

[emda announces £5m loan fund to help businesses](#)

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East Midlands Development Agency (*emda*) has today announced a further step to support small businesses during the economic downturn.

A new fund, known as the East Midlands Transition Loan Fund (TLF) is making £5m available to businesses across the region. This will help to address some of the problems that businesses are currently facing in obtaining credit through banks and other traditional routes.

The TLF, which was first announced in the Government's Pre-Budget Report, will provide individual loans of between £50k to £250k for up to three years.

The TLF will be made available to small and medium sized (SME) businesses that have been trading for at least six months and which have good management and viable business plans.

The loans will focus on supporting businesses through the economic downturn rather than providing development capital, and applicants will need to demonstrate a positive impact on job creation or safeguarding.

The East Midlands Transition Loan Fund is being run on a commercial basis and loans will be subject to variable interest rates, reflecting the nature of risk undertaken, and fees. The loans will be secured against assets in the business and the fund manager will be required to assess the viability of the applicant business.

As part of this, businesses will need to provide a business plan including a summary of the business activity, the latest accounts and financial projections.

Due to EU regulations, some activities, such as retail and property development, will not be eligible for funding but the majority of East Midlands businesses could potentially qualify.

The Transition Loan Fund provides a short-term and immediate financial solution for those businesses struggling to access the finance they need for working capital and investment. It complements the Government's £21 billion loan guarantee schemes recently announced by Lord Mandelson, which will provide finance for businesses in the longer-term as part of its plans to offer 'Real Help for Businesses'.

Speaking about the Transition Loan Fund, Jeff Moore, Chief Executive of East Midlands Development Agency (*emda*) said: "Businesses are at the very heart of our economy and it is vital we support them at this critical time.

"We are all aware that there is a tightening in the availability of commercial finance and that is why we were instrumental in taking forward plans with Government to develop the Transition Loan Fund. The introduction of this fund means that viable businesses now have the opportunity to obtain the working capital they need to sustain and develop their activities during the current economic downturn and provides real help for businesses in our region."

Department for Business Minister Pat McFadden said: "Access to finance is key to helping businesses through these difficult times. Through this fund local firms can get the support they need to bridge short-term gaps and secure their futures. This is of particular value to firms in the supply chain where a major customer has run in to difficulty.

"We will do all we can to support companies in the East Midlands, and across the country. This is just one part of a wider programme of real help for businesses. We also recently announced loan guarantees and a new Enterprise Fund, aimed at helping companies struggling to access finance for working capital and investment."

For more details about the TLF, contact Business Link on 0845 058 6644 or visit www.businesslink.gov.uk/eastmidlands/tlf

ENDS

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Notes for editors

About *emda*

East Midlands Development Agency (*emda*) was set up in 1999 to bring more jobs and skills to the region and to make the East Midlands a better place to live and work.

The Regional Economic Strategy - 'A Flourishing Region', co-ordinated by *emda* and published in July 2006, sets out priorities for the region until 2020.

The RES highlights the themes of productivity, sustainability and equality and is underpinned by ten priorities. The new RES builds on the previous two strategies 'Prosperity Through People' and 'Destination 2010'. For more details visit www.emda.org.uk

About Business Link

Business Link East Midlands provides access to the information, advice and support needed to start, maintain and grow any aspect of a business. Telephone: 0845 058 6644 or email info@businesslinkem.co.uk

It exists to help anyone thinking of starting a business; to help businesses grow, deal with problems, challenges and make the most of every opportunity.

The Business Link service across the East Midlands region is delivered by EMB Ltd under contract to the East Midlands Development Agency (*emda*).

The award winning website www.businesslink.gov.uk/eastmidlands provides free access to relevant, timely information, on all the latest guidance, funding and training initiatives available from across government and the business sector.