Application Deadlines for Coronavirus Loan Schemes Extended

The Chancellor has extended the application deadlines for all Government Coronavirus loan schemes until 30 November 2020. Application deadlines for the following schemes are now aligned: the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS), the Bounce Back Loan Scheme and the Future Fund.

The extension provides an opportunity for businesses that have not yet secured Government-backed borrowing facilities to do so – helping relieve cash flow pressures and providing additional liquidity in a challenging economic environment.

Demand for CBILS/CLBILS and other funding is extremely high, and businesses are encouraged to act sooner rather than later in assessing funding requirements in order to avoid being at the 'back of the queue', despite the extended deadline.

Gambit is assisting with all forms of financial and practical assistance being made available to support businesses during the COVID-19 outbreak. Our dedicated Debt Advisory team is in regular direct contact with the British Business Bank, key industry bodies, mainstream funders and alternative finance providers to understand the latest guidance and financial support available, and more importantly how to access it.

The firm is proud to have maintained a 100% success rate of applications (against a wider market success rate of c.50%)

The key features and eligibility criteria for CBILS and CLBILS schemes are set out below:

	CBILS	CLBILS
Features:		
Facility size	• Up to £5m.	• £50k to £200m.
Facility type	• Loans, overdrafts, invoice finance and asset finance facilities. • All facilities are 80% government-backed.	• Loans, overdrafts, invoice finance and asset finance facilities. • All facilities are 80% government-backed.
Repayment term	• Up to 6 years for term loans and asset finance facilities. (The British Business Bank has recently announced that the term of facilities can be for up to 10 years, but details awaited). • Up to 3 years for overdrafts and invoice finance facilities.	• Up to 3 years.
Interest & fees	• Interest & fees are paid by the Government for the first 12 months. • No arrangement fees or early repayment penalties.	• Interest & fees will not be paid by the Government. However, the 80% guarantee will cover interest & fees as well as principle in the event of default. • Interest is payable from day one.
Personal guarantees	• No personal guarantees for facilities below £250k. • Personal guarantees may still be required at a lender's discretion for facilities above £250k. However, recoveries under these are capped at 20% of the outstanding balance of the CBILS facility.	• No personal guarantees for facilities below £250k. • Personal guarantees may still be required at a lender's discretion for facilities above £250k. However, recoveries under these are capped at 20% of the outstanding balance of the CBILS facility.
Eligibility:		
Operations	• UK based business.	• UK based business.
Turnover	• Less than £45m.	• £45m+
Viability	• The borrowing proposal will need to be considered viable if the current pandemic was not present.	• The borrowing proposal will need to be considered viable if the current pandemic was not present.
Exclusions	• Banks, insurers, public sector bodies, and state-funded primary and secondary schools are not eligible for the scheme.	• Credit institutions, building societies, insurers, public sector bodies and state-funded primary and secondary schools are not eligible for the scheme. • Businesses which have received a facility from CBILS, the Covid Corporate Financing Facility or the Bounce Back Loan Scheme are not eligible for the scheme.

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We have outlined below the current best practice in mitigating the implications of COVID-19 and the key factors to consider when completing CBILS/CLBILS applications.

- Act sooner rather than later in assessing funding requirements in order to avoid missing upcoming deadlines for applications and being at the 'back of the queue'. Borrowing facilities totalling £15.5bn have been issued to date via CBILS, with £3.8bn issued via CLBILS.

- Prepare and update COVID-19 action plans, which set out the commercial/operational and financial risks to the business and the mitigating actions taken. Plans should be monitored and updated regularly.

- One shot at an application for funding. Demand for CBILS/CLBILS and other funding remains high. In order to process applications, credit functions will be under significant time pressure and will need to make decisions based on the initial information provided, rather than the typical iterative process. Therefore, applications with robust supporting information including detailed COVID-19 action plans and financial projections which reflect contingency planning will be quicker to process and more likely to succeed. Applications with missing information may be declined completely.

- Businesses will need to demonstrate a clear and viable need for funding. Assessing short and medium-term working capital needs and co-ordinating and stress-testing various scenarios to identify funding gaps and a range of outcomes is recommended. It is also important to consider the working capital requirements for the business once the COVID-19 restrictions are lifted and the business begins to operate normally again. The funding requirement then needs to be assessed against the pre-COVID-19 debt capacity of the business – this is key.

If you would like to set up a call to discuss the challenges facing your business, understand the most appropriate funding options available and best practice in presenting your COVID-19 plan and CBILS/CLBILS applications, please contact a member of the team.

Jason Evans, Partner
jason.evans@gambitcf.com
07725 446 741

Geraint Rowe, Partner
geraint.rowe@gambitcf.com
07899 928 029

Frank Holmes, Partner
jfrank.holmes@gambitcf.com
07768 255 194

Jamie Kennell, Partner
jamie.kennell@gambitcf.com
07920 521 968