

Current best practice in COVID-19 mitigation planning

We hope you, your family and colleagues remain safe during this unprecedented period. 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 daily 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 Coronavirus Business Interruption Loan Scheme (CBILS) is designed to help small and medium sized businesses who have experienced cashflow disruptions as a result of the COVID-19 outbreak.

The scheme has been extended to support companies with turnover above £45m, via the **Coronavirus Large Business Interruption Loan Scheme (CLBILS)** launched on 20th April 2020.

The key features and eligibility criteria for both schemes is as follows:

	CBILS	CLBILS
Features:		
Facility size	<ul style="list-style-type: none"> Up to £5m. 	<ul style="list-style-type: none"> Up to £25m for businesses with turnover between £45m and £250m. Up to £50m for businesses with turnover above £250m.
Facility type	<ul style="list-style-type: none"> Loans, overdrafts, invoice finance and asset finance facilities. All facilities are 80% government-backed. 	<ul style="list-style-type: none"> Loans, overdrafts, invoice finance and asset finance facilities. All facilities are 80% government-backed.
Repayment term	<ul style="list-style-type: none"> Up to 6 years for term loans and asset finance facilities. Up to 3 years for overdrafts and invoice finance facilities. 	<ul style="list-style-type: none"> Up to 3 years.
Interest & fees	<ul style="list-style-type: none"> Interest & fees are paid by the Government for the first 12 months. No arrangement fees or early repayment penalties. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 CLBILS facility.
Eligibility:		
Operations	<ul style="list-style-type: none"> UK based business. 	<ul style="list-style-type: none"> UK based business.
Turnover	<ul style="list-style-type: none"> Less than £45m. 	<ul style="list-style-type: none"> £45m+
Viability	<ul style="list-style-type: none"> The borrowing proposal will need to be considered viable if the current pandemic was not present. 	<ul style="list-style-type: none"> The borrowing proposal will need to be considered viable if the current pandemic was not present.
Exclusions	<ul style="list-style-type: none"> Banks, insurers, public sector bodies, grant-funded further education institutions and state-funded schools are not eligible for the scheme. 	<ul style="list-style-type: none"> Banks, insurers, public sector bodies, grant-funded further education institutions and state-funded schools are not eligible for the scheme. Businesses which have received a facility from the Covid Corporate Financing Facility (CCFF) are not eligible for the scheme.

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We have been assisting many businesses with their **COVID-19 action plans** and **CBILS applications**, **stress-testing** their forecasts and providing guidance on funding available and **how to approach funders for support**. We have outlined below current best practice in mitigating the implications of COVID-19.

We are currently involved in 12+ applications for our clients and have had a 100% success rate to date.

Key things to consider:



- **Act sooner rather than later** in assessing requirements and put plans in place in order to avoid being at the 'back of the queue'. Borrowing facilities totalling £1.1bn have been issued to date via CBILS.



- **Prepare a COVID-19 action plan**, which sets out the commercial/operational and financial risks to the business and the mitigating actions taken. This plan should be monitored and updated regularly.



- **One shot at an application for funding**. Demand for CBILS and other funding is extremely 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 to your stakeholders, please contact a member of the team.

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