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WG ENTR & SMEs

Theme: *Access to finance and funding*
Project title: *West of Scotland Loan Fund*

City: Glasgow

Target group: SMEs trading for more than 12-18 months

Context, issue(s) to tackle

Access to finance can be a barrier to growth for many small businesses. Glasgow City Council continues to support access to finance for businesses unable to secure financing through traditional means and has served this need through membership of the West of Scotland Loan Fund (WSLF) since its inception in 1996, providing support to over 418 businesses and lending a total of £7.2 million (€9.5 million). This has led, in many cases, to increases in turnover as well as creating and safeguarding jobs in Glasgow. Through the pan-Scotland Local Authority Business Loan Fund, this support will continue in the future.

Objectives

The aim of the WSLF is to ensure that good, commercially viable proposals do not fail from a lack of access to finance. In addition, it encourages and supports the creation, development and growth of businesses within Glasgow, which will in turn contribute to, and strengthen, the local economy in terms of jobs, growth and wealth.

Date of achievement - design, development, implementation

The WSLF is administered by the West of Scotland Loan Fund Ltd, which was established by the twelve local authorities that succeeded Strathclyde Regional Council in 1996.

Key steps and activities

The board of the West of Scotland Loan Fund Ltd consists of twelve directors drawn from elected members and officers of the participating councils as well as a company secretary.

Budget and its origin

Over the past five years, Glasgow has had an initial target of £2.8 million (€3.7 million), attracting a contribution of £1.13 million (€1.5 million) from the European Regional Development Fund (ERDF), and has subsequently drawn down a further £1.2 million (€1.6 million) to benefit SMEs in Glasgow as a result of lower than planned expenditure in other local authority areas. As of September 2015, Glasgow had provided in excess of £4 million (€5.3 million) in loan funding to 124 SMEs. The overall programme has a fund of £15 million (€20 million), made up of £6 million (€8 million) from the ERDF, a £4.5 million (€6 million) bank loan and £4.5 million contribution from local authorities.

Results and impact

Glasgow City Council has, through the inception of the WSLF in 1996, provided support to over 430 businesses, lending in excess of £7.5 million (€10 million). This has led, in many cases, to increases in turnover as well as safeguarding around 1,500 jobs, with around 1,100 jobs created in Glasgow itself.



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Transferability tips for cities willing to implement a similar scheme

To successfully replicate this model in other regions, three key components must exist:

- the will of municipalities/local authorities to come together, work collectively and share resources for the benefit of the wider region
- an ability to innovatively utilise national EU funding with private sector investment through bank funding
- the presence of a skilled and committed staff to drive and lead the programme and develop the required infrastructure for lending to SMEs.

Contact

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