

Small businesses boosted by bounce back loans

- businesses will be able to borrow between £2,000 and £50,000 and access the cash within days
- loans will be interest free for the first 12 months, and businesses can apply online through a short and simple form

Small businesses will benefit from a new fast-track finance scheme providing loans with a 100% government-backed guarantee for lenders, the Chancellor announced today (Monday 27 April).

Rishi Sunak said the new Bounce Back Loans scheme, which will provide loans of up to £50,000, would help bolster the existing package of support available to the smallest businesses affected by the coronavirus pandemic.

The scheme has been designed to ensure that small firms who need vital cash injections to keep operating can get finance in a matter of days, and comes alongside the £6 billion awarded in business grants, supporting 4 million jobs through the job retention scheme and generous tax deferrals supporting hundreds of thousands of firms.

The government, which has been consulting extensively with business representatives about the design of the new scheme, will provide lenders with a 100% guarantee for the loan and pay any fees and interest for the first 12 months. No repayments will be due during the first 12 months.

The loans will be easy to apply for through a short, standardised online application. The loan should reach businesses within days- providing immediate support to those that need it as easily as possible.

The Chancellor of the Exchequer, Rishi Sunak, said:

Our smallest businesses are the backbone of our economy and play a vital role in their communities. This new rapid loan scheme will help ensure they get the finance they need quickly to help survive this crisis.

This is in addition to business grants, tax deferrals, and the job retention scheme, which are already helping to support hundreds of thousands of small businesses.

Business Secretary Alok Sharma said:

Our small businesses are vital in ensuring our communities thrive and will be crucial in creating jobs and securing economic growth as we recover.

This rapid loan scheme offers additional protection so small companies across the country can get access to the finance they need immediately, as part of the unprecedented package of support we have put in place.

The scheme will launch for applications on Monday 4 May. Firms will be able to access these loans through a network of accredited lenders.

The government will work with lenders to ensure loans delivered through this scheme are advanced as quickly as possible and agree a low standardised level of interest for the remaining period of the loan.

Notes

Our Covid-19 support schemes have provided over £15 billion for business in just a few weeks. We've put in place:

- our job retention scheme – more than 500,000 claims have been made to the value of £4.5 billion
- business grants – half a million business properties have benefitted from £6 billion of business grants
- the Coronavirus Business Interruption Loan Scheme – with over 20,000 loans
- the Covid Corporate Financing Facility, which has provided over £14 billion for larger firms
- generous VAT deferrals worth billions of pounds
- scrapped businesses rates
- covering the cost of statutory sick pay
- the new scheme will run alongside the existing Coronavirus Business Interruption Loan Scheme (CBILS) and Coronavirus Large Business Interruption Loan Scheme (CLBILS)
- We are also taking additional steps on the Coronavirus Business Interruption Loan Scheme (CBILS) to ensure that lenders have the confidence they need to process finance applications quickly, including removing the per lender portfolio cap for the government guarantee, and changing the viability tests that so that all banks will need to assess is whether a business was viable pre COVID-19

Reactions from business

Mike Cherry, Federation of Small Businesses National Chairman, said:

This crucial new initiative should enable thousands of small businesses to access the working capital they need quickly, helping to protect the millions of jobs they provide in every part of the UK.

This step forward marks another decisive intervention from the Treasury and the Business Department, building on existing support in an innovative way. Swift delivery is now key, and we also look forward to working with government in the long-term to enhance

market competition, including that provided by non-bank lenders.

We are pleased to see the Chancellor and the Business Secretary listening to the needs of small businesses, and we will continue to work with them to make sure small firms and the jobs they provide are protected throughout this public health challenge and that small firms are at the forefront of leading the recovery.

Dame Carolyn Fairbairn, CBI Director-General, said:

The Chancellor's new 100% guaranteed loan scheme for small businesses is transformational. Sole traders, micro-firms and entrepreneurs will now have a simple route to fast finance to stay afloat, without red tape or time-consuming checks.

Thousands of businesses could be saved by this lifeline. Banks now need to continue their work in overdrive to get the loans flowing faster.

It's good to see the Chancellor listening to business, proving that where there's a need to adjust schemes, he will do what it takes. It will be vital to maintain this approach in the months to come. Every job saved today will ensure a faster recovery tomorrow.

Jonathan Geldart, IoD Director General:

This is a welcome intervention, which should help ensure more firms can access the finance that could see them through this crisis. Business leaders will appreciate the government's continued flexibility in adapting their response to what's happening on the ground.

It's crucial that the government's support cuts through to those who need it. Having a quick and simple process will be vital, and we need to remember that taking on debt is always a difficult decision for small firms.

Adam Marshall, BCC Director General:

The Chancellor has demonstrated he is listening to the concerns of our business communities and taking steps to get cash to the front line where it is needed.

This new route for our smallest companies to apply quickly and get a fast decision will be crucial to those who have struggled to get a CBILS loan.

