

# Equity across the regions: The case for a British Regional Investment Bank

BRIEFING PAPER

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This paper draws on research originally conducted for the Gordon Brown Commission on the Future of the UK, fleshing out the case for one of the proposals made in that report: a British Regional Investment Bank. This institution, building on the existing British Business Bank, would direct public and private finance to take stakes in high-potential businesses outside London and South East England, in an attempt to help them grow. It would do so by combining strategic direction and coordination from the government with investment expertise of venture capitalists.

## KEY POINTS

- Over two-thirds of British equity investment occurs in London and the South East.
- This matters because equity investors identify and develop firms with high growth potential – the sort of firms needed to drive regional economies.
- Regional equity markets face a ‘catch 22’: investors are reluctant to take the risk of setting up in an unproven area, which limits the pipeline of firms in the area recognising the benefits of equity investment and seeking it.
- Recognising these problems, many governments have established successful, large-scale equity investment funds, notably France and Canada.
- In the UK, the British Business Bank has also shown that public investment can be deployed effectively: as of last year it had supported 19 of 33 British ‘unicorns’ and the value of its investments has increased by 51%.
- However, the British Business Bank’s equity investments are as London-dominated as the wider market.

## RECOMMENDATIONS

- A proposed Regional Investment Bank would build on the skills and good practice developed by the British Business Bank (changing the mandate of the BBB rather than creating a new institution) – clear objectives and delegating investment decisions to operationally independent professionals.
- However, it would improve on it in two ways, by a) orienting it more strongly away from London, and b) coordinating it with regional industrial policy.

- Instead of BBB's current approach, which is to invest in existing funds, the British Regional Investment Bank would seek to establish several new funds.
- These funds should be aligned (though not restricted) to potential economic 'clusters' – key sectors in specific locations that have the potential to spawn world-class businesses.
- Each proposed cluster would develop a business case, created jointly by central government, devolved/local government, businesses and educational institutions.
- These business cases should also be coordinated with the UK infrastructure Bank to mobilise public and private infrastructure investment.
- Private investment firms would then be invited to compete to manage the individual funds associated with each cluster, with the expectation that they at least match public investment.

## BRITAIN'S EQUITY FINANCE GAP AND WHY IT MATTERS

There are 5.6 million small and medium sized enterprises (SMEs) in the UK. Almost all make a positive contribution to the economy. But only a minority have the potential, ability and ambition to achieve substantial growth. In a world of limited capacity and resources, efforts to improve regional finance should be focused first and foremost on such innovative and dynamic firms. First, because the possible rewards for success are so much greater for such firms and their surrounding areas – these are the firms that could one day be world-leading pioneers, large local employers and a potential source of demand, support and inspiration to other nearby businesses. For example, one analysis found that high-growth companies only account for 6% of all British firms employing 10 or more people, but produce over half of all employment growth.<sup>1</sup> Second, because there is evidence that such firms are particularly poorly served by existing business finance.

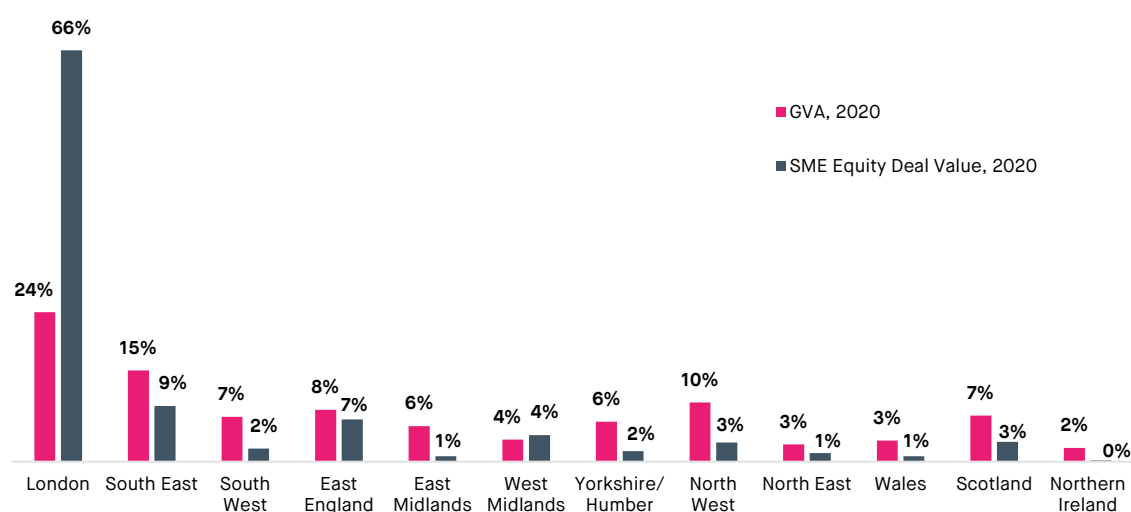
Businesses looking to make investments to support their growth that they cannot finance themselves have two options. They can take on debt, borrowing money that must be repaid within a certain period at a certain interest rate. Alternatively, they can sell equity, giving investors a share in their business. From the firm's perspective, equity finance means giving up a degree of control over their business, but it means that they avoid the financial obligation to make debt repayments if things do not work out.

