

“Business lending continues to drop”

Lending to businesses has seen the biggest drop in almost ten years.

All the latest trends have found that many companies continue to hit a brick wall when it comes to sourcing bank finance and, in some cases, are being forced to pay more for the borrowing that they are able to secure.

Commenting Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons said, “The real worry here is that a continued lack of working capital will inevitably lead to many more firms laying off employees or, in the worst case scenario, going out of business altogether.

There is little doubt that lending is becoming scarcer and more expensive with businesses being forced to cut back on investment and concentrate on reducing debt levels.

“It is worthwhile all businesses attempting to renegotiate their existing borrowing facilities by entering early refinancing agreements. This would provide some certainty in future funding and assurances about future viability,” added Phil.

In the interim, the government is interested in learning about some of the difficulties being experienced by businesses when it comes to securing growth capital. The evidence will be used as part of a major review that will decide whether government intervention is needed to make sure that adequate finance is available to help to fuel the recovery from recession. The review will form one of the measures in the government’s “New Industry, New Jobs’ strategic plan for the recovery of the UK economy. Businesses can offer views and evidence until 17th July.