

Creative England Business Loan FAQs 2015

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 interest free 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, Innovation and Skills 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 £200,000 for single projects and are secured by way of debenture. The loans are interest free, and repayment is generally over a three year period (although this is dependent on your project and company), with gradually larger re-payments over each year. The maximum loan available is 50% of the total project costs, so applicants must bring 50% of match funding to the project.

What is the criteria?

- Your digital company must be registered in the English regions
- Jobs must be created and safeguarded as a result of the loan funding (we ask that for every £7,000, 1 job must be created or safeguarded. So a loan of £70,000 would create and safeguard 10 jobs)
- You must match the loan amount with your own funding 50/50.
- We ask that you have a turnover of at least £200,000. If your turnover is less, please speak to a member of our team before applying.

Who can apply?

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

Examples of what we mean by 'digital'; digital media and web (e.g. creative software development, digital media, web design, digital content), games (e.g. gaming and app development), e-commerce and software solutions.

Some of the companies we supported over the last 18 months with interest free business loans:



Digital Media

http://www.carbondigital.co.uk/

http://thegatefilms.com/

http://www.sift.com/

E commerce

http://www.purenet.co.uk/

http://www.channelgrabber.com/

Innovation

http://futureeverything.org/

E-assessment software

https://www.myknowledgemap.com/

Serious Games

http://www.totemlearning.com/

Games

http://www.aurochdigital.com/#what-we-do

http://www.flixinteractive.com/

http://www.lockwoodpublishing.com/

http://www.pixeltoys.com/

http://www.lucidgames.co.uk/

http://www.playrisedigital.com/



Software solutions

http://www.s4rb.com/

http://www.intouchcrm.com/

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.

My company is a brand new start-up, can I apply?

The loan fund is not for brand new start-ups. It's a fund for established companies, already with market traction and an annual turnover of at least £200,000.

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.

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 expansion plans.

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 within three years, 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 interest on the loan and take steps to enforce its security and recover the debt owed to it.

There's a Conditional Redemption Premium in the loan agreement. Sounds scary. What is it?

Loaning money to companies in the creative digital sector is a risky business, so we want to make sure that we get as much money back as possible to reinvest in other start-ups and small companies in the future. The conditional redemption premium is dependent on your company reaching an agreed revenue level after your loan is repaid. If your company is generating strong revenues, we will ask you to pay a small percentage of those revenues back to us up to an agreed percentage of the original loan.

This money will go straight back to our fund to be loaned to other start-ups and businesses from the creative digital sector, and will be used by Creative England to support the industry. Creative England will not profit from this charge.

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.

How do I apply?

Follow the link at the bottom of this page, this will take you to our online application system. You will need to register your interest and complete and eligibility form first and then an Expression of Interest. This will ask for some top line information about your company and your project.

If this is approved, we'll ask you to compete a full application form, where we'll ask for more detail on the project, the market opportunity, the route to market and your finances.



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 Birmingham or Bristol.

Approvals at Investment Committee stage are then subject to due diligence (for loans over £100,000 this is carried out by external due diligence providers who will visit your company).

Once all the due diligence is complete, we can issue contracts and 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!