

Government programme offering £375M opens for investor applications

The Breakthrough programme, announced by Chancellor Rishi Sunak at budget 2021, is now open for applications. The UK-wide programme will deliver £375M of government funding via British Patient Capital, a commercial subsidiary of the British Business Bank, to the breakthrough technology sector.

Due to high research and development costs, breakthrough technology companies often require more capital than other companies to fuel the later stages of their growth.

The Breakthrough programme means British Patient Capital will now make equity co-investments with private sector investors in later stage R&D-intensive UK companies operating in breakthrough technology sectors, such as quantum computing, cleantech and life sciences.

British Patient Capital will grow a portfolio of growth-stage breakthrough technology companies over time.

Gerard Grech, chief executive of Tech Nation, said, “Funds focused specifically on R&D-intensive companies aligned to the UK’s strategic sectors, including net zero companies, will help to tackle some of the biggest challenges facing society today. It will open up new job opportunities, drive economic growth,

and cement UK tech as world-leading.”

How does the scheme work?

In order to be eligible for the scheme, companies must be raising a minimum total investment round of £30M, of which the programme will contribute a maximum of 30%. This means the minimum amount of private sector funding is £21M.

The company must also have raised at least £5M of equity investment from third-party investors in previous funding rounds.

As a commercial scheme, the programme will invest on the same terms as private sector investors. Funding applications for the investor-led programme, which are now open, can only be made by a qualifying lead investor.

The scheme is separate from the now-closed Future Fund, which provided convertible loans of up to £5M to a wide variety of innovative UK companies to address the funding challenges caused by COVID-19.

CEO of British Patient Capital, Judith Hartley, said, “With many world-class universities and a strong track record in science and research, the UK is fertile ground for creating high-growth companies based on cutting edge technologies.”

“Through the commercialisation of R&D, these transformative companies will help accelerate the deployment of innovative breakthrough technologies that can transform major industries; develop new medicines; support the transition to a net zero economy and strengthen the UK’s position as a science superpower.”