For our purposes, it is the difference in perspective between lenders (usually banks) offering debt and investors taking equity (most prominently venture capitalists) that is most significant. Lenders are incentivised to care about whether the borrower will be able to pay them back. As a result, they will favour more established, stable businesses, with more secure revenue streams and large assets that can be used as collateral. By contrast, equity investors are incentivised to care about firms' growth potential, seeking out businesses that are likely to become much more successful in the future, and so increase the value of their equity. As a result, they favour smaller, riskier firms in more dynamic economic sectors – exactly the sorts of firms that are most likely to transform local economies.

Equity investment typically brings another advantage. Because investors have more riding on the success of the businesses in which they take equity, they can provide various forms of support to help them grow and be profitable. Angel investors and venture capitalists often bring substantial business experience and help develop managers' skills. They can also help develop networks and make connections between relevant firms in their portfolio.<sup>2</sup> For this reason, equity investment is sometimes described as not just money, but 'smart money'.<sup>3</sup>

The UK has a world-renowned financial centre, specialising in just this sort of equity investment. It accounts for a third of all such investment in Europe, with more venture capital (VC) activity than France and Germany combined.<sup>4</sup> Yet this skill and experience is concentrated in London, and the rest of the country sees too little of the benefit. Regional inequalities are greater for equity finance than for debt finance. As Figure 1 shows, in 2020, 66% of equity investment in the UK occurred in London and 75% in London and the South East.<sup>5</sup> That figure fell slightly in 2022, but even in a year when figures were skewed by huge spike in the North East due to Britishvolt, London and the South East still accounted for over two-thirds of all equity investment.<sup>6</sup> London contains 16% of the UK's banks and building societies, but 58% of the country's equity investors.<sup>7</sup>

**Figure 1: Share of UK economic output and SME equity finance by region**



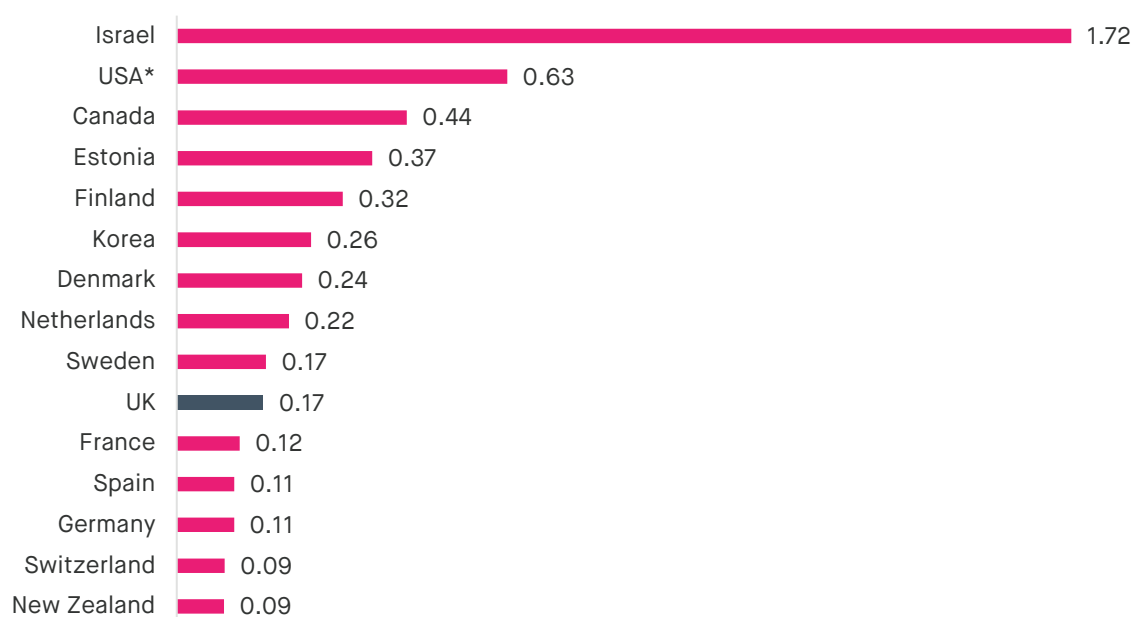
Source: British Business Bank, *Regions and Nations Tracker: Small Business Finance Markets 2021*; ONS, *Regional gross value added (balanced) per head and income components*

