

Finance in the Heart of the South West



This factsheet looks to summarise our understanding of the main (non-bank, non-hire purchase/finance lease) sources of funding potentially available to businesses in the Heart of the South West LEP area (Devon and most of Somerset) as at November 2021.

Grant funds

Innovate UK

Government agency focused on providing grant funding to companies engaged in: emerging and enabling technologies, health and life sciences, infrastructure systems, manufacturing and materials. There is also an open programme, which is accessible to all businesses undertaking innovation, irrespective of the technology or sector they're working in.

The Farming Equipment and Technology Fund

The Farming Equipment and Technology Fund will provide smaller grants to improve business performance. Farmers can apply for a grant to buy items from a set list of equipment, technology and small infrastructure investments. It is based on the current Countryside Productivity Small Grant scheme. Administered by Defra, applicants will be able to make an application online quickly and simply. The approval process will be straightforward, with a clear grant value assigned to each item. If an application is successful, the applicant will buy the item and then will be able to claim the reimbursement using their receipt.

The Farming Transformation Fund

The Farming Transformation Fund will support larger or more complicated investments. It is based on the Countryside Productivity Large Grant scheme which was structured around a number of themes. The kinds of things grants might be awarded for could include:

- on-farm water storage infrastructure, including reservoirs
- precision agriculture equipment (for example, low emission and variable-rate nutrient or pesticide application)
- robotic or automated technology
- equipment and technology for storing, sorting, or processing products



West Devon & South Hams Recovery Grant⁵

Funding is available for organisations across the South Hams and West Devon that want to do something that will benefit others in our community and help to grow the local economy. Your plans need to make a positive difference to your local community or at least one other local business. It is anticipated that the majority of grants to be awarded will be valued between £2,000 and £10,000.

Innovation and Resilience Fund

The Innovation and Resilience Fund scheme allows businesses that primarily operate and trade within East Devon to apply for funding to deliver a project. Eligible projects include expenditure on equipment and specialist training to enable / allow the business to diversify, expand or become carbon neutral or negative. The minimum funding request is £2,500 and maximum for an individual business is £50,000. The IRF will close to new expressions of interest either on 18 February 2022 or when the total scheme allocation of £2,044,070 has been consumed, whichever is soonest.

Help to Grow: Management and Digital

Two government-backed programmes: Management and Digital. The former includes Management Course (part funded) and get 50 hours of learning, 1:1 mentoring and access to an alumni network. If eligible the latter includes a discount of up to 50% towards the costs of buying approved software, worth up to £5,000.

Internationalisation Fund

The Internationalisation Fund is a grant scheme aimed at helping SMEs grow in new international markets. Match-funded grants of between £1,000 and £9,000 will be available for future activity (subject to eligibility and availability). The fund can be used to support areas including market research, IP advice, translation services, market visits and consultancy.

Loans (non-bank and non-asset finance)

SWIG Finance

Loans and support are available to viable Start Ups and SMEs in Cornwall. Start Up Loans are designed for businesses trading under two years, ranging from £500 up to £25,000 per applicant. Our Small Business Loans are designed for SMEs who have been trading over two years. These loans range from £25,000 up to £250,000. The funds are designed for those who are unable to secure all their requirements from traditional sources – whether due to a lack of track record, security requirements which can't be met, historic financial issues or simply not meeting conventional credit scoring methods.

South West Fund (upcoming)

In the Autumn Budget, the Government announced £200m to provide a new fund for businesses in the South West of England, building on the Cornwall and Isles of Scilly Investment Fund. Further information will be available at a later date.

Capitalise

Capitalise is a platform which is partnered with 100+ institutional lenders including high street banks, challenger banks and fintech lenders. This enables them to identify the financing options available and match appropriate lenders to businesses, whether this be for traditional or alternative finance arrangements.

National Tooling Loan Fund - England

Supports component manufacturers and toolmakers to design, develop and manufacture tooling for their new and confirmed projects. It is a revolving fund open to eligible manufacturing businesses working in any sector, with investment available up to £2 million.

Innovate Loans

Innovate UK's pilot programme of innovation loans started in 2017 and, through seven competitions, has now committed £80 million to over 100 successful applicants. Further competitions will be delivered as a further extension to the innovation loans pilot programme during 2021. The delivery of a long-term programme will depend on the allocation of funding in a future government spending review. Innovation loans aim to provide flexible and patient capital to SMEs to support business growth through innovation.

