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North West Secures £272m from British Business Bank Growth Guarantee Scheme

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The British Business Bank has marked a significant achievement, with its Growth Guarantee Scheme reaching £2.5 billion in lending. Notably, 69% of this funding has supported businesses outside the affluent hubs of London and the South East, with the North West emerging as a key beneficiary, securing £272 million across 1,495 facilities.

This scheme, launched on July 1, 2024, aims to bolster smaller U.K. businesses by improving access to finance for investment and expansion. It offers a range of financial products, including term loans, overdrafts, asset finance, invoice finance, and asset-based lending, with facility sizes up to £2 million. Lenders benefit from a 70% government-backed guarantee, though borrowers remain fully liable for their debts.

The North West's £272 million allocation surpasses other regions, excluding London (£422 million) and the South East (£309 million). This distribution highlights a welcome focus on levelling up economic opportunities across the U.K., particularly in areas historically underserved by investment. The scheme has also supported diverse sectors, with manufacturing receiving £368 million, wholesale and retail £366 million, and construction £234 million.

In a recent interview with the Blackpool-based Federation of Small Businesses (FSB), policy chair Tina McKenzie said: "FSB campaigned for the Growth Guarantee Scheme to be created, and we're pleased to see this latest lending record, which shows just how vital the scheme has been to so many small businesses up and down the country." She added, "Small firms will be the engine of future economic growth, so getting them the finance they need is key."

Reinald de Monchy, chief banking officer at the British Business Bank, emphasised the scheme's reach: "This milestone is a demonstration of the important work done by the 50+ delivery partners who have signed up to the Growth Guarantee Scheme since its launch in July 2024." He noted the scheme's support for younger firms and its broad sectoral impact, with funding secured until March 2030 following the government's recent Spending Review.

Phil Hughes, deputy managing director of SME lending at Paragon Bank, highlighted the scheme's practical impact: "The Growth Guarantee Scheme has proven to be a powerful tool in enabling Paragon to provide greater support to ambitious U.K. businesses who need funding." He pointed to its role in overcoming initial investment barriers in sectors like construction and agriculture.

Stefan Wolvaardt, chief financial officer at Simply Asset Finance, echoed this sentiment: "With the government setting ambitious growth targets, injecting further funding into the system was crucial if we are to help SMEs across the U.K. achieve their potential."

While the scheme's success is undeniable, some question the current government's broader economic strategy, arguing that such initiatives must be paired with robust policies to reduce bureaucratic burdens on SMEs. The North West's thriving small businesses, from manufacturers to retailers, demonstrate the potential for regional growth when access to finance is prioritised. As the scheme continues, its ability to empower local economies will remain a critical measure of its impact.