



NEWSLETTER 2015-16

JOBS • OPPORTUNITY • GROWTH • INNOVATION • ENTERPRISE

Growth Continues to Meet Demand

ART saw lending rise by a record 77% to £3.1m in 2014/15, continuing a trend that started in 2012.

"This demonstrates that there is an appetite among businesses across the West Midlands for borrowing and investing in the future," says Steve Walker, Chief Executive of ART. "We were able to press ahead and meet demand from businesses unable to meet any or all of their requirements from the banks, thanks to increased support from the Regional Growth Fund Community Development Finance Association programme, Unity Trust and Co-operative banks."

There was an upsurge in demand during the year from established businesses wanting to achieve growth, with packages of finance remaining popular, as they allow funders to spread the risk on larger loans. ART also increased its maximum loan size by 50%.

"We now lend from £10,000 to £150,000" says Steve, "whilst other lenders specialise in either larger or smaller loans, so it makes sense for us to work together. Our average loan size is now around £30,000. We are delighted to have surpassed the previous year's record lending, and our forecast for the year, because it means we have been able to help even more borrowers to create and protect even more jobs."

Looking forward to a busy year ahead, the ART team is anticipating further growth. "We sense optimism among businesses," says Steve, "and we are here to support them in their plans. We make a personal assessment of loan applications and are able to offer advice, signposting to other lenders where appropriate."



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

ART Business Loans

At a time when the variety of options for finance available to businesses can seem confusing, ART is seeking to make it easier for potential customers to understand what it offers and whether its type of finance is right for them.

"We have changed our trading name to ART Business Loans," says Chief Executive Steve Walker, "so that it is more obvious what we do. We are specialists in business finance and lend across the West Midlands, in every business sector."

The ART Business Loans website has also been updated. It is now more accessible across all platforms and contains new content including a quick check for loan eligibility and more stories from borrowers.

Our mission is to ensure businesses in the West Midlands are able to access the finance they need.

From start up in June 1997 to May 2015 we lent £17m enabling more than 750 borrowers to create or safeguard over 6,500 jobs.

"I am so grateful to ART, because without them none of this would have happened."
Stephen Hadley, Hadley Precision
Read more about our borrowers and their experiences inside and online at www.artbusinessloans.co.uk/casestudies.

FOR LOAN ENQUIRIES:
Call Andy, Martin or Graham on **0121 359 2444**
www.artbusinessloans.co.uk

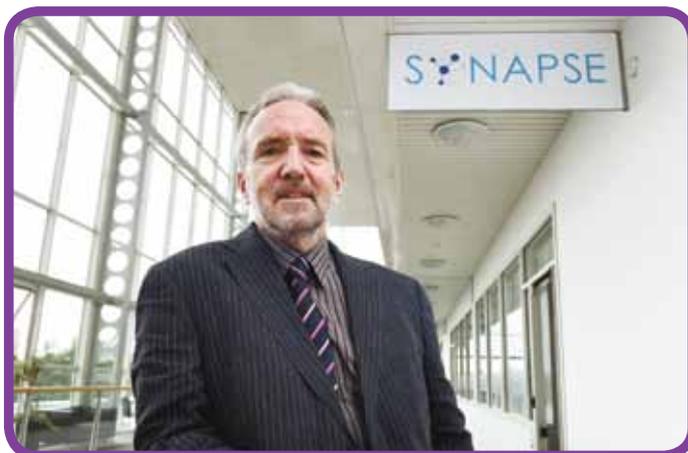
Our clients are diverse and need a business loan for a variety of reasons. These are three of the businesses we have supported in the past year. Read their full stories and those of many of our other borrowers on our website www.artbusinessloans.co.uk/casestudies.

SYNAPSE

Brian Donnelly is a serial entrepreneur with a special interest in developing software solutions to business problems. "My other half is a Chief Finance Officer," he says, "and she drew my attention to the challenges involved in handling spreadsheets to provide accurate and timely management information just at the time that I was looking to set up a new venture."

