

# Budget 2021 Recovery Loan Scheme set for April launch.

**A new loan scheme to support access to finance for UK business as they grow and recover from the disruption of the Covid-19 pandemic was announced at the Budget.**

The Recovery Loan Scheme ensures businesses of any size can continue to access loans and other kinds of finance up to £10 million per business once the existing Covid-19 loan schemes close, providing support as businesses recover and grow following the disruption of the pandemic and the end of the transition period.

The scheme will launch on 6 April 2021 and full details will be available in the next few weeks. Already major banks like Barclays, Lloyds and Virgin Money have signed up to the new scheme.

The current Coronavirus Bounce Back Loans and Coronavirus Business Interruption Loans (CBILS) closed for new applications at the end of January so a replacement facility will be a welcome development for businesses forced to close or pare back activity during the pandemic.

Once received, the finance can be used for any legitimate business purpose, including growth and investment.

The government guarantees 80% of the finance to the lender to ensure they continue to have the confidence to lend to businesses.

The scheme launches on 6 April and is open until 31 December, subject to review. Loans will be available through a network of accredited lenders, whose names will be made public in due course.

## **What finance support is available?**

Term loans and overdrafts will be available between £25,001 and £10 million per business.

Invoice finance and asset finance will be available between £1,000 and £10 million per business.

Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.

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

## **Eligibility**

You will be able to apply for a loan if your business is trading in the UK and that your business is viable or would be viable were it not for the pandemic, has been impacted by the coronavirus pandemic, and is not in collective insolvency proceedings.



Business that have received support under the existing Covid-19 guaranteed loan schemes will still be eligible to access finance under this scheme if they meet all other eligibility criteria.