Chancellor's statement to Parliament

Mr Speaker,

Thank you for giving me the opportunity to update the House on our economic response to the coronavirus.

And let me say at the outset that I'm grateful to Members from all sides of this House, including the [RHM], the new Shadow Chancellor, for their contributions to the debate.

Mr Speaker,

We should be in no doubt about the seriousness of the economic situation.

The Office for Budget Responsibility have published a scenario showing that the coronavirus will have very significant impacts both at home, and in the global economy.

More than 1.5 million new claims have been made to Universal Credit.

Over 4 million jobs have now been furloughed.

Survey evidence suggests a quarter of businesses have paused trading.

These are already tough times.

There will be more to come.

And while our interventions have saved millions of jobs and businesses, we can't save every job and every business.

I understand, and I share, people's anxiety.

But right now, the most important thing we can do to protect our economy is to protect the health of our people.

As my RHF the Prime Minister said this morning, we are making progress; we are beginning to turn the tide.

But if we lose control of the virus again, we risk seeing a second spike, which we all want to avoid.

So the goal of our economic strategy is to provide a bridge over what will be a sharp and significant crisis, by:

- keeping as many people as possible in their existing jobs
- supporting viable businesses to stay afloat
- and protecting the incomes of the most vulnerable

In other words, to maintain the productive capacity of the British economy.

So that once we are able to refine the public health restrictions...

...we can, as quickly as possible, get people back to work; businesses reopening; the self-employed trading again.

The OBR have been clear that if we had not taken the actions we have, the situation would be much worse.

The IMF have said our approach has been "aggressive" and "right".

And taken together, I believe our response has been one of the most comprehensive of any country, anywhere in the world.

Working closely with the Bank of England, business groups, Trades Unions, banks, charities, and many others around the country...

...we have developed a plan to protect public services, people, and businesses.

Let me address each of those areas in turn.

Mr Speaker,

Public services like the NHS are on the frontline of the fight against coronavirus, and I repeat today: whatever resources our NHS needs, it will get.

At the Budget in March I announced the Coronavirus Emergency Response Fund, initially allocating £5 billion.

We've now provided over three times that initial amount, with the NHS and other public services receiving £16 billion so far.

We're also providing extensive support for people's jobs and incomes.

Our most important and far-reaching policy is the Coronavirus Jobs Retention Scheme, to keep people in employment.

The scheme launched, on schedule, last week, and I'm pleased to report that the first grants have just been paid.

Around half a million firms have already applied for help to pay the wages of over 4 million furloughed jobs; jobs that might otherwise have been lost.

HMRC are also on track to deliver the Self-employed Income Support Scheme, as promised, in early June, and we will publish detailed guidance this week.

Alongside these new interventions, we've strengthened our existing safety net, with increases to Universal Credit, the Local Housing Allowance, and Statutory Sick Pay.

And we've reinforced our social fabric, too, with £750 million for the charity sector.

Of course, the best way to support people is to protect their jobs – and that means supporting the businesses that employ them.

Our plan to help businesses means the following:

- almost half of all business properties in England will pay no business rates this year
- almost 1 million business premises can now receive cash grants of up to £10,000 or £25,000
- over 2 million businesses have been offered a VAT deferral, saving an average of £30k
- another 2.7 million people will be able to defer their self-assessment payments
- almost 60,000 people and businesses have put time to pay arrangements in place with HMRC
- up to 2 million employers will be able to access the Statutory Sick Pay rebate, up to £48,000 per firm
- over £14 billion of lending has been issued through the Bank of England's financing facility
- over 20,000 Coronavirus Business Interruption Loans have now been approved
- and, of course, all of this is on top of our furlough scheme, with payments now arriving.

Taken together, our plans are protecting millions of people and businesses across our country, through a set of interventions in the economy on a scale we've never attempted before – and they are working.

But, Mr Speaker,

I know that some small businesses are still struggling to access credit.

They are, in many ways, the most exposed businesses to the impact of the coronavirus; and often find it harder to access credit in the first place.

If we want to benefit from their dynamism and entrepreneurial spirit as we recover our economy, they will need extra support to get through the crisis.

Some businesses will not want to take on more debt; which is why our focus has been on cash grants, tax cuts and tax deferrals. But for others, loans will be part of the answer.

So today, we are announcing a new micro loan scheme, providing a simple, quick, easy solution for those in need of smaller loans.

Businesses will be able to apply for these new Bounce Back Loans for 25% of their turnover, up to a maximum of £50,000, with the government paying the interest for the first twelve months.

My RHF the Economic Secretary and I have been in close talks with the banks, and I'm pleased to say that these loans will be available from 9am next Monday.

There will be no forward-looking tests of business viability; no complex eligibility criteria; just a simple, quick, standard form for businesses to fill in.

For most firms, loans should arrive within 24 hours of approval.

And I have decided, for this specific scheme, that the government will support lending by guaranteeing, to the lender, 100% of the loan.

Let me address this point directly Mr Speaker:

I've heard some calls for government to underwrite all our loan schemes with 100% guarantees. I remain unconvinced by the case for doing that universally.

