

Scottish Enterprise Capital Investment Scheme 2025 – 2035 (the Scheme) Scheme Document

The Scheme is made under section 10(1) of the Subsidy Control Act 2022

The Scheme is set out in this document. The Scheme's interpretation and application is supported by the Product User Guide and appraisal guidance, both of which may be updated from time to time whilst respecting the fundamental principles of the Scheme.

Key Scheme details are:

Name of Scheme	Scottish Enterprise Capital Investment Scheme 2025 – 2035
Purpose of making Scheme	Provision of subsidies to enterprises of all sizes in all areas of Scotland where a project is considered by SE to meet the conditions set out in the Scheme and contribute towards its primary policy objective - namely productivity growth in Scotland through increased capital investment by businesses in Scotland.
Date Scheme made	13 August 2025
Scheme policy objective	Productivity growth in Scotland through increased capital investment by businesses in Scotland
Budget of Scheme	£1.8bn
Conditions of Scheme	Conditions of the Scheme are set out below. This includes but is not limited to eligibility criteria, eligible costs and related conditions.
Form and calculation of the subsidy	<p>Details are set out below.</p> <p>The maximum subsidy amount which may be provided to individual beneficiaries for each eligible investment project is £15 million.</p> <p>Subsidy intervention rates are up to 20% of eligible costs for large companies, up to 30% of eligible costs for medium companies and up to 40% of eligible costs for small companies.</p>
Duration of Scheme	18 August 2025 – 31 December 2035

SCOTTISH ENTERPRISE CAPITAL INVESTMENT SCHEME 2025 – 2035

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1. POLICY OBJECTIVES

- 1.1 The Scottish Enterprise Capital Investment Scheme 2025 – 2035 (the “**Scheme**”) aims to increase productivity in Scotland through stimulating capital investment by businesses in Scotland. The aim is to reduce the gap between Scotland and the UK/OECD countries in business investment levels. The Scheme aims to address the market failure of low levels of capital investment to date and, as a consequence, to help address the equity concern of the impact of low levels of productivity on wider society in Scotland.

2. LEGAL BASIS

- 2.1 Scottish Enterprise (“**SE**”) is established under the Enterprise and New Towns (Scotland) Act 1990 and provides support to enterprises across Scotland under the provisions of that Act.
- 2.2 The Scheme is made under section 10(1) of the Subsidy Control Act 2022 (the Act) by SE’s Chief Executive Officer on 13 August 2025.

3. PROHIBITIONS AND OTHER REQUIREMENTS

Unlimited guarantees

- 3.1 The Scheme will not provide subsidies in the form of a guarantee of the debts or liabilities of an enterprise

Export performance

- 3.2 The Scheme does not apply to subsidies which are contingent in law or in fact, whether solely or as one of several other conditions, upon export performance relating to goods or services.
- 3.3 For the purposes of this section, a subsidy is contingent in fact upon export performance if the giving of the subsidy (without having been made legally contingent upon export performance) is in fact tied to actual or anticipated exportation or export earnings.

Use of domestic goods or services performance

- 3.4 The Scheme does not apply to subsidies which are contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods or services.

Relocation of activities

- 3.5 In line with the Act, SE will consider an enterprise to be relocating existing activities if:
- the enterprise is carrying on activities in an area of the UK before a subsidy is given; and
 - the enterprise ceases to carry on those activities in that area after the subsidy is given and instead carries them on in another area of the UK.

- 3.6 The Scheme does not apply to subsidies which are given to an enterprise subject to a condition that the enterprise relocates all or part of its existing economic activities from other parts of the UK (England, Wales and Northern Ireland).
- 3.7 The Scheme may apply to subsidies given to support intra-Scotland relocations where the relocation of those activities would not occur but for the giving of the subsidy, where SE is satisfied that:
- the effect of the subsidy is to reduce the social or economic disadvantages of the area within Scotland that would benefit from the giving of the subsidy;
 - the giving of the subsidy results in an overall reduction in the social or economic disadvantages within the UK generally; and
 - the subsidy is designed to bring about a change in the size, scope or nature of the existing economic activities.

