



Issued on behalf of the Construction
Industry Coronavirus (CICV) Forum

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The Bounce Back Loan Scheme

AN OVERVIEW AND COMPARISON WITH CBILS



INTRODUCTION

The Bounce Back Loan Scheme was launched on 4 May 2020 by the UK Government to help smaller businesses impacted by coronavirus (COVID-19) to access finance more quickly. It aims to assist those businesses to borrow between £2,000 up to 25% of a business' turnover (the maximum amount available is £50,000).

Many businesses whose applications to the Coronavirus Business Interruption Scheme (CBILS) were unsuccessful are now being offered finance under this new scheme. The tables in this document highlight the main differences between the Bounce Back and CBILS loan schemes.

More information can also be found at:



<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

CBILS**BOUNCE BACK LOAN SCHEME**

	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.

CBILS**BOUNCE BACK LOAN SCHEME**

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Interest rate and fees set by lender	Interest and fees are set by accredited lenders and vary by lender.	The interest is set by government at 2.5% per annum.
Repayment terms	Repayment terms limited to a maximum of six years for term loan and asset finance facilities up to £5million. 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 lender's discretion.	No lender-levied fees. 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 lender's total CBILS lending.	There is no restriction on the total amount of the facility that may consist of refinancing.
Businesses eligible	Available to UK-based businesses with annual turnover of up to £45m per year. 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.	Available to most UK-based businesses regardless of turnover. If the business is a "business in difficulty" as of December 31 2019 businesses in agriculture, aquaculture or fisheries may not qualify for full amount. The loan cannot be used for export-related activities.

CBILS**BOUNCE BACK LOAN SCHEME****Assessment of affordability and viability**

Businesses must:

- Have a borrowing proposal which the lender considers viable, were it not for the pandemic
- Self-certify that it has been adversely impacted by the coronavirus (COVID-19)
- Not have been classed as a "business in difficulty" on 31 December 2019, if applying to borrow £30,000 or more.

All decisions remain fully delegated to lenders.

The borrower is required to self-declare they meet the eligibility criteria for the scheme. Lenders do not have to assess a business' affordability or viability. Lenders are not responsible for the borrower's decision to borrow.

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.

Personal guarantees

No personal guarantees for any facilities below £250,000. Other forms of security may still be required by the lender. Security, including personal guarantees may still be required for facilities above £250,000 but they exclude a borrower's main home. Recoveries are capped at a maximum of 20% of outstanding balance.

No personal guarantees. No recovery action can be taken over a borrower's main home or primary personal vehicle. For sole traders or partnerships, who do not have the benefit of limited liability, other personal assets may be at risk of recovery action.

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- British Constructional Steelwork Association
- Builders Merchants Federation
- Building Engineering Services Association Scotland
- Chartered Institute of Architectural Technologists
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- Civil Engineering Contractors Association Scotland
- Construction Plant-hire Association
- Electrical Distributors' Association
- Federation of Master Builders
- Finishes and Interiors Sector
- Lift and Escalator Industry Association
- National Federation of Roofing Contractors
- Royal Incorporation of Architects in Scotland
- Royal Institution of Chartered Surveyors
- The Scaffolding Association
- The Scottish Building Federation
- The Scottish Contractors Group
- Scottish Plant Owners Association
- SNIPEF
- SELECT
- The Stone Federation (GB)



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