Email from Sheridan Sulskis, Executive Director, Coventry and Warwickshire Reinvestment Trust, regarding bank lending data, dated 28 April 2020

Please find attached [*see page 3*] some stats from the Coventry and Warwickshire Reinvestment Trust – please note that I have updated our spreadsheet to reflect the information requested by Mel and will work on updating this information and feeding this through to you ASAP.

Please note that we have been waiting to secure additional funding in order to meet the demand we are currently experiencing – therefore, we have not yet gone through to full application stage. We are actively promoting the scheme and signposting enquiries to relevant/applicable organisations and establishments so they can access this scheme.

Please forgive me if this is information overload – but would like to share a bit of background regarding the Coventry and Warwickshire Reinvestment Trust that may be useful to you:

CWRT primarily operates in Coventry and Warwickshire and looking at the Office for National Statistics (ONS) 2019 data, there are 10,065 businesses in Coventry and 27,980 businesses in Warwickshire.

We have seen data which suggest 20% of businesses in Coventry and Warwickshire will need to use CBILS. That is 2,103 businesses in Coventry and 5,596 businesses in Warwickshire. The same data suggests 8% of businesses have recently attempted to use CBILS, but they were unsuccessful. This suggests that there are 161 businesses in Coventry and 448 businesses in Warwickshire that could be potential customers for CWRT to support.

As the situation surrounding COVID-19 evolves, small businesses and communities across Coventry and Warwickshire will very quickly face liquidity challenges, job losses, and project stagnation. Credit will be tightening, and small businesses will struggle to make payroll while communities will be forced to scale back or halt infrastructure development.

Banks will certainly play a major role in addressing this; however, they may find it difficult to keep up with the sheer volume of calls and queries about the scheme and this will lead to a gap in access to finance that needs to be met. CWRT's services are designed to fill the gaps in mainstream lending, address market failures and to offer affordable alternatives when the banks are unable to support.

As one of the primary aims of CWRT is to promote social inclusion in disadvantaged communities within Coventry & Warwickshire (and elsewhere) through the provision of affordable finance to new and existing businesses, we will give priority to those micro and small businesses that employ between 0 and 49 employees to ensure that the we maximise the impact of our funding.

The current small business climate presents a challenge for banks, as many enquiries will be outside the scope of what banks lend for – both in terms of risk profile and loan size. We estimate a £100 million gap in the market over the next 6 months for businesses seeking less than £50,000 in working capital.

Our trade body, Responsible Finance, is proposing a £30 million government funded CDFI fund, to be used alongside CBILS. A £30 million grant is a relatively small amount within the government's bold Covid-19 response, yet would have disproportionate impact. It would allow us to leverage investment from banks and other investors that otherwise would not have invested into higher risk Covid-affected small businesses, to meet the £100 million gap.

Once repaid by borrowers, the grant can be used by the CDFIs to leverage further funding and re-lend. As a precedent, the government's CDFI Regional Growth Fund (RGF) grant of £30 million has catalysed £100 million in lending through leveraging bank investment and recycling into new loans.

The CDFI sector already has the infrastructure in place to deliver funds immediately, and the RGF, SULCo, NPIF and MEIF, and the Big Society Capital Community Investment Enterprise Facility all demonstrate our sector's success at providing access to finance to businesses banks cannot reach.

We are now reaching a critical time for small businesses who need capital to survive. I would be happy to discuss how this could work in more detail and in the meantime we would appreciate your support in bringing this workable solution to practice.

Since government coronavirus lockdown measures have been put in place (mid March 2020):

Month	Number of new loan enquiries	Approx. % change in enquiries since before coronavirus	Number of new loans approved	Total value of new loans approved	Number of payment holidays requested as a result of coronavirus	Average duration of repayment holidays	Number of loans entering default	% of portfolio affected	Total number of active loans in loan book
March - PL	6	0%	5	£3,800	2	1 month	2	4.2%	95
March - Com	46	1000%	0	£0	3	3 months	18	19.1%	110
April - PL	5	0%	7	£5,085	1	3 months	0	1.0%	98
April - Com	48	1000%	0	£0	3	3 months	3	5.5%	110
May - PL									
May - Com									