

## **Creative England Business Loan FAQs 2017**

### What are the Creative England Business loans?

Creative England's Business Loan Fund supports the sustainable growth of independent creative businesses, and the talent that feeds them. We offer loans to digital businesses, looking to grow and expand or launch a new product.

The Creative England Business Loan Fund is delivered with the support of the UK Government Department for Business, Energy & Industrial Strategy through its Regional Growth Fund (RGF).

The primary objective of the RGF is the creation and safeguarding of jobs and evidence of your capacity to grow as a company will be crucial to the success of your application.

### How much is available?

Loans range from £50,000 to £250,000 and are secured by way of debenture. The loans are offered at a competitive interest rate and repayment terms range from 3 to 36 months.

### What are the rates of interest?

Interest rates range from 5% - 10% depending on your risk profile and the repayment term.

All interest and repayments from the loan fund goes straight back into a fund to re-invest into other creative SMEs.

### What are the fees?

We ask every successful applicant to pay a small arrangement fee of 5% of the loan value. This is charged to cover assessment, due diligence, legal, and administration costs.

### What is the criteria?

- Your creative, digital company must be registered in the English regions outside of Greater London
- Jobs must be created and safeguarded as a result of the loan (we ask that for every £10,000, 1 job must be created or safeguarded. So a loan of £50,000 would create and safeguard 5 jobs)
- You must match the loan amount with your own funding 50/50.

### Who can apply?

Creative SMEs based in the English regions outside of Greater London. The loans are offered to established companies to enable them to realise their growth potential.

The loans are not suitable for start-ups. The Loan fund is targeted at companies looking to scale-up via the development of existing or new technology, products and services which will meet emerging client demand, provide a significantly better service and enhance the company's competitive edge.

### My company is based and registered in London, can I apply?

Unfortunately, only companies registered in the English regions (North West, North East, Yorkshire and Humber, East and West Midlands, East of England, South East and South West England) qualify for a business loan from Creative England. The Loan Fund is financed by the government's Regional Growth Fund which supports eligible projects and programmes that are raising private sector investment to create economic growth and lasting employment in the English regions.

### What can the loan be used for?

We ask that companies demonstrate the creation of new, sustainable employment a result of the loan fund.

### What is match funding?

Match funding is part of the Regional Growth Fund (RGF) application process, and shows a commitment from the applicant to the specific project or growth plan.

Companies need to match the loan 50:50, so an application for a £50,000 loan must be matched by at least £50,000.

Match funding can come from private investment, company revenue being re-invested, or through another loan or source of finance. However, money already spent on a project prior to application is not an eligible form of match funding. Creative England will only make the loan payment when we have a signed copy of a bank statement showing the match funding in place.

### What is the definition of 'safeguarded' jobs?

These are jobs that will be maintained as a result of the investment. Jobs are considered safeguarded where there is real threat that they will be lost within 12 months if funding support is not provided.

### Do I have to pay the money back?

Yes! We ask that the loan is repaid over a term between 3 – 36 months, so we are able to re-invest the money in other innovative digital companies. Creative England will require certain security to be provided to ensure compliance with repayment. In the event of non-repayment or other default, Creative England may charge additional interest on the loan and take steps to enforce its security and recover the debt owed to it.

### How do I apply?

Follow the link on the investment webpage and of this page, and this will take you to our online application system. You will first need to complete an Expression of Interest which will ask for some top line information about your company and your plans.

If this is approved, we'll ask you to complete a full application form, where we'll ask for more detail on the project, the market opportunity, the route to market and most importantly, your financial and repayment plan.

### What is the decision process?

Once we have received your full application, this gets assessed by internal and external panel of experts. We may come back to you for further information or ask to meet you to discuss your project further.

Our final stage of the process is the Creative England Investment Committee. We ask companies to attend in person to briefly pitch their proposal and discuss their plans with our committee. These meetings take place monthly in Bristol.

Approvals at Investment Committee stage are then subject to due diligence, and then contracts are issued and we process payment.

### How long does the process take?

It should take about 8 weeks depending on the nature of the project and your company. We try our absolute hardest to process applications as quickly as possible!