

Commercial and FinTech update: 24 April 2020

The latest set of UK government financial bailout measures were announced on Monday, 20 April by HM Treasury and the Department for Business, Energy and Industrial Strategy, target Innovate UK's R&D intensive small and medium-sized enterprises (SMEs).

24 April 2020

Please note: the information contained in our legal updates are correct as of the original date of publication

The latest set of UK government financial bailout measures were announced on Monday, 20 April by HM Treasury and the Department for Business, Energy and Industrial Strategy. The measures target Innovate UK's Research and Development (R&D) intensive small and medium-sized enterprises (SMEs), and the package commits up to £750m of increased and accelerated government grants and loans. This follows similar measures recently introduced in France and Germany over recent weeks. It is recognised that the government-imposed restrictions on people's movement and nationwide premises closures as a result of the coronavirus pandemic are having, and will continue to have, profound economic consequences across many sectors. SMEs and innovative/FinTech firms are no exception and many are rapidly approaching a cash-flow cliff-edge that risks reversing the huge progress that the UK tech sector has made since the 2008 banking crisis; up to one-third of all European tech investment was channelled through the UK in 2019.

SMEs are at the forefront of the UK's tech development and innovation, including those in life sciences, AI, big data, clean energy and those digitally transforming financial services. These SMEs have been targeted for financial support on the basis that they sit amongst the UK's most dynamic economic sectors (FinTech) and offer innovation to develop future products and services that will play an important role in the UK's economic exit strategy from COVID-19.

Summary of measures:

The cornerstone of this scheme is about getting cash to the frontline, quickly. This scheme will give 2,500 existing Innovate UK members the option to receive accelerated funding (with up to £200m worth of grant and loan payments to be made as early as mid-May) and a budget increase of £550m earmarked for future financial support.

This latest package of investment measures sits alongside the existing support available to high-growth firms through the British Patient Capital fund (£2.5bn) and the upcoming Life Sciences Investment Programme (£200m). This is in addition to internationally competitive R&D tax reliefs and general government commitments to increase R&D spending to £22bn by 2025.

What is Innovate UK?

Innovate UK is a non-departmental public body of approximately 500 people that has invested c.£2.5bn to help over 8,000 UK businesses create nearly 70,000 jobs since 2007. It is funded through central government aid grants. To be generally eligible for Innovate UK funding, you need to be an organisation that is either creating a new product or service or improving an existing one through R&D or collaborating with others on research projects. Innovate UK is open to businesses carrying out fundamental or industrial research, feasibility studies or experimental scientific, technological or business development. In addition to funding, Innovate UK also connects businesses with equipment, entrepreneurial and mentoring partners and lead public-sector customers through the small business research initiative programme.

How to apply Inevitably, further detail and guidance on these measures will emerge, including specific detail on how to apply. Innovate UK applications can currently be made online through an account setup with the Innovation Funding Service, or through secure document upload. Existing government guidance for Innovate UK applicants is available [here](#).

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