

Written evidence submitted by Pearlgate Associates Limited

Summary

The economic impact on the business has been severe given the delay in completion of contracts and resulting cash flow issues. This could and should have been mitigated by the Government's BBL programme. However, as Pearlgate, and many other businesses, bank with institutions that either are not authorised and/or do not have funds to lend, we are totally exposed and likely to go bankrupt.

BBL Issues

In theory, the BBL programme (and CBILS) is a good programme to assist businesses. However, there appear to be a number of issues:

1. Businesses eligible for BBLs are NOT able to access funds as the institutions they bank with either are not authorised and/or have no funds to lend. Pearlgate banks with Tide and is unable to access any funding
2. Existing lenders WITH funds are not taking on any new clients so that route to access funds is closed
3. Lenders, I understand, are also refusing BBLs to businesses that otherwise qualify, giving no reason for any rejection. Clearly, if evidence of fraud BBL applications should be rejected, but otherwise, as long as a business qualifies, it should be able to access funds
4. If one can access funds, there is a long delay in processing payments – which goes against the whole point of BBL which is speed and simplicity
5. Overall lack of liquidity (cash) so while Gov guarantees £350bn in total, there is not enough cash to lend to all those entitled.

Suggested Solutions

1. Central registry at British Business Bank (BBB) where businesses that cannot access funding register with the BBB and then the BBB ALLOCATES them to a bank who must then open an account ASAP.
2. Business that bank with institutions with no funding (Tide, for example) should be permitted to access Treasury or BoE funding on the same terms as Licensed banks.
3. Lenders with no funds could act as CONDUITS to lend Treasury or BoE funds and take a small admin fee for the work.
4. Banks to provide funds direct to those accredited lenders (Tide etc) so they can on-lend money for the Licensed banks, without the Licensed banks having to take on new customers

5. Banks given strict deadline to meet in terms of (a) account opening and (b) payment of BBLs. Suggest 5 business day deadline for both
6. If BBL declined, specific reasons given therefor, and the potential borrower has the right to full disclosure and there is a mechanism to appeal against an adverse decision

Conclusion

The goal is to get as much funding as possible, and as fast as possible, to those business that meet the BBB eligibility criteria. Any issues/roadblocks that stand in the way of that need to be addressed and dealt with ASAP. It is all well and good to focus on the X number who HAVE succeeded. Focus needs to be on those who are struggling to access funds, find out why and overcome those issues so businesses get the money they need.

Thank you for considering the above points

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