



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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Paper 115/13

19 September 2013

NIAR 705-2013

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# Financial Assistance and Access to Finance for Businesses in Northern Ireland

## 1 Introduction

This paper summarises the main sources of loans and funding for businesses in Northern Ireland and also looks at the UK-wide business bank programme and its applicability to local businesses.

## 2 Financial Assistance

Details of financial assistance available to businesses in Northern Ireland can be found on the Invest NI website.<sup>1</sup> Businesses in Northern Ireland may qualify for financial assistance from Invest NI if they intend to sell outside Northern Ireland, are actively pursuing growth plans and can demonstrate that they will contribute to increasing productivity and innovation.<sup>2</sup>

This assistance can be used to help:

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<sup>1</sup> Invest NI - <http://www.investni.com/>

<sup>2</sup> Boosting Business website - <http://www.boostingbusinessni.com/jobs/financial-assistance/>

- overcome short-term barriers to growth as a result of difficult economic conditions;
- with short to medium term projects that have a strategic focus on exploiting new markets or new products;
- with medium to long-term projects aimed at increasing turnover and employment;
- new or relatively new businesses in Northern Ireland with marketing, consultancy, employment and capital costs; and
- social enterprises with salary costs, marketing, equipment and overheads.

For businesses undertaking an investment project that will create new sustainable jobs, an employment grant may be available from the Jobs Fund. Further financial incentives are also available as part of the Invest NI Start-Up Support Programme for individuals wishing to start a business, either resident in one of the 36 Neighbourhood Renewal Areas (NRA), or young people currently Not in Employment, Education or Training (NEET).<sup>3</sup>

While Invest NI is the main source for financial assistance for businesses in Northern Ireland, assistance may also be available from other Government Departments. For example, the Department of Agriculture and Rural Development (DARD) offers assistance to farm businesses through its Business Investment Scheme. It also has a scheme to assist businesses in the forestry industry.<sup>4</sup>

### 3 Access to Finance

Through its Access to Finance strategy, Invest NI has created five funds totalling more than £100 million to support deals from start-up level through to development capital for early stage companies with high growth potential.<sup>5</sup>

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. Each fund is managed by an independent, experienced FCA approved fund manager (Invest NI do not have any role in deciding which businesses the funds choose to invest in). In some cases Invest NI is the sole provider of investment to the fund, in others they are one of several investors. The five funds are as follows (more information can be obtained by clicking the links to their websites):

- **NISPO (Northern Ireland Spin Out) Funds**

Fund Manager: E-Synergy

A £17m collection of funds for start-up and early stage businesses based in Northern Ireland. Includes the Invest NI Proof of Concept Fund, Invest Growth Fund, the Queens' University Belfast Innovation Fund (QUBIF) and the Ulster

<sup>3</sup> Boosting Business website - <http://www.boostingbusinessni.com/jobs/the-jobs-fund-employment-grants/>

<sup>4</sup> See DARD website for the full range of grants and funding available - <http://www.dardni.gov.uk/index/grants-and-funding.htm>

<sup>5</sup> Boosting Business website - <http://www.boostingbusinessni.com/jobs/access-to-finance/>

Innovation Fund (UIF). Support also includes the Investment Readiness Programme (IRP) – a training and support programme. Funding rounds typically range from £50k to £250k.

For details visit: [nispofunds.com](http://nispofunds.com)

- **Co-Fund NI**

Fund Manager: Clarendon Fund Managers

A £16m fund for SMEs based in Northern Ireland. The fund co-invests alongside business angels and other private investors. The fund can provide co-investment in deals typically valued between £250k and £450k, at a ratio of up to 50%.

For details visit: [cofundni.com](http://cofundni.com)

- **Growth Loan Fund**

Fund Manager: WhiteRock Capital Partners

A £50m loan fund for SMEs that can demonstrate sales and profitability growth, or strong growth potential. Loans are typically between £50k and £500k.

For details visit: [whiterockcp.co.uk](http://whiterockcp.co.uk)

- **NI Small Business Loan Fund**

Fund Manager: UCI

A £5m loan fund for individuals, private companies and social enterprises in the SME and micro enterprise size range. Loans are typically unsecured and range between £1k and £50k.

