

From the Office of the Minister



Department of

**Enterprise, Trade
and Investment**

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Dear MLA

During Oral Questions on 24th September 2013, I agreed to provide information on the Access to Finance schemes currently available in Northern Ireland.

I have arranged for a copy of this letter and a document detailing the schemes currently available in Northern Ireland to be placed in the Assembly Library.

I trust this is helpful.

Yours sincerely

ARLENE FOSTER MLA

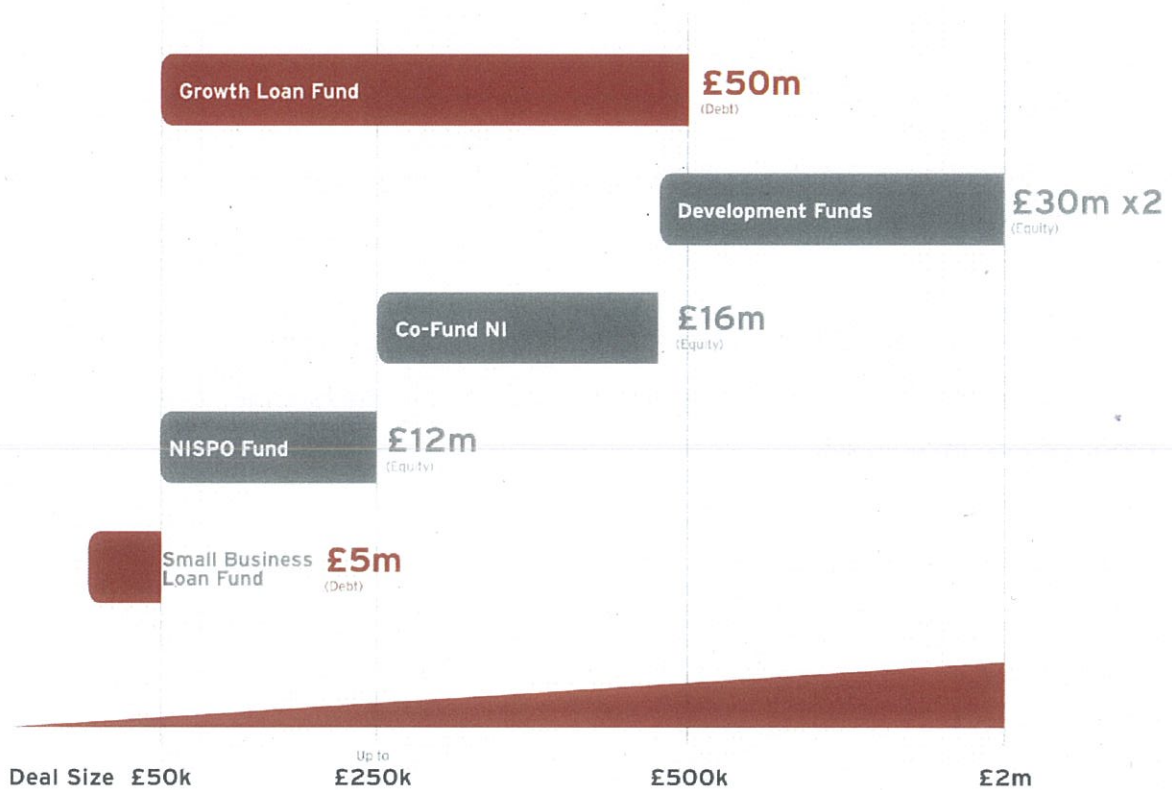
Minister of Enterprise Trade & Investment

ACCESS TO FINANCE SCHEMES CURRENTLY AVAILABLE IN NORTHERN IRELAND – OCTOBER 2013

Invest NI Access to Finance Schemes

Invest NI has developed a suite of funds under the banner **Access to Finance** to help bridge a gap in available finance as a result of a reduction in the number of private investors and banks willing to lend.

The six funds provide over £140m of available finance. The funds are either debt or equity based, and are designed to support businesses of different sizes, or at different stages of growth or development. The continuum is shown below:



- **NISPO**

The Northern Ireland Spin Outs (NISPO) initiative has been in place since 2009, providing support to start-up and early stage businesses in Northern Ireland

along a continuum known as an 'enterprise escalator'. This support is made up of a number of distinct elements.

It includes the Invest NI Proof of Concept Fund, Invest Growth Fund, the Queens' University Belfast Innovation Fund (QUBIF) and the Ulster Innovation Fund (UIF). Support also includes the Investment Readiness Programme (IRP) a training and support programme which helps young companies to become investment ready.

It is a £17m collection of funds (including £3m of private leverage) and the target investment range is typically from £50k to £250K. The fund is managed by E-Synergy.

For further information please visit - <http://www.nispofunds.com/>

- **Co-Investment Fund**

The Co-Investment Fund is a fund of £16m, of which £7.2m has been provided by Invest NI.

The Fund will be made available to qualifying businesses based in Northern Ireland where co-investment is required alongside business angel investment and other private investment.

The fund can provide co-investment in deals typically valued between £250k and £450k, at a ratio of up to 50%. The fund is managed by Clarendon Fund Managers.

For further information please visit - <http://www.cofundni.com/>

- **Growth Loan Fund**

The Growth Loan Fund is a £50m loan fund for SMEs that can demonstrate sales and profitability growth, or strong growth potential.

