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## New funding scheme given lukewarm welcome by independent lenders

By Jonathan Moules

Expectations for the government's latest funding support scheme are low among company heads and independent funding providers, who warn that numerous initiatives have now failed to raise small business lending figures.

The launch this week of the Funding for Lending scheme, which will allow banks to access cheaper borrowing rates, spelled the end of its predecessor, the National Loan Guarantee Scheme. It will be wound down having had no perceptible impact on small business lending, critics noted.

Henry Ejdelbaum, managing director of ASC Finance for Business, an independent funding broker, said the new scheme had yet to excite Joe Public. "We all want it to be successful, but if it follows the history of all the previous schemes it will be seriously unsuccessful."

The problem in the past has not been the details of the financial support so much as the bureaucracy involved, Ejdelbaum added. "It is the reams of paper involved," he said.

Philip White, chief executive of Syscap, which specialises in finance and leasing arrangements for IT equipment, criticised the new scheme for failing to include third-party finance providers, such as his company.

Asset finance, which Syscap provides, was on the increase, he noted, but was not being supported by Funding for Lending. "We are picking up business because clearly there is a reluctance from the banks to lend," White said.

The problems business face in accessing reasonably priced finance is believed to be a key barrier to the UK recovery.

Brendan Flattery, chief executive of Sage in UK and Ireland, said the problem was not the actual availability of money but perceptions among business owners that there was no money available at reasonable rates.

"There is a huge proportion of people with an idea for a business, and an interest in taking it further, but simply won't because they don't believe they can get access to the funds they need," he said.

"The legacy of high costs, tough terms and restrictive loan conditions over the last couple of years has triggered a general reluctance in entrepreneurs to apply for finance," he added. "It will take time for perceptions to shift."

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