In assessing whether each of these conditions is satisfied, SE shall evaluate the proposed subsidy against measures and indicators using contemporaneous data relevant to the origin and destination locations. This assessment shall take into account consideration of unemployment data and a small number of wider labour market indicators relevant to employment rate, economic inactivity rate, qualifications levels (RQF4 qualifications and no qualifications) and gross weekly pay (workplace based on the origin and destination local authority), in order to enable a broad comparison of labour market conditions. In certain circumstances, SE may consider it appropriate to include wider sources (such as indices of deprivation or wider labour market data) in addition to the standard analysis.

The assessment will also take into account economic impacts, which will consider net additional GVA and employment alongside associated impact ratios and cost per job values. In addition, this analysis shall consider leverage ratios (public to private spend), benchmarking of wages with sector median, Scottish median and local authority average and income tax take (as an indirect fiscal benefit to Scottish Government).

Ailing or insolvent enterprises

- 3.8 The Scheme does not apply to subsidies which are given for rescuing or restructuring an ailing or insolvent enterprise.

Subsidies for insurers that provide export credit insurance

- 3.9 The Scheme does not apply to subsidies to an insurer that provides export credit insurance.

Subsidies for air carriers for the operation of routes

- 3.10 The Scheme does not apply to subsidies to an air carrier for the operation of a route

Sectoral

- 3.11 The Scheme applies to all sectors of the economy.

4. CUMULATION OF SUBSIDY

- 4.1 Subsidy provided under the Scheme may be cumulated with other permitted subsidy provided through this or another SE scheme (or another registered scheme) as long as those subsidy measures concern different identifiable eligible costs.
- 4.2 Subsidy provided under this Scheme may only be cumulated with other permitted subsidy, where, in respect of the same totally or partially overlapping eligible costs, such cumulation does not result in the highest permissible subsidy intensity or subsidy amount under this Scheme being exceeded.
- 4.3 All sources of public funding shall be taken into account when considering cumulation and in determining that the relevant subsidy intensity or subsidy amount is not exceeded.

5 GENERAL CONDITIONS OF SCHEME

- 5.1 The Scheme runs from 18 August 2025 to 31 December 2035. The anticipated amount budgeted by SE for the Scheme is £1.8 billion.
- 5.2 Terms used in this Scheme are defined in Appendix 1. Where not defined there, terms shall have the meaning given to them in the Act.
- 5.3 There is no automatic entitlement to support from SE and any funding is provided on a discretionary basis. Any award is subject to SE's assessment against the Scheme, SE's internal approval process and the beneficiary's acceptance of SE's terms and conditions of award of subsidy. The amounts and subsidy intensities stated in this Scheme document reflect the maximum potential levels of support that may be made available. There is no guarantee of funding under the Scheme and any funding which is made available may be made at lower intensities and amounts than those stated below.
- 5.4 Subsidy under the Scheme may be offered through a range of instruments, products and services. Any award will be based on SE's assessment of the merits of the proposed project. Requests for support will also be subject to an assessment of need for assistance, rigorous due diligence appraisal and internal approval by SE. Any business interested in assistance from SE under this Scheme should consult www.scottish-enterprise.com or contact us on 0300 013 3385 or by e-mail to enquiries@scotent.co.uk.
- 5.5 Subsidy may be awarded to enterprises of all sizes.
- 5.6 Applicants must submit a written application for assistance before work on the project or activity has started, and the application must be approved in writing by SE before work can commence on the project, unless otherwise agreed by SE. The application must include information on the applicant's name and size, a description of the project (including start and end date), the location of the project, a list of project costs and the type of subsidy (e.g. grant).
- 5.7 The applicant may be required to provide documentation to SE to allow SE to assess compliance with the Scheme and compliance of the individual subsidy award with the Act, including, but not limited to, the subsidy control requirements. SE may also request the applicant to provide any other information it may require in considering the application. This may include information to help SE assess whether the subsidy will

achieve one or more of the following: a material increase in the scope of the project/activity; a material increase in the total amount spent by the prospective beneficiary on the project/activity; a material increase in the speed of completion; or the project taking place in Scotland when, in the absence of the subsidy, it may have taken place elsewhere. This is in order for SE to ensure that the subsidy will bring about a change in the economic behaviour of the beneficiary that is conducive to achieving objectives and that would not be achieved in the absence of subsidies being provided. Further information may also be required by SE in order to assess whether any proposed intra-Scotland relocation satisfies the conditions set out at paragraph 3.7 above.

