**Lancashire Investment Baseline Report**

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# ***Introduction***

This report provides the baseline information that was not part of the EKOS report into the Availability of Finance Report in July 2022.  The EKOS report provided recommendations and progress has been reported to the stakeholder group, the Business Support Management Board and will be reported to the Lancashire Enterprise Board.  However, as no baseline information was available it was not possible to measure the impact of the activities that have been undertaken.

Resource has been made available to the Lancashire Enterprise Partnership which has enable the baseline data to be collated.

The Lancashire investment report aims to set out the baseline data for equity investment, debt data and access to finance in the county. This follows on from certain actions that were set out in the EKOS report, which will look to improve the eco system of Lancashire in the upcoming years by setting KPI's based on the findings. Having baseline data on where funding is coming from in the county will assist in the improvement signposting for investors and companies looking for investment.

This baseline report will form the basis of deciding Key Performance Indicators and the opportunity to review the actions needed to achieve those Key Performance Indicators.

# ***Equity Investment***

The following report looks at the amount of equity investment that has been deployed in Lancashire over a three-year financial period from 1st April 2020 to 31 March 2023.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020/21** | **2021/22** | **2022/23** | **Total**  |
| Number of Investments | 38 | 34 | 38 | 110 |
| Value | **£29,633,993** | **£203,100,555** | **£69,306,127** | **£302,040,675** |

The total amount of Equity Funding raised in Lancashire over this period is at least **£302,040,675** with **110** different deals taking place over this time period. There is, however a need to highlight an anomaly in the total invested into Lancashire because one company accounts for £180,000,000 of the total figure. Discounting this company from the final figures means Lancashire would have lower investment than all other local regions. The following is a list of the disclosed investors **(50)**

In terms of sector specific investment, **Table 1** shows which sectors have received the most investment over the past three financial years 2020-2023.

# *Table 1*A screenshot of a chart  Description automatically generated

# ***1st April 2020- 31st March 2021***

## *Table 2*

***Table 2*** shows a total equity investment of **£29,633,993** in the financial year 2020-21, with a total of 36 companies that used this method of investment. There are two companies that have acquired equity finance on more than one occasion in this financial year.



# ***1st April 2021- 31st March 2022***

## *Table 3*

 ***Table 3*** shows a total equity investment of at least **£203,100,555** in the financial year 2021-22, with a total of 31 companies that received investment through equity fundraising. As with the previous year there were three companies that had two rounds of equity investment. As highlighted in the table there is also one company where the amount raised is not disclosed. As previously mentioned, when analysing the data for this financial year the investment of £150,000,000 inflates the average yearly figures, therefore moving forward this should be taken into account when setting targets.

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# ***1st April 2022- 31st March 2023***

## *Table 4*

**Table 4** shows a total equity investment of at least **£69,306,127** in the financial year 2022-23, with a total of 36 companies that received investment through equity fundraising. As seen in the previous financial years two companies received investment on two separate occasions. Also as seen in the 2021-22 there are four companies who have not disclosed the amount of finance they raised.

Tables 2,3 and 4 are a breakdown of the amount of equity investment that has been deployed into Lancashire over the past three financial years, 2020-2023. The tables show the dates of the deals, the form of funding, the amount raised, the Investor and what sector the investment is going into.

# ***Debt Investment***

The table 5 shows the overall fundraisings through debt investment in three consecutive financial years starting from 1st of April 2020 to 31st of March 2023.

## *Table 5*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2020/21 | 2021/22 | 2022/23 | Total  |
| Total No. of Loans/Investments | 83 | 29 | 14 | 126 |
| A2F\* | £1,201,000 | £1,654,500 |  | £2,855,500 |
| Lancashire Rosebud Finance | £257,000 | £1,096,000 | 1,365,500 | £2,718,500 |
| Beauhurst  | £42,660,000 | £4,070,000 | £1,580,000 | £48,310,000 |
| Total Amount raised | **£44,118,000** | **£6,820,500** | **£2,945,500** | **£53,884,000** |

\*Adjusted to avoid double counting

The total amount of debt funding raised in Lancashire has been calculated as **£53,884,000** over a three-year period having total 29,297 fundraising events. Figures are unavailable for bank lending in Lancashire and Beauhurst has limited information. Debt figures from various resources has been collated recognising its limitations.

29,171 Lancashire businesses borrowed £1,304,644,762 through the Coronavirus Interruptions Business Loan Scheme (CBILS) and the Bounce Back Loan Scheme (BBLS) in the financial year 2020/21. It has been removed from the above table and is distorted the underlying borrowing figures.

It should be noted that Start up Loans provided Lancashire businesses with 2,855 loans at a value of £23,475,569 over a ten year period. This averages out at 285 loans per year with an annual investment of £2,347,557.

***Table 6*** represents sector-wise division of companies involved in debt fundraising in Lancashire over three financial years period.

