



# The new Coronavirus Large Business Interruption Loan Scheme

The Coronavirus Large Business Interruption Loan Scheme (CLBILS) is designed to allow larger businesses to access emergency funding and to give banks the confidence to lend to many more businesses which are impacted by coronavirus. The CLBILS was announced by the government last week, and the details of the scheme that are currently available are summarised below. We expect that more definitive information will be provided shortly:

Key features	Who is eligible?	Availability date/process
<ul style="list-style-type: none"><li>• The government will provide lenders with a guarantee of 80% on individual loans for businesses.</li><li>• The Scheme will support loans of up to £25 million in value.</li><li>• Facilities backed by a guarantee under CLBILS will be offered at commercial rates of interest.</li><li>• The Scheme will support a wide range of businesses to access finance products including:<ul style="list-style-type: none"><li>– short term loans</li><li>– overdrafts</li><li>– invoice finance</li><li>– asset finance.</li></ul></li><li>• The borrower will remain liable for repayment of the debt (and associated costs), with the government guarantee applying only where payment is not made.</li></ul>	<p>You are eligible for the Scheme if:</p> <ul style="list-style-type: none"><li>• your business is UK based in its business activity</li><li>• you have an annual turnover of between £45 million and £500 million</li><li>• you are unable to secure regular commercial financing</li><li>• you have a borrowing proposal which the lender:<ul style="list-style-type: none"><li>– would consider viable, were it not for the COVID-19 pandemic</li><li>– believes will enable you to trade out of any short-term to medium-term difficulty</li></ul></li><li>• businesses from any sector can apply, except the following:<ul style="list-style-type: none"><li>– banks and building societies</li><li>– insurers and reinsurers (but not insurance brokers)</li><li>– public-sector organisations, including state-funded primary and secondary schools</li></ul></li><li>• further details on eligibility will be confirmed later this month.</li></ul>	<ul style="list-style-type: none"><li>• The Scheme will launch later this month.</li><li>• It is anticipated that the Scheme will be made available through a range of accredited lenders.</li><li>• Lenders will still be expected to conduct their usual credit risk checks.</li></ul>

It remains to be seen whether financing under this Scheme will be easy to access, or whether the same difficulties associated with accessing the government’s original coronavirus business interruption loan (CBILS) will persist. For example, the government has not yet provided details on whether banks will be able to request security under the CLBILS. Hopefully the government’s recognition of the difficulties mentioned above, and the subsequent changes made to relax the lending criteria under the CBILS as discussed [here](#) suggest that they will try to ensure there are no significant barriers to access this new Scheme.