge of investing in AI at the right pace.

“

We're taking things one step at a time on AI adoption because it is a big shift for our business.

”

Another concern was understanding the cost-benefit analysis associated with AI investment. Businesses highlighted difficulties around how to prioritise investment and long-term productivity.

One participant described the challenge as ensuring that their company was “neither

under-investing nor over-investing” and said that investment in AI is increasingly influenced by labour costs.

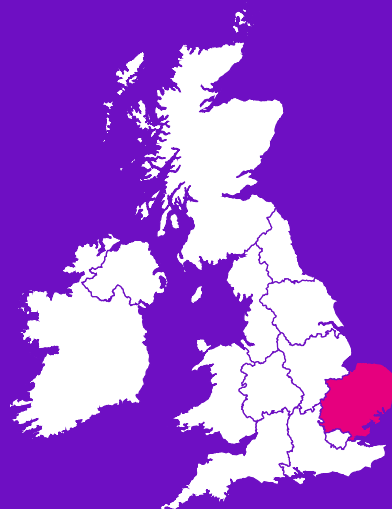
“

We are looking at automation and robotics because of rising labour costs and labour availability. We would prefer to continue growing without having to increase headcount.

”

However, businesses cautioned that automation projects often involve significant hidden costs, including equipment purchases, facility redesign, energy, maintenance requirements, and training.

Many firms are currently pursuing a gradual adoption strategy, viewing AI as a medium-to-long-term strategy rather than a quick source of cost reduction.



Regional perspectives on technology: Wales

Wales has the networks, expertise and industrial strengths to lead AI adoption, but mid-market firms need practical support, trusted guidance and stronger collaboration.

Mid-market businesses in Wales recognise the strategic importance of AI and automation, particularly as they face rising labour and energy costs. Welsh manufacturers typically operate in low-volume, high-complexity markets where AI adoption is essential to improving productivity and maintaining competitiveness.

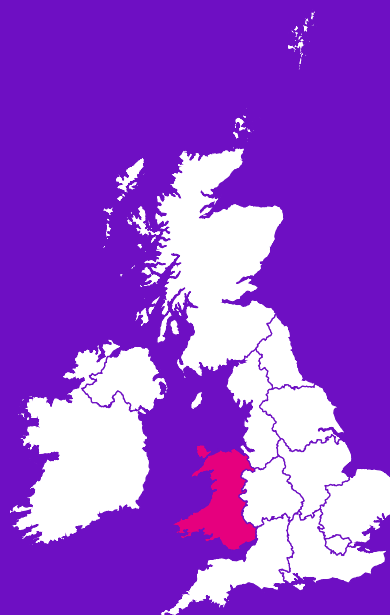
Many businesses lack the confidence to make significant investments in new technologies. Companies struggle to model the business case for AI adoption so they have reverted to incremental process improvements rather than transformational changes.

Businesses describe having to navigate a "labyrinth" of funding schemes, training, and advisory services. Participants suggested Wales should leverage its strong local relationships and networks to create a more accessible ecosystem.

Wales is at a pivotal moment: AI offers a solution to growing labour cost pressures, workforce shortages and productivity challenges, but businesses need support now if they are to take advantage of the opportunity.

Participants highlighted the importance of closer collaboration between industry, academia and government. Successful examples already exist, including Knowledge Transfer Partnerships with Welsh universities, but industry needs to be more joined up and willing to collaborate.

Businesses highlighted the value of peer learning and trusted networks. There was strong support for creating more opportunities for manufacturers and technology providers to come together through pilots, peer-to-peer learning, and "speed dating" events.



