

Future Fund launches today

UK-based companies can now apply for a convertible loan of between £125,000 and £5 million, to support continued growth and innovation in sectors as diverse as technology, life sciences and the creative industries.

The government has made an initial £250 million available for investment through the scheme and will consider increasing this if needed.

Private investors – potentially including venture capital funds, angel investors and those backed by regional funds – will at least match the government investment in these companies.

The Chancellor of the Exchequer, Rishi Sunak, said:

Our start-ups and innovative firms are one of our great economic strengths, and they will help spur our recovery from the pandemic.

The Future Fund will support firms across the UK to get through the pandemic by stimulating investment, so that they can continue to break new ground in technology and innovation.

Match fund investors will be encouraged to sign the Treasury's Investing in Women Code, which commits firms to improving female entrepreneurs' access to tools, resources and finance. The Future Fund is a signatory of this.

The government will also amend the rules of the Enterprise Investment Scheme, which provides tax relief to investors in high growth firms, to protect Future Fund investors from losing relief on their previous investments made prior to any investment through the Future Fund.

The Fund will be open until September and is delivered in partnership with the British Business Bank.

In addition to the Future Fund, Ministers have allocated £40 million through the Fast Start Competition to drive forward new technological advances, and to support innovative start-ups, including a virtual-reality surgical training simulator and an online farmers' market platform. This will give companies a vital boost, fast-tracking the development of innovations borne out of the coronavirus crisis.

Latest figures on the UK-wide government support schemes for businesses and workers [can be found here](#).

Oliver Dowden Secretary of State for Digital, Culture, Media and Sport said:

The UK is a global tech and creative hub. We are an unashamedly pro-tech government and are supporting high-growth businesses

through this challenging period so they can prosper and succeed.

The tech sector has played a crucial role throughout the pandemic and these innovative firms will be key to driving growth through our recovery.

Business Secretary Alok Sharma said:

“Britain is an innovation powerhouse and helping our cutting-edge companies of the future get the cash they need during this difficult time is a vital part of getting the UK economy up and running again.”

Notes

- The Future Fund is open to UK-based firms, that have previously raised at least £250,000 in equity investment from third parties in the last 5 years. They will also need to have investors to provide funding to be matched by the government, and have half or more of their employees based in the UK or generate at least half of their revenue through UK sales. The loans will convert to equity if not repaid.
- Companies can check they meet the criteria for funding by going to the British Business Bank website. If they have secured private match funding, one of their investors can register online to start the application process.

Responses from business groups and industry

Michael Moore, Director General of the British Private Equity and Venture Capital Association (BVCA) said:

The Future Fund is hugely significant and very welcome. For many venture capital-backed businesses it will build the bridge from today's severe challenges to the period of recovery, enabling them to survive then thrive.

The post-COVID economy is likely to look very different to today's. The global leadership of venture capital-backed companies in the digital, high technology and life science parts of the UK economy will be critical to the UK's success and this government support will help them to do that.

We anticipate strong demand for this funding and we will continue to work with the government to ensure that there is enough to achieve the objective of sustaining this strategically-important sector.

Charlotte Crosswell, CEO of Innovate Finance, commented:

The Future Fund is a welcome step to support our start-up and

scale-up economy, and a much-needed intervention from government to back high-growth businesses. Many FinTech companies have been unable to access the other loan schemes available, so this will provide vital funds to firms in the sector.

The UK has a reputation as a global FinTech leader and we must make sure this remains the case. We have seen some incredible transformation of financial services from the FinTech sector over the last decade and it will play a key role in our country's economic recovery. In addition, the opportunity to export more of these products and services to overseas markets will showcase the unique innovation the UK has built and the role Fintech can play.

Julian David, CEO of TechUK commented:

The Future Fund is a strong statement of intent from the UK Government on the value of innovative companies and their importance, not only now, but for the strategic interests of the UK's economic future.

I'm pleased to see that the government has worked to expand the scope of the scheme to make it more inclusive and accessible. It is crucial that as we rebuild our economy and look to the future, we ensure everyone is able to benefit equally. techUK will continue to work with government, our members and the tech community to ensure we build a future ready for what comes next.

Gerard Grech, CEO of Tech Nation said:

We are delighted to see that the Future Fund is now open for applications and are grateful for HMT's work over the past few weeks to ensure that as many businesses as possible can access the liquidity they need. This is an important step to provide investment to pre-profit, pre-revenue businesses with a cash injection to get them through these challenging times.

Irene Graham, CEO of the ScaleUp Institute said:

The Future Fund is an important initiative and takes us another step forward in meeting the needs of the UK's scaleups at this time, who employ 3.5m people across all industry sectors and regions. We welcome the streamlined and investor-led process which will enable swift execution, getting money out as quickly as possible across the country. This is part of a suite of financial solutions needed for scaleups and we welcome the fact the government will continue to keep it under review as its take up develops.

Jenny Tooth OBE, CEO of UK Business Angels Association (UKBAA) said:

UK Business Angels Association congratulates the Government for bringing this important initiative so rapidly into the market. The Future Fund responds to the needs of innovating growth focused businesses that may have had investment from angel investors in their early growth stages and now have the capability to benefit from the support of a Convertible Loan alongside VC investment. This will bring vital further finance to enable them to address the impact of the Covid 19 crisis and ensure their continuing ability to build and scale their business.

We recognise that many equity backed small businesses right across the UK are developing vital innovative products and services and that have the capacity to help the growth of our economy in the months ahead as we emerge into economic recovery. Yet many of these businesses need further support and investment to withstand the impact of the Covid-19 crisis to ensure that they can survive and successfully continue to build and commercialise their innovations. UKBAA acknowledges the importance of the new Future Fund offering a vital new £250 million of support through a Convertible Loan Note, alongside matching VC or other relevant third party investors to enable these innovating businesses to successfully survive and lay the foundations for further significant growth.

Erin Platts, Head of EMEA and President of the UK Branch, Silicon Valley Bank said:

We see the Future Fund as a very positive step in supporting the UK's Innovation Economy. It is great news that the Fund has moved swiftly to implementation and from today innovation companies and their investors will be able to apply to access the funds they need to help them through this period and support their growth plans. The Future Fund is one way to protect the UK's thriving innovation and life sciences industries to help maintain our place as one of the most attractive and successful tech hubs globally. The Future Fund will provide valuable investment to extend runway for UK start-ups and scale-ups, allowing them to continue to operate, preserve and create jobs and build the technologies of the next decade and beyond. We are also pleased to see inclusion and diversity efforts being front of mind as part of the fund's process, something we greatly welcome and support. We will continue to assist and partner with UK innovation companies and their investors through this initiative and other government programmes.