

COVID-19: Financial Help Hub

Find the right coronavirus financial support for your business



Since the lockdown, the UK Government has made support available to employers and the self-employed who have been adversely impacted by the coronavirus pandemic. They have made loans, tax relief and cash grants available for businesses which are still able to function as well as for those which have had to close for the time being. This factsheet is a summary of the financial packages available to help you identify the most suitable option(s) for you and your circumstances.

Bounce Back Loan Scheme (BLS) – from £2,000 to £50,000 depending on turnover

The Bounce Back Loan Scheme is intended to help SMEs, micro businesses and other businesses including sole traders such as hairdressers, coffee shops and florists affected by Covid-19 to apply for loans of **between £2,000 and £50,000**.

The Government has agreed a **flat rate of interest of 2.5%** with lenders with nothing to pay during the first year. There are **no set-up fees** and the **first 12 months of interest payments are covered by the Government**. There are **no repayments during the first 12 months** to enable businesses taking the loans out to get back on their feet.

The loan terms **will be up to 6 years** and the borrower remains liable for 100% of the debt.

Which businesses are eligible for a Bounce Back loan?

You can apply for a loan if your business:

- Is based in the UK
- Has been negatively affected by coronavirus
- Was not an 'undertaking in difficulty' on 31 December 2019
- You derive more than 50% of the business' income from its trading activity

Coronavirus Business Interruption Loan Scheme (CBILS) – up to £5 million

The Coronavirus Business Interruption Loan Scheme is aimed at **smaller businesses with a turnover of less than £45 million** which are experiencing a loss of revenue and disruption to their cashflow due to the impact of the coronavirus.

The scheme is being run by the British Business Bank and is operated via accredited lenders, which include the high street banks, challenger banks, asset-based lenders and smaller specialist local lenders.

A lender can provide the funds of up to £5 million in the form of:

- Terms loans
- Overdrafts
- Invoice finance
- Asset finance

The maximum value of a loan under the scheme is £5 million, available on repayment terms of up to 6 years. The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied charges.

The finance terms for term loans and asset finance facilities are up to 6 years. For overdrafts and invoice finance facilities it is up to 3 years.

Insufficient security is no longer a condition to access the scheme. For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Payment.

While no personal guarantees are needed for facilities under £250,000, they may still be required, at the lender's discretion, for facilities over £250,000. However, they exclude the Principal Private Residence (PPR) and recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied.

Coronavirus Large Business Interruption Loan Scheme (CLBILS) – up to £50 million depending on turnover

This is aimed at medium-sized and larger businesses with a turnover of more than £45 million, which are experiencing a loss of revenue and disruption to their cashflow due to the impact of the coronavirus. On 19 May 2020 the Government announced changes to the Coronavirus Large Business Interruption Loan Scheme including that larger businesses will benefit from loans up to the lower of 25% of turnover, or £200 million. The changes are expected to be launched on 26 May 2020, with further details provided on this date.

In the meantime, CBILS is available via a range of British Business Bank lenders and partners. A lender can provide:

- **Up to £25 million** to businesses with a turnover from £45 million up to £250 million
- **Up to £50 million** to businesses for those with a turnover of over £250 million

Finance is available in the form of:

- Term loans
- Revolving credit facilities (including overdrafts)
- Invoice finance
- Asset finance

Repayment terms can be from 3 months to 3 years. While the borrower remains 100% liable for the debt, the Government provides lenders with a partial guarantee (80%) against the outstanding balance of the finance.

No personal guarantees are permitted for facilities under £250,000. For facilities of £250,000 and over, claims on personal guarantees cannot exceed 20% of losses after all other recoveries have been applied.

Future Fund – convertible loans from £250,000

The Future Fund provides Government loans ranging from a minimum of £125,000 to a maximum of £5 million to innovative UK-based companies. It will be subject to equal match funding from private investors.

The Government has said that these convertible loans are possibly a suitable alternative for businesses which rely on equity investment and are unable to access other Government business support programmes because they are with pre-revenue or pre-profit.

The scheme will be delivered in partnership with the British Business Bank. It is open for applications until 30 September 2020.

Who is eligible for the Future Fund?

Your business is eligible if:

- It is UK incorporated. If your business is part of a corporate group, only the parent company is eligible.
- It has raised at least £250,000 in equity investment from third-party investors in the last 5 years.
- None of its shares are traded on a regulated market, multi-lateral trading facility or other listing venue.
- It was incorporated on or before 31 December 2019.

- At least one of the following is true:
 - Half or more employees are UK-based
 - Half or more revenues are from UK sales

The loan will mature after a maximum of 36 months. The loan cannot be repaid early by the company other than with the agreement of all of the investors.

The Government will receive a minimum of 8% per annum (non-compounding) interest to be paid on maturity of the loan, or more if a higher rate is agreed between the company and the matched investors. Interest will accrue until the loan converts. At this point, the interest will either be repaid or convert into equity.

The company will need to provide limited warranties.

This summary is intended as an overview of the financial support packages being made available by the UK Government to assist businesses adversely affected by the coronavirus pandemic. We cannot accept responsibility for any specific action you may take based on the information herein without taking advice from us first. Should you wish to discuss your specific circumstances in more depth, please get in touch.

Last updated on 21 May 2020.