

Loans help for the poor entrepreneurs

Boost for disadvantaged communities

Kathryn Moore

MORE than £1m is to be made available to help entrepreneurs in some of the most disadvantaged areas of Leeds set up and grow their own businesses.

The £1.4m loan fund has been created by the Leeds LEGI (Local Enterprise Growth Initiative) programme, in partnership with the Business Enterprise Fund and Leeds City Credit Union, to encourage enterprise in some of the city's poorest communities.

Research suggests that residents in areas such as Harehills, Beeston, Chapeltown and Gipton face difficulty obtaining loans from the usual high street lenders.

Working with Leeds City Credit Union, £1m of the total loan fund has been allocated to provide help exclusively for start-up businesses in disadvantaged areas of the city. The fund will offer loans of up to £5,000 to help entrepreneurs get the first step on the business ladder.

The funding deal was one of the key factors to arise out of Leeds City Council's "Exclusion to Inclusion" report, which interviewed

residents from some of the poorest areas in the city and found that 20 per cent of people would be interested in taking out a business loan but because of poor credit histories, bankruptcy, or high levels of existing debt, could not access the high street lenders.

Over the next three years, the credit union is expecting to give more than 200 of the new loans to would-be entrepreneurs at a comparatively low interest rate.

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executive of Leeds City Credit Union said: "There are many talented people living in these communities who have a real business idea but in the current market have no way of realising their goal.

"The new loans that we are offering will allow them to break down the first of many barriers to starting their own business."

The Business Enterprise Fund will also be offering loans in association with the Leeds LEGI programme - which specifically targets start-up and expanding businesses, which are unable to access finance through high street lenders.

With £400,000 dedicated to this project, the Business Enterprise Fund can ensure that all businesses taking out a low-cost loan with them will also have access to a business mentor to work with them to develop business management skills. The loans provided by the Business Enterprise Fund start from £5,000.

Stephen Waud, fund director at the Business Enterprise Fund, said: "The scheme is designed to support those businesses who have been unable to secure the funding they need

from high street banks. Many businesses fail because they have a fantastic product but poor business management skills and are unable or unaware of how to deal with business issues such as changing markets and increased competition.

"The mentors help to explain situations and offer practical help in the running of their businesses. This includes book-keeping, marketing advice and some legal support."

Both loan schemes are supported financially by the Leeds LEGI programme, but will be delivered by the Business Enterprise Fund and Leeds City Credit Union.

Leeds has been awarded £15.6m funding over the next three years to help develop enterprise, create new jobs and boost prosperity in the city's most disadvantaged communities.

By 2010, the programme aims to create more than 500 new businesses within areas of greatest disadvantage in Leeds.

To arrange a consultation with Leeds City Credit Union, call 0113 214 5254 or for the Business Enterprise Fund call 01274 207 217.

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