

## **Westray Community Business Loan Scheme Policy**

### **Policy Statement & Eligibility**

Westray Development Trust (WDT) was established in 1998 *'to develop the economic, social and cultural sustainability of our community by harnessing the quality of our resources, people and island environment'*. In order to carry out this mission WDT has nine objectives including a goal to *"regenerate the community of Westray by the maintenance or improvement of the physical, social and economic infrastructure"*. It is from this goal that WDT developed the Westray Community Business Loan Scheme. This is so that the income generated from the 900kW community wind turbine could support sustainable economic development in Westray to the social, cultural and economic benefit of the Westray community.

Therefore Westray Development Trust will consider applications for a community business loan for a new or existing business venture that:

- Is owned and operated in Westray.
  - Maintains and/or creates new employment in Westray.
  - Supports the viability of other locally owned and operated businesses.
  - Brings clear and identifiable benefits to the community of Westray.
  - Enables a viable business that currently provides a local service/benefit, but is in danger of being wound up and lost to the community, to continue.
- OR
- Enables a viable new business to set up in Westray to fill an identified service need in the community or brings clear community benefit to Westray.

Loan Applicants must be resident in Westray or will be resident in Westray before the loan is finalised.

WDT's Community Business Loan Scheme is dependent on the availability of funds and for this reason may not be able to offer loans more than once in a financial year or at all. Loans may include below commercial interest rates or more favourable terms.

It is the policy of WDT to lend no more than 70% of the total security available on any loan to the maximum of £200,000. There may be exceptional cases where negotiation on this level will be considered but the decision of the WDT Board will be final in all circumstances.

Once a decision has been made in regards to your application this decision is final.

### **Community Business Loan Scheme Management**

A Community Business Loan Application is first submitted to WDT to be assessed by the Board of WDT or a sub-group of the Board. They will then assess the application for viability and community benefit. If the application can demonstrate clear community



benefit for Westray the application is then passed on to WDT's Community Business Loan Scheme partner, Scottish Communities Finance Ltd (SCF Ltd), who will undertake all necessary due diligence.

SCF Ltd was constituted as a Community Benefit Society (BenCom) in 2017 and is registered with the FCA (No 7649). It provides support, information and services to communities interested in developing community bonds. It also assists communities with the management of their community loan funds.

Its role in the scheme is as follows;

- Undertaking all due diligence of loan applications received and accepted by WDT.
- Giving general advice and guidance to applicants.
- Submitting a completed report on the application and a recommendation to WDT for a final decision.
- Monitoring the successful loan(s) – including all legal documentation: taking security: managing loan repayments: debt recovery: annual statements and any other services required by law.
- Contacting borrowers in the first instance of a default or issue with loan repayments.
- Keeping WDT up to date on any defaults or issues with loan repayments.
- Promptly issuing borrowers and WDT with all invoices due.

All loan applications will be processed in accordance with confidentiality and data protection (GDPR) policies and current legislation. Permission will be sought from loan applicants/borrowers for their information to be shared outside of WDT and SCF Ltd.

### **Additional Notes**

Applicants should be aware that the WDT Board meet on a monthly basis and so there may be delays before your application is assessed and if successful in the first stage submitted to SCF Ltd. As with any other responsible lender applying for a loan it is a lengthy process and the Westray Community Business Loan Scheme is no different.