

### **Proposed Rural Perth and Kinross Micro Credit Scheme – Service Level Agreement**

Perth & Kinross Council have funding of £100K in 2019/20 to establish a Micro Credit Loan Fund (this was as a result of a Budget Motion in February 2018) – a Report to Strategic Policy & Resources Committee on 28 November 2018 approved in principle the creation of a Micro Credit Loan Fund. The overall aim is to:-

“To support business growth and business start-ups in Rural Perth & Kinross”.

The Rural Micro Enterprise Loan Fund has been designed to assist rural businesses and other organisations looking to undertake viable growth projects, and individuals looking to set up a business. The recipient must be able to demonstrate that any proposed project is essential to ongoing business growth, and that it will have a positive economic impact on the local area.

**Eligibility** – Businesses employing 10 people or fewer, including limited companies, partnerships, sole traders, social/community enterprises and co-operatives.

**Level/Range of Loans on offer** – Loans of between £500 and £1500.

**Interest Rate** – 3%.

**Repayment Period** – From 6 to 24 months.

**Sectors** – All business sectors are eligible for support with the exception of betting shops, licenced premises, money lenders, and those providing “adult services”. The Credit Union can reserve the right to exclude businesses which do not meet their core values.

**Eligible costs** – All valid business costs including on-going running costs, specific business projects and set up costs for new businesses.

**Eligible Areas/Wards** – all of Perth & Kinross excluding the 3 Perth City wards (a list of eligible postcodes will be provided by Perth & Kinross Council).

We would expect the Credit Union to direct individuals & businesses looking for further Business Development Advice and guidance to the Business Gateway and/or Growbiz.

**Payment Schedule:** PKC would provide 3 tranches of funding £30K in September 2019, £30K in December 2019 and a final £40K payment in March 2019.

**Review period:** The scheme will be reviewed after six and twelve months; and if limited numbers of businesses are accessing the funding the Council will seek the outstanding balance to be repaid.

**Bad Debt provision** – any bad debts would be covered by the funding provided.

**Monitoring/Reporting:** The Council require Quarterly reports detailing:-

- No. of loans issued
- Value of loans
- Type of businesses – existing/start-up & by broad sectors
- Location of Businesses supported by LA Ward
- What the loans are being used for

The Council in addition would require the Credit Union to survey the clients supported by the Micro Credit Fund to ascertain the benefits gained from the Loan Funding provided