

Recovery Loan Scheme Launches today

- new loan scheme will provide further support to protect businesses and jobs
- loans will include 80% government guarantee and interest rate cap
- government has backed £75 billion of loans to date as part of unprecedented £350 billion wider support package

The Recovery Loan Scheme will ensure businesses continue to benefit from Government-guaranteed finance throughout 2021.

With non-essential retail and outdoor hospitality reopening next week, Ministers have ensured that appropriate support is still available to businesses to protect jobs. From today, businesses – ranging from coffee shops and restaurants, to hairdressers and gyms – and can access loans varying in size from £25,000, up to a maximum of £10 million. Invoice and asset finance is available from £1,000.

The Chancellor of the Exchequer, Rishi Sunak, said:

We have stopped at nothing to protect jobs and livelihoods throughout the pandemic and as the situation has evolved we have ensured that our support continues to meet businesses needs.

As we safely reopen parts of our economy, our new Recovery Loan Scheme will ensure that businesses continue to have access to the finance they need as we move out of this crisis.

This is in addition to furlough being extended until 30 September, and the New Restart Grants scheme launched last week, providing funding of up to £18,000 to eligible businesses. The Government is also supplementing this with the Plan for Jobs, focused on protecting, supporting and creating jobs across the country through the Kickstart scheme, T-level and a National Careers Service.

The scheme, which was announced at budget and runs until 31 December 2021, will be administered by the British Business Bank, with loans available through a diverse network of accredited commercial lenders. 26 lenders have already been accredited for day one of the scheme, with more to come shortly, and the government will provide an 80% guarantee for all loans. Interest rates have been capped at 14.99% and are expected to be much lower than that in the vast majority of cases, and Ministers are urging lenders to ensure they keep rates down to help protect jobs. The Recovery Loan Scheme can be used as an additional loan on top of support received from the emergency schemes – such as the Bounce Back Loan Scheme and Coronavirus Business Interruption Loan Scheme – put into place last year.

So far, the government's emergency loan schemes have supported more than £75 billion of finance for 1.6 million British businesses and this new scheme

will build on that success. This is part of the government's unprecedented £350 billion support package which has included paying millions of workers' wages through the furlough scheme and generous grants and tax deferrals.

Business Secretary Kwasi Kwarteng said:

We're doing everything we can to back businesses as we carefully reopen our economy and recover our way of life.

The launch of our new Recovery Loan Scheme will provide businesses with a firm foundation on which to plan ahead, protect jobs and prepare for a safe reopening as we build back better from the pandemic.

Reactions from business groups:

Rain Newton-Smith, CBI Chief Economist, said:

The coronavirus loan schemes have provided a critical lifeline to businesses, and so its successor – the new Recovery Loan scheme – comes as a huge relief to firms.

These loans can be taken alongside existing COVID loans to help firms refinance, restructure and go for growth.

It's vital support remains as restrictions relax and demand returns to normal, allowing businesses to recover, save jobs, and support for reopening.

Accessing finance remains crucial to the lifeblood of a business and so the launch of the Recovery Loan scheme is welcome. The new scheme can play a potentially pivotal role in supporting the recovery by getting credit flowing to the firms who most need it.

Chambers of Commerce will continue to work with government and the banks to ensure that businesses have the clarity they need to enable them to use the new scheme to help them return to growth.

David Postings, Chief Executive of UK Finance, said:

The banking and finance industry remains committed to supporting businesses of all sizes through the next phase of the pandemic response. As focus turns to economic recovery, we know that many firms are still facing uncertainty. The new Recovery Loan Scheme, alongside other commercial financial support, will help firms rebuild and invest for future growth.