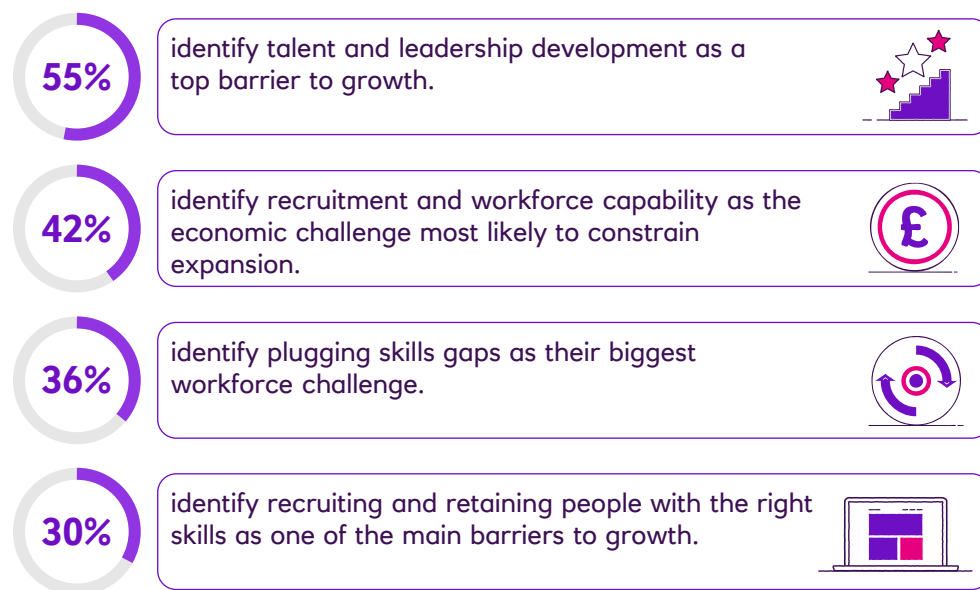
The mid-market skills gap holding back growth

Skills

The UK has an extensive skills ecosystem spanning apprenticeships, further and higher education, employer-led training, local skills planning and workforce development. However, skills shortages remain the single biggest workforce challenge facing the mid-market and consistently emerge as one of the key barriers to growth. These businesses often lack the dedicated HR and learning and development (L&D) resources needed to navigate the UK's complex skills and training landscape.

By their nature, mid-market firms have more sophisticated needs than SMEs, with skills requirements more comparable to large corporates. They require specialist technical, digital and leadership capabilities across business functions. Yet they lack the dedicated HR, L&D, and workforce planning infrastructure of large corporates. They are large enough to face complex and rapidly changing workforce needs, but not equipped to provide training or build capabilities internally. The conversion gap means that the growth ambitions of mid-market firms are not being converted into the skills, leadership capacity and organisational capability needed to scale.

A recent survey with mid-market businesses by the ScaleUp Institute shows¹¹:



Mid-market firms find that the existing system is complex, fragmented, and does not reflect labour market realities. Businesses highlighted that vocational pathways are insufficiently employer-led, the validation of new qualifications takes too long, technical courses are not aligned with business needs, and apprenticeship standards do not recognise specialist workplace training. Particularly acute shortages exist in sectors including engineering and manufacturing, AI, digital, and cybersecurity.

Many mid-market companies also argued that education pathways remain too focused on traditional university routes, with success too often measured by participation in higher education rather than successful transitions into skilled employment.

This has been acknowledged by the Government, which, in July 2026, announced it would deploy Greater Manchester's MBacc model to promote stronger links between schools and firms, and increase the emphasis on technical education.

Despite these initiatives, mid-market businesses continue to face significant challenges accessing support that reflects the realities of running and scaling a mid-market business.



(11) Scale Up Institute Survey (2025) of 970 mid-market firms

Key challenges

Skills

1. Apprenticeships

Although mid-market employers broadly support apprenticeships, they highlighted persistent issues with the current system, including administrative complexity, inability to use levy funds for specialist training, and a mismatch between training requirements and approved qualifications. Employers argue that training provision remains too focused on educational institutions rather than employer-led business needs, and does not give them the flexibility to fund technical or industry-specific training.

What is the mid-market telling us?

A mid-market business from Durham highlighted that it had not hired an apprentice this year for the first time in 20 years. Several firms in Northern Ireland reported that they could not access programmes aligned with their workforce needs and did not see the benefits of paying apprenticeship levy contributions.

3. Leadership development:

Mid-market businesses are increasingly concerned about building capable leaders who can scale their organisations. Three-quarters of mid-market firms are actively seeking to strengthen leadership capability through both developing existing senior leaders (76%) and recruiting experienced leaders (73%). Mid-Market businesses report limited support for high-skilled or leadership capability development¹². Many feel that there is a gap in government skills policy, which remains weighted towards workforce entry.

What is the mid-market telling us?

A construction business in the South East of England acknowledged increasing government support for NEETs and entry-level skills, but noted that they are still struggling to find experienced talent to take up managerial positions. A manufacturing firm in Sheffield noted that support for specialist skills “just falls through the gap”.

2. Recruitment and retention:

Many mid-market employers report rising costs associated with recruitment, training and retaining staff, and rising wage expectations. Firms also pointed to limitations in the school-to-work transition, including insufficient work experience, workforce readiness training, and accessing international talent.

