



EMBARGOED
0001, THURSDAY 3 JANUARY 2013

**£30 MILLION BOOST FOR ASPIRATION AS START-UP LOANS FOR YOUNG
ENTREPRENEURS EXPANDED**

- **Over £110 million now available to create over 40 thousand new businesses**
- **Age range increased from 24 to 30 to meet demand, and help more new businesses get affordable finance**
- **New figures show 3,000 applied for the scheme and 100 applicants per week awarded funds to launch new businesses**

A £30 million boost to the Government's Start-up Loans scheme has been announced by the Prime Minister today to give the next generation of entrepreneurs the finance and support to start tens of thousands of new businesses, helping Britain to get ahead in the global race.

The additional money will boost the total pot for Start-Up loans to over £110 million, which will help start over 40,000 new businesses. The Prime Minister also announced that due to demand from those who had just missed out on the scheme, and the challenges faced to secure loans to start a business; the age limit for application will now be extended from 24 to 30 years old.

Since its launch over 3,000 people have applied for a Start-Up loan. These budding entrepreneurs receive both support and mentoring to develop their ideas. When the business plan is robust and approved, they will be able to access financial support in the form of a low interest loan, typically in the order of £2,500 with a repayment period of up to five years.

In the few months that the scheme has been live hundreds of loans have already been approved - with thousands more expected to reach approval stage in the weeks and months ahead.

Prime Minister David Cameron said:

“Start-up loans are an absolutely central part of my mission to back aspiration, and all those young people who want to work hard and get on in life, so this country competes and thrives in the global race

“They are a superb way to help this next generation of entrepreneurs get the financial help - and the confidence - to turn that spark of an idea, into a growing, thriving business.

“It is by backing our entrepreneurs and championing small business that we can drive forward and grow the economy, and equip this country for the highly competitive era we are in.”

James Caan, Chair of the Start-up Loans Company said:

“There has been a major shift in the way business is viewed by the public, and entrepreneurs are now seen as creative and exciting role models; and I am delighted to see that more and more young people are now looking to set up their own business.

“It is only with this renewed focus on youth entrepreneurship, that we will create more jobs and wealth and see the economy flourish once again.

“Start-Up Loans enables young people to harness their skills, and gives each budding entrepreneur not just a low interest loan, but also the help and support from an experienced mentor to guide them to success. I am proud to chair the Start Up Loans Company, responsible for delivering this excellent initiative.”

Michael Fallon said:

As well as Start-up loans, the Government is taking action on a number of fronts to help SMEs get the finance they need to grow. This includes:

- The Funding for Lending scheme to encourage banks to boost lending in the UK economy;
- Generous tax schemes for people investing in start-ups and growing companies in UK; and,
- Up to £20 billion in new, cheaper finance for businesses through innovative Supply Chain Finance scheme.

Notes to editors:

1. For more information, and details on the Start Up Loans Company and how to apply for a loan visit the website www.StartUploans.co.uk.
2. Start-Up Loans provide budding entrepreneurs between the ages of 18-30 with a range of support, including access to a business mentor and capital, in the region of £2,500, to help get their business idea moving. The Business Secretary announced in September 2012 that the first loans were being awarded <http://news.bis.gov.uk/Press-Releases/Young-entrepreneurs-get-access-to-first-start-up-loans-68061.aspx>
3. Those who apply will get access to personal support with the most viable progressing on to formal business planning and mentor support. Where the business plan is robust and approved, they will be able to access financial support in the form of a loan. The loan will typically be in the order of £2,500 – directly comparable with existing lenders in this area such as the Prince’s Trust – and the longest permissible lending period will be 5 years. On average, it is estimated that the loan period will be around 3 years but the decision on duration will be based upon the individual business plan. The interest rate will be at RPI plus 3 per cent. Delivery partners will repay loans and interest back to a central fund, which can then build a revolving lending model. The Start-Up Loans will be available in England only.

