

## **The Start Up Loans Company celebrates its one-year anniversary**

EMBARGOED UNTIL 0001 Tuesday 24<sup>th</sup> September 2013

***The Start Up Loans Company*** today celebrates its one-year anniversary having committed over £40m to applicants, aged 18-30, and has backed nearly 8,000 businesses.

The government-funded scheme provides crucial support in the form of a repayable loan together with a business mentor for entrepreneurs across the country.

Enterprises that have got off the ground so far include fashion, retail, food, technology and textiles.

- The average loan size is £5720
- The gender balance of successful applicants is 36% female, 64% male
- Supporting over 200 businesses every week
- Over 8,000 businesses have been backed so far
- 45% of Start Up Loans applicants were previously unemployed

Start Up Loans, originally aimed at applicants aged 18-30, was recently allocated a further £34m of funding by Prime Minister David Cameron in a special Downing Street 'enterprise showcase' attended by 60 loan recipients.

James Caan, chairman of *Start Up Loans*, said: "Start Up Loans has gone through an incredible journey, having kick started nearly 8,000 businesses in just one year. Originally given £10m to pilot the idea, Start Up Loans now has a fund of £151.5m. We ourselves are a start-up, and the progress we have made has been incredibly exciting".

*Start Up Loans* will soon be undertaking a wider UK roll-out of the programme across the UK, working closely with the Scottish Government and the Welsh Assembly. This follows an extension of the scheme into Northern Ireland earlier this year.

Enquiries

*Media enquiries should be directed to [press@startuploans.co.uk](mailto:press@startuploans.co.uk) or 020 7932 1599*

A range of loan recipients are available to talk to the press.

Managing Director Tim Sawyer and Creative Director Yasmina Siadatan of Start Up Loans are also available for interview.

*Potential loan applicants should contact [hello@startuploans.co.uk](mailto:hello@startuploans.co.uk)*

## **Notes to editors**

Start Up Loans is a £151.5 m government-funded initiative that provides start-up support in the form of a repayable loan together with a business mentor for entrepreneurs across England and Northern Ireland.

Founded by Lord Young, the Prime Minister's Enterprise Advisor, Start Up Loans was created within the Department for Business, Innovation and Skills. It is designed to help young people who have a feasible business idea but no access to mainstream finance.

With a view to providing the robust SME sector of tomorrow, Start Up Loans aims to equip enterprising individuals with the tools needed to make their businesses a success.

£14m of the funding announced by the Prime Minister on 12 September is designed specifically to support new participants in the Department of Work and Pensions' New Enterprise Allowance (NEA) scheme from 1 October. Those joining the NEA after this date will access Start Up Loans instead of the previously available NEA loans.

As the Start Up Loans Company only commenced making loans 12 months ago, it will take until summer 2014 for the loan portfolio to mature in terms of reaching a stable level of loan defaults. While the current provisioning rate is around 5% of total loan value, the business case assumption for the maximum expected default rate was 40%. Based on our experience to date, we currently believe the expected default rate to stabilise at 30%, which is consistent with community lender default rates on loan portfolios with similar characteristics. The overall economic benefit of the programme taking

account of the assumed default rate is strongly positive as a result of the economic activity generated by the large majority of businesses supported by the programme that continue successfully.

Start Up Loans is one of a range of government-backed schemes totalling £2.9 billion that are being brought together under the Business Bank initiative. A further £1 billion of new capital will be deployed by the Business Bank in partnership with the private sector to further increase the amount of finance available and the choice of finance providers to businesses.

The Prime Minister announced on 5 June that loans will also be available to applicants aged over 30.