

COVID-19

CBILS update and new CLBILS



CBILS update – Key changes intended to improve access and speed

Coronavirus Business Interruption Loan Scheme (for businesses with turnover up to £45m)

What is it?

This continues to be a guaranteed loan scheme delivered by commercial lenders to assist UK based businesses by providing guaranteed loans.

Do I need to provide security?

Personal Guarantees are no longer required for loans that are less than £250,000. For loans that are larger than £250,000, personal guarantees are still required, but are limited to 20% of the outstanding loan after all recoveries (meaning after all repayments from business and proceeds and from any other security).

Do I need to take a “normal” loan from my bank first?

No, this requirement has been dropped, meaning your bank can proceed straight to CBILS without having to try to provide normal loans, overdrafts, etc. first.

Is it interest free?

Yes, the 12 months interest free period (also free of fees) is still applicable.



So, what do I need to do?

You still need to access this through your bank/s and you still need to prepare a borrowing proposal that shows that your business is “viable but for” COVID-19 and you also need to demonstrate an ability to repay the loan once we return to a normal business environment.

Is this only offered by large banks?

There are 40 accredited lenders now, but we understand that this will now quickly extend to a much larger range of micro-lenders, fintechs and other alternative finance providers.



Official information from Government is available here:
<https://www.businesssupport.gov.uk/coronavirus-business-interruption-loan-scheme/>



New CLBILS scheme announced – Mid-market targeted assistance

Coronavirus Large Business Interruption Loan Scheme (for businesses with £45m to £500m turnover)

Why is another scheme needed?

Larger businesses (above £45m turnover) couldn't access CBILS and the other main scheme the Government has provided (the COVID-19 Corporate Financing Facility) is only available for "investment grade" rated companies. So lots of medium and larger sized businesses had no financial assistance.

Is the loan size larger?

Yes, this scheme caters for loans up to £25m rather than being limited to £5m.

Do I need to provide security?

Yes, under CLBILS you are still required to be unable to secure regular commercial financing before you can access the scheme and your lender will need to conduct their normal credit risk checks. There is also no limitation on the types of security, so it is possible that personal guarantee could be requested.

So how is this better than normal lending?

This scheme is intended to be additional to normal lending. It is only for those businesses otherwise unable to access the finance they need and of course, it has the benefit of an 80% Government net loss guarantee, meaning banks will be more likely to lend.

So, what do I need to do?

Like CBILS, you still need to access this through your bank/s and you still need to prepare a borrowing proposal that shows that your business is "viable but for" COVID-19 and you also need to demonstrate an ability to repay the loan once we return to a normal business environment. You will also need to show that you are facing significant cashflow difficulties.

Which banks can I approach?

We are waiting for that to be confirmed, but we expect all the larger banks will be accredited for this scheme.



Official information from Government is available here - <https://www.businesssupport.gov.uk/coronavirus-large-business-interruption-loan-scheme/>

Other useful information is available from the British Business Bank - <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbilis-2/for-businesses-and-advisors/>

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