This scale of disparity does not just reflect better investment opportunities in the capital. There is also a coordination issue for those who would seek or provide equity finance outside London and the South East, leading to the problem of ‘thin markets’.<sup>8</sup> Equity investment is demanding: it requires investors to build up a great deal of knowledge and expertise in the markets in which they operate and the firms they support. As a result, venture capitalists tend to operate under a ‘one hour’ or ‘two hour’ rule, favouring nearby businesses that they can more easily monitor and maintain a relationship with. Between 2011 and 2020, 61% of UK equity investments were in firms within an hour’s travel time of the investor; 82% within two hours.<sup>9</sup>

Places with less established equity investment markets are in a ‘catch 22’ situation. Investors are unwilling to take big risks and invest in more remote parts of the country that they do not know so well. That lack of supply means local firms are less aware of, and less willing to seek, equity finance – in part because their peers are less likely to have done so. The shortage of investable firms leads to small funds and poor returns, which in turn discourages investors from increasing their presence.

Academic evidence confirms that this situation does indeed lead to a shortage of equity finance (and indeed, any sort of finance) for innovative firms outside London and the South East. Firms that say they have substantial ambitions for growth or that have introduced a new product or service in the last three years are more likely to be discouraged from applying for finance, and this effect is stronger for firms distant from London.<sup>10</sup> Nevertheless, such firms are more likely to be rejected for loans from banks, likely because they lack the necessary assets – an indication that they would be better suited to seeking equity finance.

Analysis commissioned by the UK government estimated that in 2017 there was an ‘equity finance gap’ of between £6.5 and £12 billion.<sup>11</sup> This is calculated by identifying the number of businesses with similar characteristics to firms that have successfully received equity funding, and estimating how much funding they would have to receive to match their equity-financed counterparts. As such, this may be an underestimate if it reflects structurally low equity investment, or if the number and nature of investible opportunities were to change. Indeed, the fact that equity investment rose by £8.5 billion in 2021<sup>12</sup>, apparently without exhausting opportunities, suggests that there may be even greater scope for boosting equity investment than estimated gaps imply. As Figure 2 illustrates, other countries – particularly Israel and the US, attract far more VC investment, which seems to indicate that the UK still has substantial room for growth.

**Figure 2: Venture Capital Investment as a percentage of GDP, 2021**

Source: OECD

The focus on equity finance in this paper should not be taken to imply that there are no issues with regional debt finance markets. To the contrary, the proportion of SMEs seeking debt finance fell from around a quarter in 2010 to 10% in 2020.<sup>13</sup> This appears to be primarily due to uncertainty around business investment – the most common reasons firms give for being discouraged from applying for credit is unwillingness to take on risk or concerns about economic conditions.<sup>14</sup> However, around a third say it is too expensive or they are worried about rejection<sup>15</sup>, and rejection rates and discouragement are highest in Northern Ireland and Scotland (although discouragement is also high in London).<sup>16</sup>

There are measures that could improve the availability of loans to firms outside London and the South East – in particular, government loan guarantees with more favourable terms for businesses in regions with lower prior accessibility.<sup>17</sup> However, such a scheme would need to be of far greater scale and likely produce lower returns to the economy compared to a more targeted focus on equity investment. Debt finance is used by millions, rather than thousands, of firms and the typical debt-seeking firm is less likely to have high growth potential. Moreover, deep structural reform of SME banking is likely to be challenging. There is some evidence to suggest that constricted access to finance is the result of the closure of local bank branches and the decline of ‘relationship banking’, which will be difficult (and not necessarily desirable) for policy to attempt to reverse in the face of technological change.<sup>18</sup>

## PUBLIC EQUITY INVESTMENT IN PEER COUNTRIES

Recognising the benefits of increasing levels of equity finance, several countries have invested in publicly-financed venture capital funds, to the extent that certain models of ‘good practice’ are emerging. In particular, it is critical to ensure that investors are clearly incentivised to produce the outcomes the government wishes to pursue, and that civil servants defer to specialist investor skills and experiences where appropriate.

