

Current best practice in COVID-19 mitigation planning

During the unprecedented disruption to businesses and the economy over the past few weeks, Gambit has remained fully up to date with current best practice and all forms of financial and practical assistance being made available. Gambit's 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.

Coronavirus Business Interruption Loan Scheme (CBILS)

The Coronavirus Business Interruption Loan Scheme 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 recently been extended to support companies with turnover of between £45m and £500m under the Coronavirus Large Business Interruption Loan Scheme (CLBILS).

CBILS Key features:

- Borrowing facilities of up to £5m.
- Term of up to 6 years.
- The scheme includes loans, overdrafts, invoice finance and asset finance facilities.
- All facilities are 80% government-backed.
- Interest & fees are paid by the Government for the first 12 months.
- No arrangement fees or early repayment penalties.
- Capital repayment holidays feature.
- 40+ accredited lenders and rising.
- Banks are restricted from requesting personal guarantees for facilities below £250,000.
- For facilities above £250,000, personal guarantees may still be required at a lender's discretion. However, recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility.

CBILS Eligibility criteria:

- UK based business.
- Turnover of less than £45m.
- Banks, insurers, public sector bodies, grant-funded further education institutions and state-funded schools are not eligible for the scheme.
- The borrowing proposal will need to be considered viable if the current pandemic was not present.

Additional CLBILS features and criteria:

- Borrowing facilities of up to £25m are available.
- Company turnover must be between £45m and £500m.
- Facilities provided under the CLBILS will be offered at commercial rates of interest.
- Full details of the CLBILS will be finalised later this month. The Treasury is considering amending the current scheme in order to double the facility size to £50m and remove the £500m cap to turnover.

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'. As of Sunday 12 April £800m had been distributed to 4,200 companies 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**.

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Gambit Assist

In this time of uncertainty and isolation we can all benefit from increased communication, the sharing of ideas and seeking advice where needed.

Business owners and managers shouldn't feel alone or helpless in the challenges they are facing. The benefits of reaching out to colleagues, industry peers and trusted advisers shouldn't be underestimated. Unity and support across the business community will help ease the difficulties being managed.

Whether it is providing additional resource and support to a time constrained board and senior management members, assisting with financial reforecasting and modelling, scenario planning, sourcing and securing government-backed or traditional funding solutions, working capital management and optimisation or short/long-term business planning, the Gambit team is available 24/7 to provide support, answer questions, share best practice or simply be there to talk throughout this unique situation.

As expert and trusted advisers, Gambit is fortunate to be able to draw upon decades of business advisory experience that has been accumulated across a wide range of sectors, geographies and areas of focus.

Gambit acts as a partner to shareholders and an extension to senior management teams to help overcome current challenges and any impact on longer term plans and goals.

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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