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Growth Guarantee Scheme (Government Backed Loans)

The Growth Guarantee Scheme is the successor to the Recovery Loan Scheme.

It is designed to support access to finance for UK smaller businesses as they look to invest and grow. The Growth Guarantee Scheme launched with accredited lenders on 1 July 2024, with a wide range of products supported by different lenders, including term loans, overdrafts, asset finance, invoice finance and asset-based lending. The Growth Guarantee Scheme can generally support facility sizes of up to £2m and provides the lender with a 70% government-backed guarantee.

Businesses can use the finance for any legitimate business purpose – including managing cashflow and investment. However, businesses must be able to afford to take out additional debt finance for these purposes.

The British Business Bank administers the scheme on behalf of the Secretary of State for Business and Trade.

Details of the Growth Guarantee Scheme

Key Benefits

Up to £2m per business group: The maximum amount of a facility provided under the scheme is generally £2m per business group, for borrowers outside the scope of the Northern Ireland Protocol, and up to £1m per business group for Northern Ireland Protocol borrowers.

Wide range of products: Minimum facility sizes vary, starting at £1,000 for asset finance, invoice finance, and asset-based lending, and £25,001 for term loans and overdrafts.

Term length: Term loans and asset finance facilities are available from three months up to six years, with overdrafts,invoice finance and asset based lending available from three months up to three years.

Access to multiple schemes: Businesses that took out a Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS), Bounce Back Loan Scheme (BBLS) or a Recovery Loan Scheme (RLS) facility before 30 June 2024 are not prevented from accessing GGS, but borrowing under these schemes may reduce the maximum amount the borrower is eligible for.

Pricing: Interest rates and fees charged by lenders will vary and will depend on the specific lending proposal. The lender's pricing will take into account the benefit of the Government guarantee.

Personal Guarantees: Personal guarantees can be taken at the lender's discretion, in line with their normal commercial lending practices. Principal Private Residences cannot be taken as security within the Scheme.

Guarantee is to the lender: The scheme provides the lender with a 70% government-backed guarantee against the outstanding balance of the facility after it has completed its normal recovery process. The borrower always remains 100% liable for the debt.

Decision-making delegated to the lender: GGS-backed facilities are provided at the discretion of the lender. Lenders are required to undertake their standard credit and fraud checks for all applicants.

Eligibility Criteria

- Turnover limit: Businesses with a turnover of up to £45m can apply.
- UK-based: Must generate over 50% of income from trading in the UK.
- Viability test: Lender must assess the business as viable.
- Business in difficulty: Not in insolvency or facing significant financial difficulty.
- Subsidy limits: Written confirmation is required to ensure subsidy limits are not exceeded.

FAQS

How do I access the GGS facility?

Simply contact Horner Consultancy Ltd and we will work with you and the British Business Bank's accredited lenders to find you the best available deal to meet your circumstances.

Can I have multiple facilities across different products?

If you meet the scheme eligibility criteria and stay within the maximum borrowing limit, then yes, you can use multiple facilities such as asset finance and commercial lending. The total amount your business can borrow from various sources will be determined by affordability and scheme guidelines.

What can the GGS be used for?

The Growth Guarantee Scheme facility can be utilised for a variety of business purposes, such as managing cash flow, investment, fostering growth, and purchasing business assets.

Can the GGS be used to refinance existing debt?

Under specific conditions, your business may use a GGS facility to refinance current debt. For instance, if your business aims to enhance its financial stability or bolster its working capital, a GGS facility could potentially be offered provided that your business meets the GGS eligibility requirements. Refinancing can be done with or without an increase in the initial borrowing.

Please contact us on how we can assist you with regards to the new Growth Guarantee Scheme:-

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