

Covid-19 Update - Latest Policy Changes

Prepared by Kite Consulting

Information correct as at 2:00pm on 30.04.2020

Government Support for Businesses During the Covid-19 Pandemic:

Bounce Back Loans:

The government have announced the new Bounce Back Loan scheme this week. This is a new fast-track finance scheme to support small businesses experiencing cashflow issues as a result of Covid 19. This should include dairy farms experiencing milk price or volume reductions, delayed milk payments or loss of milk income. The opening date for applications will be **4th May 2020**.

- Loans up to 25% of your annual revenue are available with a cap of £50,000 and minimum borrowing of £2,000 with repayment periods up to 6 years.
- Loans will have a 100% government backed guarantee for lenders.
- No repayments will be due in the first 12 months of receiving the loan.
- The government will pay any bank charges and interest for the first 12 months.
- The time taken to apply and receive a bounce back loan is predicted to be days. Business should receive their loan within 24 hours of their application being approved.
- Businesses that have already taken out a CBILS loan up to £50,000 will be able to transfer this to the bounce back scheme if they do this before the 4th November 2020.

Differences to the CBIL Scheme:

- The higher government guarantee will allow the application process to be less stringent than for CBILS loans and will involve a short, standardised online form.
- No capital or interest repayments will be due in the first 12 months of the loan.
- Bounce Back loans should be processed much quicker and monies received faster.
- The Bounce Back loan amount is capped at £50,000 compared to the £5 million cap for CBILS.

More details on the scheme to follow once it goes live.



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