

Get Funding

The construction industry is fundamental for the UK economy as it is one of the largest sectors that include contractors, all construction related professions and suppliers of materials and products. The UK economy depends on a healthy construction industry as it adds to gross value added and generates employment.

A lack of finance can limit the number of entrants into the sector. Growth requires the capital. There are possibilities to get funding for the construction business, but most grants are directed to non-profit organisations for purposes that benefit the community. If the contractor's business plan is the building project that fosters community development in low-income housing, there might be an opportunity. There are a government-backed support and finance for business, including grants, finance and loans, business support and mentoring or funding for small and medium-sized businesses and start-ups. In case there are no grants available the start-up loan could be an alternative.

UK Public Grants

Government grants are available for construction businesses. There are designated departments and agencies which offer funds based on specific criteria and objectives. The Government's 'Business finance support finder' tool allows searching for funding options and grants according to business activity, location or size.

Builders Finance Fund

It is aimed at helping smaller developers, and it is designed to help increase and unlock housing developments between 5 and 250 units.

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For schemes between 15 – 250 units in size, the fund is open to all private organisations which control the relevant site and will carry out development. For schemes between 5 – 14 units in size, the fund will be exclusively for Small and Medium Enterprises. It is managed by the Homes and Communities Agency (HCA). In London, The Greater London Authority will lead the assessment.

The programme is based on direct investments in specific projects through loans to address cash flow issues or taking an equity stake to increase confidence through risk-sharing. The fund is making investments over two years from 2015/16 through to 2016/17 and is operated as an open competition. It is designed for builders and developers taking forward smaller housing proposals. The total fund must be drawn down by 31 March 2017.

The loan rates offered will depend on the particular project, the credit history of the borrower, the nature of the proposed investment and security on offer. Other forms of investment will be considered, such as equity. All funding is invested on a fully recoverable basis.

Further Information: Full details on how to submit an application with supporting guidance will be available from the Homes and Communities Agency website: www.gov.uk/government/collections/builders-finance-fund.

Custom Build Serviced Plots Loan Fund

This fund is designated for builders and it provides finance for the development of serviced plots. Its aim is to support people who want to build their own home. Funding is on the basis of a fully recoverable loan. The programme operates by making direct investments in specific projects through loans to bring forward serviced building plots for custom build projects. The fund provides loan finance to bring forward sites of 5 or more serviced plots. These are 'shovel ready' sites with planning permission, where plots or parcels are laid out and the land is ready for construction. Access is provided and each plot or parcel has utilities/services provided to the plot/parcel boundary. The fund is available in England only and is managed by the Homes and Communities Agency (HCA). In London, arrangements have been agreed with the Greater London Authority.

ELIGIBILITY

1. Expenditure qualifying for loan funding includes:
 - on-site infrastructure directly related to the construction of the homes such as access roads, footpaths and cycle-ways
 - provision of on-site utilities/services which are provided to plot/parcel boundaries
 - land preparation required to prepare building plots (including remediation)
 - costs associated with the demolition of any existing buildings on site

- fencing and structural landscaping required to secure the immediate site boundary (this excludes fencing or structural landscaping for individual plots)
 - professional fees directly associated with works funded through the Custom Build Serviced Plots Loan Fund
2. Schemes must deliver sites with 5 or more shovel ready plots ready for further development.
 3. Bidders must be a constituted body of good standing with the capability to deliver their project.
 4. Projects need to have outline planning permission (with reserved matters) as a minimum to qualify for funding.
 5. Loans are available for residential projects only where the project leads to the construction of new custom build.
 6. Bidding for the fund is available on a continuous basis until funds are allocated.
 7. The fund will make investments until 2019/20.
 8. Total funds must be drawn down by 31 March 2020 and repaid by 31 March 2025.

Application process:

Please refer to the Custom Build Serviced Plot Loan Fund Prospectus for an overview of the information requirements and application process. The latter process will verify suitability for funding including:

- Bidder and project financial standing;
- Evidence of site ownership and planning status;
- Availability, sources and status of other project funding;
- The amount of Custom Build Serviced Plots loan required and interest rate to be charged;
- The project delivery risks are at an acceptable level and mitigated by the security offered for the funding required.

