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News story

Larger businesses to benefit from loans of up to £200 million

Government extends maximum loan size available through the Coronavirus Large Business Interruption Loan Scheme from £50 million to £200 million.

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From:

HM Treasury (<https://www.gov.uk/government/organisations/hm-treasury>)



- loans under the expanded scheme will be made available to large businesses affected by coronavirus from next week
- changes also mean companies receiving help through CLBILS and the Bank of England's Coronavirus Corporate Financing Fund will be asked to agree to not pay dividends and to exercise restraint on senior pay

Businesses will be able to benefit from larger loans under the Coronavirus Large Business Interruption Loan Scheme (CLBILS), the government announced today.

The maximum loan size available under the scheme will be increased from £50 million to £200 million to help ensure those large firms which do not qualify for the Bank of England's Covid Corporate Financing Facility (CCFF) have enough finance to meet cashflow needs during the outbreak.

The expanded loans, which have been introduced following discussions with lenders and business groups, will be available from 26 May.

John Glen, the Economic Secretary to the Treasury, said:

We're determined to support businesses of all sizes throughout this crisis and our loans and guarantees have already provided over £32 billion to thousands of firms.

Today we're increasing the maximum loan to £200 million to make sure companies get the help they need.

Businesses have benefitted from over £32 billion in loans and guarantees to support their cashflow during the crisis. This includes 268,000 Bounce Back Loans worth £8.3 billion, 36,000 loans worth over £6 billion through the Coronavirus Business Interruption Loan Scheme, and £359 million through the Coronavirus Large Business Interruption Loan Scheme, alongside £18.7 billion through the CCFF.

Companies borrowing more than £50 million through CLBILS will be subject to restrictions on dividend payments, senior pay and share buy-backs during the period of the loan, including a ban on dividend payments and cash bonuses, except where they were previously agreed.

These restrictions will also apply to CCFF participants that wish to borrow money beyond 12 months from today. This will ensure that the money is used to keep the company going through the crisis. The Bank will also publish a list of companies who are benefitting under CCFF on 4 June.

Further Information

- borrowers under CLBILS will be able to borrow up to 25% of turnover, up to a maximum of £200 million
- lenders who wish to offer larger loans will need to undergo further accreditation checks

The restrictions in place will include:

- Dividends: Borrowers cannot make any dividend payments other than those that have already been declared
- Share buyback: Borrowers agree not to make any share buybacks
- Executive pay: Borrowers cannot pay any cash bonuses, or award any pay rises to senior management (including the board) except where they were a) declared before the CLBILS loan was taken out, b) is in keeping with similar payments made in the preceding 12 months, and c) does not have a material negative impact on the borrower's ability to repay the loan.

Further information on CLBILS can be found: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/> (<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/>)

Further information on CCFF can be found: <https://www.bankofengland.co.uk/markets/covid-corporate-financing-facility> (<https://www.bankofengland.co.uk/markets/covid-corporate-financing-facility>)

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