

The government has utterly screwed up its support for B...

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What seems like a lifetime ago, but was in fact little more than two weeks back, the Chancellor announced a £330bn bailout plan for British business. I [derided it at the time](#), with a focus on smaller businesses. I was right to do so. It has now been shown to fail them. Telling banks that they may not ask for personal guarantees will not solve this either: banks will simply not lend as a result. It is not their job to take on that risk when it should fall on the government.

But it has also failed big business too. As the [FT reports this morning](#), whilst noting that the large company scheme made up by far the largest part of this £330bn package:

So far, the BoE has bought just £1.9bn of this short-term debt. This is unimpressive given the scale and speed of UK economic collapse. It would surely be more if the scheme was better designed.

As they note this is very odd:

For companies struggling with collapsing revenue and limited access to credit the scheme should be popular. Borrowing costs are low. Companies with the best credit rating pay 20 basis points over the sterling overnight index swap.

Judged against the UK's £3bn secondary market for commercial paper the BoE's purchases look pretty big. Yet for an unlimited scheme expected to make up the majority of the government's £330bn business bailout package, the running total is low.

So why is that? As they note:

This reflects a lack of clarity around who gets the money. The facility is limited to companies that make a "material contribution to the UK economy". This is defined by size, not the importance of the activity – ventilator or mask makers would not automatically qualify. According to the BoE, eligibility depend on a range of factors, including whether a company is a "significant" employer".

And as the FT adds:

Such terminology is too vague. Already one of the few precise requirements has unravelled. Initially – and risibly – only investment grade companies could apply. They are few, and can mostly get commercial funding. Now companies only have to persuade the Bank of England they were financially sound prior to the pandemic.

Already, a new plan is being formulated to add midsize businesses to loan packages. This will only add to the muddle. The chancellor's misfiring loan schemes contribute to the growing impression that the UK government has bungled its response to coronavirus.

The Tories never claimed to be the party of the NHS, [and they've resoundingly proved it](#)

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They did claim to understand business. They very clearly are clueless on that score, instead of being maliciously ideological, as they have been with the NHS.

'Bungled' is too kind a word from the FT. I am sure readers could suggest many that are much more appropriate. I couldn't possibly comment.