## *Table 6*



## ***1st April 2020 to 31st March 2021***

In the financial year of 2020-21, the total amount of debt finance in Lancashire was **£44,118,000** which is the highest amount in last three years. This was the year of the coronavirus pandemic and many businesses were new borrowers. In this year CIBLS and BBLS which lent £1,302,644,762 to Lancashire businesses.

## ***1st of April 2021- 31st of March 2022***

In the financial year of 2021-22, the total amount of debt finance in Lancashire was **£6,820,500** which is low in comparison to the previous year and highest proportion of £4,070,000 is reported by Beauhurst.

## ***1st of April 2022- 31st of March 2023***

In the financial year of 2022-23, the total amount of debt finance in Lancashire was **£2,945,500** which was raised in 14 fund raising events however this amount is the lowest in comparison of previous two years.

# **Innovate UK Funding**

The innovate UK fund investment for Lancashire was **£41,511,964** in a period of three years from 2020 to 2023 with highest number of innovate UK products in the first year and Collaborative R&D remained the main product type in all years.

## *Table 7*

|  |  |  |  |
| --- | --- | --- | --- |
| Year | 2020/21 | 2021/22 | 2022/23 |
| No. of innovate UK Products | 94 | 73 | 60 |
| Fund raised | £21,515,162 | £15,249,260 | £4,747,543 |
| Top Type pf Products | Collaborative R&DFeasibility StudiesKnowledge Transfer Partnership/BEIS-Funded Programmes | Collaborative R&DKnowledge Transfer Partnership | Collaborative R&DEU-Funded |

# **Regional Comparisons**

## *Comparison of Equity Fundraising in Different regions against Lancashire*

Table 8 shows the comparison of different regions in the North of England, the comparisons have been made on total investment, biggest investor financially, sector of investment and main fund type.

## *Table 8*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Region** | **Lancashire LEP** | **Manchester LEP** | **Liverpool LEP** | **Leeds LEP** | **Sheffield LEP** |
| **Total (£)** | £302,040,674 | £1,660,000,000 | £160,000,000 | £447,000,000 | £222,000,000 |
| **Investor** | BGF Growth Capital | Lightspeed Ventures | Legal & General | BGF Growth Capital | BGF Growth Capital |
| **Sector** | Tech/ IP Based | Tech/ IP Based | Tech/ IP Based | Tech/ IP Based | Tech/ IP Based |
| **Fund Type** | Private equity & Venture Capital | Private equity & Venture Capital | Private equity & Venture Capital | Private equity & Venture Capital | Private equity & Venture Capital |

# *Comparison of Debt Fundraising in Different regions against Lancashire*

Table 9 shows the comparison of debt fundraising in different regions, parameters are total investment, investors, sector, and type of fund.

## *Table 9*

*Overall Comparison of Debt and Equity Fundraising in three financial years*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Region** | **Lancashire LEP** | **Manchester LEP** | **Liverpool LEP** | **Leeds LEP** | **Sheffield LEP** |
| **Total (£)** | £63,000,000 | £38,400,000 | £85,800,000 | £22,900,000 | £10,400,000 |
| **Investor** | Corporate & Acquisition Finance | Future Fund | Flexible Business Loan | Asset & Equipment Finance | BGF Growth Capital |
| **Sector** | Industrials | Industrials | Industrials | Industrials | Industrials |
| **Fund Type** | Bank | Bank | Bank | Bank | Bank |

Table 10 reflects the overall comparison of amount raised in last three financial years with debt and equity funds in different regions of Lancashire.

## *Table 10*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020/21** | **2021/22** | **2022/23** | **Total** |
| **Equity Amount** | £29,633,993 | £203,100,555 | £69,306,127  | **£302,040,615**  |
| **No. Of Equity Fundraisings** | 38  | 34  | 38  | **110**  |
| **Loan Amount** | £44,118,000 | £6,820,500 | £2,945,500 | **£53,884,000** |
| **No. of Loan Fundraisings** |  83 | 29 | 14 | **126** |
| **Innovate UK** | £21,515,161.84  | £15,249,259.53   | £4,747,543.13  | **£41,511,964.13** |
| **Total Funds**  | £1,397,911,917 | £225,170,314.40 | £76,999,169.84 | **£1,700,081,341** |

# ***Innovate UK Funding in Lancashire against other city regions over the three Financial Years***

Table 11 shows the comparison of innovate UK funding for last three financial years against different regions of North.

