

“Despite initiatives, business funding remains stagnant”

Small businesses are continuing to experience extreme difficulties in obtaining finance despite all initiatives introduced over the past few months. In January, the government unveiled a plan to guarantee up to £20bn of loans to small and medium-sized firms to help them survive the downturn. Central to the plan was a £10bn Working Capital Scheme designed to help banks lend much-needed capital to small and medium-sized businesses under which the government would provide guarantees on 50% of £20bn short-term loans to businesses with a turnover of up to £500m. Additionally, the government set up the Enterprise Guarantee Scheme as part of the support package, which would secure up to £1.3bn in additional bank loans to businesses with a turnover of up to £25m together with a £75m Capital for Enterprise Fund specifically for those businesses experiencing high levels of debt.

Said Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons “Small businesses are continuing to struggle and there is little evidence to suggest that the latest tranche of financial measures are actually having the desired effect. Lending to small businesses has not increased significantly. Indeed many businesses are having their applications for new finance refused.”

“Britain’s small businesses currently account for sixty per cent of the private sector working population. The government simply has to find ways of getting banks lending again or face the fall out from an estimated 30,000 insolvent businesses this year,” added Phil.