

CORONAVIRUS BUSINESS SUPPORT

BOUNCE BACK LOANS SCHEME

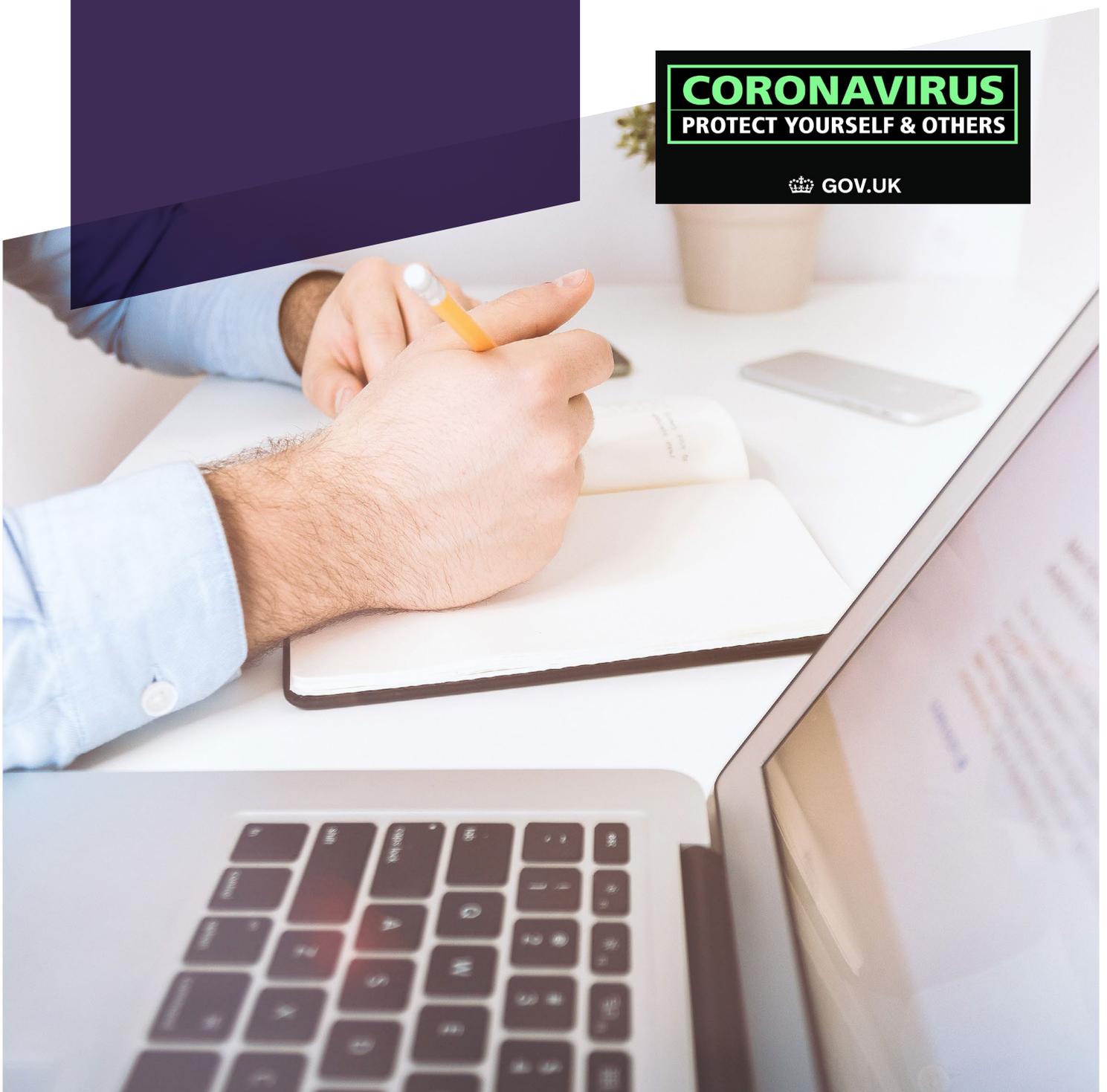


**Sheffield
City Region**

GROWTH HUB

CORONAVIRUS
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GATEWAY TO SUPPORT

The Sheffield City Region (SCR) Growth Hub exists to help businesses access the best possible business support. And in these unprecedented times, we are working hard to respond to and support South Yorkshire's businesses during the Coronavirus pandemic.

The Growth Hub is open and here to help.

The Growth Hub acts as a 'gateway' so that your business can access support when you need it the most and within the shortest timeframe. Our team of specialists offer guidance in the fields of business development and industry support, including innovation, trade and exporting, accessing finance or training.

The Government has announced a number of schemes to help businesses during this challenging time. The Gateway team can provide more detail on each of the schemes and what they mean for you.

We are providing a series of business support updates as they arise and are working with our SCR Response Group and the Local Resilience Forum.

We are doing everything we can to protect our economy, and support jobs and businesses across South Yorkshire during this difficult time.

Please get in touch with us directly by email: growthhub@sheffieldcityregion.org.uk or visit www.scrgrowthhub.co.uk/covid-19-support-for-businesses/ for updates and further help and support.

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BOUNCE BACK LOANS SCHEME

This briefing provides in-depth information on the Government's Coronavirus Bounce Back Loans Scheme, including details of the scheme, eligibility criteria for businesses and the application process.

The scheme is part of the UK Government's response to the Coronavirus crisis.

BOUNCE BACK LOANS SCHEME DETAILS

The Bounce Back Loans Scheme provides financial support to smaller businesses (SMEs) across the UK that are losing revenue and seeing their cashflow disrupted, as a result of the COVID-19 outbreak. Opened 4 May.

