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£30m boost as start-up loans for young entrepreneurs scheme expanded

Thursday 3 January 2013

Age range increased from 24 to 30 to meet demand, and help more new businesses get affordable finance



▶ [External site: Start Up Loans](#)

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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 their own business, 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 over the next three years, potentially helping to start tens of thousands of 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.

Over 3000 people have applied or registered an interest in a Start-Up loan; these budding entrepreneurs receive 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 three months that the scheme has been live over £1.5 million worth of loans have been approved, helping over 460 new businesses get off the ground. Around 100 new businesses a week are expected to reach approval stage in January, with thousands more in the months ahead.

Prime Minister David Cameron said:

"Start-Up loans are an important 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 great 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 enable 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.”

Business Minister Michael Fallon said:

“The Government is determined to back young people who aspire to get on in business and create jobs. The Start-Up Loan scheme has been very popular and the extra investment will help to meet the demand for this kind of assistance.

“Making this support available to a wider age group will encourage even more young people to be entrepreneurial. It gives them access to experienced mentors who can offer knowledge and expertise about how to run a successful enterprise. I hope to see a whole new wave of entrepreneurs get their ideas off the ground.”

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;
- The Enterprise Finance Guarantee – A loan guarantee programme which has helped more than 2,100 small firms obtain bank finance;
- The Government has committed £200 million for investment into Enterprise Capital Funds between 2011 and 2015, and since May 2010 more than £90 million has been invested in over 70 companies through the programme.
- The [Seed Enterprise Investment Scheme](#) (SEIS) which encourages investment in small and early stage companies and,
- Up to £20 billion in new, cheaper finance for businesses through innovative Supply Chain Finance scheme.

Notes to editors:

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](#)

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.

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.

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, brings real expertise to the delivery of the scheme.

Start-Up loans are delivered by a host of service providers that will work alongside

Start-Up Loans Company. In total, there are now around 25 partners signed up to deliver Start-Up Loans, with more being added every week. Around 40 partners should be in place by the end of the financial year, ready to drive the expansion of the programme next year.

Delivery partners 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
- Rockstar Youth
- Foundation East
- Enterprise Loans East Midlands
- Hull Business Development Fund
- GLE/One London/NACUE
- Sheffield City Council
- Norfolk and Waveney Enterprise Services
- Wessex Enterprise
- Community Finance Development Association
- School for Start Ups

The regional breakdown of lending (by loan volume) as at 13 December was:

- East Midlands 5%
- East of England 3%
- Greater London 34%
- North East England 3%
- North West 9%
- South East 19%
- South West 7%
- West Midlands 14%
- Yorkshire and Humber 6%

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