What is the mid-market telling us?

Firms in Sheffield highlighted the impact of Employer National Insurance Contributions and minimum wage. A mid-market care provider in London noted that low retention rates were forcing them to scale back expansion plans because investment in training and skills was not translating into headcount growth.

4. AI and digital reskilling:

AI is beginning to reshape workforce requirements. NatWest Group research shows that the most pressing challenge is workforce reskilling. Only 9.4% of mid-market firms have experienced significant AI-related changes to hiring, and 75% maintained or increased headcount in the past 12 months. But there is a clear gap between the availability of key skills and the demands of mid-market companies, including AI and cybersecurity (42%) and scientific and analytical capability (35%), and manufacturing and engineering skills (34%)¹².

What is the mid-market telling us?

A business in Manchester is planning to use AI to “reconfigure” roles in HR to support with hiring decisions, but has not yet made the decision to do so due to uncertainty around implementation. Several firms in the South of England mentioned using AI as a way to cut hiring costs.

The mid-market needs a skills system that is easier to navigate, more responsive to employer needs, and better aligned with the realities of growth and technological developments.

(12) Scale Up Institute Survey (2025) of 970 mid-market firms

Regional perspectives on skills: London and the South East of England

London and the South East of England benefit from a large and diverse labour market, but mid-market firms across the region still face significant challenges recruiting and retaining the people they need.

Mid-market businesses described shortages across early career, operational and managerial roles, while competition from large employers and central London can make it particularly difficult for them to attract talent. One pharmaceutical company noted that its manual workforce competes with large warehouse employers, while its professional workforce faces competition from London-based businesses.

For some firms, these pressures are beginning to affect the services they can provide and their capacity to grow. A local care and education provider reported acute shortages of skilled teachers, alongside difficulties staffing its residential and care provision. The business had reduced its residential capacity by 70%, with recruitment difficulties identified as a direct factor.

“

We cannot find maths, English or science [teachers] for love nor money. Recruiting is really hard.

”

While mid-market businesses across the region are investing in training, they felt that this does not always translate into long-term workforce capability. The care and education provider highlighted that high staff turnover means investment in training often fails to deliver

long-term workforce growth, forcing the business to scale back rather than expand.

Employers also highlighted how policy and cost pressures are making recruitment more difficult. Feedback from our London mid-market roundtable was similar to the rest of the UK, with participants suggesting that changes to immigration and employment rules, National Insurance Contributions and pension taxation were adding friction to their ability to recruit the best talent. Their message was straightforward: businesses want greater confidence and flexibility to invest, hire and grow.

These insights reflect the wider findings of our report. London and South East mid-market firms are looking for training and skills provision that is more closely aligned to their regional needs to help them retain, hire and grow.

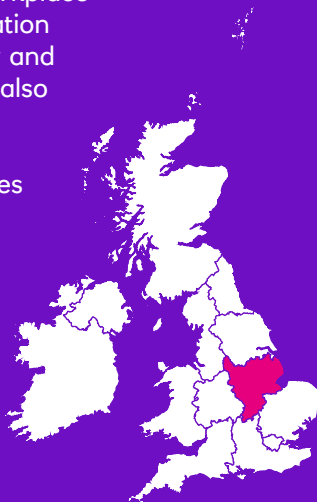


Regional perspectives on skills



East Midlands

Mid-market employers pointed to growing concerns around employability of entry-level workers, including workplace readiness, communication skills, and adaptability and resilience. Businesses also noted the decline of meaningful work-experience routes that have historically helped young people transition into employment.



West Midlands

Businesses spoke about young people not in education, employment or training (NEETs). Participants emphasised the importance of practical work experience, early exposure to workplaces, and the need for greater employer involvement in workforce development. The discussions highlighted the need for government, employers and regional partners to collaborate more effectively.



South West of England

Participants made it clear that they wanted to employ apprentices. As one manufacturer said, “they are the lifeblood of the factory – we would be lost without them”. But due to rising employment costs and difficulties accessing local education and training, they are thinking twice about taking on apprentices and young people.



Policy tests

Skills

The overarching objective should be to equip mid-market firms with the tools and capabilities needed to recruit, retain and develop talent to support growth. Ultimately, this should enable businesses to build stronger talent pipelines, adapt to technological transformation, and access the skills they need in their local area. Government interventions should be judged against whether they help mid-market firms access, develop and retain workers with the skills needed to help them grow.