**BORROW BETWEEN
£2,000 AND £50,000
& ACCESS THE CASH
WITHIN DAYS.**

- The scheme will allow businesses to borrow between £2,000 up to 25% of turnover to a maximum of £50,000 and access the cash within days.
- This is a repayable facility provided by an accredited lender to the business. There are presently 11 accredited lenders, including high street banks with the number likely to increase. Details of the accredited lenders can be found here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>
- Loan term under the scheme is 6 years.
- Interest rate for the loan will be 2.5% per annum regardless of provider. Interest will be paid by the Government for the 1st 12 months.
- There will be a capital repayment holiday for the 1st 12 months of the loan.
- The borrower remains 100% liable for the debt, however the Government will provide a guarantee to the lender for 100% of the amount of the loan in the case of default.
- The lender will not charge an establishment fee for any lending under this scheme. There are no guarantee fees for SMEs. Lenders pay a fee to Government to access the scheme.



FREQUENTLY UPDATED INFORMATION: [WWW.SCRGROWTHHUB.CO.UK/COVID-19-SUPPORT-FOR-BUSINESSES/](https://www.scrgrowthhub.co.uk/covid-19-support-for-businesses/)

ELIGIBILITY CRITERIA

The business must be able to self-declare to the lender that it:

Has been impacted by the coronavirus (COVID-19) pandemic.

- Was not a business in difficulty at 31 December 2019 (if it was, you must confirm your business complies with additional state aid restrictions under de minimis state aid rules).
- Is engaged in trading or commercial activity in the UK and was established by 1 March 2020.
- Is not using the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) or the Bank of England's Covid Corporate Financing Facility Scheme (CCFF), unless the Bounce Back Loan will refinance the whole of the CBILS, CLBILS or CCFF facility.
- Is not in bankruptcy or liquidation or undergoing debt restructuring at the time it submits its application for finance
- Derives more than 50% of its income from its trading activity (this requirement does not apply to charities or further-education colleges)

APPLICATION PROCESS

- The loans will be easy to apply for through a short, standardised online application. Loans should reach businesses within days – providing immediate support to those that need it and making the process as easily as possible.
- You should apply via your lender's website or through one of the accredited finance providers offering the scheme once these are announced on the British Business Bank's website <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>
- The lender has the authority to decide whether to offer you finance.

More detail is available at the British Business Bank website once they have fully launched the scheme; <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/>

The Coronavirus Business Interruption Loan Scheme (CBILS) remains in place, offering loans to SMEs between £5,000 and £5,000,000, more details at <https://www.british-business-bank.co.uk>

For non-SMEs New Coronavirus Large Business Interruption Loan Scheme (CLBILS) is now available. The new CLBILS will ensure that more firms are able to benefit from government-backed support during this difficult time. It will provide a government guarantee of 80% to enable banks to make loans of up to £25 million to firms with an annual turnover of between £45 million and £500 million. Please find initial details here: <https://bit.ly/NewCLBIL>

For more general information of raising finance for your business visit <https://thebusinessfinanceguide.co.uk/business-finance/>

FAQ

CAN I APPLY FOR A BOUNCE BACK LOAN IF I HAVE BEEN DECLINED FOR A CBIL?

Yes

IF MY BUSINESS ALREADY HAS A LOAN WITH EFG CAN I STILL APPLY THROUGH THE BOUNCE BACK LOANS SCHEME?

Yes, it is a separate scheme. Please note EFG is currently suspended for new applications.

WILL THE BANK WANT LOTS OF FINANCIAL INFORMATION AND FORECASTS?

Generally, no, through the application process you will need to self-certify that your business meets the eligibility criteria listed under "Eligibility Criteria".

WHAT FEES AND INTEREST WILL I BE REQUIRED TO PAY?

The Government has set the interest rate for this facility at 2.5% per annum. Lenders are not permitted to charge any fees.

WHAT TERM CAN I BORROW THIS OVER?

Loans under the Bounce Back Loan Scheme are available over a fixed six-year term

HOW MUCH AM I MEANT TO REPAY?

You are not required to make repayments for the first 12 months but will still have to repay the loan and any interest after 12 months.

CAN I REPAY EARLY?

Yes, early repayment is permitted at any stage, without early repayment fees.

WHAT CHECKS WILL I BE SUBJECT TO?

As an applicant, you are required to self-declare that you meet the eligibility criteria for the Scheme. Applications from eligible borrowers will be subject to customer fraud, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks.

WHAT CAN I USE THE LOAN FOR?

You must confirm to the lender that the loan will only be used to provide an economic benefit to your business, for example providing working capital, and not for personal purposes. If your business was a "business in difficulty" on 31 December 2019, then a loan under the Scheme is not permitted to be used for export-related activities. There are no limits on the amount of the facility that can be used for refinancing.

CAN I APPLY FOR A CBILS FACILITY AS WELL AS A BOUNCE BACK LOAN SCHEME FACILITY?

You are not able to take out a Bounce Back Loan Scheme facility if you have been approved for a CBILS facility, and vice versa. However, a business that has a CBILS facility can apply for a Bounce Back Loan Scheme facility if the Bounce Back Loan Scheme facility will refinance the CBILS facility in full. All accredited lenders who have approved CBILS loans so far will allow customers to refinance their loan into the Bounce Back Loan Scheme where appropriate. Borrower protections under these schemes differ, and you are urged to discuss these with your lender.



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www.scrgrowthhub.co.uk/covid-19-support-for-businesses/
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