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LANCASHIRE COUNTY COUNCIL TO FINANCE LOCAL BUSINESS GROWTH THROUGH FUNDING CIRCLE

- First local authority in the UK to use Funding Circle's revolutionary technology

- Pilot scheme to become potential blueprint for small business lending in the public sector

- £100,000 investment with potential for multi-million pound commitment over five years

Lancashire County Council and Funding Circle today announced the launch of the first Local Business Lending Partnership, a pioneering scheme to stimulate local economic growth and employment through improved access to business finance.

As part of the partnership, the council will lend an initial £100,000 to Lancashire-based businesses using Funding Circle, the UK's largest online marketplace where people directly lend to small businesses.

A blueprint for the future of small business lending across the UK, the pilot scheme will help realise the growth potential of local businesses that are currently being stifled by poor access to finance. It is anticipated that the partnership could grow to a multi-million pound commitment over the next five years.

James Meekings co-founder of Funding Circle said: "This revolutionary partnership will deliver much-needed finance to growing businesses in Lancashire, in turn creating jobs and boosting the local economy. Lancashire County Council is leading the way for other local authorities to follow, injecting finance right into the heart of the local business community."

The partnership with Funding Circle has been arranged by the county council through its economic development department - Lancashire County Developments Limited (LCDL).

County Councillor Michael Green, Cabinet member with responsibility for economic development, said: "This is a ground-breaking new way to fund business growth and a first for any council in the UK. This approach to business funding has proved popular in other parts of the country and across the globe. It's directly supported growing businesses and created new jobs. The partnership with Funding Circle is just one of the ways in which we're supporting economic development in the county, alongside established programmes such as Rosebud. There is great potential to grow the Lancashire economy in the future. Working with Funding Circle, our aim is to unlock more of this potential. Lancashire County Council is determined to show that the county is open for business."

The partnership will provide important support for businesses in the local region to expand and employ additional members of staff.

Lancashire's 52,000 small businesses are responsible for more than 50 per cent of local private sector employment. A recent study by Funding Circle indicated the potential economic boost that could be unlocked through better access to finance, with 42% of small businesses in the North West stating that they would increase staff numbers if they could obtain finance. By contrast, according to figures from the British Bankers Association, loan facilities in the region fell by 30% between Q1 and Q2 of this year.

James Meekings co-founder of Funding Circle continued: "In today's economy, businesses want to access finance quickly with minimal disruption. This new partnership will free local businesses from the shackles of the high street banks so that they can continue to grow and fulfil their potential."

Launched in August 2010, Funding Circle enables businesses to access finance independent of their banks and people to receive attractive, stable returns for the long-term. This process sidesteps the high street banks with businesses receiving finance in a matter of days compared to up to three months for a traditional bank loan. To date more than more than £55 million loans have been lent to small businesses across the UK, including £5 million in the North West.

As part of the partnership, Lancashire Council will fund approximately 20% of a loan to a local business. Funding Circle works by enabling established and creditworthy businesses to borrow money from groups of people. Once businesses pass the credit assessments by Funding Circle's team of underwriters, their loan is posted on the marketplace. From here, investors choose which type of businesses to lend to, and bid the amount of money they wish to lend, and the interest rate they want to earn. Investors bid small amounts, from as little as £20, on lots of different businesses to spread their risk.

- ENDS -

Notes to editors

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About Funding Circle:

Funding Circle (www.fundingcircle.com) is the first ever online marketplace enabling savers and investors to side-step banks and lend directly to small businesses.

Set-up in August 2010 Funding Circle has helped businesses borrow over £55million. August was the best month for Funding Circle with more than £5.3 million lent to hundreds of small and medium firms across the country. Funding Circle is an amazing growth story in itself. We are now lending more in a week than we were in a month last year.

Using the online marketplace investors can set their own rates. Each loan is comprised of small amounts of borrowing from many different people who compete to lend to the business in question, this enables the business to borrow at a better rate. With no bank in the middle both investors and borrowers achieve a much better deal with investors receiving an average 9.1 per cent yield on their money.

Funding Circle prides itself on being transparent. As opposed to banks investors can download the entire loan book whenever they like, there are no hidden fees for either investors or businesses looking to borrow and nobody can fix Funding Circle's interest rates.