

Government backs innovative businesses with new £150 million loan scheme

- Government launches new series of loans worth £150 million to support innovative SMEs and level up the UK
- launch of the loans programme will broaden the financial support available to businesses, ensuring they can access funding at all stages of innovation
- builds on the successful pilot programme that provided £163 million to around 200 businesses in all parts of the UK, supporting hundreds of jobs

Some of the UK's most innovative businesses are set to benefit from a new series of loan competitions offering up to £150 million to support their research and development projects, the government announced today.

The loans will support innovations deemed to have the strongest potential to support future economic growth and tackle social challenges, across fields such as net zero, health and wellbeing, and next-generation digital technologies, as well as the '7 Technology Families' of the [Innovation Strategy](#) – advanced materials and manufacturing; engineering biology; electronics; sensors; photonics and quantum; and robotics and smart machines.

The funding, to be delivered through Innovate UK, will be available to SMEs over the next 3 years and will prioritise projects focused on the most important areas of the future economy as set out in the Innovate UK [Plan for Action](#). Businesses can apply for funding through the [Innovation Funding Service](#).

The loans are part of the government's plan to build on the measures outlined last year in its Innovation Strategy, enabling UK innovators to access the right finance at the right time in order to grow, building on our world-leading research capability and helping to secure the UK's position as a science superpower.

Projects supported via the successful loan programme to date have included portable freezers able to safely deliver vaccines to care homes and surgeries, a platform designed to protect hospitals and healthcare centres from cyber-attacks during the pandemic, and patented hospital screens preventing the transmission of pathogens and viruses.

Science Minister George Freeman said:

As the success of our extraordinary vaccine development and roll-out made clear, the UK is home to some of the most brilliant and innovative minds in the world.

Supporting our talented innovators, not only to develop their ideas

but to see these ideas through to commercialisation, will be essential to growing an economy built on the technologies of the future, and securing the UK's status as a true Innovation Nation.

So, I am thrilled that after an extremely successful pilot programme, Innovate UK are launching this substantial new series of loans to support SMEs working across the country on the most innovative projects for the future economy, entrenching our position as a science superpower.

Businesses with innovative late-stage projects can apply for a loan between £100,000 and £2 million, with flexible repayment terms to help secure their future growth and commercial success. The new full-scale programme will start with monthly competition rounds, for which applicants will need to demonstrate evidence of a high quality proposed innovation project, suitability to take on a loan, and inability to access finance for their project from commercial finance providers.

This government-backed finance builds on the success of an extended pilot programme that has been delivered by Innovate UK Loans Limited since 2017, and the programme of innovation continuity loans delivered as part of Innovate UK's coronavirus support package.

Innovation loans are designed to support suitable micro, small and medium sized-businesses (SMEs) in carrying out late-stage research and development projects, with a clear route to commercial success to drive productivity and growth across the UK.

Indro Mukerjee, CEO of Innovate UK, said:

Innovation loans are an important part of the investment support that Innovate UK offers to help UK businesses achieve their growth ambitions. We have tested this new form of support rigorously and I am pleased that we can now offer £150 million over the next 3 years through innovation loans as part of our commitment to support innovative businesses to grow rapidly and achieve scale.

The innovation loans scheme is just one of the services to growing and scaling businesses across the UK. Our wrap-around support now includes greater access to Innovate UK EDGE, a business advisory service; and Innovate UK KTN, more opportunity for businesses to connect with potential academic and business partners to help scale in the UK and abroad.

Allied with this is our continued work with the British Business Bank and private finance to provide further backing for UK innovators.

The decision to transition from pilot to full-scale loans programme was taken following an [independent evaluation of the scheme's success](#), which found that

the pilot had been extremely effective, and that the innovation loans programme is viewed as a key finance product within the market, supplying essential funding that would not have been available elsewhere.

The innovation loans programmes to date have committed £163 million to around 200 businesses in all parts of the UK, enabling new product development and commercialisation activities, supporting investment in research jobs and delivering growing levels of sales. Over a third of businesses in the portfolio have accessed additional private investment, leveraging new capital of over £110 million, with an average raise of £1.8 million.