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Concerns over business bank

By Jonathan Moules

Plans to make more credit available to companies through a £1bn British business bank will not be enough if the environment for investment does not improve, professional advisers and academics have warned.

Details about how the new lending institution announced by Vince Cable this week will operate will not be made available until the chancellor's autumn statement in December.

However, such delays will mean the help will come too late for many companies that are struggling at present to find working capital, according to Henry Edjelbaum, managing director of finance broker ASC

Finance for Business.

"If you can wait that long for funding, then you may be OK, otherwise this new scheme will not matter because your business may not be around," he said.

Stephen Roper, professor of enterprise at Warwick Business School, said: "The government is proposing to use challenger banks to reach SMEs and these banks will need to develop new capacity to deal with this type of business-facing activity, so I don't think we will see any impact from the business bank in this parliament."

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