Evidence suggests that ‘hybrid’ venture capital funds that combine public and private resources perform as well, if not better, than pure private investment funds. However, pure public venture capital tends to achieve worse returns.<sup>19</sup> The ideal is for politicians and officials to set clear strategic objectives, but to allow professional investors operational independence to make the most of their abilities to identify the best opportunities and to mentor and support businesses. Also central to the design of such schemes is the ability to ‘crowd in’ private finance and to generate greater investment than the government puts in, rather than ‘crowding out’ private venture capital money.

### Yozma Fund – Israel

The Yozma Fund is perhaps the most celebrated public venture capital initiative.<sup>20</sup> In an effort to establish a venture capital ecosystem in the country, in 1993 the Israeli government offered to match 40% of the funding provided by private investors. The government’s initial stake of \$100 million dollars had grown to \$250 million by 1996, and led to over 30 foreign funds setting up in the country.<sup>21</sup> By 1998, the government judged that the sector was strong enough to operate independently, and so sold its stake in Yozma. To this day, Israel has the world’s largest venture capital sectors relative to the size of its economy. As Figure 2 shows, in 2021 it drew over 1.6% of GDP in VC investment, more than the US and double that of the UK.<sup>22</sup>

### BPI France

BPI France, set up in 2013, consolidated a number of institutions investing public money in French businesses, particularly SMEs, but also larger firms deemed to be strategically important. BPI carries out a range of functions to support businesses, including guaranteeing loans, financing innovation projects, offering training and support, and organising networking events. A substantial part of its role is providing equity funding – in 2021, it made over €4 billion such investments.<sup>23</sup> €1.5 billion (£1.3 billion) of this went into BPI’s fund of funds, which comprises €13 billion (£11 billion) assets under management, invested in 500 independently-managed private funds selected on the basis of their demonstrated track record.<sup>24</sup> However, BPI also made €0.7 billion (£0.6 billion) in direct investments in 2021 across a number of different funds.<sup>25</sup> The largest of these is its €15 billion (£13 billion) Large Cap fund, which makes investments of €15 million supporting firms with a strong French presence.<sup>26</sup> It also has a €1.4 billion (£1.2 billion) Small Cap fund, locally based across 23 locations, funding SME growth and expansion, and supporting network building across its portfolio.<sup>27</sup> On top of this, BPI has a number of smaller funds, investing in target sectors (e.g. digital start-ups, cultural and creative industries). BPI invariably takes minority

stakes, in order to minimise crowding out, and to ensure that opportunities are attractive enough for private investors to put their own money at stake.

BPI's activities are broadly similar to those of the British Business Bank, but as we shall see, they are of a different scale. From 2014 to 2022, the BBB committed £2.3 billion in total to private equity investment<sup>28</sup>; BPI makes that sort of investment every six months and has a balance sheet an order of magnitude larger. It seems to be producing results – 51 of France's 120 most promising start ups in a list published this year received direct BPI investment, and almost all benefitted from indirect support through the fund of funds.<sup>29</sup>

### **Business Development Bank of Canada**

The Business Development Bank of Canada (BDC), established in 1944, is a longstanding source of lending to Canadian businesses. However, BDC Capital, its equity-focused subsidiary, is of similar size to the British Business Bank's, managing assets of CAD 5.7 billion (£3.4 billion), with the value of its venture capital portfolio standing at CAD 3.2 billion (£1.9 billion).<sup>30</sup> This appears to have been relatively well invested – the total value to paid-in capital (TVPI) multiple for its VC funds is 1.62, reflecting a 62% increase in the market value of its investments.<sup>31</sup> Indeed, the overall profitability of BDC in the last couple of years has been driven significantly by its equity investments. Statistics Canada's official evaluation of BDC does not split out equity investment from more common lending and financial advisory services, but it suggests that the bank has a positive effect on its clients: firms that receive BDC finance have revenue growth 6.8 percentage points higher than similar firms that do not receive its support.<sup>32</sup>

