



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

New Economy Alliance  
[By email]

28 January 2021

Dear all,

### **Access to Government- back loan schemes**

Thank you for your letter dated 14 January 2021, regarding access to Government back loan schemes.

Firstly, I would like to reaffirm that the Government recognises the vital role that British social enterprises, co-operatives and community businesses play in our communities and is grateful for the way the sector has responded to the current crisis.

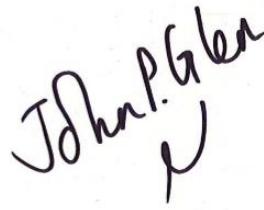
The Bounce Back Loan Scheme (BBLs), which the Government launched on 4 May 2020, ensures that smaller businesses can access loans of up to £50,000 rapidly. These loans can be from £2,000 up to £50,000, capped at 25% of businesses' turnover. As of 13 December, more than 1.5 million businesses have benefitted from over £68bn in government guaranteed loans. As you may be aware, on 17 December, the Chancellor announced the extension of the Government loan schemes (including BBLs) to the end of March, providing struggling businesses more time to access the support they need.

I am sorry to hear the concern that you have raised in your letter that social enterprises are experiencing difficulties regarding accessing business bank accounts. Throughout the COVID-19 pandemic, there has been unprecedented demand for banking services. This, accompanied with working restrictions due to social distancing, has meant banks have faced significant capacity pressures, which has limited their ability to meet demand. We understand that as a result, many lenders have had to reduce or pause provision of products and services – including Bounce Back Loans – to new customers. The Government has always made clear to them that, wherever possible, they should open to new customers. Some lenders have been able to do so, and others that are still only open to existing customers are regularly reviewing that position.

I also note your concern that, as social enterprises often have complex bank mandates and 'out of the ordinary' legal structures, processing of loans for them can be slow due to the lack of infrastructure specific to social enterprises' needs. Please be aware that the nature of lenders' infrastructure and their approach to loan processing remain under commercial discretion. I'm sure you can appreciate that it would be inappropriate for the Government to intervene in these commercial matters.

Thank you for your kind offer to meet. I regret that I am unable to meet at present due to existing diary pressures. However, my officials would welcome further engagement on the issues that you have raised in your letter.

I want to once again thank you for raising your concerns with me.

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

JOHN GLEN