

Oury Clark Quick Guides:

# Support for Innovative UK Businesses



**On 21 April 2020 the Chancellor announced that UK businesses driving innovation and development will be helped through the coronavirus outbreak with a £1.25 billion government support package.**



### The package includes

- A £500 million investment fund for high-growth companies impacted by the crisis, made up of funding from government and the private sector, known as the Future Fund.
- £750 million of targeted support (by way of grants and loans) for small and medium sized businesses focusing on research and development.

### Future Fund

The £500 million Future Fund has been designed to ensure high-growth companies across the UK receive the investment they need to continue during the crisis.

Delivered in partnership with the British Business Bank and launching in May, the fund will provide UK-based companies with between £125,000 and £5 million from the government, with private investors at least matching the government commitment.

There is no cap to the private investor funding.

These loans will automatically convert into equity on the company's next qualifying funding round, or at the end of the loan term (maximum 36 months) if they are not repaid.

There are some very onerous conditions attached to the loans in relation to conversion (minimum 20% discount), repayment (100% premium) and interest (minimum 8%).

### Eligibility

To be eligible, a business must be an unlisted UK registered company that has previously raised at least £250,000 in equity investment from third party investors in the last five years. If a member of a group, only the parent, (and only if it's a UK registered company), can receive the loan.

The government is committing an initial £250 million in funding towards the scheme, which will initially be open until the end of September.

The scale of the fund will be kept under review.

# Let us Introduce Ourselves



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**Disclaimer:** This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

## Grants and Loans for SME's

This £750 million targeted support, for the most R&D intensive small and medium size firms, will be available through Innovate UK's grants and loan scheme.

- It will accelerate up to £200 million of grant and loan payments for its 2,500 existing Innovate UK customers on an opt-in basis;
- £550 million will be made available to increase support for existing customers; and
- £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 2020.

## Eligibility

The specific details are yet to be announced but, for an Innovation Loan, you must be:

- An SME
- UK-based
- planning a project that fits within the defined scope of the specific loan competition you are applying into
- Make sure you apply alone. Only single SMEs may apply

Individuals, research organisations and large companies are not eligible. Collaboration with other organisations cannot be funded through a loan.

Further details are expected to be announced and we will update this note accordingly.

The information in this note is as at 21 April 2020.

There are a number of other Coronavirus related support packages and the