



The Manufacturing Technologies Association

Covid-19 advice 4 - 27th March 2020

Coronavirus Business Interruption Loans Scheme

The Coronavirus Business Interruption Loan Scheme (CBILS) is a part of the support package aimed at enabling SMEs (turning over less than £45m) to access finance. It is based on the Enterprise Finance Guarantee and, like that scheme, are really aimed at companies that would not otherwise be able to secure commercial finance and as such will not be right for every company (or even the majority). Yesterday though, the Government did issue a clarification on the subject of personal guarantees.

“Whether a lender requires a personal guarantee for a loan supported by the (CBILS) is at the discretion of the lender, who is accredited by the British Business Bank. However, a lender is not allowed to take a personal guarantee against a borrower's principle residence under the scheme. So even if a personal guarantee is required under the lender's credit policy, it cannot be taken against the borrower's home.”

This addresses an issue that had been brought to our attention, where a bank had requested such a guarantee. Some lenders have announced that they are not going to require personal guarantees on loans under CBILS (of any size). The major high street banks are all participating but there are a number of smaller challenger banks too, so being refused by one may not mean that others will take the same view. More information can be found [here](#).

Coronavirus Job Retention Scheme

There has been significant development of the Coronavirus Employment Support scheme over the last few days. The Scheme is going to fund employers to place workers on ‘furlough’ – perhaps best thought of as a sort of gardening leave. The grant will cover 80% of the regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions and this is only available in respect of workers who are furloughed. They will remain on the pay roll but will not be able to work, although they can undertake training.

Crucially, and this was only clarified last night, companies will be able to take workers on and off furlough (for a furlough period of no less than three weeks) allowing a flexibility to rotate workforces, to enable manufacturers to keep facilities open with reduced staff to enable social distancing.

You can read the guidance, published last night, [here](#) for the guidance to employers and [here](#) for guidance to employees. It is worth reading both carefully as they are complementary. Claims against the scheme will be administered through an online portal which is expected to be in place by mid April.

