

UK HMT Press release Published 3 April 2020

From: [HM Treasury](#)

# Chancellor strengthens support on offer for business as first government-backed loans reach firms in need

Rishi Sunak is taking further action to support firms affected by coronavirus by bolstering business interruption loans and announcing a new scheme for larger companies.



- £90 million of business interruption loans approved for nearly 1,000 firms and £1.9 billion corporate finance provided to firms hit by COVID-19
- current loan scheme extended so more small businesses can benefit
- lenders banned from requesting personal guarantees on loans under £250,000
- new scheme announced to bolster support for larger firms not currently eligible for loans
- Chancellor emphasises importance of banks moving quickly to support the economy, jobs and businesses

The Chancellor Rishi Sunak is today (Friday 3 April) taking further action to support firms affected by the coronavirus crisis by bolstering business interruption loans for small businesses and announcing a new scheme for larger companies.

More than £90 million of loans to nearly 1,000 small and medium sized firms have been approved under the government's Coronavirus Business Interruption Loan Scheme (CBILS) since its launch last week. And a government-backed scheme to provide financing to larger companies, being operated by the Bank of England, has also provided almost £1.9 billion of support to firms and a further £1.6 billion has been committed.

To maximise the support available, the Chancellor is extending the CBILS so that all viable small businesses affected by COVID-19, and not just those unable to secure regular commercial financing, will now be eligible should they need finance to keep operating during this difficult time.

The government is also stopping lenders from requesting personal guarantees for loans under £250,000 and making operational changes to speed up lending approvals. The government will continue to cover the first twelve months of interest and fees.

The new Coronavirus Large Business Interruption Loan Scheme (CLBILS) will ensure that more firms are able to benefit from government-backed support during this difficult time. It will provide a government guarantee of 80% to enable banks to make loans of up to £25 million to firms with an annual turnover of between £45 million and £500 million. This will give banks the confidence to lend to more businesses which are impacted by coronavirus but which they would not lend to without CLBILS. Loans backed by a guarantee under CLBILS will be offered at commercial rates of interest and further details of the scheme will be announced later this month.

Chancellor of the Exchequer, Rishi Sunak MP, said:

We are making great progress on getting much-needed support out to businesses to help manage their cashflows during this difficult time – with millions of pounds of loans and finance being provided to hundreds of firms across the country.

And now I am taking further action by extending our generous loan scheme so even more businesses can benefit. We have also listened to the concerns of some larger businesses affected by COVID-19 and are announcing new support so they can benefit too.

This is a national effort and we'll continue to work with the financial services sector to ensure that the £330 billion of government support, through loans and guarantees, reaches as many businesses in need as possible.

The Chancellor will be speaking to bank Chief Executives next week to discuss how the schemes are working and ensure everybody is playing their part.

There have now been over 130,000 enquiries from businesses across the country for business interruption loans, according to latest figures from UK Finance. Some 983 businesses have had finance approved, while banks are processing thousands of loan applications – and scheme changes made today will help them approve loans for the smallest businesses as quickly as possible.

The first firms to receive business interruption loans included Hartlepool-based H.T.E.S (Northern), which provides training and assessment services to the engineering, petrochemical and construction sectors. This company received a £60,000 loan backed by the scheme, enabling it to continue to operate, even though sales have dropped by 75%.

Brian Goodlad, Director of H.T.E.S (Northern) said:

We have seen a significant drop in sales following the start of the coronavirus outbreak. The CLBILS support provided by Business Enterprise Fund provides a boost to our cashflow which ensures certainty and stability in very difficult circumstances.

It is an important lifeline that will help us survive and safeguard 15 full and part-time jobs

For loans over £250,000, personal guarantees will be limited to just 20% of any amount outstanding on the CBILS lending after any other recoveries from business assets. Lenders were already prohibited from asking business owners to put their house on the line, but today's changes will provide further reassurance regarding personal assets during this difficult time.

This will apply to finance already offered under the scheme, to ensure that all business owners receive the same level of government protection.

Business Secretary Alok Sharma MP said:

The coronavirus pandemic represents a challenge to businesses unlike any other they have faced before and we are determined to support them through this difficult time.

The changes we are making to the Coronavirus Business Interruption Loan Scheme will make it easier for business to access the lending we have put in place, helping them to continue trading and protect the livelihoods of their staff.

Last week, the Chancellor and the Governor of the Bank of England, Andrew Bailey, wrote to banks asking them to support small and medium-sized enterprises in any way they can. This included ensuring interest rates offered to struggling businesses are reasonable and to pass on the benefit of the Government guarantee to those borrowing under the Coronavirus Business Interruption Loan Scheme.

### **Further information**

The number of providers of the CBILS continues to grow and new alternative finance lenders are being accredited under the scheme creating more choice and diversity of supply for smaller businesses. We will update on this in due course.

The CLBILS scheme follows feedback and discussion with business groups and banks and we will continue to consult with them before the details are rolled out.

### **Reaction from business groups**

Adam Marshall, Director-General, BCC (British Chambers of Commerce) said:

We're pleased that the Chancellor is listening and responding to the real-world concerns posed by firms across the UK who are urgently trying to access financial support.

Improvements to the Coronavirus Business Interruption Loan scheme will help firms get access to cash more quickly, and the announcement of a new loan scheme for mid-sized companies closes a significant gap in existing support.

Chambers of Commerce will continue to work with government and the banks to ensure that support reaches businesses at the front line.

Dame Carolyn Fairbairn, Director-General, CBI (Confederation of British Industry) said:

The Chancellor's measures are a big step forward. They will help deliver cash faster to firms battling for survival in the headwinds of the pandemic.

By providing more support for mid-tier companies, they are backing our most significant and iconic regional employers. These firms number in the thousands and make a huge contribution to the economy, so it's good to see them getting the support they deserve. More detail and a clear time frame are still needed, but this plan is hugely welcome.

Reforms to the CIBL scheme for firms up to £45 million will simplify the process and make it easier for loans to reach smaller businesses struggling for cash. Alongside, banks are working at breakneck speed to deliver loans to firms most in need.

Each week brings unprecedented levels of economic support and it's encouraging to see the Government stepping in where urgent help is needed. This will need to continue as the challenges of this health and economic crisis unfold.

Mike Cherry, National Chair, FSB (Federation of Small Businesses) said:

The most immediate issue threatening the survival of millions of small businesses and the self-employed is severely depleted cash flow. Time is of the essence and therefore we welcome government action in ensuring that any viable small business that has been negatively impacted by the Coronavirus can now directly access CBILS rather than first being offered a bank's own standard commercial lending product.

Removing personal guarantees for all commercial loans below £250K is also very welcome. Taking on debt at the current time is a daunting prospect for many small businesses and the self-employed. We look forward to continuing our constructive engagement with government to ensure that debt can be repaid in an affordable way that allows small businesses to recover from this crisis and to thrive again.