For details visit: [nisblf.com](http://nisblf.com)

- **The Development Fund**

The Development fund is a £30 million fund with a 10 year term. The Fund will invest between £450,000 and £2 million and will be made up of public and private equity funding. This Fund is still in development.

Detailed information on sources of grants and loans from local and national organisations can be obtained from Invest NI's [nibusbusinessinfo.co.uk](http://nibusbusinessinfo.co.uk) website [nibusbusinessinfo.co.uk/financialsupport](http://nibusbusinessinfo.co.uk/financialsupport).

## 4 Business Bank Programme

In March 2013 the Secretary of State for Business Innovation and Skills (BIS) published “Building the business bank”.<sup>6</sup> This publication provided an update on developments made since the business bank programme was announced at Autumn Statement 2012, and set out a timetable for implementation of the new institution. It was announced that the business bank would be set up in stages so that support was made available to businesses quickly. Immediate enhancements, to be launched prior

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<sup>6</sup>Department for Business Innovation & Skills, “Building the business bank”, March 2013 -

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/203148/bis-13-734-building-the-business-bank-strategy-march-2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/203148/bis-13-734-building-the-business-bank-strategy-march-2013.pdf)

to the incorporation of the business bank, included a range of Equity Solutions and Debt Solutions:

#### *Equity Solutions*

- £50m to expand the Business Angel Co-Investment Fund to a £100m fund; and
- £25m to extend the Enterprise Capital Fund programme to include a VC Catalyst Fund, which will invest in venture capital funds that specialise in early stage venture capital and are near to close, enabling them to commence investment in small and medium sized enterprises.

#### *Debt Solutions*

- Plans to expand the Enterprise Finance Guarantee (“EFG”), aimed at using guarantees to help bridge the “affordability gap” by providing a guarantee to lenders of up to 25% of the overall cost of repaying a loan; and separately, extending EFG to support businesses lacking track record, who are seeking loans of under £25k; and
- a £300m investment programme, to build on the recent investments made by the Business Finance Partnership to focus on promoting diversity of supply of lending by encouraging new entrants and the growth of smaller lenders in the market.

The objectives of the business bank programme are as follows:

- support the development of diverse debt and equity finance markets for businesses, promoting competition and increased supply through new finance providers;
- increase the provision of finance to viable but underserved businesses, in particular improving the provision of long term finance;
- bring together the management of the Government’s existing business finance schemes, creating a single portfolio and simplifying access for businesses;
- consolidate the provision of and increase the awareness of available support and advice to high growth businesses and those needing specialist support; and
- function on commercial terms to use taxpayers’ funds most effectively.

BIS may invest, alongside Private Sector Investors, in areas that include:

- Equity, equity-like and debt instruments in financial institutions;
- Debt funds or asset backed lenders that lend directly to businesses; or

- Non-bank channels, such as supply chain finance, peer-to-peer lending and other lending platforms.

In a response to a recent parliamentary question from Margaret Ritchie on government policy for extending the business bank programme to Northern Ireland, the Minister of State for Business and Enterprise, Michael Fallon, replied as follows:<sup>7</sup>

*“The flexibilities recently put in place under the Business Bank programme are already making a difference to Northern Irish businesses. The Start Up Loans scheme was extended to cover Northern Ireland last month. This will give people in NI who wish to start up their own business access to unsecured loans and tailored advice from a fund of £117 million.*

*Earlier this month, Northern Irish businesses also became eligible to receive investments from the £100 million Business Angel Co-fund. In addition, through its future wholesale products, we expect the bank to create more diverse and sustainable supplies of finance for businesses looking to grow and foster greater competition by leveraging funds through challenger banks.*

*Officials in the Department for Business, Innovation and Skills (BIS) will also be running a roadshow event in Northern Ireland for potential applicants for the Business Bank's first £300 million investment programme in the coming months.*

*BIS are continuing to work with the Executive and the main banks in Northern Ireland to help them receive the full benefits of the Business Bank's interventions and to ensure that it is relevant to the needs of NI businesses.”*

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<sup>7</sup> Written PQ answered on 18 July 2013 - <http://www.theyworkforyou.com/wrans/?id=2013-07-18b.166195.h>