Having explored the issues, Brian's solution was to establish Synapse, offering a cloud-based tool that allows staff to update spreadsheets remotely and simultaneously. "It's easy to use, saves time and money and can improve business performance," he says. "There is no need to invest in any additional hardware or software; there is a monthly fee, expert support and away you go – it just works."

Rapid growth led to a squeeze on cashflow. "I had sunk all of my own capital in the business, was up to the maximum in loans from the bank and then discovered ART," Brian recalls. A first and second loan from ART enabled me to stabilise the business and access more finance, including grants which required match funding. With ART's support, Synapse has grown from a standing start to a £1.5m turnover enterprise employing 28 staff in just over three years." www.SynapseInformation.com



Brian Donnelly Photographer: Marc Kirsten



Michelle Henry Photographer: Marc Kirsten

HNS SIGNS

Michelle Henry is a fourth generation signwriter and the proud possessor of a book her great grandfather published in 1896 called 'How to Write Signs, Tickets and Posters'.

She set up HNS Signs in 2010, using her own savings and a grant from the Prince's Trust. Initially she was sharing premises with another company and when that company moved out she decided to expand. "I wanted to invest in equipment to bring more jobs in-house, where I could have more control over them," she explains.

A loan from ART enabled Michelle to invest in a computerised cutter, which makes, for example, built-up letters, folded trays and wooden routed-out signs, and a wide format digital printer, which produces, for example, wallpapers, stickers and vehicle wraps. "That was a year ago now and they have made such a difference," Michelle enthuses. "We were able to take on more work and consequently more staff – two interns and two apprentices – as well as give a permanent job to an existing intern."

Looking ahead, Michelle has further plans for expansion – possibly elsewhere in the UK, possibly even to Australia or New Zealand in time. She is optimistic about the future and says she would definitely go back to ART for a loan to support her growth plans. www.hnssigns.co.uk

Hadley Precision

With over 15 years experience of working in the precision engineering sector, Stephen Hadley began to feel a growing desire to run his own business. His wife Dawn was not convinced at first, but once she realised how serious he was set about helping him.

Together they researched the market, put together a business plan, registered the company then approached the banks to ask about finance. They felt they were not taken seriously, but that did not stop them looking for alternative solutions. They were eventually given ART's number. Stephen recalls: "Graham from ART came out to see us and we were impressed by how quick and easy it was to get a loan when we had been knocked back so many times by other potential funders."

With the ART loan Stephen was able to place the required deposit for two precision machines, some tooling and other equipment. He found suitable premises, not too far from home, and Dawn agreed to do all the business admin. "It's been hard work over the past 10 months," she says, "but worth it."

Stephen describes Hadley Precision as a sub-contract machine shop, which produces high quality turned and milled parts in a variety of metals. "I am so grateful to ART," he says, "because without them none of this would have happened." www.hadleyprecision.com



The Hadley team Photographer: Marc Kirsten

LOANS FROM ART

This is what you can expect from us:

- £10,000 to £150,000
- For businesses based in the West Midlands area
- For any business purpose, including to support cashflow
- Loans when the banks can't help, or have done all they can
- Loan contributions as part of a package of finance
- Flexible repayment terms and security requirements
- No penalty for early repayment
- Competitive interest rates, related to risk

Our Loans Managers are specialists in access to finance for businesses and will offer advice and signposting to other lenders where appropriate. They know the local area and understand the challenges businesses face. Their aim is to support enterprise and help borrowers to find the best financial solution for their needs, enabling them to create or protect jobs and keep the local economy buoyant.

Loans can be short-term. Borrowers who have used ART loans in this way over the past year include both growth companies and those facing short term cashflow difficulties. There is no penalty for early repayment and many businesses take advantage of this, finding that a loan from ART enables them to leverage further finance or refinance after a time.

Other borrowers come back for top up loans to help fund new opportunities or cope with sudden unexpected expenditure.

OPTIONS FOR BUSINESS FINANCE

The options for business finance are increasing all the time, with new 'alternative' providers like peer lenders entering the market, traditional banks reviving and spinning off old brand names and the public sector introducing a plethora of grant schemes.

