

**Coronavirus Business  
Interruption Loan Scheme (“CBIL Scheme”)  
19 March 2020**

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**Main points**

- CBIL Scheme funding will be made available in the week commencing 23 March 2020 through existing finance providers, including the main banks and also asset based lenders.
- Facilities will be via loans, overdrafts, invoice finance / factoring or equipment finance / leases.
- Most SME businesses are eligible (turnover less than £41 million), but there are certain industries with restrictions including agriculture, some financial services, public services (including education) and religious / political organisations.
- Whilst the loans are repayable in full, the Government will provide the lender with a guarantee (of 80% on each loan), such that credit decisions are likely to be positive.
- Cash flow forecasts and up to date financial information will need to be provided in support of any application.
- Loans will be available up to £5million for periods up to 10 years (loans and equipment finance) and 3 years for overdrafts and invoice finance.
- Applications will need to show a sound borrowing proposal and “prove” the business’s medium / long term viability. It is not clear how long applications will take to process.
- Whilst not explicit, no arrangement fees appear to be chargeable. It is not clear what additional bank or administration charges may apply.
- Interest rates on these loans are to be “favourable” with the first 6 months interest free. Bank borrowing base rates are at an all time low (of 0.25%) so interest should not be penal and repayments could be phased over the period of the loan.
- Short term cash flow measures may also need to be considered, including agreeing Time to Pay arrangements with HMRC (PAYE / NIC, VAT and Corporation Tax), negotiations with suppliers and landlords over extended terms, and review of staff / employment rights and pay including SSP, and home working protocols.

- Grants to become available of up to £25,000 to support retail, hospitality and leisure businesses operating from smaller premises (rateable value less than £51,000).

This document is for information only and has been taken from the Government and British Business Bank websites on 19 March 2020.