

# News story: New National Investment Fund to back innovative UK firms

A new National Investment Fund to help cutting-edge British start-ups become world-leading unicorns – innovative firms valued over \$1 billion USD – has been proposed today (1 August).

The [consultation](#), ‘Financing growth in innovative firms’, looks at ways to ensure start-ups have access to the finance they need and has identified a £4 billion funding gap between American firms and British firms. The National Investment fund will help address this gap and boost British business.

Currently, British businesses also rely on funding from the European Investment Fund. A new UK based fund would help ensure that firms still have access to the funding they need, should our relationship with the European Investment Fund end when the UK leaves the EU.

The [consultation](#) also looks at how these firms might benefit from investment originating from pension funds; and how to commercialise research from UK universities and drive investment in firms across the UK.

Chancellor of the Exchequer, Phillip Hammond said:

Britain is an innovation powerhouse and it’s vital that we make sure our cutting-edge firms have the funding they need to meet their potential and conquer new markets.

Meeting this challenge will boost our productivity and enable us to create more well paid jobs across the UK.

The new fund could be set up as a public-private partnership or be placed fully on the government’s balance sheet to be sold off once it has established a sufficient track record.

The [consultation](#) is part of the ‘[Patient Capital Review](#)’ announced by the Prime Minister in November 2016, to strengthen the UK as a place where innovative firms can obtain the long-term ‘patient’ finance they need to scale up.

The Patient Capital Review has drawn on an advisory panel of industry experts.

Governor at the Wellcome Trust and chair of the panel, Sir Damon Buffini, said:

I have spent my career helping to build and grow businesses around the world and I know we have the entrepreneurs and the ideas across

the UK to develop globally successful firms. This consultation is asking the right questions to inform what the government and industry must do to enable businesses to access the patient capital they need, at the scale they need, in order to grow.

Since the Prime Minister launched this review, our panel of experts have worked hard to get to the core of the challenges and look forward to making recommendations for how we can act now to capitalise on the tremendous pipeline of UK scale ups and maximise the potential of British innovation.

Fewer than 1 in 10 firms that receive seed funding in the UK go on to get fourth round investment, compared to nearly a quarter in the US.

And while the UK leads Europe in the creation of Unicorns, it significantly lags behind the US which accounts for 54% of these £1 billion plus companies; and China which accounts for 23%. Just 4% are based in the UK.

Top US firms are also younger than UK firms, again suggesting the US is more effectively growing new businesses into large scale firms. 10 of the UK's largest 100 listed firms were created after 1975 compared to 19 in the US but only 2 in Europe.

## **Further Information**

The industry panel chaired by Sir Damon Buffini has provided input, advice and challenge to the HM Treasury review team.

In particular the review is considering:

- the long term root causes affecting the availability of long-term finance
- any barriers investors may face in providing long-term finance
- the role of market practices and market norms in facilitating investment
- how international best practices could inform recommendations for the UK
- what changes in government policy, if any, are needed to support the expansion of patient capital

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## **[Press release: Funding boost for local authorities to transform local communities](#)**

The package comes as part of a new cross-government partnership to make smarter use of government-owned property.

DCLG's £45 million 'Land Release Fund', launched in partnership with the Cabinet Office and Local Government Association's One Public Estate programme, will ensure local councils release some of their unused or surplus land for housing. This will help to meet the ambition to unlock enough council-owned land for at least 160,000 homes by 2020.

Councils can now bid for funding for land remediation and small-scale infrastructure, which will help bring sites forward for housing that would not have otherwise been developed.

Alongside this, One Public Estate is making £9 million funding available to support more councils to deliver ambitious property-focused programmes.

The programme channels funding and support through councils to deliver ambitious property-based projects. By 2020, councils on the programme are expected to deliver £615 million in capital receipts, £158 million running costs savings, create 44,000 new jobs and release land for 25,000 new homes.

This partnership between DCLG and One Public Estate will give local authorities greater access to support from across government and help them to release more land, more efficiently.

Minister for Government Resilience and Efficiency, Caroline Nokes, said:

One Public Estate is enabling local authorities to make better use of their land and property and deliver tangible benefits to their communities. I am delighted that this new funding round will enable even more councils to deliver the homes, jobs and services that local people need.

Housing and Planning Minister, Alok Sharma, said:

To build the homes this country needs, we need to increase the supply of land available to build more homes, more quickly.

As a major landowner, local authorities have a crucial role to play in this task.

Through this innovative cross-government partnership, we will be able to work with councils much more effectively, helping them to meet local housing needs and transform local areas.

LGA Chairman, Lord Porter, said:

Through One Public Estate councils have shown that they are perfectly positioned to act as leaders of place and deliver effective cross public sector asset management. It is great to see in practice how the programme is delivering more integrated services, local economic growth, and supporting more sustainable

local government.

Councils are committed to building the new homes their communities need and I'm pleased to see the announcement of the Local Authority Land Release Fund as part of this next funding round. It's great to see two government programmes aligning to offer a more coherent programme to our local communities.