Given that the picture is constantly changing, how do busy FDs and MDs keep abreast of their options and decide which best meets their needs? One answer is to engage a financial advisor or intermediary, another is to use the internet to research what is available.

ART has supported and welcomes a new access to finance portal launched in March 2015 by the Greater Birmingham and Solihull LEP (Local Enterprise Partnership), which contains information and links to support options for all sizes of businesses. It includes a tailored search facility and can be found at: www.accesstofinancegreaterbirmingham.co.uk

Community Development Finance Institutions (CDFIs), like ART Business Loans, cover different areas across the country. The Community Development Finance Association (CDFA), has a website that helps businesses to identify their local CDFI: www.findingfinance.org.uk

The ART Business Loans team keeps up to date with developments and is always happy to share its knowledge and expertise. We also have information available on our website: www.artbusinessloans.co.uk/resources

BUSINESS AND FINANCE EVENTS

We are always happy to exhibit, speak at or sponsor appropriate events.

Over the past year the ART lending team has attended a variety of events including: Birmingham Made Me, Made in the Midlands, the Greater Birmingham Chamber Expo, BEX live and a series of access to finance seminars organised by Solihull Chamber.

We look forward to continuing to be involved in diverse events around our region - including those organised by the vibrant and expanding Innovation Birmingham Campus, where ART is based.

TOP TIPS FOR BORROWERS

We've seen thousands of applications for loans and find that there are some common issues with those that are turned down. To help businesses improve their chances of being successful we've included some tips on our website explaining what financiers are looking for and how to present the case for a loan.

Our top three tips:

- Demonstrate a clear understanding of your market
- Show that you have good financial systems in place and can manage money
- Be honest - treat your potential financier as a partner; their knowledge and perspective can be valuable to you

Download our advice at www.artbusinessloans.co.uk/resources

SUPPORTING SOCIAL ENTERPRISE

ART continues to support the social enterprise sector locally and was delighted to get involved in Birmingham's first City Drive organised by Digbeth Social Enterprise Quarter in April 2015. This was a full week of activity aimed at raising awareness of the contribution social enterprises are making to the local economy, and encouraging people to buy from, work for, volunteer for, invest in or start up a social enterprise. For more information see:

www.digbethsoentquarter.co.uk/city-drive.

ART sponsored a social finance event at which Chief Executive Steve Walker gave a presentation about finance for social enterprise and the value of loan finance to the sector. This was followed by a Dragons Den style pitching competition during which the panel, including Andy King from ART, Karen Leigh Anderson from Great4Good and Lisa Rushton from Key Fund, heard the case for finance from GreenRevolutions, Argonaut Community Enterprises, Barefoot Birmingham, Mind Space, and Beyond Recovery. The winner was Argonaut Community Enterprises, which employs people with disabilities and offers a wide range of maintenance services. The panel was impressed by the enthusiasm and opportunities for funding from all those who pitched.



Social entrepreneurs looking for funds, left to right: Sandra Green, GreenRevolutions; Adam Macey, Mind Space; Gill Winstanley, Argonaut Community Enterprises; Faye Fenton, Barefoot Birmingham; and Jacqueline Bennett, Beyond Recovery.

MEASURING IMPACT

As a social enterprise and Community Development Finance Institution (CDFI), a crucial part of ART's remit has always been to have a positive impact – on the local economy, access to finance, local jobs for local people and the alleviation of poverty through enterprise in the most deprived areas.

Finding a way to measure the impact of CDFIs and other social enterprises in a way that is meaningful, but not disproportionately onerous, remains a challenge. There are methods currently being used, but no standard model which is applied and recognised by everyone who has interest in the results.

Economic Impact

In 2014 the Community Development Finance Association (CDFA) introduced an Economic Impact Tool and associated Calculator, fully supported by various government departments.

Using this model, we can demonstrate that in the financial year 2014-15 ART's lending activity added value to the UK economy of over £22 million.