01

Does it give employers a greater say in skills provision?

Training and education systems should respond more quickly to employer demand and local labour market needs, particularly in technical, digital, and professional occupations.

02

Does it improve access to talent?

Policies should reduce barriers to recruitment through stronger local talent pipelines, improved school-to-work transitions, better retention, and access to international skills.

03

Does it strengthen leadership capability as well as technical skills?

Interventions should recognise that leadership and management capability are critical for productivity, innovation and business growth.

04

Does it increase workforce adaptability?

Support should help firms develop the skills needed to respond to technological and economic developments, including AI-enabled workforce transformation and upskilling.



Closing the gap between export ambition and international growth

Trade

The UK Government's growth agenda places significant emphasis on increasing exports and helping UK businesses unlock new international market opportunities. Trade is central to the growth of the mid-market, which generates approximately £130 billion in overseas revenue¹³. Nearly two-thirds of businesses view international growth as important¹⁴. Export ambitions remain strong, despite economic and geopolitical uncertainty: over a third (37%) of mid-market companies expect exports to increase over the next year¹⁵. The EU remains the largest overseas market, with 65% of mid-market companies identifying the bloc as presenting the greatest opportunities¹⁶.

Trade challenges facing the mid-market are widening the conversion gap. Many mid-market firms have established international relationships (one-third of businesses surveyed have exported within the last 12 months¹⁷) with ambitious plans to grow into new markets. However, they often lack dedicated customs, legal, and compliance teams, as well as geopolitical expertise and supply chain flexibility. As a result, administrative barriers and geopolitical volatility have a disproportionate impact on mid-market companies. This creates a gap as established mid-market businesses are prevented from taking advantages of export opportunities due to administrative friction, limited capacity and uneven access to support.

A diverse but uncoordinated ecosystem of support exists to help businesses grow through export activity. This includes capability-building, financing, networking opportunities, trade missions and practical assistance entering overseas markets. Several initiatives provide support to the mid-market as part of a wider offer, including

professional bodies and business networks ([British Chambers of Commerce \(BCC\)](#), [Confederation of British Industry \(CBI\)](#) and the [Chartered Institute of Export & International Trade](#)) and trade associations ([British Exporters Association](#), [Make UK](#), and [Tech UK](#)). Financial institutions are also increasingly acting as convenors and facilitators, such as [NatWest's Trade Accelerator partnerships](#).

Government support is delivered through the [Department for Business, Innovation, Science and Trade \(DBIST\)](#), through initiatives including the UK Export Academy, Export Champions programme, International Trade Advisers, Export Readiness Assessments, and Trade Missions. [UK Export Finance \(UKEF\)](#) is also a key source of support for mid-market firms through its network of international representatives.

Yet mid-market firms face specific barriers to growth and often sit between the intended audiences for existing support. Our research shows low awareness and utilisation, with many mid-market firms reporting difficulties identifying relevant support and translating advice into commercial outcomes. International growth remains a significant challenge, particularly where mid-market companies require investment, specialist expertise and developing relationships.

Government needs to work with industry to develop end-to-end support for the mid-market through their whole export journey, from identifying an opportunity, to accessing financing and navigating bureaucracy, to successfully exporting at scale.



(13) [BDO \(2025\) Mid-sized firms to contribute £745 billion to UK economy by 2028.](#)

(14) [BDO \(2025\) UK mid-sized businesses target new international trade routes amid shifting landscape.](#)

(15) [BDO \(2025\) UK mid-sized businesses target new international trade routes amid shifting landscape.](#)

(16) [ScaleUp Institute Survey \(2025\) of 970 mid-market firms.](#)

(17) [UK Government \(2025\) DBT national survey of registered businesses' exporting behaviours, attitudes and needs mid-year tables.](#)

Key challenges

Trade

1. Trade friction and administrative burden

The strongest theme emerging from both research and stakeholder engagement is the burden of trade administration. mid-market companies report significant challenges relating to customs declarations, commodity codes, HMRC compliance requirements, rules of origin documentation, and export paperwork.

What is the mid-market telling us?

An exporting manufacturer in the South West of England commented on the processes involved with exporting: “It costs more money, it takes longer, everything gets stuck in customs”. A manufacturer in the West Midlands reported that there was limited support aimed at reducing underlying administrative burdens.