It provides unsecured debt with higher interest rates and loans are typically between £50k and £500k. Loans also include an element of profit sharing with the investee business. The fund is managed by Whiterock Capital Partners.

For further information please visit - <http://www.whiterockcp.co.uk/>

- **Small Business Loan Fund**

The Small Business Loan Fund is a £5m loan fund for individuals, private companies and social enterprises in the SME and micro enterprise size range in the start-up and growth phases of development.

The Fund will help bridge a gap where other funding options have been exhausted. It will sit alongside other funding sources such as own funds, banks or credit unions.

Loans are typically unsecured and range between £1k and £50k. The fund is managed by Ulster Community Investment plc ("UCI").

For further information please visit - <http://www.nisblf.com/>

- **Development Funds**

The Development Funds are two £30m venture capital funds which will provide equity to innovative, high growth potential SMEs which are beyond the start up phase, but which require funding to support their growth plans.

Deals will typically be in the £450k to £2m deal size range. The funds were launched in early October 2013 and complete the Invest NI funding continuum.

The funds are managed by Crescent Capital and Kernel Capital which both raised matched private sector funding as part of the process.

This fund has just recently been announced; therefore further information will become available on the following websites - www.crescentcapital.co.uk and www.kernel-capital.com

- **Finance Voucher**

Finance Vouchers can be used towards the cost of using external consultants to help businesses prepare a funding proposal. Small or medium sized business from either the manufacturing or tradable services sectors with growth potential, can apply for a Finance Voucher. The Finance Voucher initiative is managed and administered by Invest NI.

For further information please visit

http://www.investni.com/access_to_finance_finance_voucher_overview.pdf

Other schemes available

- **Enterprise Finance Guarantee**

The Enterprise Finance Guarantee (EFG) is a loan guarantee scheme intended to facilitate additional bank lending to viable SMEs with insufficient or no security with which to secure a normal commercial loan.

Decision making on individual loans is fully delegated to the participating lenders and is integrated with the commercial decision to lend. Where the lender determines the business is viable (i.e. able to meet the monthly loan repayments and repay the loan in full) but is lacking adequate security to meet the lenders standard lending requirements, they can consider providing a loan under EFG.

Within Northern Ireland, the following banks are participating lenders:

- Bank of Ireland
- Barclays Bank Plc
- First Trust Bank
- HSBC Bank Plc
- Danske Bank Ltd
- Santander Corporate Banking
- Ulster Bank Limited
- RBS

For further information please visit –

<https://www.gov.uk/understanding-the-enterprise-finance-guarantee>

- **Start-up Loans**

The Start-up Loans Scheme provides start up support in the form of a repayable loan, typically around £4,500, together with a business mentor for entrepreneurs across England and Northern Ireland.

Anybody living in England or Northern Ireland, at least 18 years of age at the time of application can apply. The lending cap for the over 30s has just recently been lifted and it is expected that lending in this sector will begin in October.

Loans in Northern Ireland will be made available through delivery partners, with The Prince's Trust (Northern Ireland) and the School for Start-Ups already confirmed and agreement expected shortly with a number of other delivery partners.

For further information please visit - <http://www.startuploans.co.uk/>

- **Green Investment Bank**

The Green Investment Bank (GIB) was set up in April 2013 with a £3bn capital fund to support investment in greening the UK economy. Its mission is to catalyse private sector investment in the UK's transition to a more sustainable economy.

GIB will be a 'for profit' bank with deep expertise in its sectors and it will look for emerging sectors where there is the potential for growth to support the UK economy. It has a double bottom line of making a financial return and green impact.

GIB will invest in -

- Offshore Wind
- Waste & Recycling (including energy from waste)
- Non-Domestic Energy Efficiency
- Plus up to 20% of portfolio in 'non-priority' sectors, including biomass, wave & tidal, biofuels and carbon capture & storage

For further information please visit - <http://www.greeninvestmentbank.com/>

- **Funding for Lending**

The Funding for Lending scheme is designed to encourage lending to every part of the economy, rather than just focusing on lending to SMEs.

It offers funding to banks and building societies at below-market interest rates for an extended period. It encourages them to supply more credit by making more and cheaper funding available if they lend more.

Currently in Northern Ireland the Bank of Ireland and Ulster Bank participate in the scheme. It is understood that the First Trust Bank and Danske Bank have been in discussions with the Bank of England, but have not joined the Funding for Lending Scheme as yet.

For further information please visit -

<https://www.gov.uk/government/publications/funding-for-lending-infographic>

- **Agri-Food Loan Scheme**

The Agri-Food Loan Scheme will be delivered jointly by Government with a number of Northern Ireland's banks. The aim of the Scheme is to help local food producers, who form part of an integrated supply chain, to access the finance they would need to invest in the farm buildings necessary to increase supply of the primary produce for processing.

Processes within the Banks and Government will be co-ordinated to ensure that applicants will only be required to submit one application for finance using the normal channels within the Banks. Finance will be provided by the Northern Ireland Executive by means of loans, which will be provided on commercial terms and these loans will be subordinated to bank debt.

The first phase of the Scheme will be open in November 2013 to broiler producers and discussions are ongoing with the banks to roll the scheme out to the pig meat, egg producers, red meat and dairy sectors. The precise application of the scheme may be adapted as it is rolled out to the other sectors

and this will be determined following further negotiation with the banks and those sectors.

This fund has just recently been announced and therefore further information will become available over the next couple of months.