



# The British Constructional Steelwork Association Limited

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6<sup>th</sup> May 2020

## ALL MEMBERS MEMORANDUM No 118-20

### BOUNCE BACK AND CBILS LOANS UPDATE

BCSA attended a BEIS Seminar yesterday (Tuesday 5<sup>th</sup> May) on UK Government support measures for SMEs and received clarification and updates on the previous government advice on the loans which may be helpful to BCSA members:

- You can't apply for a Bounce Back Loan if you already have a CBILs loan, however, a CBILs loan of up to £50,000 can be transferred into a Bounce Bank Loan
- Bounce Bank Loans are potentially available to *any business negatively affected by Covid 19*. Loans are capped at £50,000 – 25% of turnover but there is no turnover limit per se, compared to the CBILs loan scheme which has an eligibility cap of £45m turnover
- The future viability test has been removed from the eligibility criteria for a CBILS loan.
- The British Business Bank has a detailed Q&A page on the loans [here](#). Below on the next two pages is a table comparing the two loans.

All memos and information from the BCSA regarding COVID-19 can be viewed at [www.steelconstruction.org/covid19](http://www.steelconstruction.org/covid19)

**DEBORAH HARRISON**  
Legal Manager and Company Secretary

## Comparison of CBILS and Bounce Back Loans

	CBILS	Bounce Back Loan Scheme
Guarantee	Provides the lender with a government-backed, partial guarantee (80%) against the outstanding guarantee facility balance (only principal). The portfolio cap has now been removed.	Provides the lender with a government-backed, full guarantee (100%) against the outstanding guarantee facility balance (both principal and interest), with no portfolio cap.
Guarantee fee for businesses	No fee.	No fee.
Fee charged to lenders for each facility	A fee is charged to lenders for each facility which makes use of the Scheme.	No fee to lenders.
Types of facility	Facilities available include term loans, overdrafts, invoice finance and asset finance facilities.	Term loan only.
Maximum and minimum value of facility	Following the launch of the Bounce Back Loan Scheme the minimum for term loans and overdrafts will be £50,001. Lenders delivering asset or invoice finance facilities only will still be able to provide finance at less than £50,001.  The maximum value of a facility provided under the Scheme is £5m.	The minimum value of a facility provided under the Scheme is £2,000; the maximum is 25% of turnover up to a cap of £50,000.
Interest rate and fees set by lender	Interest and fees are set by accredited lenders and will vary by lender.	The interest is set by government at 2.5% per annum. No lender-levied fees.
Repayment terms	Repayment terms limited to a maximum of six years for term loan and asset finance facilities up to £5m. For overdrafts and invoice finance facilities, terms will be up to three years.  The government will make a Business Interruption Payment to the lender to cover first 12 months of interest and fees payable.  Principal repayment holidays are at the discretion of the lender.	Repayment terms are six years, but there are no additional fees for early repayment charges.  The government will make a Business Interruption Payment to the lender to cover first 12 months of interest payable.  The borrower has a 12-month principal repayment holiday.
Refinancing	Re-financing limited to a maximum of 20% of a lenders' total CBILS lending.	There is no restriction on the total amount of the facility that may consist of refinancing.

	<b>CBILS</b>	<b>Bounce Back Loan Scheme</b>
Assessment of affordability and viability	<p>Businesses must:</p> <ul style="list-style-type: none"> <li>• Have a borrowing proposal which the lender would consider viable, were it not for the current pandemic</li> <li>• Self-certify that it has been adversely impacted by the coronavirus (COVID-19)</li> <li>• Not have been classed as a "business in difficulty" on 31 December 2019, if applying to borrow £30,000 or more.</li> </ul> <p>All lending decisions remain fully delegated to lenders.</p>	<p>The borrower is required to self-declare they meet the eligibility criteria for the scheme.</p> <p>Lenders do not have to assess a business' affordability or viability. Lenders are not responsible for the borrower's decision to borrow.</p>
Borrower's protection	All existing statutory rights (for example, Consumer Credit Act and FCA protections) apply.	Not subject to the many of the usual consumer protections that apply to business lending under £25,000. Borrowers do not have the benefit of protection and remedies that would otherwise be available under the Consumer Credit Act 1974.
Businesses eligible	<p>Available to UK-based businesses with annual turnover of up to £45m per year.</p> <p>Smaller businesses from all sectors can apply for the full amount of the facility. However, fishery, aquaculture and agriculture businesses may not qualify for the full interest and fee payment.</p>	<p>Available to most UK-based businesses, regardless of turnover.</p> <p>If the business is a "business in difficulty" as of December 31 2019 then businesses in agriculture, aquaculture or fisheries may not qualify for the full amount; and the loan cannot be used for export-related activities.</p>
Personal guarantees	<p>No personal guarantees for any facilities below £250,000. Other forms of security may still be required by the lender.</p> <p>Security, including personal guarantees may still be required for facilities above £250,000 but they exclude a borrower's main home; and recoveries are capped at a maximum of 20% of outstanding balance.</p>	<p>No personal guarantees.</p> <p>No recovery action can be taken over a borrower's main home or primary personal vehicle.</p> <p>For sole traders or partnerships, who do not have the benefit of limited liability, other personal assets may be at risk of recovery action.</p>