3. Export capability gaps

Many firms lack specialist expertise in export operations, customs compliance, logistics, and supply-chain management. Research shows that 35% of mid-market firms face shortages in export or supply chain-related skills. At the same time, awareness of existing support remains relatively low, with only 40% of mid-market firms reportedly aware of government support¹⁹. The mid-market is not currently taking advantage of the advice, networks and capability-building available to them.

What is the mid-market telling us?

A Belfast firm said regulations were “suffocating” them, and one in the South West argued that, while UK Export Finance support was available, the administrative burden limited their ability to participate in international supply chains and fulfil their potential.

2. Supply chain disruption, geopolitical uncertainty and rising cost pressures

Mid-market firms are operating in an increasingly volatile trading environment. Research shows that 52% identify supply-chain disruption as a significant challenge, 52% identify tariffs as a major challenge, and 51% identify geopolitical uncertainty as a barrier to growth¹⁸. Unlike larger corporates, mid-market firms often lack the supply chain flexibility to deal with disruption. These challenges are compounded by rising inventory costs, delayed payments, and increased working capital requirements, placing further pressure on growth and investment.

What is the mid-market telling us?

Firms in Manchester highlighted how they are still experiencing supply chain disruption caused by Brexit and are increasingly concerned about the Iran War causing further uncertainty. Mid-market companies in Belfast and Cardiff also noted how they felt increasingly uncompetitive due to slow supply chains compared to other countries.

(18) ScaleUp Institute Survey (2025) of 970 mid-market firms.

(19) ScaleUp Institute Survey (2025) of 970 mid-market firms.

Policy tests

Trade

Mid-market companies need the capability and capacity to navigate increasingly complex trading environments and grow internationally. Support needs to address trade frictions, build supply chain expertise, and improve resilience to disruption and geopolitical uncertainty. Equipping mid-market firms with the knowledge and networks they need would enable them to translate export ambition into commercial growth and strengthen their contribution to UK trade. Government interventions should be judged against whether they make it easier and less costly for mid-market firms to grow through trade.

01

Does it reduce friction and administrative burden?

Policies should simplify exporting, importing, and cross-border operations, and reduce compliance costs.

02

Does it improve access to growth opportunities internationally?

Support should help firms identify and win new opportunities in overseas markets and supply chains.

03

Does it build internal capability and resilience?

Interventions should strengthen firms' ability to navigate customs processes, international regulation, supply-chain disruption and geopolitical uncertainty.

04

Does it increase utilisation of existing support?

Given the breadth of support already available, success should be measured by awareness, accessibility and uptake among mid-market firms.



Regional perspectives

Trade



South West of England

Discussions with mid-market customers centred on the increased costs of doing trade and accessing new markets. One company noted that exports in the region are a “fraction of what they were previously” due to additional bureaucracy, geopolitical shocks dating back to Brexit, and a lack of support around accessing trade and procurement opportunities.



Northern Ireland

At a Belfast roundtable, firms expressed their frustrations about supply-chain disruption, arguing that some suppliers from Great Britain have stopped shipping to Northern Ireland since Brexit. They also felt that the business environment in the Republic of Ireland was making firms more competitive.



North West of England

Mid-market firms at a roundtable in Preston reported that Brexit continues to create challenges for their segment, particularly through ongoing supply-chain disruption and constraints on access to talent. Attendees also called for clearer and more accessible export support, highlighting the difficulties of navigating licensing processes for firms when seeking to expand into international markets.



Policy recommendations

Across technology, talent, and trade, recurring challenges have emerged in our conversations with mid-market companies. Businesses have clearly demonstrated their ambition and commercial maturity but are being held back without the expertise and organisational resources of larger corporates. This has created a conversion gap in which mid-market firms are not realising their full potential.

To close this gap, government needs to recognise the distinct characteristics of the mid-market and incorporate this into the policymaking process across all relevant departments and agencies. UK Government and industry must work together to create an ecosystem that reflects the realities of doing business in the mid-market. Mid-market companies also have a responsibility to come together and pool their collective expertise to ensure that policy interventions address the challenges they are facing across the UK.

The Mid-Market Growth Council, CBI, British Chambers of Commerce, and other industry bodies can ensure that the voice of the mid-market is heard.

The following recommendations can help both government and industry to prioritise policy development across four key areas:

1. Commit to developing a dedicated Mid-Market Growth Framework:

The UK Government should commit to creating a Mid-Market Growth Framework, addressing gaps in support to develop a package specifically designed to help the mid-market reach its potential. A key priority should be to recognise the work of the MMGC and other partners to agree on the target parameters and focus of such a framework.

