



GRANTS & INNOVATION FUNDING

What's available, who it's for, and how to maximise your chances of success

GUIDE 07

Grant funding is one of the most misunderstood forms of business finance.

Many businesses assume they are not eligible; others spend significant time on applications that were never appropriate for them. This guide covers the main sources of grant and innovation funding available in Greater Lincolnshire — from Innovate UK competitions to local growth grants — and includes a detailed section on R&D Tax Credits.

GUIDE 07 | Business Lincolnshire Finance Accelerator

Who this guide is for: any business exploring whether grant or innovation funding genuinely fits their situation.

YOU'LL GET

- Plain-English guidance tailored to Greater Lincolnshire businesses
- Practical steps, checklists and decision points
- A clear route into Accelerator support and adviser conversations

START: Use this guide alongside the Finance Accelerator resources and book a fully funded Funding Diagnostic Session when you are ready to discuss your options.

ABOUT THIS GUIDE

Grant funding is one of the most misunderstood forms of business finance. Many businesses assume they are not eligible; others spend significant time on applications that were never appropriate for them. This guide cuts through the confusion and gives you a clear, practical picture of what is available, who it is for, and how to maximise your chances of success.

Grant funding: the reality check

Grants are valuable but not easy. Applications are time-consuming and competitive. Most require match funding. And they rarely cover everything — they work best as part of a broader finance package.

SECTION 1 — HOW GRANTS WORK

A grant is a sum of money you do not have to repay — provided you meet the conditions attached. In practice, conditions, competition and administrative requirements mean grants are rarely the simple windfall they appear to be.

Feature	What it means in practice
Specific purpose	Grants are given for a defined activity. Spending it differently triggers clawback.
Eligibility criteria	Sector, size, location, stage of development — check before investing time
Competition	Most grants are competitive; quality of application matters as much as quality of project
Match funding	Often 30–50% or more of your own money required
Reporting	You must report on spend and outcomes after the award — failure can trigger clawback

SECTION 2 — INNOVATE UK: THE MAIN INNOVATION FUNDER

Innovate UK, part of UK Research and Innovation, is the primary source of government grant funding for businesses developing new technologies, products, processes and services.

Type	What it is	Typical size
Smart Grants	Open competitions for game-changing innovation in any sector, no specific theme	£25,000–£500,000 feasibility; up to £2m+ larger projects
Collaborative R&D	Requires collaboration between at least two organisations, e.g. business + university	Varies by project scale
Knowledge Transfer Partnerships	A graduate 'Associate' embedded in the business, supervised by academic experts, 18–36 months	Business covers ~33% of costs, typically £40k–£80k total
Sector-specific competitions	Targeting clean energy, precision agriculture, health tech, advanced manufacturing and more	Announced regularly — set up alerts

Finding open competitions

Visit ukri.org/funding and set up email alerts for your sector. The Business Lincolnshire Growth Hub also tracks competitions relevant to Greater Lincolnshire businesses.

SECTION 3 — R&D TAX CREDITS: THE MOST UNDERUSED TOOL

R&D Tax Credits let businesses spending on qualifying research and development claim a tax benefit from HMRC — separate from grants, with no competition to apply to. See Guide 11 for full detail on rates and the claims process.

What counts as R&D

Far broader than most businesses assume: any project seeking an advance in science or technology by resolving a technical uncertainty — even if the advance is only new to your business, not the world. Software development, engineering, formulation work and trial-and-error problem solving can all qualify.

Illustrative claim value: a business with £150,000 of qualifying R&D staff cost could receive a cash payment or tax saving of roughly £15,000–£40,000, depending on the scheme and tax position. Always verify current rates with a qualified accountant.

SECTION 4 — LOCAL AND REGIONAL GRANT FUNDING

Beyond Innovate UK, a range of local and regional grant funding is available. This landscape changes regularly, so treat the detail below as a framework rather than a live list.

Source	What's available
Business Lincolnshire Growth Hub	Capital grants, employment support grants, sector-specific programmes; an adviser is your first port of call
UK Shared Prosperity Fund (UKSPF)	The domestic replacement for EU Structural Funds — some allocations include business grants; offer varies by area and funding cycle
Farming & rural grants	Farming Investment Fund, Countryside Stewardship, Sustainable Farming Incentive — via the Rural Payments Agency
Sector-specific	Aerospace Technology Institute, Automotive Transformation Fund, Industrial Energy Transformation Fund, Creative Industries programmes

How to stay current

Speak regularly with a Business Lincolnshire adviser who monitors live opportunities, sign up for the newsletter, and check GOV.UK's business finance finder. Do not rely on web searches alone — many results are out of date.

SECTION 5 — WRITING A WINNING GRANT APPLICATION

Most grant applications are rejected not because the projects are bad, but because the applications are poorly written.

The cardinal rule

Answer the question asked. Every question maps to an assessment criterion. Do not bury the key point in paragraph four — answer directly, with evidence, in plain language.

Element	What good looks like
A clear problem statement	Specific, evidenced, and clearly significant — the assessor understands immediately why it matters
A credible innovation claim	The technical uncertainty is named explicitly, not just asserted
Realistic, evidenced financials	Each cost justified; match funding sources identified and confirmed
A credible team	Specific, relevant experience per person; an honest account of gaps
A clear commercial case	A specific, evidenced route to market with quantified targets

SECTION 6 — MANAGING YOUR GRANT SUCCESSFULLY

Winning a grant is only half the battle. Read the grant agreement in full before signing — check what activities are covered, match funding requirements, reporting requirements, clawback provisions, and any IP or publication requirements.

Clawback — the risk you must manage

If you spend grant money on ineligible activities, fail to meet reporting requirements, or provide inaccurate information, the funder can demand repayment, sometimes with interest. The most common cause is not fraud — it is sloppy record-keeping and scope drift.

SECTION 7 — GRANT FUNDING IN CONTEXT

Combination	When it works
Grant + bank loan	Grant funds R&D/capital; loan covers working capital not eligible for grant
Grant + equity (angel / MEIF II)	Grant validates the innovation and provides non-dilutive capital; equity funds scale-up
Grant + R&D Tax Credits	Many grant-funded projects also generate R&D Tax Credit claims — check the interaction with your accountant
Multiple grants	Possible, but be aware of subsidy control rules and cumulative funding caps

Your next steps

Priority	Action
First	Speak to a Business Lincolnshire adviser to identify currently open grants relevant to your business
Second	Check R&D Tax Credit eligibility with your accountant, even without grant funding
Third	If Innovate UK is relevant, register on ukri.org and set up sector alerts
Fourth	For significant grants, consider a specialist grant writer
Fifth	Book a fully funded Funding Diagnostic Session with the Accelerator

START YOUR JOURNEY TODAY

Visit our website to learn more and access support

Ready to move forward?

The Business Lincolnshire Finance Accelerator gives you the knowledge, tools and expert support to understand your options and prepare to access funding at the right time, in the right way.

FIND OUT MORE

- Book a fully funded Funding Diagnostic Session
- Access Finance Accelerator tools and templates
- Speak to an experienced Business Lincolnshire adviser

FIND OUT MORE



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