## **PUBLIC EQUITY INVESTMENT IN THE UK**

For many years, there was scepticism that government equity finance could have a significant positive effect in the UK.<sup>33</sup> However, there were a number of New Labour-era initiatives in the space, which seem, to have achieved positive, albeit modest, improvements in business performance. A 2009 evaluation found that firms that received investment from UK government-backed VC schemes between 1995 and 2008 created on average 1.8 extra jobs and increased in value by just under £100,000, though many had not (yet) achieved substantial increases in profitability.<sup>34</sup>

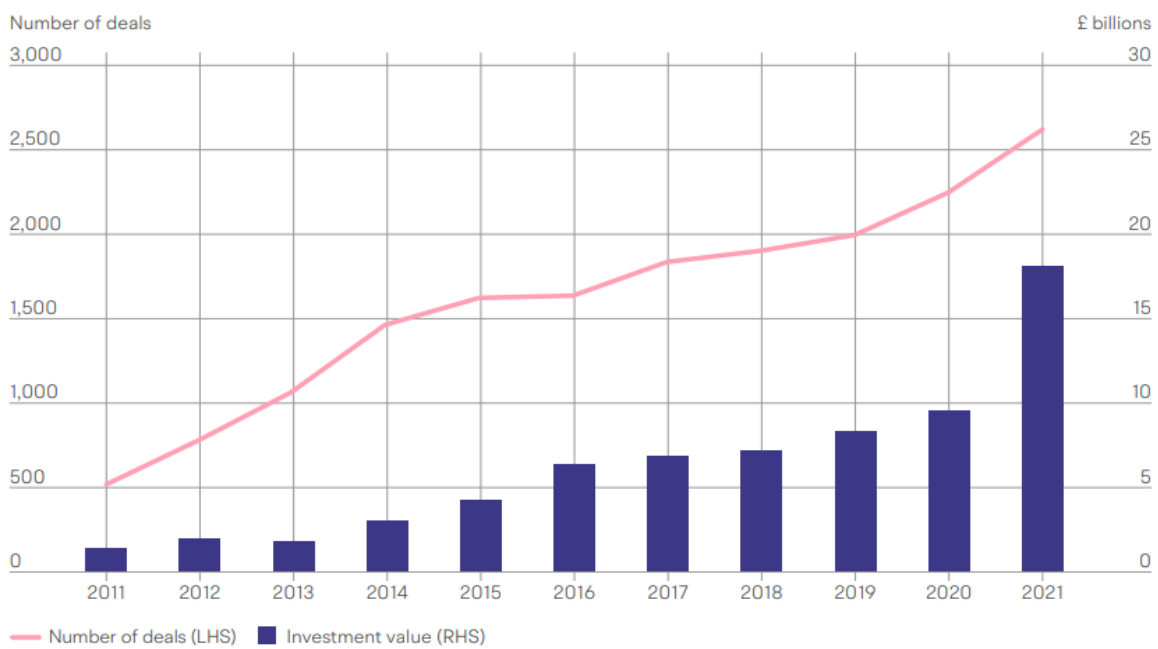
### **British Business Bank**

The experience of the British Business Bank (BBB) seems to confirm that such institutions can work well in the UK, as they do elsewhere. Established in 2014 with a mandate to try and improve the supply of finance to SMEs in the wake of the financial crisis, and to boost competition in the business banking market, it has since pivoted towards equity investment, recognising the significance of the equity finance gap. The BBB does not for the most part lend or invest directly, but runs a number of programmes with partner banks, venture capitalists, and other finance providers. In this way, it follows what the international evidence suggests is the most prudent approach – hybrid public and private investment.

The British Business Bank’s equity programmes operate primarily through its subsidiary British Patient Capital (BPC). BPC’s approach is to seek out “best-in-class fund managers with a strong UK focus”, provide them with capital and allow them to invest in the best sectors. Over time, it has shifted away from seed funding for start-ups to growth funding to help scale the most promising businesses. As of 2022, its portfolio was split evenly between the two. This has achieved strong returns so far for the taxpayer. British Patient Capital’s internal rate of return in the year ending March 2022 was 32.9% (though this may have been driven by a bumper year in the global VC market – in 2020, the comparable figure was 11%). Its TVPI was 1.80.<sup>35</sup>

It is hard to demonstrate causally, and VC markets have been on the rise in many advanced economies, but the British Business Bank’s investments do appear to have fostered growth in the wider VC scene. UK venture capital investment has grown substantially in recent years as Figure 3 shows. 14% of equity deals between 2019 and 2021 were backed by the BBB. Perhaps most striking: as of June 2022, the majority of the UK’s ‘unicorns’<sup>i</sup> – 19 out of 33 – have received some form of equity support from the British Business Bank.<sup>36</sup>

