



NEWSLETTER 2017-18

JOBS • OPPORTUNITY • GROWTH • INNOVATION • ENTERPRISE

CELEBRATING 20 YEARS OF ART



The ART Team, from left to right: Andy King, Christine Allen-Lloyd, Barbara Seaton, Steve Walker, Roz Haque, Martin Edmonds, Graham Donaldson, Photographer: Marc Kirsten

ART opened its doors in June 1997, with a mission to support businesses unable to access the finance they needed from the banks and help them create or protect jobs. Since then, the world has changed considerably, but the need for ART is arguably greater than ever.

ART has always been an additional source of finance to the banks, not an alternative source, designed to fill the gap in access to finance at the mainly small end of the SME (small to medium enterprise) market.

What originally differentiated ART as a Community Development Finance Institution (CDFI), was that it targeted underserved areas whether by geography or sector, for example inner city areas, women, black and ethnic minority individuals looking to start or grow a business. CDFIs are now known as Responsible Finance providers and further details of

their spread of coverage across the UK can be found at www.responsiblefinance.org.uk. The gap in the market for appropriate business finance has grown, as has the geographical area ART covers, and we now support any enterprise across the West Midlands unable to access finance – or sufficient finance - from a bank. Many of our current clients the banks would have supported 20 years ago, but changes to internal credit policies mean they are now unable to receive funding.

At the outset it was expected that the major role of the public sector, whether nationally or locally, would be to support CDFIs with funding to provide first loss cover for bad debts, allowing them to raise money from the private sector to lend. The public sector would do this so that CDFIs did not need to operate on a fully commercial basis and could fill gaps in the market, helping businesses to set up, grow and diversify, thereby boosting the economy. Little has changed 20 years later.

Since 1997 we have helped many businesses achieve their ambitions

Total Loans
£21m+

Jobs Supported
7000+

Businesses Supported
900+

FOR LOANS OR ANY OTHER ENQUIRIES:
call Andy, Graham, Martin or Roz on
0121 359 2444
www.artbusinessloans.co.uk



"We're grateful for the existence of ART Business Loans. In today's economic environment, business needs financiers with vision, who are prepared to take a calculated risk and support an entrepreneurial approach."
Jules Morgan, KPM Marine

We lend £10,000 - £150,000 to businesses in the West Midlands, operating in any market sector, for any business purpose. Here are four of the very different businesses we have supported recently.



Photographer: Marc Kirsten

LEARNPLAY FOUNDATION

From doing pro bono work as a corporate lawyer Rohini Hands realised that there was a pool of young people disaffected and failing at school that had the potential to be high achievers in the workplace. It prompted her to set up a social enterprise using interactive digital media as a means of engaging and educating them. Wanting to pitch for public sector contracts Rohini needed to grow her business quickly. A loan from ART allowed her to win a government contract to set up a communications hub for young people finding it hard to gain employment.

www.artbusinessloans.co.uk/casestudy/learn-play-foundation

M & BG

When Phil Marsh wanted a loan to acquire another company to expand his grounds maintenance, cleaning and window cleaning business, his accountant suggested he tried ART. He had already taken a bank loan to acquire another business. The loan from ART enabled Phil to add gutter clearing and maintenance to the range of services offered and put his company in a stronger position - able to take on more staff and offer a 'one-stop-shop' service to local authorities, housing associations, hospitals, facilities management companies and managers of retail parks.

www.artbusinessloans.co.uk/casestudy/m-bg



Photographer: Marc Kirsten



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ENIGMA DIGITAL

Having run several different businesses, Lee Parry has hit on a winning formula with his latest venture, which specialises in iPhone data recovery. Prior to setting up Enigma Digital, Lee was in business with a partner offering a wide range of electronic products and software. That company had borrowed money from ART Business Loans, so when Lee wanted to buy his partner out, he turned again to ART. With around 10 million people a month searching online for a product to recover data, this is a market full of opportunity and Enigma Digital is going from strength to strength.

www.artbusinessloans.co.uk/casestudy/enigma-digital

ABLE JOURNEYS

Born in India, Tajinder Chaudhry came to the UK to study. He wanted his grandmother to visit him, but soon realised there was a lack of specialist companies offering holidays with appropriate support for the disabled. He decided to set up Able Journeys. From the outset he needed to buy specialist equipment – ramps, hoists, a mobile stair climber, as well as create a website. Unable to access sufficient funds through the Government's Start Up Loan scheme, he approached ART, which provided additional working capital enabling him to get his business on a firm footing and create three jobs.

www.artbusinessloans.co.uk/casestudy/able-journeys



Photographer: Marc Kirsten

Here is a selection of the diverse businesses we have supported since 1997



M6 Motor Bodies



FW Fitness



Yumm



Henshaws Manufacturing



Reynolds Cycles



Joannes Florist

Read more about these and other borrowers on our website www.artbusinessloans.co.uk/casestudies

ART LOANS

- Amounts between £10,000 – £150,000
- For businesses and social enterprises based in the West Midlands
- For most business purposes and sectors
- Repayment terms from 6 months to 7 years
- No penalty for early repayment
- Interest rate between 10% - 18% over Bank of England base rate (variable) dependent upon assessed level of risk

Our application process is geared towards understanding a business and assessing whether we can help. We aim to complete the process, once we have received all the information, within 21 working days. For more information see www.artbusinessloans.co.uk/apply-for-a-loan

BIRMINGHAM SMALL BUSINESS LOAN FUND

We are delighted to have received the backing of Birmingham City Council, Thin Cats peer lending platform and Unity Trust Bank enabling us to create the Birmingham Small Business Loan Fund, which will provide £3 million in loans to Birmingham-based businesses over three years.

