

## **2 SCOTTISH LOCAL AUTHORITY BUSINESS LOAN FUND LTD (AN5-2015)**

Dundee City Council has been a member of the East of Scotland Investment Fund (ESIF) since its inception in 2010.

A pan Scotland Loan Fund is now proposed as that is highly likely to be eligible to secure ERDF funding from the European Structural Funds Programme 2014–2020 and a collective bid from Scottish Local Government is actively being encouraged by Scottish Government. The proposed fund will be an amalgamation of the current East of Scotland Investment Fund and West of Scotland Loan Fund and offer loans of up to £100k at a fixed interest rate of 6%. The fund will be delivered through a newly incorporated company, limited by guarantee which all 32 Scottish Local Authorities will be invited to join.

Each Local Authority's financial contribution to the Fund will be exclusively ring fenced for investing by that Local Authority solely in their area and as such will attract ERDF match funding. It is estimated the amount of lending across all 32 Local Authorities will be in the region of £6m per annum.

If the application to the European Structural Funds Programme 2014–2020 is successful the intention would be to transfer in the current financial commitment to ESIF for each Local Authority and replace the current Loan Funds with the proposed new pan Scotland Local Authority Loan Fund. Dundee City Council are not being asked to provide any new funds.

It is anticipated that the new fund will be operational from 1st April, 2015.

Approval is sought to move the current Dundee City Council ESIF allocation to the Scottish Local Authority Business Loan Fund Ltd.