



The Manufacturing Technologies Association

Covid-19 Update – 02/04/20

CBILS

We're receiving a lot of feedback at the MTA about the economic support measures that the Government has put in place. It's really useful and enables us to get messages directly into Government about how they are going down in the real world. One scheme that we've had contact about has been the Coronavirus Business Intervention Loan Scheme or CBILS, the Government backed loan scheme which aims to tide businesses over through the crisis.

There have been several problems with it. Initially a lot of the attention was on the personal guarantees that the banks insisted that they needed to take. There has been a lot of pressure over recent days, from business organisations and Government, on banks not to do this and most of the bigger banks offering the scheme have now said they won't do so, at least on Director's homes.

The next issue that has arisen is that Banks have been steering companies seeking CBILS towards other forms of finance. CBILS were built on the architecture that was already in place for the Enterprise Finance Guarantees, which were supposed to be a last resort. But the Government's intention for CBILS was that they should be available to all companies that needed them – that's why they earmarked the enormous sum of £330bn to cover the scheme.

It's important that CBILS are an option for as many businesses as possible because they will be interest free for 12 months and the Government will pick up any fees involved. We've been feeding your experiences into Government and they have been listening. Look out for more on this over the coming days.

Job Retention Scheme

The Job Retention Scheme is a very big intervention and has been quite well received. It has to be said that it has been a significant administrative achievement to design it and that there is a lot of work still to be done in Government to make it happen. However, not surprisingly, there has been a trade-off between simplicity and flexibility. The MTA has been asking for more flexibility so that the scheme can work as well as possible on the ground, especially in respect of smaller companies. Please send us examples of where your company is using the scheme successfully and where it isn't working for you.

The confirmation that employees can come on and off furlough has been a very important step forward to make the scheme more flexible. For large companies this will enable them to run parallel workforces with some employees working for three weeks and then going on to furlough to be replaced by other employees who had been on furlough and will then come back to work. But, because, as it stands, the scheme cannot be used to pay for workers who will be working part time,

the scheme is less useful for smaller companies, where a high proportion of their workforce may not be duplicatable – because they are the only person in the business with a particular set of skills. The MTA argued that this should be allowed in the scheme from the outset and we will continue to do so.