To find out more, see our website www.artbusinessloans.co.uk

20 YEARS OF ENABLING BUSINESSES TO THRIVE

Over the past 20 years ART has provided loans to businesses working in almost every market sector – from manufacturing to training, catering to new technology - helping them to survive market challenges, squeezes on cashflow and to grow and diversify. ART's average loan size is £35,000 – a sum which is particularly challenging for some businesses to get elsewhere. If a business needs more than ART's maximum loan size, ART can contribute to a larger package of finance, lending alongside other providers including the banks.

FINDING BUSINESS FINANCE

Looking for appropriate finance has become something of a minefield for businesses due to the vast number of alternative funders and schemes that have entered the market since the credit crunch. Following up on search results on the internet can be dangerous, as it tends to lead the unwary to high cost lenders with large marketing budgets. The ICAEW and British Business Bank have produced a business finance guide, which is also online at www.thebusinessfinanceguide.co.uk, and is certainly the best starting point for help and signposting at this time. Growth Hubs which have been set up in every LEP region should also supply information and referrals.

THE VALUE OF SOCIAL INVESTORS

The original backers of ART, launched as Aston Reinvestment Trust, were companies including IMI, Jaguar, Severn Trent and Wesleyan. These were joined by all the major banks as well as individuals, led by the late Sir Adrian Cadbury and his family, who wanted to support the local economy, originally targeting Birmingham. They were not expecting a financial return but were happy with a social return, namely ART supporting jobs and enterprise. Their funding, of around £350K, was crucial in allowing ART to leverage further private and public sector funding – and is still safe and being used for economic growth today.

20 years on and the Government is promoting an agenda of localism, which is bringing local social investors, public and private sector funders back into the spotlight as key funders of ART, which now lends across the West Midlands.

In 1997 ART was a pioneer of the Community Development Finance movement in the UK – a concept based on a US model for providing access to finance in disadvantaged areas. In 2017 ART pioneered a fund-raising initiative that brought together Birmingham City Council and leading peer lender Thin Cats to create a new offer for investors linked to Community Investment Tax Relief. The money raised through the Thin Cats platform provides ART with a five year loan to lend on to Birmingham-based businesses. The investors receive 5% tax relief per annum for five years, and the city council supports the underwriting of bad debts with ART. With further support from Unity Trust Bank, this has created the new Birmingham Small Business Loan Fund.

Investments can be made in ART by anyone at any time. Full details are available on our website www.artbusinessloans.co.uk/invest-in-art.

INVESTMENTS IN ART QUALIFY FOR CITR

In 2003 ART was accredited to offer Community Investment Tax Relief (CITR), which provides 5% per annum of the amount invested as a tax relief annually for five years. This equates to a 6.25% p.a return for standard rate Income Tax payers, 8.3% p.a if you pay 40% tax and 9.1% p.a for higher rate tax payers. The tax relief also applies to businesses which get Corporation Tax relief, providing an income equivalent to 5.8% p.a. To take full advantage of the tax relief the money must be left invested for five years.

This is a good investment opportunity for individuals and companies seeking a long term investment that produces a predictable and attractive return. There is also a social return because the investment allows ART to boost the economy in the West Midlands through its borrowers.

There is more information available on our website www.artbusinessloans.co.uk/invest-in-art and you are welcome to make an appointment to come and discuss an investment with us. Call 0121 359 2444.

THE FUTURE OF CDFIs

There are a number of reports that have highlighted the impact of Community Development Finance Institutions (CDFIs) and the continuing need for them, including the recent Civitas Report – www.civitas.org.uk. CDFIs were never intended to run on a purely commercial basis – if that were possible, the banks or others would be doing it – they were intended to allow businesses (and individuals although not through ART Business Loans) to access finance that other providers were unable to make available to them – providing opportunity, jobs, growth and supporting innovation and enterprise.

There is plenty of evidence that they are needed as much as they were 20 years ago, so as we look ahead we hope that it will be possible to develop a stronger and more coherent way to fund them than has been achieved to date. In the US the banks are obliged to support the CDFI sector and they also have a stronger tradition of philanthropy than we do in the UK. Perhaps there are lessons to be learnt from this, or perhaps post Brexit we will develop our own new model of ensuring that CDFIs continue to survive, grow and support enterprise in the years ahead.

Our sincere thanks to all our members and supporters:

The **co-operative**
bank


unitytrust
bank

Supported by the
 Regional Growth Fund

 **Responsible**
Finance



Birmingham
City Council

ART Business Loans – Fast, Flexible Finance