

Coronavirus Advice for Businesses – 30 April 2020

OTHER GRANTS AND HELP FOR INNOVATIVE SMALL & MEDIUM COMPANIES

The government has announced that fast-growing UK companies will be offered additional grants and private sector-matched funding in order to access capital during the COVID-19 pandemic. These two new schemes (Future Fund and Innovate UK) will run alongside the Coronavirus Business Interruption Loan Scheme (CBILS).

Future Fund

The Future Fund is a new COVID-19 £500m loan scheme which aims to provide UK-based companies with loans between £125,000 and £5m from the government, with private investors at least matching the government commitment.

These loans are convertible and will be delivered in partnership with the British Business Bank,

To be eligible for a loan the business must:

- be based in the UK
- secure an equal or greater amount of match funding from third party private investors and institutions
- have previously raised at least £250,000 in equity investment from third-party investors in the last 5 years

Conversion to equity will be mandatory, except in a few specific scenarios and at a significant premium. It seems that there would be a 100% redemption premium plus interest. So if the loan is paid back instead of being converted, the taxpayer will make more than a 2x return.

Innovate UK

With funding channelled through Innovate UK a further £750m of grants and loans will also be made available for small and medium UK companies involved in intensive research and development of new technologies.

Innovate UK, the government body for supporting business research projects, will accelerate up to £200m of grant and loan payments for its 2,500 existing Innovate UK customers on an opt-in basis, while an extra £550m will also be made available to increase support for existing customers. In addition, £175,000 of support will be offered to around 1,200 firms not currently in receipt of Innovate UK funding. The first payments will be made by mid-May.

Other grants

There have been some further grants announced by specific Local Enterprise Partnership (LEPs) or Combined Authorities in England, or by Business Gateway Scotland, Business Wales, and Invest Northern Ireland. They are being administered by Local Authorities. We can help direct you to the relevant application if any funds are available in your area which you may be eligible for.

Some sector specific grants are also becoming available, such as for Bus Operators or for technology and research-focused businesses. Enquire with your trade body if any have been announced specific to your sector, or ask us to help.