

The ultimate guide to funding for UK entrepreneurs: from startup to scaleup



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Reading time 10 mins

Key Points

- Small or medium-sized businesses (SMEs) are essential contributors to the UK's business ecosystem, yet accessing financing remains challenging
- British Business Bank's 2022/23 report concluded that a lack of finance and funding is holding companies back from developing and commercialising innovation
- The Scaleup Institute's 2022 Annual Review noted that 82% of scaleups use some form of external funding. However, 50% think that the type of funding they secured doesn't support their growth ambitions
- Included in this post is an updated list of external financing options to help business founders find opportunities that best suit their needs
- Download the rest of the chapters in this series for a comprehensive overview of the various financing options available for each stage of your business development

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While many new businesses and startups feel that [economic uncertainty and access to funding](#) are some of the biggest challenges they face, that's not necessarily the case. We reviewed various opportunities for funding for UK entrepreneurs this month and were pleased to note that the financing landscape remains lush and diverse – despite soaring energy prices and inflation. Depending on which sector or stage of your company/product development you're in, you can access the resource lists we compiled to help you look for:

Tech funding opportunities in Bristol and the South West

How to secure early-stage product idea funding: A beginner's guide

A comprehensive guide to Series A funding for product

development

Everything you need to know about Series B product development funding

Top 10 Bristol incubation hubs & accelerators propelling startups to stardom

Angel investors in Bristol every local startup should know

Small or medium-sized businesses (SMEs) are the most important contributors to the UK's robust business ecosystem. SMEs account for [61% of employment](#) and 7% of business turnover. In addition to creating jobs, SMEs ignite innovation and support local communities, so it's no wonder there are diverse funding opportunities for UK entrepreneurs to help them get from startup to scaleup.

British Business Bank small business finance support

The British Business Bank (a government-owned business development bank) is tasked with driving sustainable growth and prosperity across the UK and enabling the transition to a net-zero economy by supporting access to finance for smaller businesses. Their [2022/23 Small Business Markets Finance Report](#) looked at businesses' relationship with external finance in relation to the opportunities and challenges they faced in 2022.

The goal was to identify where finance can help to capitalise on opportunities to innovate, increase opportunities, and reduce carbon emissions. Key takeaways from the report:

- While the UK performs well overall when measured across a variety of metrics – and is ranked 5th on the Global Innovation Index – the proportion of innovative UK SMEs ranks in the bottom 3 relative to other G7 nations
- Economic growth requires both new-to-market and new-to-business innovation to flourish – both of which are more significant users of external financing than non-innovating small businesses

- SMEs seeking finance to innovate are statistically significantly more likely to apply for 3 finance products: grants (36%), asset finance (22%), and bank overdrafts (21%), with only 3% and 8% seeking finance from equity deals and friends/family respectively
- A diverse and efficient financial market plays an essential role in supporting small business innovation
- Lack of finance and funding holds companies back from developing and commercialising innovation

These takeaways point to the British Business Bank's motivation to facilitate financing needed for businesses to innovate, namely collaborations with Innovate UK and UK Research and Innovation (UKRI). Combined, these opportunities for funding for UK entrepreneurs include:

British Business Bank Startup Loans: Personal loans for new businesses to begin trading, geared towards owners who cannot access financing from traditional lenders. Owners can apply for loans of between £500 to £25,000, and if there are partners in the business, each can apply for a loan of up to £25,000 with a maximum of £100,000 in total. Repayment terms are flexible, and companies also receive free one-on-one mentoring for 12 months.

British Business Bank Finance Hub: A user-intuitive online portal and interactive finance finder that helps small businesses understand their funding options and find an ideal match.

UK Research and Innovation (UKRI) competitions and Innovate UK Unlocking Potential Awards grants from £5,000 – £50,000 are now open.

Alternative Business Funding: An approved designated funding platform by the British Business Bank to help companies 'find funding fast'. This includes asset finance, business loans, commercial property, and other types of finance.

External financing options and funding for UK entrepreneurs

External financing is money raised by a company through outside sources (e.g. an overdraft or borrowing from friends/family) rather than through its profits. The [Scaleup Institute's Annual Review](#) and a recent survey of fast-growth companies across the UK provides informative insights into how scaleups (businesses in the process of expanding) seek external funding: while 82% of scaleups use some form of external financing, 50% think that the type of funding they secured doesn't support their growth ambitions.

The takeaway: Aside from monetary financing, be clear on what you need to take your business or product to the next level (e.g. mentorship, retail contacts, infrastructure) and target the type of resource to provide that.

West of England Growth Hub: Financial services offering 360° financial support for all stages of a new company's development – from startup to scaleup. This includes:

- Business growth and adaptations grant
- Intellectual property advice and guidance
- Carbon surveys
- Migrant business support
- Green business grant

South West Business Grants: Online portal where SMEs can submit applications to determine eligibility for grants and funding programs.

Granted Consultancy: A team of in-house funding experts who guide, advise, and support startups and scaleups through their funding journey. Their services include grant writing, submitting R&D tax credit claims, and Live Funding to match innovative project claims to funding opportunities.

Grantify: Funding Simplified helps organisations to apply for government funding opportunities. Companies can also use their online portals to verify whether they qualify for options such as Innovate Smart Grants, tax credits, and European Innovation Council (EIC) funding

PwC Ventures Series: Targeted towards fast-growing, early-stage tech companies looking to raise funding between £3m – £10m.

Venture Path: Exclusively for UK tech scaleups looking to grow, raise capital, and scale faster. They support founders through personalised business growth planning, a trusted community of fellow founders, and a vetted expert network.

British Growth Funding: Investors dedicated to supporting growth and value creation in entrepreneurial companies. They provide a long-term partnership with no deadlines, flexible funding at all company growth stages, and follow-on funding if requested.

The Scaleup Institute has an online directory of support services nationwide – making it easier for businesses to find what they want.

Ada Ventures: Bold investment for overlooked female and ethnic minority teams. They invest in UK tech companies with bold ambitions and award a first cheque of £250,000 – £1M.

AiiM Partners: Invests in tech-enabled companies addressing climate change while prioritising equity and access.

A final word on funding options for UK entrepreneurs

Finding funding for your startup or if you're ready to scale up is challenging and competitive. Taking the time to assess the numerous options available and weighing them against your specific needs will help you pinpoint and target the most suitable opportunities for you – and avoid wasting time!

If you have an innovative idea, challenge, or project that you'd like someone with experience to provide a perspective on, contact us! [Book a free consultation with a member of our team of experts](#) to learn more about what we can do to help.

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