

Firms offered free loans to save on energy bills

Business incentive to boost Scottish economy

by Paul Kelbie

SMALL BUSINESSES will be eligible for interest-free loans of up to £100,000 for energy-efficiency measures that will help cut fuel bills, the Scottish government will announce tomorrow. Jim Mather, the Enterprise Minister, will introduce the initiative in a bid to boost the economy.

Private landlords, agriculture and transport businesses will all be able to join manufacturing and catering firms in applying for the loans for energy-saving measures or the installation of small-scale renewables schemes, such as solar panels or ground-source heating.

'A waste of energy is a waste of money. In a global economic downturn, we will take every step we can to keep the Scottish economy moving,' said Mather, who claimed that businesses which took loans last year saved an average of £5,500 on fuel bills. 'One of the easiest ways to save money is to save energy. In line with our economic recovery plan, more small businesses will now get the best advice and access to interest-free loans for energy-efficiency measures,' he added.

'As part of the roll-out of energy performance certificates, landlords will need to provide a certificate for new tenants from January. They can now access interest-free loans to reduce tenants' bills and improve the energy performance of our housing. Better energy efficiency is crucial if we are to achieve our ambitious emissions reduction targets. Extend-

ing the scheme to include small-scale renewables gives an incentive to generate clean, green energy and contribute to a sustainable energy future. I would urge landlords and small businesses to apply for this support to cut costs and reduce emissions.'

However, many business leaders claim the scheme, run by the Energy Saving Trust, will benefit fewer than 10 per cent of businesses and won't make any difference to most firms struggling with the downturn.

'While this is a welcome initiative it's not going to help them sell more or to grow their business in the short term,' said Gordon Mowat of Aspire Management Services.

'What needs to be done to help businesses in the short term is getting banks to lower their interest rates. The government has just lowered its rate to 2 per cent, but banks are lending at far higher than that and not passing on these reductions in full, and that is the major problem for smaller businesses right now. Businesses have got to be able to survive in the short term to be able to afford loans over the long term.'

'Unfortunately it is the short term that people are very worried about and an interest-free loan for energy saving measures, which probably won't yield anything for a number of years, won't be a top priority for the majority of hard-pressed firms.'

Garry Clark, of the Scottish Chamber of Commerce, said the move was 'a step in the right direction'.