See www.cdfa.org.uk for more information about the Economic Impact Tool.

Social Impact

With regard to social impact, ART Business Loans is continuing to work with the University of Birmingham on an extended pilot designed to create a tool to measure the additional social impact of local CDFI loan delivery.

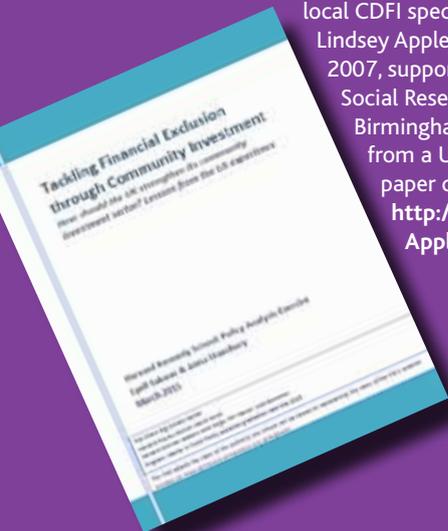
The pilot project has now been extended beyond the West Midlands' CDFIs to Foundation East borrowers in the East of England, where lessons learned from the initial surveys will be tested further.

LESSONS FROM THE US

We were delighted to host meetings to support the work of the Harvard Kennedy School students Anna Stansbury and Lyell Sakaue for Big Society Capital which related to the lessons for community investment that we can learn from the US experience. Their final paper 'Tackling Financial Exclusion Through Community Investment' can be viewed at:

www.bigsocietycapital.com/social-investment-research-library.

Their research incorporated discussions with local CDFI specialists in the UK as well as Lindsey Appleyard, whose PhD study in 2007, supported by ART, the Economic and Social Research Council and University of Birmingham, looked at the same subject from a UK perspective. Lindsey's final paper can be viewed at: <http://etheses.bham.ac.uk/386/1/Appleyard07PhD.pdf>



FUNDING SUPPORT

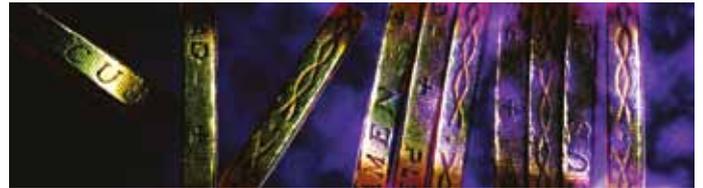
Substantial growth over the past two years has proved beyond any doubt that with the provision of additional capital funding ART could substantially increase support for businesses and achieve additional impact, especially in terms of its main mission to support local jobs.

Designed to fill a gap in the market left by commercial providers, ART and other Community Development Finance Institutions, as proven by US and UK research, are always likely to need an element of funding to support policy objectives. This could be provided by the public sector or by way of social investment from the private sector and individuals interested in more than a financial return.

ART remains active in seeking and supporting national funding opportunities in partnership with others, with the aim of growing and securing the future of the CDFI sector and continuing to realise its economic and social objectives.

We welcome the British Business Bank/HMS Treasury commissioned report by PricewaterhouseCoopers on the sustainability of the CDFI sector and potential capital flows, which is due to be published in Summer 2015.

We are hopeful that the excellent value for money demonstrated against the national public sector funding we have received, based on job creation and preservation at a cost under £3,000 per job, will endorse our claims for future local and national support.



INVESTING IN ART

Investments of between £250 and £100,000 can be made in ART, by companies or individuals. Larger sums can be accommodated as loans rather than as investments in shares. Money can be withdrawn with 90 days notice.

No dividend is paid on share investments, but both loans and shares qualify for Community Investment Tax Relief. This offers 5% per annum off personal or corporate tax liabilities up to a maximum of five years. Full CITR offers a return of 6.3% to a standard rate tax payer. To obtain the relief the investment must be retained for five years.

To find out more, or download an application form see: www.artbusinessloans.co.uk/invest-in-art



Our sincere thanks to all our members and supporters:

The **co-operative**
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Supported by the
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cdfa
Community Development Finance Association