

New Small businesses “Bounce-back loans”

The Chancellor announced a new loan scheme for smaller businesses that will benefit from a 100% government-backed guarantee.

The initial details announced are summarised below:

- Businesses can apply for loans between £2,000 and £50,000 but will be limited to loans not exceeding 25% of turnover.
- Access to cash, following a successful application, should be made available within days.
- Government will step in and repay the loan (100% guarantee) if the company is unable to meet its loan obligations.
- Application will be a simple online form.
- Loans will be interest free for the first twelve months and government will cover any other fees associated with the loan set-up.
- No loan repayments will be required for the first year.
- The scheme will launch for applications on Monday 4th May 2020.
- The government will work with lenders to ensure loans delivered through this scheme are advanced as quickly as possible and will further agree a low standardised level of interest for the remaining period of the loan.

If banks and the government can meet these terms this would appear to be the best of the bank loan solutions to date that target support for small businesses affected by the coronavirus disruption.

Only initial details have been announced to date, so we will keep our eyes open to see if there are any further conditions, such as size of the business etc.

On the basis it is very difficult at the moment to predict what the economy and life generally will be like later this year and 2021, we would recommend obtaining this finance as the scheme won't last forever and waiting until later in the year and then applying may not be a possibility. The fact that there are no repayments and no interest for twelve months means there's nothing to lose by applying at this stage.

If you'd like us to apply on your behalf as soon as the scheme opens, please simply reply to this email and put “YES PLEASE” in the reply or header and we will get things moving for you as soon as possible.