**Figure 3: Number and value of UK equity deals, 2011-21**



Source: British Business Bank, *Small Business Equity Tracker 2022*

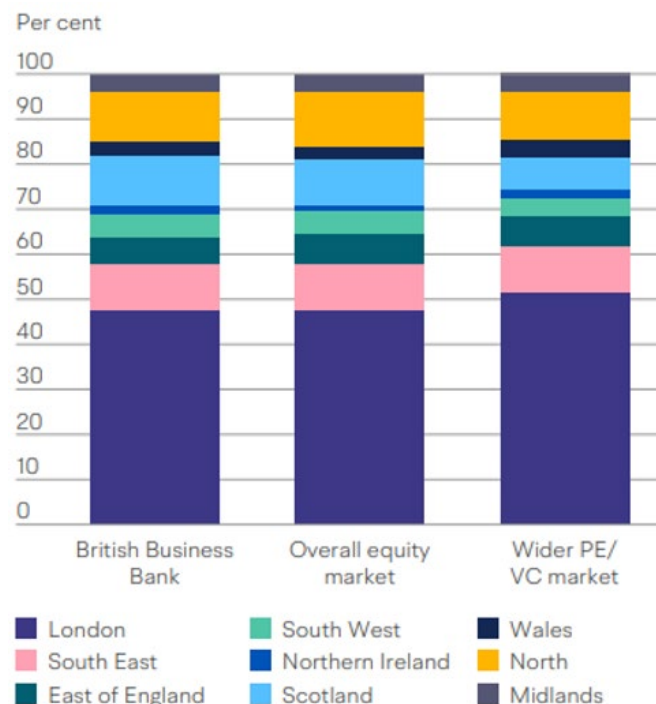
<sup>i</sup> A unicorn is a privately held company worth over US \$1 billion



Recent public discussion of UK government equity investment has focused on the Future Fund, also administered through the British Business Bank. However, this is not especially pertinent to our discussion. Though it involved public money being used to take stakes in British companies, it was an ad hoc intervention in the response to the pandemic, rather than a strategic initiative like British Patient Capital. The Future Fund initially lent £1.1 billion to 1,190 companies to tide them through the crisis. Just over a quarter (337) chose to convert that investment into an equity share rather than repaying the debt.<sup>37</sup> The scheme is now closed. It should not be confused with the Future Fund: Breakthrough scheme, a new £375 million fund administered by British Patient Capital focused on ‘deep tech’ sectors like life sciences and sustainable energy.<sup>38</sup>

For all the achievements of the British Business Bank, it has thus far made limited progress in terms of closing regional inequalities – as Figure 1 demonstrates. It was not until 2018 that addressing geographical disparities was added to BBB’s official objectives.<sup>39</sup> This led to the creation of a number of regional programmes, combining debt and equity finance, the largest of which is the £400 million Northern Powerhouse Investment Fund. However, these currently account for a relatively small share of the BBB’s Investments. Overall, 47% of British Business Bank equity deals are in London – no better than the wider equity market.<sup>40</sup>

**Figure 4: Regional split of equity deals, 2019-21**



Source: British Business Bank, *Small Business Equity Tracker 2022*

## Other UK initiatives

Further evidence of the appetite for equity investment in the UK comes from the British Growth Fund, which was founded by a consortium of banks to improve the supply of finance to small business, taking long-term minority stakes in firms. As of 2021, it had a portfolio of £2.6 billion, achieving an internal rate of return of 23%. Moreover, 72% of its investments are outside London and the South East.<sup>41</sup>

The Scottish National Investment Bank (SNIB), an initiative of the Scottish Government, is newer – opening in 2020 – but on the evidence so far appears to function less well than the British Business Bank. Capitalised with £2 billion over its first ten years, and with capacity to make both debt and equity investment in Scottish businesses, it has been criticised for the lack of clarity in its objectives and strategy.<sup>42</sup> Though it has the capacity to make both debt and equity investments in Scottish SMEs, it has tended to favour bulky infrastructure projects, and as of May 2022 only seven companies had received funding. In contrast to the most effective international examples, the SNIB does not seem to have done much to leverage private finance to supplement public investment. Nor do those making the investment decisions appear to have the right capabilities – much of the due diligence and project appraisal seems to be outsourced to lawyers, who are unlikely to have the commercial awareness and experience to add value to businesses like the best venture capitalist investors.<sup>43</sup>

Another relatively small and recent institution is the Greater London Investment Fund, launched by the Mayor of London in 2019.<sup>44</sup> This is a £100 million fund of funds, delegating investment decisions to professional fund managers. Two of the funds are focused on loans, the third on equity investments.

