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Factsheet for case GB-2020-12/522

Covid Corporate Financing Facility

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Country	United Kingdom, applies nationwide
Time period	Open ended, started on 17 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	12 April 2020 (updated 20 April 2020)

Background Information

This measure is part of the raft of support introduced as part of the Budget 2020 policy response, with this scheme being designed by the Bank of England in conjunction with HM Treasury. Guidance on applying for the scheme is available at <https://www.gov.uk/guidance/apply-for-the-covid-19-corporate-financing-facility>

The Coronavirus act 2020 is the major piece of legislation covering the government response (see <https://www.legislation.gov.uk/ukpga/2020/7/part/1/crossheading/financial-assistance-for-industry>)

Content of measure

As part of the further measures announced on 17 March, the Bank of England and the Treasury launched a Covid Corporate Financing Facility (CCFF). This recognises that prior to the crisis, companies often sell short-term debt ('commercial paper') to the market as a quick and effective way of raising working capital/ Thus, under CCFF, the Bank of England will instead buy this short-term debt.

The scheme then aims to "...help businesses across a range of sectors to pay wages and suppliers, even while experiencing severe disruption to cashflows. The facility will offer financing on terms comparable to those prevailing in markets in the period before the Covid-19 economic shock, and will be open to firms that can demonstrate they were in sound financial health prior to the shock. The facility will look through temporary impacts on firms' balance sheets and cash flows by basing eligibility on firms' credit ratings prior to the Covid-19 shock."

So the scheme will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. It is also designed to support corporate finance markets overall and ease the supply of credit to all firms.

The scheme is open to larger firms whether or not they have previously sought credit in this way. It will operate for at least 12 months. The Bank of England has set out overall guidance about eligibility and notes that the scheme is “normally” intended for:

UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK; companies with significant employment in the UK; firms with their headquarters in the UK. It will also consider whether the company generates significant revenues in the UK, serves a large number of customers in the UK or has a number of operating sites in the UK. Thus, companies – and their finance subsidiaries – that make a material contribution to the UK economy are eligible to participate.

UK Finance provides further coordination of the scheme and lists main contacts.

Use of measure

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At the time of writing, the level of uptake is unknown; no data published due to the recency of inception/implementation.

Actors, target groups and funding

Actors	Target groups	Funding
National government	Larger corporations	National funds

Social partners

Role of social partners	No involvement
Form of involvement	No involvement

No data; there might have been discussion/consultation with the CBI and other business groups.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 17 March 2020: Bank of England, “HM Treasury and the Bank of England launch a Covid Corporate Financing Facility (CCFF)”, 18 March 2020. (www.bankofengland.co.uk)
- 20 March 2020: UK Government Covid-19 Support for Business Guidance (www.gov.uk)
- 20 March 2020: Bank of England, “Covid Corporate Financing Facility (CCFF): information for those seeking to participate in the scheme”, 20 March 2020. (www.bankofengland.co.uk)
- 03 April 2020: House of Commons Library Research Briefing 'Coronavirus: support for businesses.' Briefing Paper, Number 8847 , 3 April 2020. (researchbriefings.files.parliament.uk)