OPE already works with over 70% of councils in England to transform local communities and services through large scale economic growth, delivering new jobs and new homes.

Such partnerships also deliver substantial efficiency savings for the taxpayer, joining up public services under one roof and making it easier for communities to access them.

Through this partnership between DCLG, Cabinet Office and the LGA, and the variety of different funds available, local authorities will be able to combat multiple barriers to land development and deliver many more homes at a faster pace.

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## **News story: Chancellor in Brazil and Argentina to boost economic and trade ties**

The Chancellor, Philip Hammond, has unveiled a series of new commercial agreements with Brazil today, on day one of his visit to showcase British business and deepen trade and economic ties with Latin America's biggest economies.

Leading a business delegation including the London Stock Exchange, the Green Investment Bank and Crossrail International, the Chancellor is in Brasilia for the second UK-Brazil Economic and Financial Dialogue (EFD). He is accompanied by City Minister, Stephen Barclay MP, and Trade Minister, Mark Garnier MP.

He will then meet investors and launch the UK-Brazil Green Finance Partnership in Sao Paulo, before travelling to Buenos Aires – the most senior ministerial visit to Argentina in sixteen years.

Chancellor of the Exchequer, Phillip Hammond said:

The UK has always been a global leader, and I am here to showcase our successful businesses and keep strengthening our links with

dynamic, growing economies around the world.

Today's dialogue has created exciting new opportunities for partnership between the UK and Brazil, Latin America's largest economy. I am very pleased to be accompanied by executives from some great British companies with world-leading expertise, to help facilitate deeper economic and trade links between our two countries.

Trade Minister, Mark Garnier MP said:

Brazil remains our top trading partner in Latin America and this dialogue has reinforced the strong ties that already exist between our two nations.

As we prepare to leave the EU, we will continue to ensure our businesses seize the global demand for British goods and services. As part of this we are deepening our collaboration with Brazil through UK Export Finance support and new infrastructure, healthcare and green finance projects to maximise future trade opportunities.

The visit showcases UK expertise in infrastructure, green finance and pharmaceuticals –developing opportunities for the UK and Brazil to work together. Deals concluded at today's dialogue include:

- UK Export Finance support available for trade with Brazil to double to up to £3 billion, meaning an additional £1.5 billion in support for UK companies exporting to Brazil and for Brazilian buyers of UK goods and services
- UK based healthcare provider, GP Laboratories to export £11 million of pharmaceuticals to Brazil over the next five years
- Brazilian Granito Group to base their new global headquarters for their global investment bank, Granito & Capital in London
- new UK-Brazil Partnership on Green Finance, to be supported by City of London Green Finance Initiative and Brazil Council for Sustainable Market Development

This EFD builds on the success of [the inaugural UK-Brazil EFD](#) in October 2015 and on the prosperity agenda being led by the British Embassy in Brazil. The UK also holds EFDs with [China](#) and [India](#).

In the last four years the number of Brazilian companies established in the UK has grown by 30%, generating over 600 new jobs. In 2015 the UK exported just over £4 billion of goods and services to Brazil, with £2 billion of these supported by the UK government.

The Chancellor will then travel to Argentina, meeting the President and senior ministers, and visiting British and Argentine business that are driving trade and investment between the two countries, including in

Argentina's important agribusiness sector.

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## **News story: Lord Ahmad of Wimbledon, FCO Minister of State, summons North Korean ambassador**

I summoned the North Korean Ambassador to the Foreign Office and made clear how strongly the UK condemns the regime's launch of a second intercontinental ballistic missile on Friday 28 July.

Once again, North Korea's actions directly violate multiple UN Security Council resolutions and threaten international security. "The UK will work with our partners and allies to tackle this threat.

I call on the regime to stop its dangerous activity, change its course and concentrate on its people's welfare rather than illegally pursuing its nuclear and ballistic missile programmes.

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## **News story: Minister Robin Walker visits the South West**

Minister Robin Walker has visited fishermen, farmers and businesses across the South West as part of the Government's ongoing engagement with businesses across the country on the UK's exit from the EU.

During his tour of the area, the Minister met representatives from some of the region's key sectors, which are at the very heart of its thriving economy.

At Poole Harbour, he held a roundtable with leaders from the fisheries, ports and tourism sectors and took a tour around the harbour, before speaking with farmers from the NFU's South West branch in Exeter.

The Minister went on to learn more about the region's booming tech industry, taking a tour of the Innovation Centre at Exeter University and meeting tech company CrowdCube – a leading investment crowdfunding platform.

UK Government Minister for Exiting the EU, Robin Walker, said:

I was very pleased to meet some of the people involved in many of the South West's key sectors, including tourism, fishing and agriculture, and tech today. These sectors are the beating heart of this region's economy and make a significant contribution to the UK economy as a whole.

Hearing the views of the people of the South West will help us ensure we embrace the significant opportunities our EU exit presents and fully address the challenges it poses to different parts of the country.

Today's visit is part of an extensive programme of engagement with businesses across the whole of the UK.