

# Additional financial support for family businesses

Access to appropriate finance has been a problem faced by many small businesses, which includes the majority of family businesses, over many years.

In the past, the problem has tended to be exacerbated in difficult times – recession and the bank crash for example. Whilst the banks in the UK have always been the major supplier of business funds, they find smaller loans uneconomical. This leaves some types of businesses, especially small and micro businesses, those at an early stage, lacking capital or security, or indeed operating in a sector where banks were more cautious to invest, in need of alternative sources of finance.

It was to help alleviate this problem that Aston Reinvestment Trust, now ART Business Loans (ART), was established nearly 25 years ago. A Community Development Finance Institution, ART lends where the banks have declined, alongside the banks when they have already lent as much as they can, or as part of a package of finance with other funders.

ART has supported many family businesses over the years, including StayDry and La Delicia. You can read their stories and those of other ART borrowers at [www.artbusinessloans.co.uk/casestudies](http://www.artbusinessloans.co.uk/casestudies).



**“Our seasonal pattern obviously makes banks uncomfortable with extending credit, so thank goodness organisations like ART exist to support the SME sector.”**

Warren Delo, Staydry



**“Without ART we wouldn’t have been able to do any of this. ART was easy to deal with, interested in us and our ideas for the business and supportive all the way.”**

Lee Grant, La Delicia

## Government Guarantee Schemes

The Government plays its part in helping to tackle the issue of access to business finance by offering guarantee schemes to lenders, encouraging them to lend more by supporting them with cover for losses.

A variety of such schemes have been in place for over 40 years and the latest, substantially enhanced examples, came about in response to the COVID-19 pandemic as a means of supporting smaller firms through the crisis-induced slump in trading activities.

Prior to the pandemic, guarantee schemes, and indeed most lenders, were focused on supporting business growth. COVID-19 guarantee schemes have been targeted at supporting survival and now recovery. Of the three core COVID-19 guarantee schemes, the Bounce Back Loan scheme was the most common used by small businesses, with over 1.5 million loans issued amounting to a total of £47bn in lending. This scheme was essential, an emergency fix, but has created issues for many going forward. Many small businesses have used debt for the first time and all businesses must now examine in more depth their ability to service all their borrowings, including any new debt being taken on.

All COVID-19 loan schemes were made with the lender’s own funds.

Bounce Back Loans were rolled out very quickly and on a large scale, which resulted in nearly all being made by the banks. With a concern over businesses’ ability to repay and a reduced guarantee from 100%, the banks’ appetite for lending now has substantially reduced.

This is where ART Business Loans (ART) can help. ART lends across the West Midlands to businesses from early stage to established, covering nearly all sectors, and is an accredited provider under the latest guarantee scheme, the Recovery Loan scheme. This scheme is aimed at helping businesses that have been affected by COVID-19 and now need funds to recover and grow.

### Apply for a loan under the Recovery Loan Scheme from ART Business Loans

The Recovery Loan scheme provides advantages to borrowers and is being reviewed, as it is due to expire at the end of June 2022.

- From £25,001 to £150,000
- From 6 months up to 5-year term
- Provided at a reduced interest rate and fees if qualifying for support
- Made without a personal guarantee
- Without early repayment fees

To apply, call 0121 359 2444. For more information about ART and its loans visit [www.artbusinessloans.co.uk](http://www.artbusinessloans.co.uk)



The Recovery Loan Scheme is managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy & Industrial Strategy. British Business Bank plc is a development bank wholly owned by HM Government. It is not authorised or regulated by the PRA or the FCA. Visit <http://www.british-business-bank.co.uk/recovery-loan-scheme>

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