In the next 6-12 months, DBIST should lead a cross-Whitehall programme of work (working with MSAs, Growth Hubs, and devolved nations) to review existing support to identify the practical barriers holding back growth, starting with the three priorities identified in this report. The national Business Growth Service could be the foundation for this framework, which will need clear mid-market segmentation.

The Chancellor's recent announcement of the N500 initiative is also a welcome development, aiming to give mid-market businesses a stronger voice in conversations with government and connect them to networks, expertise and opportunities to unlock growth.

Government should ultimately look to roll out the N500 initiative, building on existing regional growth programmes to deliver support to mid-market firms across the UK through public and private sector partners. Success will be measured by whether more businesses are able to scale, increase productivity, and expand into new markets.

Mid-market companies should contribute to co-designing the framework, leveraging their experience to shape proposed policy interventions to effectively address barriers to growth. The Mid-Market Growth Council could be a key forum for supporting and guiding this work, and tracking 'conversion gap' indicators. NatWest Group supports the Government's efforts and is open to working closely with national and regional partners.

2. Commit to ringfenced funding for a mid-market AI adoption accelerator

Government should allocate a proportionate share of the £200 million funding already committed to help mid-market firms move from AI experimentation to adoption. The accelerator should build on existing initiatives to help firms identify opportunities for AI adoption, strengthen AI governance, and strategically implement enterprise-wide adoption.

DBIST and the Cabinet Office (Minister for Artificial Intelligence) should work with businesses and trade bodies to shape future adoption support with a specific focus on the mid-market. This should include sector-specific AI adoption support (AI Adoption Plans), governance frameworks (AI Advisory Growth Labs), and transformation strategies. Industry should convene regional mid-market working groups to support and shape delivery through AI Growth Zones, and the rollout of the Tech Town programme across the UK, to increase adoption and productivity.

Mid-market companies should commit to sharing best practice and measuring the impact of AI adoption on their productivity. NatWest Group can support delivery through customer engagement, regional convening power, and insights from its AI research and Mid-Market Champions network.

Policy recommendations (cont'd)

3. Launch a mid-market Leadership Capability Programme

Industry, working with government and the education sector, should assess the current leadership landscape for mid-market firms and commit to working together to establish a mid-market Leadership Capability Programme to strengthen leadership and management capabilities to support mid-market firms to scale. The programme should focus on equipping leaders with the skills to develop AI strategies, lead transformational change, and build the workforce capabilities needed for growth.

DBIST, regional partners, and mid-market businesses should co-design a national programme tailored to the needs of the mid-market. This should build on and leverage existing programmes and policy initiatives with proven success. Mid-market companies should contribute leadership experience and share practical examples of successful business transformation.

The Mid-Market Growth Council could help shape programme design, identify key capability gaps, and provide strategic leadership to ensure the programme reflects the needs of the mid-market. NatWest Group and its partners can support delivery by convening regional business leaders through its Regional Boards.

4. Commit to building an employer-led growth and skills system

As part of the education reforms already announced, regional, devolved and national governments should ensure that mid-market firms are fully engaged in these reforms. This will help to ensure that skills policy, technical education, and workforce development programmes reflect the needs of mid-market employers and local labour markets. This should include reviewing the Growth and Skills Levy to give employers greater flexibility to access the training and qualifications needed to address workforce shortages and support business growth.

From next year, government should introduce greater flexibility in existing skills funding and workforce development programmes, enabling employers to respond more effectively to local labour market challenges and emerging technologies. This should include expanding access to existing initiatives, such as [Made Smarter](#), to support workforce reskilling in response to technological changes.

By the end of 2027, Combined Authorities, working with DBIST, DfE, employers and education providers, should strengthen mechanisms for employer engagement in curriculum design and workforce planning. Mid-market companies should

contribute to curriculum design and provide feedback on whether skills interventions are improving outcomes. This will ensure that mid-market firms are represented in local skills planning and technical education provision is aligned with regional economic priorities.

The Mid-Market Growth Council, CBI, British Chambers of Commerce, and other industry bodies can ensure that the voice of the Mid-Market is heard. NatWest Group can support delivery by convening businesses, education providers, and policymakers around local skills priorities.



