



## Chancellor Strengthens Support On Offer For Businesses

The Chancellor Rishi Sunak is today 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, including:

- The current loan scheme being extended so more small businesses can benefit;
- Lenders being banned from requesting personal guarantees on loans under £250,000; and
- A new scheme announced to bolster support for larger firms not currently eligible for loans.

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.

The Chancellor also stated that more than £90 million of loans to nearly 1,000 small and medium sized firms have now 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.

**On the Chancellor Rishi Sunak's announcement of further financial support for Scottish business affected by Covid-19, Dr Liz Cameron, Chief Executive of the Scottish Chambers of Commerce said:**

*"This is a much needed boost to the financial package available to Scottish businesses. We asked the Chancellor for a rethink to the Coronavirus Business Interruption Loan Scheme (CBILS) and he has listened.*

*"There were gaps, particularly for small and medium-sized companies in the original package.*

*"Our message remains the same: Get the cash out the door fast – businesses cannot afford to wait if we are to survive.*

*"This is about saving jobs and the livelihoods of millions of employees across all sectors throughout Scotland."*

## KEY FEATURES OF THE SCHEME

| Finance of up to £5 million   |  | Guarantee to the lender to encourage them to lend   | Government pays interest and fees for 12 months   |
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| The maximum value of a facility provided under the scheme is £5 million, available on repayment terms of up to six years. |  | <p>The scheme provides the lender with a government-backed, partial guarantee against the outstanding balance of the finance.</p> <p>The borrower remains 100% liable for the debt.</p> | The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied charges. |
| Finance terms   | Security   | No guarantee fees for businesses  |   |
| For term loans and asset finance facilities: up to six years.   | <p>Insufficient security is no longer a condition to access the scheme.</p> <p>For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Payment.</p>   | There are no guarantee fees for SMEs. Lenders pay a fee to access the scheme.   |   |
| For overdrafts and invoice finance facilities: up to three years.   | <p>No personal guarantees for facilities under £250,000.</p> <p>Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the Principal Private Residence (PPR) and recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied.</p> |   |   |