

SUMMARY OF SBS FINANCE SCHEMES

The following is a summary of the finance schemes offered by the Small Business Service in England and the EU. Different arrangements may apply in Scotland, Wales and Northern Ireland. Please check with your business support organisation.

Enterprise Grants are available to SMEs located in 'Assisted Areas' and other specified areas of England. Grant available is up to a maximum of £75,000 on projects with up to £500,000 capital investments. In general, high growth businesses seeking to maximise value added projects with quality outputs are given preference.

Regional Selective Assistance is the Department for Trade and Industry's main instrument of direct financial assistance to business. Grants are discretionary on projects with fixed capital expenditure over £500,000, and which create or safeguard jobs in the Assisted Areas.

SMART Awards provide grants to help individuals and SMEs to make better use of technology and to develop technologically innovative processes and products.

Phoenix Fund is designed to encourage entrepreneurship in disadvantaged areas. The Fund will help these new businesses by providing assistance to business support providers and finance to Community Development Finance Institutions. There is also a venture capital fund for SMEs in certain parts of England as well as Loan Guarantees.

Incubation Fund. The main aim of this loan fund is to help improve the chances of survival and growth of start-up and early stage SMEs through increasing the availability and access to business incubation and by funding the development of more business incubation projects. It is also aimed at widening the access of business incubation to all those who wish to start-up in their local communities, and who would benefit from it.

Small Firms Loan Guarantee Scheme guarantees loans from the banks and other financial institutions for small firms that have viable business proposals but who have tried and failed to obtain a convention loan because of a lack of security.

High-growth Start-ups (HGSU) programme originated from a commitment made in the Competitiveness White Paper published in December 1998, to improve the help given to start-up businesses by providing a new high-quality advice service targeting 10,000 growth start-ups a year in England (by the end of 2001). Up to £20 million is being made available over three years to 2001 for the provision of support services to help ensure that a greater proportion of start-up businesses with the potential to actually go on to achieve real growth. The programme is being delivered through the Business Link network.

UK High Technology Fund has begun to invest in venture capital funds specialising in the provision of equity for early-stage high-technology SMEs. The Government has invested £20 million in the UK High Technology Fund alongside a further £106 million from corporate investors and the European Investment Bank.

Regional Venture Capital Funds are an England wide programme to provide risk capital finance in amounts of up to £500,000 to SMEs who demonstrate growth potential. The funds, managed by experienced venture capital professionals, will be commercially focused, making commercial returns. There is an acknowledged equity gap at the lower end of the market. The Government intervention is designed to be the minimum necessary to stimulate private sector investors to provide small-scale risk finance for SMEs with growth potential.

European Union Fundings

Rural Enterprise Scheme provides assistance for projects that help to develop more sustainable, diversified and enterprising rural economies and communities. Its coverage is wide-ranging but the primary aim is to help farmers adapt to changing markets and develop new business opportunities. RES also has a broader role in supporting the adaptation and development of the rural economy, community, heritage and environment.

European Investment Bank offers various financial facilities to support projects including loans for SMEs through an intermediary (global loans), venture capital, individual loans and a structured finance facility.

European Investment Fund is the EU's specialised financial institution providing venture capital and guarantee instruments for the creation, growth and development of SMEs. If you represent an SME in search of funding, the EIF's website (www.eif.org) will identify which programme best represents your business.