



**North of Tyne  
Culture & Creative  
Investment Programme**

# **Loan Guidelines and FAQs**



**Creative UK has a  
new investment offer  
for businesses and  
freelancers working  
in the culture and  
creative industries in  
the North of Tyne.**



Through the **North of Tyne Culture and Creative Investment Programme**, we are investing over £2 million through loan and equity investments, on behalf of the North East Combined Authority.

This document relates to the loans strand of our investment programme, through which we will invest £1.5m in loans in the North of Tyne's culture and creative industries.

Applications are encouraged from commercially viable, growth-minded businesses that are innovative, operate in the creative and cultural sector, and able to deliver meaningful impact in the region.

**Highlights of our investment offer are:**

- Competitive and flexible investment terms
- Access to wrap-around business support
- Access to the Creative UK network and ecosystem

**Our offer for equity finance:**

- Loans of between £50,000 – £150,000  
(we may consider amounts outside this range in exceptional cases)
- Interest rate based on risk profile, capped at 10%
- No management fees or early repayment charges
- Up to six-month capital repayment holiday
- Flexible repayment terms up to a maximum of 5 years



### **Who can apply? What are the eligibility criteria?**

To be eligible to apply, businesses must:

- be based in the North of Tyne (Newcastle, North Tyneside or Northumberland)
- operate within the cultural or creative industries
- be seeking investment towards activity that meets the aims of the programme
- be able to provide a suite of financial information that demonstrates ability to service the loan

### **Can businesses outside the North of Tyne area apply?**

We are primarily looking to invest in businesses that are registered and trading in the North of Tyne region and contributing to the local creative and cultural economy.

However, we will also consider investment into businesses:

- that are looking to relocate to the region and can demonstrate a committed timeframe to do so, and a strong case for economic, creative and cultural impact
- who are registered outside the region, but their main business/trading activity takes place in the North of Tyne area and can demonstrate that the investment will drive significant economic, creative and cultural benefit to the region

### **What do we mean by the ‘Cultural and Creative Industries?’**

We mean businesses working in the Visuals arts, Performing arts, Music, Film, TV, Media, Immersive and Video Games, Advertising & Marketing, Digital & Creative Tech, Creative Software Solutions, Fashion, Architecture, Heritage, Publishing, Museums, Libraries and Galleries.

### **Can freelancers apply?**

Freelancers who are set up as a limited company can apply for equity investment, however it is not possible to make equity investments to a sole trader. Individuals can access the business support and grants element of the programme.

### **How much is available?**

Through the North of Tyne Culture and Creative Investment Programme we will invest £1.5m in loans in the North of Tyne’s cultural and creative industries. Loans for individual businesses will generally range from £50,000 – £150,000, although we may consider investment amounts outside this in exceptional cases.



### **What can the investment be used towards?**

We are interested in commercially viable, growth-minded businesses that are innovative, operate in the creative and cultural sector, and able to deliver meaningful impact in the region.

In line with this, permitted use of funds are:

- Developing revenue-generating products and services
- Developing or diversifying into new business models
- Diversifying forms of cultural and creative practice
- Other general expenditures that enable business growth such as recruitment, marketing and equipment costs etc.

### **What are the rates of interest?**

Interest rates based on risk profile, capped at 10%

### **What are the repayment terms?**

Repayment terms can be up to a maximum of 5 years. We offer flexible repayment schedules; repayments can be arranged as monthly, quarterly or annually.

### **What are the fees?**

No management fees or early repayment charges.

Please note that the 0% management fees and any favourable difference in interest payments compared to the open market would count towards government subsidy control limits. It would be a successful loan recipient's responsibility to declare and adhere to these limits. Please see government guidance for information on these limits.

Guidance on the UK's international subsidy control commitments - [GOV.UK \(www.gov.uk\)](https://www.gov.uk)

### **Are the loans secured through Personal Guarantee?**

We do not ask for Personal Guarantees as a standard, we secure our loans through a debenture against the business. Although if you wish to discuss a Personal Guarantee with us, please include that in your application.



## How do I apply?

### 1. Expression of Interest (EOI)

Applicants need register on our online system and submit an EOI explaining what the company does and why they want investment. You will need to provide some top line financial information to help understand the financial health of your business and whether your organisation can service the loan.

#### **LINK to loan EOI form**

<http://applications.creativeengland.co.uk/application/312>

#### **LINK to finance table**

<https://www.creativeengland.co.uk/wp-content/uploads/2021/07/NoT-Loan-EOI-Fin-Assessment-July-2021.xlsx>

### 2. Full Application

We will review EOI submissions and eligible applicants will be sent a link enabling them to apply via our online system.

#### **Applicants will need to tell us:**

- what it is your company does and how it makes money
- about your company's artistic or creative output within the cultural sector and/or creative industries
- why you need funding and what it is you need the additional capital for?
- about your board make-up and outline key staff, their responsibilities and experience.
- to summarise any risks and mitigations
- how your business has been affected by Covid 19 pandemic

#### **Applicants will need to provide:**

- Your sales pipeline
- a financial forecast extending for the life of the loan
- A company bank statement from previous month
- Annual company accounts filed at Companies House from previous year
- Latest management accounts (produced in the last 2 months)

We will also ask how the proposed activity meets the wider aims of Culture and Creative Investment Programme.



### **What is the decision process?**

We will complete a comprehensive due diligence of the organisation and undertake an assessment of the company's management and governance structure, commerciality and finances. This process can take several weeks, and we might contact you with queries and may request additional information.

All final investment decisions are made by an independent Investment Committee who will consider the proposal/organisation in terms of financial viability and Investment potential. We are expecting more demand for this programme than we have resources available. The Investment Committee will also consider a range of additional balancing criteria to ensure we are achieving the right spread of investment.

### **How long does the process take?**

Once we receive your full application, we might contact you with queries and may request additional information. Once we have the required information, we will aim to give you a decision in within 6-8 weeks.

