

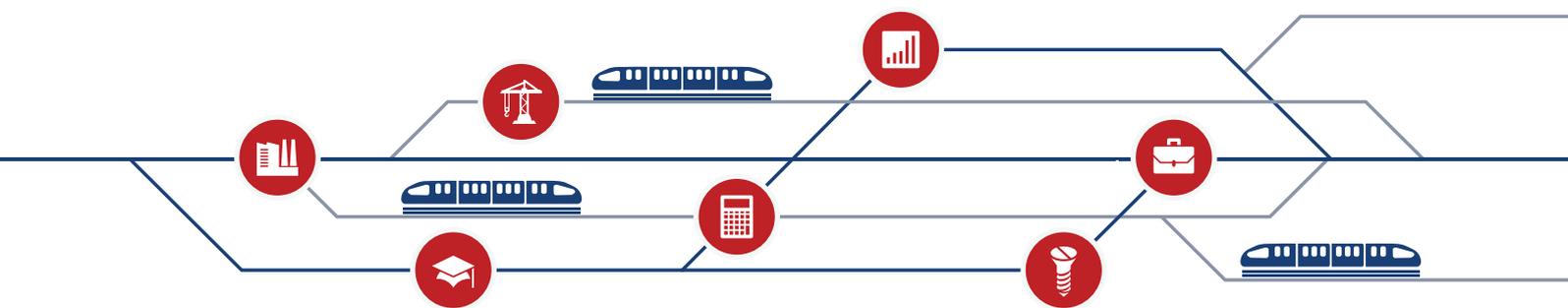


Department
for Business
Innovation & Skills

finance
birmingham

Rail Supply Growth Fund

Launched 1 February 2016



Working with



Rail Supply Group

Executive Summary

'A strong supply chain is critical to the delivery of the government's plans for a high quality conventional, light and high speed rail network'

Finance Birmingham has launched a national £20m Rail Supply Growth Fund as a dynamic solution for businesses seeking accelerated routes to market in the growing rail supply sector. This initiative has been developed in conjunction with the Department for Business, Skills and Innovation and aims to maximise commercial opportunities for businesses resulting from the expansion and modernisation of the rail network including HS2.

The Fund builds on the success of the Advanced Manufacturing Supply Chain Initiative operated by Finance Birmingham as the delivery partner of Birmingham City Council and provides a real opportunity to create a more competitive supply chain for rail that anchors high value work in England.

Its aim is to fund the growth of both existing and new suppliers by helping to remove barriers to entry and strengthen the capability, productivity and global competitiveness leading to increased levels of employment and investment.

The £20m Fund supports the aim of the Rail Supply Group strategy by helping to strengthen access to finance through the creation of a dedicated additional source of funding.

The Fund is innovative, flexible and able to offer loans of £0.5m to £2m to business' based in England, contributing towards funding requirements for the following:

- Working capital and/or
- New capital expenditure and/or
- Product launch

It will also have the ability to provide a potential financial contribution of up to 10% of the application value to assist innovative crossover products and services and to enhance businesses' participation within the rail supply chain. Loans are repayable up to a five year period.

Funding will be charged at an appropriate interest rate based upon the particular circumstances of a business and subject to an arrangement fee of up to 2% and an annual monitoring fee of up to 1%.

The Fund will be delivered as a pilot and Finance Birmingham has already potentially identified substantial additional private sector funding to support a much larger fund in the future.

Fund's Requirements:

Within their applications businesses will need to show the rationale for the funding being requested and specifically how they will meet the following key requirements:

- Ability to supply into or to participate within the rail supply sector
- Development and growth of the business supported by a set of financial forecasts that underpins this
- Increased capabilities, productivity and competitiveness leading to the creation and safeguarding of jobs
- Provide additional private sector funding
- Demonstrate a strong trading history
- Strong and committed leadership team

If a financial contribution (potentially up to 10% of the application value) is sought, the business must be able to clearly demonstrate the relevance and viability of rail crossover products and services and / or how the contribution would enable the business to enhance its participation within the rail supply sector.

The Fund launched on 1 February 2016, subject to the availability of funds, will run throughout 2016.

State Aid

All applications supported with funding must be compliant with State Aid legislation. If you are not familiar with State Aid rules please see the FAQs on Finance Birmingham's website:

www.financebirmingham.com/railsupplygrowthfund/faq

Support is available throughout the application process by contacting the Rail Supply Growth Fund Helpline on **0121 233 4917**

Expression of interest forms, application documents and further help and guidance information such as FAQs are available from our website – financebirmingham.com/railsupplygrowthfund

Applicant's Journey

Pre-application submission

Step 1

After reading the "Guidance Notes for Applicants", which is available on our website, send us your expression of interest (EOI) form. This will be reviewed by a member of Finance Birmingham's team who will contact you to discuss your initial EOI form and to guide you as to the next steps.

Step 2

Taking account of the outcome of the initial discussion on the EOI form and the contents of the Guidance Notes for Applicants, complete and submit your application form and advised supporting documentation.

Post-application process

Step 1

Following receipt of your completed application, a visit will be arranged to your business by members of the Finance Birmingham team to discuss your application in detail and to consider any further information that is required to support your application.

Step 2

A commercial, technical and financial assessment of your application will be undertaken which will include a number of initial due diligence checks.

Step 3

An assessment report on your request for funding will be produced and considered by the Independent Investment Board. If your application is successful a conditional offer letter (COL) will be sent to you setting out what further work and documentation needs to be completed. All unsuccessful funding requests will receive feedback setting out the reasons as to why they have not been successful.

Step 4

Following the completion of the work and all the necessary documentation, as set out in the COL, an unconditional offer letter (confirmation letter) will be sent to you.

Step 5

Monitoring requirements will be agreed with you and funds made available to you as per the approval for funding.

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