

Coronavirus Business Interruption Loan Scheme (CBILS)

In the Budget 2020 on Wednesday 11 March, the Chancellor announced a “Coronavirus Business Interruption Loan Scheme” (CBILS), and that it would become available “over the coming weeks”.

This has been brought forward, and the new scheme is available from 23 March 2020 and will initially run for 6 months.

It will be provided by the British Business Bank through participating providers and will offer more attractive terms for both businesses applying for new facilities and lenders, with the aim of supporting the continued provision of finance to UK businesses during the Covid-19 outbreak.

Eligibility

- This measure is targeted towards UK based SMEs with turnover of no more than £45 million per annum
- Generate more than 50 per cent of turnover from trading activity
- Have a borrowing proposal which, were it not for the COVID-19 pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty.
- All business owners looking to borrow less than £250,000 will no longer have to offer up personal guarantees.
- The requirement for businesses to have first tried to get a normal commercial loan elsewhere has been dropped.

Finance terms are from three months up to six years for term loans and asset finance and up to three years for revolving facilities and invoice finance.

However, it has been confirmed that the delivery of the Scheme, including all lending decisions, is fully delegated to the lending partners. It is for each individual lender to decide whether EFG is appropriate and confirm whether a business is eligible. While the British Business Bank provides a guarantee to the lender, they have no role in the decision-making process and are not party to the agreement between the borrowing business and the lender.

Are any businesses excluded from the scheme?

Businesses from any sector can apply, except the following:

- Banks and building societies
- Insurers and reinsurers (but not insurance brokers)
- Public-sector organisations, including state-funded primary and secondary schools
- Employer, professional, religious or political membership organisations
- Trade unions

Please refer to Appendix 1 for other eligibility restrictions.

Scheme

The scheme provides the lender with a government-backed guarantee against the outstanding facility balance, potentially enabling a 'no' credit decision from a lender to become a 'yes'. Note - the borrower always remains 100% liable for the debt.

The maximum value of a facility provided under the scheme will be £5 million (the original Budget announcement suggested a maximum value of £1.2 million).

The Government will also cover the first 12 months of interest payments, so businesses will benefit from lower initial repayments. The business remains liable for repayments of the capital.

As well as loans, there are many other types of finance supported by the programme, depending on the provider.

Loan security

Insufficient security is no longer a condition to access the scheme.

There is no personal guarantee required for facilities under £250,000. 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

Lenders

Details of the lenders and what type of finance they provide is shown in the following table:

	Term Loans	Asset Finance	Invoice Finance	Revolving Credit (Overdrafts)
ABN-AMRO	Yes		Yes	
Aldermore				
AFL (Arkle Finance Limited)		Yes		
Art Business Loans	Yes			
Ask If	Yes			
Bank of Ireland	Yes			Yes
Bank of Scotland	Yes			
Barclays	Yes			
BCRS	Yes			
Business Enterprise Fund	Yes			
Chamber Acorn Fund (Humber)	Yes			
Clydesdale Bank / Yorkshire Bank	Yes			
Compass Business Finance	Yes	Yes		
CWRT	Yes			
Danske Bank	Yes			Yes

DSL Business Finance	Yes			
Enterprise Answers Finance for Enterprise	Yes			
First Enterprise	Yes			
GC Business Finance	Yes			
Genesis Asset Finance		Yes		
Haydock Finance		Yes		
Hitachi Capital	Yes	Yes		
HSBC	Yes			
Let's Do Business Group	Yes			
Lloyds Bank	Yes			
MSIF	Yes			
Metro Bank	Yes			
Natwest	Yes			
Newable	Yes			
Robert Owen	Yes			
Santander	Yes			Yes
Secure Trust Bank				
Skipton Business Finance			Yes	
SWIG Finance	Yes			
RBS	Yes			
TSB				
UKSE	Yes			
Ulster Bank	Yes			

Lender requirements

Although the requirements will be different for all lenders and will depend on the finance sought, it is widely acknowledged that you may need to provide the following as part of your application:

- 2019 year-end profit and loss statement
- 2019 year-end balance sheet
- Year-to-date profit and loss statement
- Year-to-date balance sheet
- Cash flow or profit and loss forecast for the next 12 months

In addition, a business plan/strategy is also likely to be required for all applications focusing on what has changed in the business since the coronavirus outbreak and the impact on sales, costs and supply chain, including:

- Proposal as to how much is required and why it is required (how did the business come to this figure) – salaries, supplier costs etc.
- What contingency plans does the business have in place – management team, cost management, sales forecast, supply chain, etc
- What measures has the business taken to manage costs/impact of coronavirus
- Details of the arrangements with other creditors including HMRC and what use the business has made of the other Government financial support:
 - HMRC
 - Government grants
 - Rates relief
 - Rent
 - Coronavirus Job Retention Scheme
 - Suppliers
 - Other lenders

Lending rates of interest

We are working on getting more interest rates details for you but in the meantime, please find below the rates being charged by HSBC:

Loan Value	Tenor	Variable Margin
From £10,000 to £5,000,000	1 to 3 years	3.5% over base
	Over 3 years to 6 years	4.0% over base

Ineligible and restricted sector list

UK SIC 2007	EFG Eligibility	New De Minimis Regulation	Further information	Threshold - If Eligible at Reduced Threshold	Equivalent EFG Lending limit (Over 5 years)	Equivalent EFG Lending limit (Over 10 years)
01100	Growing of non-perennial crops	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
01200	Growing of perennial crops	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
01300	Plant propagation	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
01400	Animal production	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
03100	Fishing	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific fishing uses are excluded	30,000	180,000	90,000
03200	Aquaculture	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific aquaculture uses are excluded	30,000	180,000	90,000
10200	Processing and Preserving of fish, crustaceans and molluscs	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific fishing uses are excluded	30,000	180,000	90,000
15000	Mixed farming	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
16000	Support activities to agriculture and post-harvest crop activities	Eligible - Reduced Threshold - see SIC tab	Note: Certain specific agricultural uses are excluded	15,000	90,000	45,000
49410	Freight transport by road	Eligible - Reduced Threshold - see SIC tab	Note: Finance for acquisition of road freight vehicles is ineligible	100,000	600,000	300,000
64191	Banks	Not Eligible				
64192	Building Societies	Not Eligible				
64205	Activities of financial services holding companies	Eligible	Provided the group does not contain authorised deposit taker or insurer			
65100	Insurance	Not Eligible				
65200	Reinsurance	Not Eligible				
81100	Combined facilities support activities	Eligible – Provided no ONS public sector classification of borrower or group				
84000	Public administration and defence, compulsory social security	Eligible – Provided no ONS public sector classification of borrower or group				
85100	Pre-primary education	Eligible – Provided no ONS public sector classification of borrower or group				
85200	Primary education	Not Eligible				
85310	General secondary education	Not Eligible				
85420	Tertiary education	Eligible – Provided no ONS public sector classification of borrower or group				
86101	Hospital activities	Eligible – Provided no ONS public sector classification of borrower or group				
86900	Other human health activities	Eligible – Provided no ONS public sector classification of borrower or group				
87000	Residential care activities	Eligible – Provided no ONS public sector classification of borrower or group				

88100	Social work activities without accommodation for the elderly and disabled	Eligible – Provided no ONS public sector classification of borrower or group				
88990	Other social work activities without accommodation n.e.c.	Eligible – Provided no ONS public sector classification of borrower or group				
91010	Library and archive activities	Eligible – Provided no ONS public sector classification of borrower or group				
91030	Operation of historical sites and buildings and similar visitor attractions	Eligible – Provided no ONS public sector classification of borrower or group				
94100	Activities of business, employers and membership organisations	Not Eligible	Sporting membership organisations are eligible, but would expect to use a different SIC code			
94200	Activities of trade unions	Not Eligible				
94910	Activities of religious organisations	Not Eligible				
94920	Activities of political organisations	Not Eligible				
97000	Activities of households as employers of domestic personnel	Not Eligible				
98000	Undifferentiated goods and services producing activities of private households for own use	Not Eligible				