4. Start-Up Loans are being supported with £10 million for a pilot scheme this financial year, with a further £32.5 million in 2013/14 and £40 million in 2014/15 being made available to grow the scheme. The Prime Minister announced today that there will be an extra £10m in 2013/14, and £20m in 2014/15, details of this will be in the forthcoming Budget.
5. To administer the Start-Up loans lending pot, the Government created a new body to provide guidance and direction; the Start-Up Loans Company, chaired by James Caan, bring real expertise to the delivery of the scheme.
6. Start-up loans are delivered by a host of service providers that will work alongside Start-Up Loans Company. They include:
 - The Prince's Trust
 - Business Finance Solutions, Manchester
 - South West Investment Group (SWIG)
 - Young Britain
 - Let's Do Business
 - North London Community Finance (NLCF)
 - PNE/Virgin
 - **[BIS please add more.]**
7. **[SUL/ BIS please can you add in a regional breakdown of the numbers.]**
8. The launch of Start-Up Loans form an integral part of the Business in You campaign which encourages the start up and growth of new businesses.
<http://businessinyou.bis.gov.uk/>

Case studies:

Michael Evans and Jason Brown **Wireside Productions** **Warrington**

Jason Brown and Michael Evans grew up together and both graduated in Film Production.

While they divide some task playing to individual strengths, such as Michael looking after finances and Jason customer facing, they both work on the films. Listening to the song over and over and bouncing ideas back and forth. For both, music and film are a passion, and they strive to ensure budgets do not limit realising the creativity. Furthermore, they firmly believe in involving the client in the development and delivery of the film to get the best outcome possible.

This is clearly working as last summer they produced a music video in LA that had 20million plus hits: <http://www.youtube.com/watch?v=hRVOOwFNp5U> . This is a long way from a part time job in Sainsburys where one of them used to work after university.

Michael and Jason are using the Start Up Loans money to launch their business by building a website that properly represents their brand values and product and to market the services by directing traffic to the new website. There advice to anyone starting a business is network, listen to advice and work hard.

Josh Valman (18yrs)

Miproto

London

Josh, a 17 year old entrepreneur, questioned how product design and development might be made accessible to all who need it. He came up with the idea to create a service that helps anyone with a great product concept turn it into a reality through flexible online product design and development, all with the support of a project manager. Start-Up Direct has provided funding and a mentor to support Josh, who is now 18, to finish his website, www.miproto.com, which he will test in January 2013. Josh then intends to raise another £60,000 to formally launch the service in 2013.

Josh's trademarked company, Miproto Ltd, allows individual's without formal design skills to develop products without any commitment to a manufacturer or prohibitive costs, and without giving away future profits. Furthermore, by only paying for the elements needed, more products will be better designed, developed and produced.

While the creative and design work will be done in here in England, the manufacturing is outsourced to China. Eventually Josh wants to bring the manufacturing into the UK to create skills and jobs here.

Lisa Brady

T/A Monroes Hair

Nr Brighton

Hair dresser by profession , mother of two, Lisa Brady could not afford to join any organisation as she needed to manage her own time. While working independently on a part-time basis her Aunt suggested she should start a business of her own. Lisa instantly liked the idea and sat down to make a business plan. The biggest challenge to start her business was to arrange for the capital.

She approached Start Up Loans with her business idea and was very clear on her plans and projections. Impressed with her dedication and can do attitude, her application was approved and a mentor appointed. Lisa Brady, says 'My mentor Steve Staples was a life saver. He was very well versed with the industry and was able to guide me through, till the end'.

Her business focus is on the people who are facing hair loss problems due to various health conditions e.g alopecia and chemotherapy. Lisa was shocked not only at the clinical approach of alternatives to her service, but also how much they charged. She has been able to expand her reach and is also in talks with the private hospitals and Little Princess Trust; a charity dedicated to the care of children undergoing chemotherapy.

Lisa says, 'Start Up Loans is the best thing that could have ever happened to me. I would not have been able to build my dream without the financial support and guidance by the Start Up Loans'.