

Measures to support businesses experiencing increases in costs or financial disruptions - loans

LOANS

A new temporary Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the [British Business Bank](#), will launch in a matter of weeks to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.

The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5m (previously announced at £1.2m in the budget). This new guarantee will initially support up to £330 billion of lending on top of current support offered through the British Business Bank.

The new CBILS scheme will offer interest holidays of 6 months and is intended to be up and running in 5 weeks' time. It will temporarily replace the Enterprise Finance Guarantee (EFG), and operate in a similar way to EFG and be provided by the British Business Bank, but will offer more attractive terms for both businesses and lenders, with the aim of supporting the continued provision of finance to UK businesses during the Covid-19 outbreak.

To be eligible for support via CBILS, the small business must:

- Be based in the UK based, with annual turnover not exceeding £41 million
- Operate within an [eligible industrial sector](#)
- Have a sound borrowing proposal, but insufficient security to meet a lender's normal requirements
- Be able to confirm that they have not received *de minimis* State aid beyond €200,000 equivalent over the current and previous two fiscal years

The Chancellor has further announced that in addition to the above support measures for businesses, individuals (households) facing financial difficulties due to Covid-19 will be supported by their lending institutions with at least a 3-month mortgage payments holiday.