- 5.8 SE may be required to provide information to the Scottish and UK Governments, regulatory authorities or any court of law or tribunal detailing subsidy provided under this Scheme and will maintain detailed records regarding individual subsidies provided under the Scheme. Such records must contain all information necessary to establish that the conditions of the Scheme are fulfilled, including information on the status of any enterprise whose entitlement to subsidy or a bonus depends on its status as an SME, information on the incentive effect of the subsidy, and information making it possible to establish the precise amount of eligible costs for the purpose of applying the rules of the Scheme. The information which must be provided to SE and/or retained by the subsidy recipient, and the length of time for which records must be maintained, will be set out in any offer of subsidy made under the Scheme.
- 5.9 All grants identified as being over the transparency reporting threshold set under the Act at any given time will be registered on the UK subsidy database. Details of grants may also be published on SE's website.

6 CAPITAL INVESTMENT SUBSIDY CONDITIONS

- 6.1 Subsidy may be granted in any area of Scotland to SMEs and/or large companies for investment in Scotland.
- 6.2 Eligible costs are investment costs in tangible and intangible assets.
- 6.3 To be eligible, an investment shall be either:
- an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, a change in the output of an establishment, or a change in the overall production process of an existing establishment; or
 - the acquisition of assets belonging to an establishment, where the following conditions are fulfilled:
 - the establishment has closed or would have closed if it had not been purchased
 - the assets are purchased from third parties unrelated to the buyer (except where a member of the family of the original owner, or an employee, takes over a small enterprise) and excludes sole acquisition of the shares of an enterprise
 - the transaction takes place under market conditions.
- 6.4 Maximum subsidy intensities and amounts are set out in the table below:

	Large	Medium	Small
Maximum subsidy intensity	20%	30%	40%
Maximum subsidy amount	£15 million	£15 million	£15 million

- 6.5 Any supported investment shall be maintained at the project location:
- in the case of large enterprises, for at least 5 years after completion of the investment; or
 - in the case of SMEs, for at least 3 years after completion of the investment.
- 6.6 This shall not prevent the replacement of plant or equipment that has become outdated or broken within this period, provided that the economic activity is retained for the relevant minimum period.
- 6.7 The assets acquired may be new or used.
- 6.8 Costs related to the lease of tangible assets may be taken into account under the following conditions:
- a) for land and buildings, the lease must continue for at least five years after the expected date of completion of the investment project for large enterprises or three years in the case of SMEs;
 - b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the subsidy to purchase the asset upon expiry of the term of the lease.
- 6.9 In the case of acquisition of the assets of an establishment only the costs of buying the assets from third parties unrelated to the buyer shall be taken into consideration. The transaction shall take place under market conditions. If subsidy has already been granted for the acquisition of assets prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment. Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets be bought from third parties unrelated to the buyer shall be waived. The acquisition of shares does not constitute investment.
- 6.10 For subsidy granted to large enterprises for a change in the production process, the eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding three fiscal years.
- 6.11 Intangible assets are eligible for the calculation of investment costs if they fulfil the following conditions:
- a) they must be used exclusively in the establishment receiving the subsidy;
 - b) they must be amortisable;
 - c) they must be purchased under market conditions from third parties unrelated to the buyer; and
 - d) they must be included in the assets of the enterprise receiving the subsidy and must remain associated with the project for which the subsidy is granted for at least five years or three years in the case of SMEs.
- 6.12 For large enterprises, costs of intangible assets are eligible only up to a limit of 50% of the total eligible investment costs for the investment.

