
Report To:	Environment & Regeneration Committee	Date:	4 September 2014
Report By:	Corporate Director – Environment, Regeneration & Resources	Report No:	E&R/14/09/01/SJ/JH
Contact Officer:	Stuart Jamieson	Contact No:	01475 712402
Subject:	Start Up Finance Scotland		

1.0 PURPOSE

- 1.1 The purpose of this report is both to apprise Committee of the UK Government's Start Up Finance Scotland loan programme and to seek delegated authority to sign the Memorandum of Understanding between Inverclyde Council and West of Scotland Loan Fund Management Services to allow Inverclyde Council to participate in the loan programme.

2.0 SUMMARY

- 2.1 The Start Up Loans Company (SULCO) is a private company and reports directly to the Department of Business, Innovation and Skills (BIS) with a Fund value of £170 million. It was established to create at least 30,000 businesses across England and Northern Ireland initially. As of October 2013, SULCO was operating in Wales and is now looking to operate within Scotland.
- 2.2 The objectives of SULCO are to:
- Fill a funding gap;
 - Promote a strong SME sector;
 - Foster a culture of entrepreneurship;
 - Create jobs to tackle youth unemployment.
- 2.3 Loans are not provided to the business but to each individual operating the business. Where there is more than one person in the business then each of the partners or directors could apply for a loan of up to £10,000 each.
- 2.4 West of Scotland Loan Fund Management Services (WSLF MS) Ltd, the operating company of the West of Scotland Loan Fund, have registered the name Start Up Finance Scotland, and will provide the management, administration and payment of SULCO loan finance across Scotland.
- 2.5 WSLF MS and Inverclyde Council (through the Business Gateway operation) will act as partners of SULCO to provide loans and related advisory services to individuals in Inverclyde. WSLF MS will enter into an agreement with SULCO which will set out the terms on which WSLF MS and Inverclyde Council will distribute loans and provide services to SULCO. Specifically, WSLF MS will provide the loan management, loan administration and payment of the loan whilst Inverclyde Council through the Business Gateway, will provide related business advisory services.
- 2.6 A Memorandum of Understanding has been prepared which sets out the terms by which Inverclyde Council and WSLF Management Services Limited wish to deliver services in relation to funds provided by SULCO for loans to individuals in Inverclyde. The Memorandum is not

intended to be legally binding or give rise to contractual rights and obligations.

- 2.7 Following the completion of each loan (at the signing of legal documents and advance of loan), Inverclyde Council will be entitled to charge a fee for their services in relation to the SULCO loans.

3.0 RECOMMENDATIONS

- 3.1 That Committee note the content of the report.
- 3.2 That Committee grant delegated authority to the Corporate Director, Environment, Regeneration and Resources to sign the Memorandum of Understanding to allow Inverclyde Council's participation in Start Up Finance Scotland loan programme.

Aubrey Fawcett
Corporate Director – Environment, Regeneration & Resources

4.0 BACKGROUND

4.1 SULCO was established in 2012 following the report by Lord Young on Making Business Your Business, Supporting the Start Up and Development of Small Business and WSLF MS Ltd are one of the delivery partners in Scotland.

4.2 WSLF MS will undertake the following activities and have the following responsibilities in relation to the provision of SULCO loans and subsequent advisory services:

- Credit and money laundering checks on proposed loanee;
- Final decision on whether to loan to loanee and approval of loans up to £10,000 (any loans greater than £10,000 must be referred to SULCO for approval);
- Issue and finalise legal documentation;
- Disbursal of loan;
- Repayment, collection, arrears, debt management;
- Cash management;
- General management; and
- Reporting to SULCO on loans and progress.

WSLF MS through the Company Secretary, will engage with SULCO and alone have the power to approve loans and enter into formal legal documentation relation to the loans.

4.3 Inverclyde Council (through their Business Gateway service) will undertake the following activities and have the following responsibilities in relation to the provision of SULCO loans and subsequent advisory services:

- Marketing and outreach;
- Meet loan applicants and provide information on SULCO;
- Pre-business support (business plan, cash flows and survival budget);
- Recommend individual applicants for approval by WSLFMS;
- Provide ongoing support, mentoring, training and a help-desk service;
- Manage any issues with WSLFMS;
- Provide information/intelligence as appropriate on those applicants in arrears/default; and
- Report to WSLF MS and SULCO where required.

4.4 Inverclyde Council will only have the power to recommend applicants for loans and will not have the right to enter into binding agreements with applicants to provide loans under the SULCO scheme. This service complements a number of business support interventions available to Inverclyde through the Economic Development section.

5.0 PROPOSALS

5.1 It is proposed to enter into the Memorandum of Understanding with West of Scotland Loan Fund Management Services Ltd to support the SULCO product.

6.0 IMPLICATIONS

Finance

- 6.1 Inverclyde Council will invoice WSLF MS for the amount of £400 plus VAT for each successful loan approval however at this stage it is difficult to quantify the number of loans which will be completed, and it is proposed that any income is treated as found money and allocated to the business development grant support budget.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

Legal

- 6.2 The Head of Legal and Property Services has been consulted in the preparation of this report.

Human Resources

- 6.3 No implications.

Equalities

- 6.4 Full consideration is given to equality and diversity processes within employability and business support programmes delivered by the Regeneration and Planning Service which are non-discriminatory on the grounds of gender, ethnicity, religion or belief, disability, age or sexual orientation.

Repopulation

- 6.5 Participation in the Start Up Finance Scotland loan programme links closely to the Repopulation objectives. Loan funding will enable local businesses to grow and provide employment opportunities, making Inverclyde more attractive as a place not only to visit, but as a potential location in which to live.

7.0 CONSULTATIONS

- 7.1 Consultation with Legal Services.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 Memorandum of Understanding.