We should not ask the ordinary taxpayers of today and tomorrow to bear the entire risk of lending almost unlimited sums...

...to businesses who may, in some cases, have very little prospect of paying those loans back – and not necessarily because of the impact of coronavirus.

So I do not think it is appropriate to provide 100% guarantees on all of our schemes.

Instead, these new Bounce Back Loans carefully target that extraordinary level of state support at those who need it most.

And the £50,000 cap balances the risk to the taxpayer with the need to support our smallest businesses.

Mr Speaker,

Right now, the most important thing for the health of our economy is the health of our people.

We are making progress in our fight against the virus; but we are not there yet.

So our strategy is to protect people and businesses through this crisis, by:

Backing our public services and NHS with increased funding.

Strengthening our safety net to support those most in need.

And supporting people to stay in work and keep their businesses going.

Our response is comprehensive, coherent and coordinated. It is, I believe, the right approach.

And I hope I can continue to rely on the support, and advice, of all H&RHMs, as I commend this statement to the House.

[eAlert: 27 April 2020 – How the Forestry Commission is supporting the forestry sector during the coronavirus outbreak](#)

- Only go outside for food, health reasons or work (but only if you cannot work from home)
- If you go out, stay 2 metres (6ft) away from other people at all times
- Wash your hands as soon as you get home

Do not meet others, even friends or family.

You can spread the virus even if you don't have symptoms.

[State of emergency in Yemen: Minister for the Middle East's statement](#)

News story

The UK urges the parties to resume their efforts to implement the Riyadh Agreement and restore security and stability to southern Yemen.



On Saturday 25 April, the Southern Transitional Council (STC), which represents a number of groups in southern Yemen, declared a state of emergency in Aden and the southern governorates of Yemen, adding that the council would assume administration of these areas as of midnight.

This declaration runs counter to the STC's commitments in the Saudi-brokered Riyadh Agreement between itself and the Yemeni Government. The UK supports

the Riyadh Agreement, which sets out a series of steps to establish an inclusive government and restore security and stability to southern Yemen.

The UK urges the parties to resume their efforts to implement the Agreement. The UK continues to work with relevant parties to help find a way forward and encourages the parties to refrain from unconstructive acts and statements.

We are also providing life-saving UK aid to help those in desperate need and to mitigate the dreadful prospect of coronavirus exacerbating Yemen's dire humanitarian crisis.

Minister for the Middle East and North Africa James Cleverly said:

This is a deeply concerning move by the Southern Transitional Council, which risks prolonging the conflict by derailing efforts to establish an inclusive government and restore stability to southern Yemen.

The STC and the Government of Yemen must immediately and fully implement the Riyadh Agreement. This is the only way to deliver the peace and stability that southern Yemen so desperately needs.

Further information

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[UK Government and Welsh Government ministers host virtual Q&A with Welsh business leaders](#)

UK Government Minister for Wales David TC Davies, Minister for Business and Industry Nadhim Zahawi, and Welsh Government Deputy Minister for the Economy and Transport Lee Waters, have jointly hosted a virtual roundtable with business representatives from across Wales to discuss the ongoing challenges of COVID-19.

The ministers underlined both governments' commitment to do whatever it takes to support business through the unprecedented and ongoing challenge of the coronavirus pandemic and to continue to work together on a collective response.

During the Q&A, which was attended by leading figures from large multi-national corporations, leading law firms and some of Wales' many small-micro

sized business, Minister Davies said he recognised the concerns of business leaders and their employees and highlighted the support packages the UK Government has made available, including £330 billion in UK Government-backed loans and the Job Retention Scheme which launched this week.

Minister Davies and Minister Zahawi outlined the continued commitment to working with the Welsh Government to tackle the coronavirus in Wales, noting that more than £2 billion in funding has now been provided to the Welsh Government by the UK Government to deal with this emergency.

Welsh Government Deputy Minister for the Economy Lee Waters also highlighted the support the devolved administration has provided including business rate relief and small business grants.

Representatives from businesses across a number of sectors including steel, higher education and construction provided important feedback on how the pandemic is affecting their businesses and employees. Discussions were also held around how both governments and businesses will work together to recover from the pandemic and to secure the future strength of the Welsh economy.

UK Government Minister for Wales David TC Davies said:

We are extremely grateful for the honest feedback provided by businesses across Wales. It allows us to develop support packages that make a real difference to companies and their employees, protecting jobs and the economy.

I will continue to work closely and collaboratively with the Welsh Government to support Welsh businesses, doing whatever it takes to get us through these unprecedented and difficult times.

UK Government Minister for Business and Industry, Nadim Zahawi said:

It is vital for us to hear first-hand from businesses facing the pressures of the coronavirus crisis, and we are working closely with the Welsh Government to provide the critical support Welsh businesses need.

The UK Government is dedicated to safeguarding jobs and paving the way for economic recovery in Wales, and across the rest of the UK, as we face down this global pandemic.

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