

Written 14 April 2021

## The Recovery Loan Scheme

The Recovery Loan Scheme supports access to finance for UK businesses as they grow and recover from the disruption of the COVID-19 pandemic.

Up to £10 million is available per business. The actual amount offered, and the terms, are at the discretion of participating lenders.

The government guarantees 80% of the finance to the lender. As the borrower, you are always 100% liable for the debt.

The scheme is open until 31 December 2021, subject to review.

Loans are available through a network of accredited lenders, listed on the British Business Bank's website.



### Eligibility

You can apply for a loan if your business:

- is trading in the UK

You need to show that your business:

- would be viable were it not for the pandemic
- has been adversely impacted by the pandemic
- is not in collective insolvency proceedings (unless your business is in scope of the Northern Ireland Protocol in which case [different eligibility rules may apply](#))

Businesses that received support under the earlier COVID-19 guaranteed loan schemes are still eligible to access finance under this scheme if they meet all other eligibility criteria.

### Who cannot apply

Businesses from any sector can apply, except:

- banks, building societies, insurers and reinsurers (but not insurance brokers)
- public-sector bodies

- state-funded primary and secondary schools

#### What you can get

- term loans or overdrafts of between £25,001 and £10 million per business
- invoice or asset finance of between £1,000 and £10 million per business

No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.

#### How long the loan is for

The maximum length of the facility depends on the type of finance you apply for and will be:

- up to 3 years for overdrafts and invoice finance facilities
- up to 6 years for loans and asset finance facilities

#### How to apply

Find a lender accredited to offer Recovery Loans from the list on the British Business Bank website: [Recovery Loan Scheme: current accredited lenders - British Business Bank \(british-business-bank.co.uk\)](https://www.british-business-bank.co.uk/recovery-loan-scheme/current-accredited-lenders)

#### Cash flow planning

Cash flow and business planning in these uncertain times may appear difficult, but there are some practical steps you can take to minimise potential disruption to your business:

- Review your Budgets and set realistic and achievable targets for the remainder of 2021.
- Get your employees involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
- Review and flow chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
- Put extra effort into making sure your relationships with your customers are solid.
- Review your list of products and services and eliminate those that are unprofitable or not core products/services.
- Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.
- Agree extended payment terms with all suppliers in advance.

- Pull everyone together and explain the business strategy and get their buy-in.

<b>Six-month cash flow template</b>						
If you receive cash or card for sales at the point of sale, this could help with estimating cash surplus / deficit for the next 3-6 months' time.						
	<b>Cash estimates</b>					
	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>
	€	€	€	€	€	€
A Cash from sales	2500	1650	900	2500	5000	800
B Cash out to suppliers	350	750	800	150	1250	750
C Employee / owner costs	450	450	450	450	450	450
D Distribution and Marketing costs	125	125	125	125	125	125
E Heat light and similar Costs	75	75	75	75	75	75
F Rent and rates	750	750	750	750	750	750
G Other	50	50	50	25	25	25
H TOTAL COSTS (Add B to G)	1800	2200	2250	1575	2675	2175
Net Cash surplus or deficit (sales less costs) A less H	700	-550	-1350	925	2325	-1375
PUT THIS FIGURE IN SURPLUS / DEFICIT BELOW						
Bank Balance brought forward	0	700	150	-1200	-275	2050
Surplus (deficit)	700	-550	-1350	925	2325	-1375
Balance C/CF	700	150	-1200	-275	2050	675

Please talk to us about cash flow planning for the next six months, we can help with a template so you can do this yourself or work together to produce estimates for a variety of scenarios.