

Chancellor expands loan scheme for large businesses

- Rishi Sunak unveils the final details of Coronavirus Large Business Interruption Loan Scheme ahead of launch on Monday
- all viable businesses with turnover of more than £45m will be able to apply for government-backed support
- firms with turnover of more than £250 million can borrow up to £50 million from lenders
- this complements existing support including the Covid Corporate Financing Facility and the Coronavirus Business Interruption Loan Scheme

A government-backed loan scheme for large businesses affected by coronavirus has been expanded to cover all viable firms, the Chancellor announced today.

Outlining further details of the Coronavirus Large Business Interruption Loans Scheme (CLBILS) ahead of its launch on Monday, Rishi Sunak said all firms with a turnover of more than £45 million will now be able to apply for up to £25 million of finance, and up to £50 million for firms with a turnover of more than £250 million.

Business with turnovers of more than £500 million were originally not eligible for the scheme, which is being set up to help firms who do not qualify for the existing Coronavirus Business Interruption Loan Scheme – for small and medium sized businesses – and the Bank of England Covid Corporate Financing Facility – for investment grade companies. The move, which comes after extensive consultation with businesses, will ensure even more firms are able to benefit from government support.

The Chancellor of the Exchequer, Rishi Sunak, said:

I want to ensure that no viable business slips through our safety net of support as we help protect jobs and the economy. That is why we are expanding this generous scheme for larger firms.

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

The Business Secretary, Alok Sharma, said:

Coronavirus has struck a heavy blow against businesses of all sizes across the UK. Expanding this scheme will provide larger firms with the support they need during the pandemic, helping to provide job security to thousands of people and protect our economy.

The government will provide lenders with a guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance.

The scheme will be available through a series of accredited lenders, which will be listed on the British Business Bank website.

This support complements the unprecedented help available for businesses large and small, including CBILS, CCCFF, tax deferrals, the Coronavirus Job Retention Scheme, cash grants for small businesses, and covering the cost of statutory sick pay.

The government recognises many start up and early stage companies are facing challenges and are working with industry to assess these and consider further ways to offer support.

Further information

Support available:

Firm size	Turnover < £45m	Turnover > £45m	Investment grade
Coronavirus Business Interruption Loan Scheme	x		
Coronavirus Large Business Interruption Loan Scheme		x	x
Covid Corporate Financing Facility			x

- The Business Secretary and the Economic Secretary to the Treasury will co-chair a meeting of the Business Finance Council today to discuss the progress so far of the CBILS, and provide an update on CLIBLS. It will also be attended by Small Business Minister Paul Scully and representatives from UK Finance, the Finance & Leasing Association, British Chambers of Commerce, Institute of Chartered Accounts of England and Wales, the Federation of Small Businesses, British Business Bank, Barclays UK, Bibby plc, CYBG, HSBC UK, Lloyds Banking Group, NatWest Group, Santander UK and Funding Circle. The Small Business Commissioner Philip King will also attend.
- Government is also clarifying the position for firms owned by private equity, which will be able to access the guaranteed loan schemes.

Reactions from business

IoD Director General, Jonathan Geldart said:

The Government deserves credit for showing willingness to continue to adapt its coronavirus response. This development of the loan scheme should help mid-sized firms, which play a vital role in their supply chains and local communities. This crisis justifies exceptional measures and we need to keep the foot on the gas to get the support to the businesses that need it.

Rain Newton-Smith, CBI Chief Economist said:

These measures set out by the Chancellor will go a long way to supporting mid-cap companies, some of which are the UK's most important and iconic regional employers.

This scheme is clearly targeted at helping several thousand mid-tier firms, rather than those already up and running for small and larger businesses.

The flexibility shown by the Government in recent weeks to do all they can for businesses small, medium and large will have protected many jobs. What's essential now is to get the loans flowing as smoothly and swiftly as possible to those businesses in need.

BCC Director General Adam Marshall said:

Once again, it is good to see the Chancellor listening to real-world business concerns, and expanding assistance to good companies facing severe cash constraints as a result of the Coronavirus crisis. These changes fill an important gap in government support, and could make a real difference to medium-sized and larger-firms navigating challenging circumstances. It's now crucial to ensure that this enhanced support reaches companies in difficulty as quickly as possible.

Stephen Phipson, Make UK's Chief Executive said:

This is a welcome announcement from the Chancellor which will help both the squeezed middle and those larger companies who have not been able to access help to date. The situation remains fluid and as we assess the detail we will continue to work closely with the Treasury to ensure those companies who need support can turn on the tap when needed.