

A hand-up for start-ups: 33,000 new loans for small businesses as £900m Government scheme widened

- Start Up Loans of up to £25,000 now available to start-ups that have been trading for up to three years, up from two years
- New 'second loans' available for businesses that have been trading for up to five years
- Loans to provide much-needed support for the UK's innovators and entrepreneurs

An £884m loan scheme for new businesses is to be greatly expanded, delivering much needed finance to the UK's array of innovative start-ups, the Business Secretary Jacob Rees-Mogg has announced today (Sunday 25 September).

The Start Up Loans programme has provided more than 95,000 loans to start-ups across the UK since its inception in June 2012, offering an average of just over £9000 in support.

With 33,000 new loans available, the programme's eligibility will be expanded to support businesses trading for up to three years, up from two years. Businesses can apply immediately under the new criteria.

Start Up Loans provide a fixed interest rate of 6%, as well as mentoring, support and funding to aspiring business owners across the UK, providing support to those who might find it difficult to secure loans from traditional lenders.

Alongside this, a new second loan will be available to businesses operating for up to five years, providing eligible businesses between 3 and 5 years old a much-needed Government-backed finance to support their expansion at a crucial juncture.

Business Secretary Jacob Rees-Mogg said:

"This government is relentlessly focused on driving growth to create better jobs, boost wages and fund our vital public services like the NHS.

"Encouraging entrepreneurship and new businesses to thrive is critical to growing the economy and raising living standards.

"From a hair salon in Wales, to a furniture business in Northern Ireland and a cake seller in the Lake District, expanding the Start Up Loans Scheme will support these small businesses through this challenging period and position them to grow – creating jobs and opportunities across the UK."

The scheme has backed businesses across the United Kingdom, with more than £54m provided to businesses in Scotland, £42m in Wales and over £12m in Northern Ireland.

Expansion of the Start Up Loans scheme follows the 2021/22 Spending Review, at which the government made the commitment to provide 33,000 loans to the programme over the next three years.

The extension provides further government support for businesses grappling with cost pressures and adds to measures announced by the Chancellor earlier this week, including the introduction of the Energy Bills Relief Scheme to help support them with the costs of energy, reforming off payroll working rules and simplification of the alcohol duty system.

It also builds on key measures the Government has announced for small businesses in particular, including extending the £4.5 billion Recovery Loan Scheme and delivering the Help to Grow schemes, which provide mentoring and free software to thousands of businesses across the UK.

Michelle Ovens CBE, founder, Small Business Britain said:

“The expansion of funding opportunities for start-ups and growing businesses will certainly be welcomed by small firms as a positive move to unleash their potential. Access to finance is vital for entrepreneurs to grow, and with rising costs and challenges across the board they need all the help they can get right now to realise their ambitions.”

British Business Bank, Managing Director of Start Up Loans, Richard Bearman, said:

“We are delighted to be able to extend the reach of the Start Up Loans programme to help support businesses who need extra support during a time of continued economic unrest.

“This extension of the programme will enable us to work with those businesses that had perhaps just got going when the pandemic hit, or are ready to scale up now that they are back on their feet. We want to ensure that these businesses do not get left behind.”