## HOW A BRITISH REGIONAL INVESTMENT BANK WOULD WORK

In the UK and abroad, we have seen that public money, wisely used, can support the economy by helping the most ambitious, dynamic and innovative businesses to grow. However, that requires at least two things. First, the government needs to provide clear, consistent and reasonable objectives for its investment funds. Second, it needs to delegate investment decisions to professional fund managers with the skill and experience to spot the best opportunities and offer value-add support as well as finance to their businesses.

A proposed British Regional Investment Bank could build on the achievements of the British Business Bank in two ways. First, it would prioritise reducing the regional equity gap as its core objective. Second, it would attempt to coordinate the investments with regional industrial policy. To this point, the BBB's equity investments have generally sought to amplify existing venture capital activity, focusing on the supply side, which is in part why it found it so difficult to expand outside London and the South East. An alternative approach would be to create a pipeline of investable firms in the regions by coordinating finance with other policy levers.

A persistent failure to bring financial interventions together with broader industrial strategy and economic policy has bedeviled previous attempts to improve funding for regional businesses. One evaluation of public VC concluded that “Whatever problems UK firms have, they are more complex than a lack of funding alone”.<sup>45</sup> Another analysis, which found that regionally focused public VC funds generally underperformed those without geographical restrictions argued that “a mere supply-side approach is insufficient to solve the equity gap; it is necessary to consider demand-side opportunities and constraints as well”.<sup>46</sup> It called for a strategy to increase the quality and number of growth-oriented firms as well as boosting equity investment. That is what the British Regional Investment Bank seeks to do.

To avoid unnecessary institutional upheaval, and to make the most of the existing skills and expertise that have been built up, the British Regional Investment Bank should be formed by restructuring and changing the mandate of the British Business Bank. It could involve the establishment of new subsidiaries like (or perhaps merged with) British Patient Capital. The key difference from the current approach is that instead of investing in existing funds, the British Regional Investment Bank would establish several new funds. Each fund should be aligned to prospective economic ‘clusters’ – key sectors in specific locations that have the potential to spawn world-class businesses. These clusters should be the organising principle around which regulatory, infrastructure, skills and other policies are oriented.

The process should start with an audit of sector-geography combinations (e.g. renewable energy in the North East) which might have the necessary comparative advantage to produce globally competitive industries. This process should be led by the UK government, but with input from devolved administrations, business and economic experts. In fact, several such exercises have already been carried out. For example, a report by Centre for Cities and McKinsey identified 31 existing economically significant clusters in the UK in 2012.<sup>47</sup> The Confederation of British Industry says that it has identified 50 cluster opportunities in the UK, though it believes this figure could grow.<sup>48</sup>

The UK government’s science and innovation audits, last carried out in 2019, offer a model of sorts.<sup>49</sup> Those involved consortia of businesses, research groups and their representatives, formed around technological and geographical change (e.g. cyber resilience in Worcestershire, Gloucestershire and Swindon). Each consortium was asked to identify their existing strengths, opportunities and what they need to achieve a stated vision.

From the longlist of possible clusters identified in the audit, those backed by the relevant stakeholders should develop a business case, created jointly by central government, devolved/local government, businesses and educational institutions. The critical thing about this stage of the process – and what marks it out from previous initiatives – is that these stakeholders should identify the obstacles to the cluster achieving its full potential and provide undertakings as to what they intend to do to address them. For example, if the limiting factor is skills, then local universities, colleges and/or local government should develop a plan to train or attract the necessary workforce. If the constraint is infrastructure, there should be plans to improve transport links, internet connection or housing as required. The recently established UK Infrastructure Bank should be directed to fund necessary infrastructure in successful cluster bids. If regulation is an issue, that should be addressed by local or national government. If relationships and networks need to be developed, then proposals should be made to develop the necessary institutions to bring people together.

The value of such a process is that it fosters the sort of coordination that isolated actors, left alone in the market, are unable to produce. The risk, though, is that it encourages time and resources to be invested in over-optimistic and unviable projects. That is where the cold realism of market discipline, in the form of private investors, comes in.

