

COVID-19: Financial support measures for businesses

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Undoubtedly, the COVID-19 outbreak has struck a heavy blow against businesses of all sizes across the UK.

In these unprecedented times, the Government has adopted a full range of financial support measures aiming to support businesses facing short-term trading and cash flow issues as a result of the pandemic and to provide job security to thousands of employees.

Coronavirus Business Interruption Loan Scheme

[CBILS](#) is designed to provide small and medium-sized businesses that are losing revenue and experiencing disruptions to their cashflow with financial support of up to £5m for up to six years. The scheme offers access to a range of business finance products, including term loans, overdrafts, invoice finance and asset finance, which are delivered through the [British Business Bank's](#) list of over 40 accredited lenders.

Under CBILS, the government provides lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) and makes a "Business Interruption Payment" to cover the first 12 months of interest payments and any lender-levied fees. The borrower remains fully liable to repay the outstanding facility.

Eligibility criteria

Your business may be eligible if it:

- is based in the UK;
- has an annual turnover of up to £45m;
- has a borrowing proposal which the lender would consider viable, if not for the Coronavirus pandemic;

- operates in an eligible sector, i.e. excluding credit institutions, insurers, reinsurers, building societies, state-funded primary and secondary schools, grant-funded education establishments and public sector bodies; and
- has been adversely impacted by the Coronavirus pandemic (which shall be self-certified).

Coronavirus Large Business Interruption Loans Scheme

[CLBILS](#) is designed to offer larger businesses access to finance of up to £50m at commercial rates of interest. Under CLBILS, businesses with a turnover of more than £45m may apply for up to £25m of finance and businesses with a turnover of more than £250m for up to £50m.

As with CBILS, the facilities under CLBILS are made available through the British Business Bank's list of accredited lenders for periods of between three months and three years and are backed by a government partial guarantee of 80%.

Eligibility criteria

The eligibility criteria for CLBILS is the same as for CBILS except that:

- your business must have an annual turnover of over £45m;
- your business must not have received a facility under the Bank of England's CCFF (for more information, see below); and
- the scheme must realistically enable the business to trade out of any short-term to medium-term difficulty.

Coronavirus Bounce Back Loan

[CBBL](#) will launch on 4 May 2020 and is designed to help small and medium-sized businesses to apply for loans of between £2,000 to £50,000 for up to six years. Under CBBL, the government will guarantee 100% of the loan and no repayments will be due during the first 12 months.

Eligibility criteria

The eligibility criteria for CBBL is the same as for CBILS except that:

- your business must not have been an 'undertaking in difficulty' on 31 December 2019; and
- your business does not need to have a borrowing proposal or satisfy the turnover threshold.

COVID Corporate Financing Facility

[CCFF](#) is designed to assist larger businesses that are fundamentally strong but are experiencing severe disruptions to their cash flows with the raising of working capital and the financing of their short-term liabilities.

Under CCFF, the Bank of England will purchase short term corporate debt (known as commercial paper) from larger companies in order to ease the supply of credit to them.

The scheme is delivered through commercial lenders for at least 12 months and is backed by the Bank of England.

Eligibility Criteria

Your business may be eligible if it:

- makes a material contribution to the UK economy, i.e. companies incorporated in the UK and companies with their headquarters or with significant employment in the UK;
- can demonstrate it was in sound financial health prior to the pandemic; and
- operates in an eligible sector, i.e. excluding credit institutions, insurers, reinsurers, building societies, other financial sector entities regulated by the Bank of England or the Financial Conduct Authority, leveraged investment vehicles and public sector bodies.

The full rules of the scheme and guidance on how to apply is available on the Bank of England [website](#).

Future Fund

The [Future Fund](#) provides convertible loans from £125,000 to £5 million, subject to an at least equal match funding from private investors. The Future Fund is designed to assist businesses that rely on equity investment and are unable to access other business support programmes because they are either pre-revenue or pre-profit. The scheme is open to applications until the end of September 2020.

Eligibility criteria

Your business may be eligible if:

- it's incorporated in the United Kingdom (if your company is part of a corporate group, only the parent company is eligible to apply);
- it has raised at least £250,000 in equity investment from third-party investors in the last five years;
- its shares aren't traded on a regulated market, multilateral trading facility or other listing venue;
- it was incorporated on or before 31 December 2019; and
- at least one of the following is true: half or more of its employees are UK-based and/or half or more of its revenues are from UK sales.

The scheme is being delivered by the [British Business Bank](#).

For advice on the above financial support measures, call corporate lawyer, [Evangelos Kyveris](#), today.

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[Click here to make an online appointment](#)

For advice and information on paying your employees and the Coronavirus Job Retention Scheme, see employment lawyer Karen Cole's recent [article](#), or contact her under our [Coronavirus Advisory Program](#).

Note: This is not legal advice; it is intended to provide information of general interest about current legal issues.

