



Department for
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Dear Alex

CHANGES TO CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

Thank you for your letters dated 2 April 2020, relating to changes to the Coronavirus Business Interruption Loan Scheme (CBILS) and further advice. I have considered the contents of your letters carefully.

As you rightly highlight in your letters in some sectors of the economy, notably non-food physical retail, business activity has been terminated. In other sectors such as construction, many sites across the country have experienced interruption. The tourism and hospitality sectors have been severely impacted, and this has also had severe impacts on transport, logistics and other associated businesses. Alongside this, there have been closures of much of our manufacturing capacity, with automotive and aerospace facilities unable to operate.

You, our officials and my ministerial team and I receive feedback daily in our interactions with the business community about the amount of economic and financial stress being borne by different sectors of the economy. SMEs are particularly affected, and in many cases they lack the financial and other resources to be able to ride out this economic storm.

As you note in one of your letters, even SMEs currently able to obtain finance on normal commercial terms have limited resilience which could be eroded the longer the crisis persists, increasing the risk to jobs. As you further rightly note, the intention is therefore to pre-empt a spread in financial distress to more businesses as the impact of the pandemic increases.

The overall reason for the proposed changes to the scheme is therefore to mitigate the potential severe economic consequences across the economy and, in the current circumstances, I believe this justifies the immediate introduction of these changes to CBILS. The overwhelming feedback from the business community is that even a few days will make a real difference to many SMEs in getting the support they need. I therefore concur with the Chancellor that in the present circumstances it is necessary to launch this amended scheme without delay to support businesses struggling to survive from day to day.

As you note in your communications, the speed at which events have unfolded has not allowed sufficient time for a full value for money assessment to be undertaken

and there remain risks around the ability to deliver at this volume. However, I have confidence in officials to be able to manage down this risk. I understand that in the time available it has also not been possible to complete consultation with the European Commission to confirm that the proposals remain State Aid compliant. Our Officials consider at this point in time that the proposed amendments are approvable by the Commission and therefore within the range in which Ministers may proceed at risk.

The Chancellor, along with his officials have given me approval to proceed and as a result, I am prepared to provide support for the introduction of the additional changes to the scheme as soon as practicable. I am therefore formally directing you as Accounting Officer to take this forward with immediate effect.

I note that your letters and this reply will be published in due course, once the loan scheme is fully established and after you have made an assessment of the potential impact that making this request public might have on the confidence and take-up of the scheme, and consequently on our efforts to support the economy. I would be grateful if that assessment could be shared with me ahead of publication.

I am copying this letter to the Comptroller and Auditor General and the Treasury Officer of Accounts.

Best wishes,


THE RT HON ALOK SHARMA MP
Secretary of State for Business, Energy & Industrial Strategy