Policy recommendations (cont'd)

5. Commit to cutting the cost and complexity of growth

Government should commit to reducing the administrative and regulatory burdens that disproportionately affect mid-market businesses, making it easier for firms to access support and trade internationally. This should focus on simplifying engagement with government programmes and reducing the costs associated with cross-border trade.

DBIST should establish a cross-government working group with relevant departments and business leaders to identify regulatory and administrative barriers affecting the mid-market. Mid-market

companies should provide feedback through consultations and assess whether the proposed reforms are effectively reducing complexity.

Government should prioritise trade facilitation measures through existing UK-EU and international trade forums, including the expansion of trusted trader arrangements and wider use of digital documentation to reduce customs and compliance costs for mid-market firms.

Regional business networks should work with local authorities to deliver coordinated outreach campaigns to improve awareness and uptake of existing support programmes currently underutilised by mid-market firms. By 2028, DBIST should

establish a single platform bringing together existing programmes to make it easier for businesses to access support.

Industry bodies, including the Mid-Market Growth Council, can provide accountability and track whether barriers are being addressed. NatWest Group can support implementation by providing customer insights, regional engagement and evidence on the practical challenges facing mid-market businesses.



► Deep dive: Scotland



Deep dive: Scotland

Scotland's mid-market is a vital part of the nation's economy, employing more than 640,000 people and generating £122 billion in annual turnover²⁰, with significant potential to drive future growth. However, mid-market firms acknowledge that unlocking growth requires a deeper understanding of the specific challenges facing Scottish businesses, and policy solutions that reflect Scotland's unique demographics, labour market, and economy.

Mid-market companies highlighted workforce shortages, ageing population, and regulatory barriers to investment and trade, and felt that growth policies were too often designed with a UK-wide perspective rather than reflecting Scotland's specific needs. Stronger collaboration between the UK Government, Scottish Government and the mid-market community is needed to unlock Scotland's growth potential.

Technology

Like the rest of the UK, Scottish mid-market firms increasingly recognise the need to adopt AI and digital technologies to remain competitive and increase productivity. Between 2008 and 2024, Scotland's total labour productivity increased by 0.8% per year on average, compared to 0.4% in the UK as a whole²¹, and many businesses are increasingly exploring opportunities to reduce costs and improve decision-making through AI.

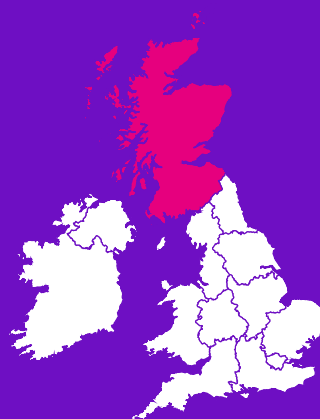
“

AI is helping us to pre-plan and speed up operations... but we are at the start of the journey with AI.

”

Despite this, firms remain cautious about implementation. Mid-market companies highlighted concerns around security, governance and ethical considerations, while many reported uncertainty about where investment should be prioritised and how value should be measured.

Our research also highlighted opportunities for mid-market companies to use AI to improve procurement processes. Planning was consistently cited as a major barrier to growth, with firms suggesting that digitalisation and AI-enabled processes could reduce delays and accelerate decision-making across the planning system. One mid-market firm highlighted how AI could reduce the administrative burden around procurement, helping them to unlock growth opportunities.



(20) ScaleUp Institute Survey (2025) which uses the Mid-Market Growth Council definition of the mid-market.

(21) [Scottish Government \(2024\) Labour productivity statistics.](#)

Deep dive: Scotland (cont'd)

Talent

Despite leading the UK in higher-level qualifications, with almost 54% of working-age adults holding these credentials²², skills and labour shortages were among the most widely cited barriers to growth among mid-market companies. Businesses reported difficulties recruiting across a range of occupations, from technical and vocational roles to experienced leadership positions. One firm pointed to successful cluster models like [FinTech Scotland](#), but mid-market employers outside the major cities reported particular challenges attracting and retaining talent.

Businesses argued that current training systems are often too slow to respond to changing business needs. Several firms believe that Scotland continues to place a greater emphasis on university education than vocational training. They called for greater employer involvement in designing training provision and more flexible pathways into work.

“I would like to see a Scottish youth opportunities or job guarantee scheme – point young people in our direction and we’ll do the rest [on training, employment, leadership opportunities].”

Mid-market companies also raised concerns about longer-term demographic pressures²³, with Scotland’s labour market challenges differing from those experienced in the rest of the UK. An ageing population, lower workforce participation, and talent shortages were viewed as increasingly important constraints on growth.