- 6.13 The subsidy beneficiary must provide a financial contribution of at least 25% of the eligible costs, either through its own resources or by external financing, in a form, which is free of any public support.

APPENDIX 1

DEFINITIONS

‘enterprise’ means an entity or a group of entities constituting a single economic entity, regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market;

‘intangible assets’ means assets that do not have a physical or financial embodiment such as patents, licences, know-how or other intellectual property;

‘investment’ means: (a) an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, a change in the output of an establishment, or a change in the overall production process of an existing establishment; or (b) an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an enterprise;

‘large enterprises’ means enterprises not fulfilling the criteria in Appendix 2 to be classified as a small or medium sized enterprise;

‘Scotland’ includes so much of the internal waters and territorial sea of the United Kingdom as are adjacent to Scotland, reflecting the area of operation of the Scottish Government;

‘SE’ means Scottish Enterprise, established under the Enterprise and New Towns (Scotland) Act 1990;

‘small and medium sized enterprises’ or ‘SMEs’ means enterprises fulfilling the criteria in Appendix 2 to be classified as either a small or a medium sized enterprise;

‘start of works’ means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory work such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs, ‘start of works’ means the moment of acquiring the assets directly linked to the acquired establishment;

‘subsidy’ means financial assistance which:

- 1) is given directly or indirectly from public resources by a public authority, including:
 - a) a direct or contingent transfer of funds such as direct grants, loans or loan guarantees;
 - b) the forgoing of revenue that is otherwise due; or
 - c) the provision of goods or services, or the purchase of goods or services;
- 2) confers an economic advantage on one or more enterprises:
- 3) is specific insofar as it benefits, as a matter of law or fact, certain enterprises over others in relation to the production of certain goods or services; and
- 4) has, or could have, an effect on trade or investment between the United Kingdom and a country or territory outside the United Kingdom.

‘subsidy amount’ means the gross subsidy amount;

‘subsidy intensity’ means the gross subsidy amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge;

‘tangible assets’ means assets consisting of land, buildings and plant, machinery and equipment;

APPENDIX 2

SME DEFINITION

Section A: Enterprise

- 1.1 An enterprise is considered to be an entity or a group of entities constituting a single economic entity, regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market;

Section B: Staff headcount and financial thresholds determining enterprise categories

- 2.1 The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
- 2.2 Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
- 2.3 Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Section C: Types of enterprise taken into consideration in calculating staff numbers and financial amounts

- 3.1 An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 3.2 or as a linked enterprise within the meaning of paragraph 3.3.
- 3.2 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3.3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprise within the meaning of paragraph 3.3, 25% or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3.3, either individually or jointly to the enterprise in question:

- a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;
 - b) universities or non-profit research centres;
 - c) institutional investors, including regional development funds;
 - d) autonomous local authorities with an annual budget of less than EUR 10 million and less than 5 000 inhabitants.
- 3.3 'Linked enterprises' are enterprises which have any of the following relationships with each other:

- a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 3.2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders.

Enterprises having any of the relationships described in the first subparagraph of paragraph 3.2 through one or more other enterprises, or any one of the investors mentioned in paragraph 3.2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

- 3.4 Except in the cases set out in paragraph 3.2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.
- 3.5 Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the thresholds set out in Section B. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another.

Section D: Data used for the staff headcount and the financial amounts and reference period

- 4.1 The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.
- 4.2 Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated in Section B, this will not result in the loss or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

- 4.3 In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Section E: Staff headcount

- 5.1 The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:
- a) employees;
 - b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
 - c) owner-managers;
 - d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Section F: Establishing the data of an enterprise

- 6.1 In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.
- 6.2 The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

- 6.3 For the application of paragraph 6.2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 6.2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts

with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 6.2.

- 6.4 Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

Note: SE may at any time modify the content of this Appendix, provided that SE is satisfied that such modification is permitted under the Act. This may include, for example, administrative modifications to ensure alignment with any legislation applicable in the UK from time to time.