Private investment firms would be invited to compete to manage individual funds associated with each individual cluster. These would all have some significant public investment to encourage participation, but in order to ‘crowd in’ private capital and ensure funds are appropriately incentivised, the private investors should be required to at least match the public investment. While the funds should be linked to clusters in name and spirit, restrictions on investments should not be unduly rigid. So, for example, if a fund finds promising investible firms in area in which it operates but which is in the ‘wrong’ sector, it should be permitted to make the investment.

Attracting private investment should be a condition of the viability of a cluster. If a cluster cannot attract a private investor to manage its associated fund, it should not proceed. Fundamentally, if nobody buys the business case put forward, there is a good chance that it is not a realistic one.

From the VCs’ perspective, participating could be attractive for two main reasons: a) they can access millions of pounds of public investment; b) by working with the clusters they can build their pipeline of firms and broaden their portfolio. It may be necessary to provide additional inducements to encourage investors to enter these new markets. For example, one option might be to have a ‘gainshare’ incentive structure, whereby the private investor keeps all or some of the return on the government’s equity above some level – say, 10%. Of course, this would have to be structured carefully to avoid significant loss of revenue for the government.

The British Regional Investment Bank should be responsible for allocating funding between individual cluster funds, on an operationally independent basis. Equally, the private equity investor may choose to close down the fund if they believe it is not delivering adequate returns. If another private fund manager cannot be found to replace them, the fund should be closed altogether. It is absolutely vital that the investment decisions are made on a commercial basis, not least because of the uncertain financial returns. Placing undue restrictions or bringing in too many political considerations risks suppressing returns further, and possibly undermining the entire scheme. It is also imperative to guard against political 'capture' of the fund – it should not be possible, for example, for MPs to lobby against the closure of funds investing in their constituency. At the same time, all investments should meet appropriate ESG (environmental, social and governance) criteria. For example, funds may be expected to outperform the market on ESG metrics.

To support the growth of the British Regional Investment Bank, it may be necessary for public schemes to support the capacity of existing investors and the sophistication of firms seeking investment. That could require an expansion of information and outreach efforts, explaining to business owners how they could benefit from public equity investment. It might also involve targeted support for newer, smaller venture capital funds to help them establish a track record.

The British Regional Investment Bank is a long-term project, and will require patience if it is to function as intended. The process of identifying clusters, shortlisting them and developing compelling business cases will take time. So will addressing the skills, infrastructure, regulatory and other needs of potential sectors. It may take several years for investable prospects to emerge. As a result, it would be a fatal error to try to rush and spend the money too quickly, which merely risks producing bad investments that would undermine the whole project. The economic dysfunctions that have produced regional inequality should not be expected to disappear overnight, but require long-term solutions.

## ENDNOTES

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- <sup>5</sup> British Business Bank, 'Regions and Nations Tracker: Small Business Finance Markets 2021' (British Business Bank, 2021), [https://www.british-business-bank.co.uk/wp-content/uploads/2021/10/J0018\\_Regional\\_Tracker\\_Report\\_AW.pdf](https://www.british-business-bank.co.uk/wp-content/uploads/2021/10/J0018_Regional_Tracker_Report_AW.pdf).
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- <sup>9</sup> British Business Bank, 'Regions and Nations Tracker: Small Business Finance Markets 2021'.
- <sup>10</sup> Neil Lee and Ross Brown, 'Innovation, SMEs and the Liability of Distance: The Demand and Supply of Bank Funding in UK Peripheral Regions', *Journal of Economic Geography* 17, no. 1 (2017): 233–60.
- <sup>11</sup> Nick Wilson, Marek Kacer, and Mike Wright, 'Equity Finance and the UK Regions: Understanding Regional Variations in the Supply and Demand of Equity and Growth Finance for Business' (Department for Business, Energy & Industrial Strategy, July 2019).
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- <sup>13</sup> Department for Business, Energy & Industrial Strategy, 'Longitudinal Small Business Survey: SME Employers (Businesses with 1-249 Employees) – UK, 2020' (Department for Business, Energy & Industrial Strategy, 18 August 2021), [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1045859/LSBS\\_2020\\_SME\\_Employers\\_Final\\_06012022\\_updated\\_January\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1045859/LSBS_2020_SME_Employers_Final_06012022_updated_January_2022.pdf).
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