

Covid-19: Loans and Grants

Coronavirus business Interruption Loan Scheme

Eligibility

- Applicants must be UK-based companies with an annual turnover of no more than £45 million.
- Applicants must have a sound borrowing proposal which the lender might consider viable were it not for the pandemic.
- Applicants must generate more than 50% of its turnover from trading activity.
- Applicants must not be classed as an undertaking in difficulty unless they are small businesses with fewer than 50 employees and less than 9 million in turnover.
- Applicants must self-certify that they have been adversely impacted by the coronavirus.
- The following trades and organisations are not eligible to apply: Banks, Building Societies, Insurers and Reinsurers (but not insurance brokers); The public sector including state funded primary and secondary schools, and
- The British Business Bank is clear that ultimately eligibility decisions rest with lenders, and fulfilling the above criteria is not a guarantee that a company will receive funding.

The Scheme

- Term loans, overdrafts, invoice finance facilities and asset finance facilities up to £5m are available, but not every lender will offer the same types of finance.
- The Government will also cover the first 12 months of interest payments, so businesses will benefit from lower initial repayments.
- Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
- If the accredited lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so
- Lenders will not take personal guarantees of any form for facilities below £250,000. For facilities above £250,000, personal guarantees may still be required, at a lender's discretion, but will be capped at 20% of the outstanding value of the loan.

How to apply

- In the first instance, businesses should approach their own provider – ideally via the lender's website. They may also consider approaching other lenders if they are unable to access the finance they need.
- Businesses will need to provide certain evidence to show that they can afford to repay the loan. This is likely to include:
 - Management accounts
 - Cash flow forecast
 - Business plan
 - Historic accounts
 - of assets
- The above requirements will vary from lender to lender. If a business does not have everything listed here, a CBILS loan could still be an option.

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Coronavirus Large Business Interruption Loan Scheme

Eligibility

- Applicants must be UK-based companies with an annual turnover above £45 million
- Applicants must be unable to secure financing under the Covid Corporate Financing Facility
- Applicants must have a borrowing proposal which the lender believes will enable the firm to trade out of any short-term to medium-term difficulty and which would be considered viable, were it not for the COVID-19 pandemic.
- Businesses from any sector can apply, except the following:
 - Banks and building societies
 - Insurers and reinsurers (but not insurance brokers)
 - Public-sector organisations, including state-funded primary and secondary schools

The Scheme

- The Government will provide lenders with an 80% guarantee on individual loans for businesses that would be otherwise unable to access the finance they need.
- Loans made under this scheme may be of up to £200 million.
- Government will not pay interest for the first 12 months under this scheme, unlike the CBILS

How to apply – applicants should approach participating lenders with the details of the loan including amount they would like to borrow, what the money is for and the period over which they intend to make repayments. Applicants will likely also have to provide:

- Management accounts
- Cash flow forecast
- Business plan
- Historic accounts
- Details of assets

The Covid Corporate Financing Facility Limited

Eligibility – All UK businesses are eligible. However, this scheme is intended for large firms capable of issuing commercial paper. The Bank of England will determine suitability for the scheme based on the number of people a firm employs, the firm's revenues in the UK, the number of customers the firm serves, and the number of sites it operates in the UK. For reference, the minimum size of an individual security that the Fund will purchase from an individual participant is £1 million nominal.

The scheme – The Fund, operated by HMT and the Bank of England, will purchase newly issued commercial paper (CP) at a minimum spread over reference rates in the primary market via dealers and after issuance from eligible counterparties in the secondary market. This facility will be available for an initial period of 12 months. The Bank will provide 6 months' notice of the withdrawal of the Facility. Further information on prices and the type of securities that will be accepted is available by clicking the hyperlink above.

How to apply – Eligible counterparties that wish to offer CP to the Bank in the secondary market must confirm the eligibility of specific securities with the Bank prior to offering them for sale, using the template that will be published on the [information for applicants webpage](#). Eligible counterparties should contact the Bank at CFF-applications@bankofengland.co.uk.

Small business grant funding

Eligibility – Small businesses in any sector, which occupies property and already benefit from Small Business Rate Relief or Rural Rate Relief.

The scheme – A one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

How to apply – Local authorities will contact eligible businesses directly. Any queries about eligibility should be directed to businesses local authorities.

Future Fund

Eligibility – A business will be eligible for this fund, 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, multilateral 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 scheme

- This is a £500 million investment fund for high-growth companies impacted by the crisis, made up of funding from government and the private sector.
- The Future Fund will provide government backed loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors.

How to apply – This scheme launches on 20th May 2020 and will run through the end of September 2020. A template convertible loan agreement can be found [here](#).

R&D funding for SMEs

The scheme – Innovate UK has made available £750 million of targeted support for small and medium sized businesses focusing on research and development.

Innovate UK, the national innovation agency, is extending up to £750 million of loans and grant funding to innovation driven businesses focussed on research and development. It is anticipated to allocate:

- £200 million of grants and loans to their existing 2,500 customers on an opt-in basis.
- A further £550 million is to be allocated to support a mix of existing customers and 1,200 new firms in an amount of £175,000.

Bounce Back Loans

Eligibility – small, UK-based businesses that have been negatively affected by the Coronavirus and were not an ‘undertaking in difficulty’ on 31st of December 2019. Businesses already in receipt of a CBILS loan, a CLBILS loan or claiming under the CCFF are ineligible. The following types of organisations are also ineligible:

- banks, insurers, and reinsurers (but not insurance brokers)
- public-sector bodies

- further-education establishments if they are grant-funded
- state-funded primary and secondary schools

The Scheme

- businesses will be able to access between £2,000 and £50,000 in government backed loans
- the amount available businesses can claim cannot exceed 25% of their turnover
- borrowers do not have to make payments for the first 12 months
- loans will be interest free for the first 12 months with an interest rate of 2.5% per annum thereafter
- the length of the loan is 6 years, but early repayment is allowed without fees
- the scheme is designed so that businesses will be able to receive the cash within days

How to apply – applications are open [here](#).

[Top-up to local business grant funds scheme](#)

Eligibility

Businesses must satisfy the following conditions in order to apply:

- They must not be eligible for other support schemes with the exception of the Coronavirus Job Retention Scheme.
- They must have been trading on March 11th, 2020.
- They must not be in administration, insolvent or subject to a striking off notice.

Which businesses is the scheme aimed at?

Fulfilling the conditions above does not guarantee a grant. These grants are primarily and predominantly aimed at:

- Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.
- Businesses with relatively high ongoing fixed property-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

Local authorities have been asked to prioritise the following types of businesses for grants from within this funding pot:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

However, authorities should determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for grants from this discretionary fund.

Moreover, where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, it will be at the local authorities discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

Finally, Local authorities have been instructed to set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or less than £10,000). Members interested in accessing this scheme may consider writing to their local authorities before they finalise the design of their grant scheme to ensure they consider the value of local news publishers and the challenges they face.

How much will be provided to businesses?

There are three levels of grants that may be made under this scheme:

- Grants of up to £25,000.
- Grants off £10,000.
- Grants under £10,000.

The value of the payment to be made to a business is at the discretion of the local authority. In taking decisions on the appropriate level of grant, local authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

Tax treatment of the grant

Grants received under this scheme are taxable