Trade

Scottish mid-market firms view access to markets, exports and procurement as major opportunities for growth. However, many highlighted practical barriers that make entering new domestic or international markets challenging, particularly for new entrants. For example, procurement was viewed as a potential lever for growth, but businesses argued that application processes can be complex and resource-intensive, particularly for mid-market firms.

Supply chain uncertainty and geopolitical instability were also highlighted as factors impacting the Scottish mid-market’s ability to trade. Like the rest of the UK, they noted that Brexit, the war in Ukraine, and the war in the Middle East were impacting their growth and bottom line:

“This is probably the biggest storm I have witnessed for many years – It is more than a headwind.”

Mid-market companies also felt they were overlooked within the wider business support landscape, which is often focused on start-ups and scale-ups. Firms recognised that finance and support was available (for example through [Scottish Enterprise](#) and [Scottish Development International](#)), but that increased awareness and support to access these opportunities would be welcome.

(22) CBI (2025) [CBI Scottish Productivity Index](#).

(23) National Records of Scotland (2025) [Projected Population of Scotland: 2022-based](#).

Deep dive: Scotland

Policy recommendations

Across all three themes, Scottish mid-market firms highlighted a common challenge: while support exists, it is not always tailored to the specific needs of mid-market businesses in Scotland. Firms argued that a more joined-up approach between the Scottish Government, UK Government and industry, combined with greater recognition of the mid-market's role in the economy, would help mid-market companies to adopt new technologies, access skilled talent, and unlock domestic and international growth opportunities.

1. Create a distinct growth offer for Scotland's mid-market

The Scottish Government and DBIST Scotland should work with enterprise agencies, local authorities, industry and the Royal Bank of Scotland's Mid-Market Champion to develop a more coordinated growth offer for Scotland's mid-market businesses. This should include reviewing existing innovation, skills and export programmes to identify gaps in mid-market provision, and providing clearer support pathways that reflect the needs of mid-sized firms. By explicitly recognising the segment in policymaking, the Scottish mid-market could have a stronger voice in Holyrood.

2. Strengthen the capability of Scotland's business networks to support the mid-market

Mid-market firms should work with the Scottish Government, existing innovation centres, universities, business-support communities (e.g., Scottish Enterprise, Technology Scotland and different industry leadership groups (ILGs)) and regional clusters (e.g., [Highlands & Islands Enterprise](#), [South of Scotland Enterprise](#)) to help mid-market leaders translate emerging technologies and skills into business growth. This should include targeted AI adoption advice, leadership development support, peer learning opportunities and stronger connections between businesses and Scotland's R&D.

3. Build a more responsive, employer-led skills system in Scotland

Mid-market employers should work with the Scottish Government to be more involved in the design of training, apprenticeships and technical education in Scotland (for example aligning with regional business Chambers). Building on the country's successful Foundation and Modern Apprenticeships will allow businesses to respond more quickly to regional and sectoral demand, and support flexible retraining as technology and workforce requirements change.

4. Make it easier for Scottish mid-market firms to access markets

The Scottish Government should reduce the administrative and regulatory burdens for mid-market firms looking to join export and skills programmes, enter supply chains and access growth finance. Businesses should also have a stronger voice in the design and implementation of regulation, helping create greater certainty and enabling faster decision-making amongst the mid-market. Combined with stronger promotion of existing support available through organisations such as [Scottish Chambers of Commerce](#), [Scottish Enterprise](#) and [CBI Scotland](#), as well as NatWest Group's Scotland Board, this would help unlock investment, growth and job creation across Scotland.



Additional information

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AI survey methodology

The business research combined quantitative and qualitative research among UK-based business decision makers. The quantitative study was an online survey of 1,360 businesses already using AI, covering start-ups, micro and small businesses with turnover below £750,000 and mid-sized firms with turnover between £750,000 and £500 million. A further 1,804 businesses were contacted and screened out of the main AI-related research. Quantitative fieldwork was conducted between 6 March and 16 April 2026.

NatWest Group's Public Policy Insights

NatWest Group's Public Policy Insights team gives businesses a voice in public policy. Combining customer insight, data analysis and expertise from across NatWest's UK-wide network, we provide evidence-led analysis on the issues shaping economic growth and prosperity.

With customers and colleagues in every nation and region of the UK, we provide insights that help national, devolved, regional and local policymakers better understand the opportunities and challenges facing the real economy.

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