## *Table 11*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Address LEP** | **2021** | **2022** | **2023** | **Total** |
| **Lancashire** | £21,515,162  | £15,249,260 | £4,747,544  | **£41,511,966** |
| **Sheffield City Region** | £30,096,130 | £51,949 | £12,609,154 | **£94,654,755** |
| **Leeds City Region** | £27,439,698 | £41,518,992  | £12,278,152  | **£81,236,842** |
| **Liverpool City Region** | £10,382,651 | £29,717,332 | £12,498,003  | **£52,597,986** |
| **Greater Manchester** | £23,620,477 | £50,743,795 | £24,702,390  | **£99,066,662** |

The numbers show that Lancashire's investment in innovate UK has decreased over the years, from £21,515,162 to £4,747,544 with a total of £41,511,966 while in other areas like Sheffield, Leeds, Liverpool, and Greater Manchester the amount of investment Increased in the first financial year but decreased I the next year from 2022 to 2023 (not complete year).

**Access to Finance (A2F)**

There are many forms of funding available on national, regional, and local levels and table 12 reflects the information about external financial support available on Lancashire Local Authorities websites (Red and green represent the absence and availability, respectively). The information about finance is unavailable on many Local Authority websites which creates a gap in financial knowledge around the County. For consistency purposes, there is a need to have similar information about finance available to all businesses. The Funding Hub can achieve that goal as it should be used as a one stop shop for financial support and information.

## *Table 12*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type of Finance** | **Name of Finance** | **National/Local Provider** | **Burnley** | **Chorley** | **Fylde** | **Hyndburn** | **Lancaster** | **Pendle** | **Preston** | **Ribble Valley** | **Rossendale** | **South Ribble** | **West Lancashire** | **Wyre** | **Blackburn with Darwen** | **Blackpool** |
| **One to One Support**  | Access to finance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Start-up Finance** | Boost | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Start up loan Scheme | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Innovate UK (Various) | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lancaster University Business Funding | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Selnet Drive (EU+ Lancs) | N/A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Virgin Start Up |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Growth Finance** | Northern Powerhouse Investment Fund | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Mercia | Large regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Venture Capital | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | UKBAA |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Investment** | Uclan Investment Readiness Programme | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Crowdcube | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Seedrs | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Loan Finance** | Rosebud Finance | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Funding Circle |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | British Business Bank | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Growing International Trade** | Internationalisation Fund: North West | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Local Finance** | Local banks | Local |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Local business support schemes | Local |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lancashire Community Finance | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | HSBC | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Business Rates Relief |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Low Carbon** | Chamber Low Carbon Grants | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | The ECO I NW (UCLAN) | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | MaCaW | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Sector Specific Finance** | Lancashire Manufacturing Growth Fund | Local |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | The Watchtower Programme (Manufacturing) | Regional |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Arts Council England | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Creative England | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Rural Development funds (Various) | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | DEFRA | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | European Structural and Investment Funds | N/A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | European Martitime and Fisheries Fund | N/A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Queens Platium Jubilee Fund | National |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | UnLtd (Social Venture Finance) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Lancashire Leap (Apprentice support) | N/A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Business Surveys**

Table 13 reflects the surveys carried out by different organisations.

## *Table 13*

|  |  |  |
| --- | --- | --- |
| Name of Audit | Frequency of Audit | Finance Questions Asked |
| Chambers of Commerce | Quarterly | Yes |
| Boost | Ad-Hoc | Yes |
| Federation of small business | Quarterly | No |
| Lancashire County Council | N/A | No |
| Marketing Lancashire | N/A | No |
| ONS Survey | Monthly | Yes |
| CBI Surveys | Quarterly | No |
| Deloitte CFO Survey | Quarterly | No |
| IOD Survey | Annual | No |
| Grant Thornton International Business Report | Twice a Year | No |
| UK Business Confidence Monitor (BCM) | Quarterly | Yes |
| Lloyds Bank Business Barometer | Monthly | No |
| NatWest Regional Economic Tracker | Monthly | N.A |
| UK Quarterly Inflation survey | Quarterly | No |
| Centre of cities outlook report | Yearly | No |
| BICS- Business Insight survey | Fortnightly | No |
| UK Innovation Survey | Every 2 years | Yes |
| Survey of R&D Carried out in UK | Every two years | No |

The surveys that are currently being conducted do not include Lancashire specific data and tend to be on a Northwest Footprint.

# **Summary of Findings**

The report outlines the baseline data that is required to measure the impact of activities undertaken over the period of 12 months. The information includes the equity and debt investment along with the information available about financial support across local authority website in Lancashire County. Regional Comparisons of Lancashire's financial situation in terms of all types of investment events including Innovate UK funding make significant part of the Baseline report.

* The Equity fund raising significantly behind Manchester and Leeds. So, this can be improved through signposting, better information and attractiveness of the angel network ecosystem for investors and companies needing angel investment.
* In terms of Debt funding, the available information is limited. So, there is a need to research for better sources of information.
* The finance information across Local authority's website is inconsistent and should point to funding Hub that can be a great source for that information.
* The survey conducted by different organisations doesn't specifically focus to provide data on Lancashire.

This baseline data should be used to consider and set new KPI's along with future actions to achieve targets.