As a general rule applications should have outline planning permission (with layout and access confirmed) as a minimum. Applications without planning permission may be considered if the applicant is in control of the land or where the site has been designated in an adopted development plan. However, no loan funding will be payable until an outline planning permission is in place.

Further information:

- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437275/CBSP_Prospectus_-_CME_full.pdf
- Contact the Homes and Communities Agency on 0300 1234 500
- Email to: ServicedPlots@hca.gsi.gov.uk

The Prince's Trust

The Prince's Trust offers various programmes to help with setting up a business. Their Development Awards programme is directed to UK residents aged between 17-25, unemployed or working fewer than 16 hours a week, or in education less than 14 hours a week. It helps generate funds for, amongst others:

- Tools and equipment for a job or qualification e.g. carpentry tools
- Course fees
- License fees e.g. CSCS card (construction) or SIA license (security)
- Commuting to a new job until first salary payment

The Prince's Trust Enterprise Programme is directed for business start-ups, and it helps unemployed to start own business by providing training, tools and support.

Further information: www.princes-trust.org.uk

Microgeneration Certification Scheme (MCS)

It is a financial support and advice for small and medium-sized enterprises to gain the necessary accreditation to install microgeneration technology such as solar panels and heat pumps. Companies can access interest-free loans to cover the cost of gaining MCS accreditation. Eligible businesses will be able to receive the guidance on the certification process. The application should be done through MCS Certification Body. There are various ways to get involved with MCS:

- Become a fully certified MCS Installer company
- Work full time for a certified MCS Installer company

- Become a sub-contractor to a certified MCS Installer company
- Further information: www.microgenerationcertification.org

Start Up Loan

Start Up Loan is a government-backed scheme that provides funds and mentoring for entrepreneurs. The business plan is assessed, and funding is decided by the Start-Up Loans Company. If the business plan is approved a low-cost unsecured loan of up to £25,000 with fixed 6% interest p.a. and no set up fees is available together with business mentoring and a range of business support products. The loan has to be paid back within five years, and fixed rate of interest applies.

It is available if

- The applicant is 18 years or older.
- The applicant is starting a new business or has been trading for no longer than 24 months.
- The business must be a UK registered company and/or registered in the UK for tax purposes.

- The applicant is a current UK resident and will be for the duration of your proposed loan term.
- The applicant can be self-employed in the UK.
- The applicant's financial position and credit history will be considered.
- The applicant is not bankrupt or on a Debt Relief Order (DRO), nor he has been discharged from one of these in the last two years. The applicant does not currently have an outstanding Individual Voluntary Arrangement (IVA) or Trust Deed, nor has been discharged from one of these in the last two years. The applicant is not currently on a Debt Management Programme or Debt Arrangement Scheme.

The most important in the application for funding is the up to date business plan which describes the business nature. It should consist of objectives, strategies, sales, marketing, financial forecasts and others. It is important to include the proof of any contracts and to demonstrate

the proper financial management. There is a need to provide a detailed breakdown of all things required to be paid by a grant.

Start up loans can be used for:

- Expansion, upgrade or remodelling of your construction plant
- Purchase of construction equipment (new or used) and materials
- Expansion of staff, along with education and training
- Winning new construction contracts
- Cash flow management

When the start up loan is accepted, there are available also other incentives like a discounted website design, free accounting software and free legal advice.

To get the government-backed Start-Up Loan check if you are eligible at www.startuploans.co.uk. Prepare the business plan which will be a basis for a loan application. It is worth to include the cash flow forecasts to get more chance for approval. If application is successful and after funding is received, the business will get a dedicated mentor who will provide ongoing guidance and support to help the business grow.

Further information: www.startuploans.co.uk

Local Business Grants

There are potential source of finance available in local organisations like Local Enterprise Partnerships (LEPs) which support businesses locally. Another key option for obtaining grants locally is Regional Growth Fund (RGF)

Further Information: www.gov.uk

EU Grants

EU grants are currently delivered through Horizon 2020. It is the biggest EU Research and Innovation programme which offers various competitions including SME Instrument, EU collaborative calls, FastTrack to Innovation and Eurostars. There are options available for both SMEs projects and collaborative projects across the EU countries.