Recovery Loan Scheme

The Recovery Loan Scheme (RLS) is available for businesses through a number of British Business Bank accredited lenders across the UK. A key aim of the Recovery Loan Scheme is to improve the terms on offer to you but if a lender can offer you the choice of a commercial loan on better terms, without requiring the guarantee provided by the RLS, they should do so. At the Autumn Budget 2021, the government announced that the Recovery Loan Scheme will be extended by six months to 30 June 2022.

FOLK2FOLK

FOLK2FOLK is a national Marketplace lending and investment company, providing access to finance for the under-served SMEs in the rural and regional parts of the UK. All loans are secured against land or property. Founded in 2013; they enable funding for almost any business purpose and have facilitated loans totalling more than £482m to date.

Equity

There are a number of Venture Capital/Private Equity firms active in the South West. Each will have a focus in terms of sector and/or size of investment etc. In addition the following are potential sources of equity funding.

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MyVan

MyVAN is a Business Angel network which operates throughout the South West connecting private investors with companies looking for investment. As members of the UKBAA, they also connect with other Angel Groups as well as often combining this with Crowdfunding.



MAINstream

MAINstream is a UKBAA registered network for business angel investors established by Michelmores to help accelerate the growth of angel investing in the South West. The network consists of experienced investors and entrepreneurs seeking opportunities to back innovative early-stage businesses.

Qantx

Qantx will be based in the South West of England and hopes to invest c. £3-5m per annum initially in high growth tech at seed/series A in initial sums of c. £250k-£750k. They hope to be ready to invest by end 2021.

Crowdcube

Crowdcube is a leading equity crowdfunding platform for entrepreneurs of start-ups and growing businesses to connect with potential investors. Dedicated to helping UK-based entrepreneurs raise finance to start or grow their business, Crowdcube gives investors real equity in the companies they fund. With over £1 billion invested with Crowdcube to date and more than 70 businesses funded in Q1 2021 alone, Crowdcube are the largest equity marketplace for private companies in Europe.

Regionally

Regionally is a new investment platform designed only for professional investors, HNW individuals, and institutions and working only with established SME companies based in the UK regions. Regionally facilitate local and national investments into professionally selected high growth businesses seeking capital in the range of £500,000 - £10,000,000+. They offer equity, debt and convertible loan deals.

Business Growth Fund (BGF)

A commercial fund which looks to provide long-term equity funding to established businesses, typically with turnover of £5m+ and strong growth potential. BGF provides growth capital investments of £2-10m for a minority stake and is very flexible. Some cash-out to shareholders is possible but no buy-outs.

The Angel CoFund

The Angel CoFund (the CoFund) is a private sector company limited by guarantee which makes equity investments alongside and on the same terms as syndicates of business angels in early-stage companies. Its focus is on high growth, innovative businesses. Initial investments are typically between £100,000 and £1 million and can be up to half of the value of a funding round, subject to the CoFund not holding more than 30% of the equity in the business post-investment.

Regional Angels Programme

The Regional Angels Programme is a £100m Programme which has been established by the UK Government to help reduce regional imbalances in access to early stage equity finance for smaller businesses across the UK. The Regional Angels Programme works by committing funds for investment alongside business angels and other early stage equity investors, acting as a catalyst to bring longer-term capital to smaller businesses with growth ambitions.

Future Fund: Breakthrough

The programme makes equity co-investments with private sector investors in growth stage R&D-intensive British companies operating in breakthrough technology sectors. The minimum total investment round size is £30m. The maximum Future Fund: Breakthrough share of an investment round is 30%.

Rewards

Crowdfunder

Together with the crowd and our extra funding partners, Crowdfunder have raised £200m for start-ups, business ideas, charities, community groups, sports clubs, political movements and so much more through crowdfunding. Their mission is to connect your projects with the supporters who care because they truly believe that people should feel empowered to turn their great ideas into reality.



Business support

British Business Bank

The British Business Bank is not a bank in a conventional sense. It does not finance businesses directly, but instead provides funds and guarantees to private sector partners, enabling them to finance a greater number of smaller businesses (either through debt or equity). It uses economic evidence to design programmes that address market failures affecting smaller businesses across the economy. It also works to improve smaller businesses' awareness of the finance options available to them.

Heart of South West Growth Hub

The Growth Hub works with local businesses, to find the right support to help them to grow. The friendly team of locally based experts can talk in detail about your business and personal goals to point you in the right direction to find the right finance or funding options as well as strategy, leadership marketing and much more.

Further information



The above funds form part of the funding landscape which is best described as 'fluid'. For more details, updates and announcements on a number of the schemes covered on this factsheet please visit our blog or contact one of the team.

Our blog regularly features information on potential sources of funding: <http://www.pkf-francisclark.co.uk/news-views/blog/>



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