



Public Accounts Committee

Sarah Munby
Permanent Secretary
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

3 November 2022

Treasury Minute response- Bounce Back Loans Scheme: Follow-up (50th Report Session 2021-22)

Dear Permanent Secretary,

Thank you for the [Government's response](#) to the Committee's 50th Report of Session 2021-22 entitled, [Bounce Back Loans Scheme: Follow-up](#). I am grateful for some of the arrangements already in place, such as your work to measure the Scheme's long-term impact.

The response overall, however, lacks urgency or significant action compared to the challenges that we highlighted. We are also disappointed that you rejected one of the Committee's recommendations on developing proposals for an emergency loan scheme for a future crisis, when we would have expected the Department to want to be better prepared based on the lessons it learned in setting up the Bounce Back Loan Scheme

Our specific concerns are:

- **Recommendation 1a (accepted):** on putting in place a clear strategy to manage the long-term legacy of the Scheme within a month of the publication of its evaluation report. You did not meet our timescale and instead expect to formalise a strategy by the end of 2022. You also explained that your strategy for managing the long-term legacy of the scheme will develop as your understanding of the scheme's impact matures. This did not give us confidence that you are acting in an urgent manner to address significant challenges facing the Scheme.
- **Recommendation 4a (accepted):** on setting out how the Department will use legal, regulatory and contractual incentives to improve the lenders' performance in managing the loans. You list arrangements already in place at the time we took evidence, such as an ongoing lender audit and assurance programme. You do not set out how you will use powers but mention that you are looking at where regulatory powers can add value. It is disappointing that you appear to repeat existing arrangements in your response and that new powers remain under consideration.



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- **Recommendation 7b (rejected):** on developing a business case for an emergency loan scheme for future crisis within 6 months of publication of the Committee's report. You argue that the department has an approved business case for the Recovery Loan Scheme, which you believe may act as a template if a future emergency loan scheme is deemed an appropriate economic response. The Recovery Loan Scheme is not tailored to large volumes of small businesses or a situation where a 100% guarantee is needed. You risk, therefore, making the same missteps as when you deployed the Enterprise Finance Guarantee Scheme as the basis for the Bounce Back Loans Scheme. I would therefore ask you to reconsider your rejection of the recommendation, and to provide assurance on how you will be prepared to act in a similar crisis.

I would be grateful if you could provide me with further information on how you will deal with these concerns **by the end of the month.**

I am copying this letter to the Comptroller and Auditor General, the Treasury Officer of Accounts, the Chief Executive at the British Business Bank and the Chair of the Business, Energy and Industrial Strategy Committee.

Yours sincerely.

DAME MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS