



Department for Business, Energy & Industrial Strategy

Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
London
SW1A 0AA

Sarah Munby
Permanent Under-Secretary of State
1 Victoria Street
London
SW1H 0ET
T: +44 (0)20 7215 5916
E: permanentsecretaries@beis.gov.uk

11 November 2022

Dear Chair,

Treasury Minute response to the Committee's Twenty-Sixth Report and Fiftieth Report of Session 2021–22

I am writing to update the Committee on delays to the target implementation dates for two recommendations from your report "Lessons from Greensill Capital: accreditation to business support schemes" and two recommendations from your report "Bounce Back Loans Scheme: Follow Up".

"Lessons from Greensill Capital: accreditation to business support schemes"

Recommendation 6a

In its report, the Committee recommended that BEIS write to the Committee within three months setting out the principles it will apply to future correspondence with the British Business Bank (BBB) on matters for which it is operationally independent, to minimise any future perception of influence. In our Treasury Minute response, we agreed to write to the Committee on this matter once the scheduled update of the BBB's Shareholder Relationship Framework Document (SRFD) had been completed.

We had originally set out to complete the update by Spring 2022. Unfortunately, due to wider departmental pressures, the process of updating the BBB's SRFD has taken longer than expected, but I am pleased to say that it has now been completed.

A component of the SRFD is the Company Operational Independence Undertaking (Annex 1 of the document) which sets out the principles by which the BEIS Secretary of State (and by extension their officials) may or may not engage with the BBB with respect to the programmes delivered by its Commercial Arm. The intent is to allow the Commercial Arm of the BBB to operate and conduct its activities on a fully commercial basis.

The Company Operational Independence Undertaking has been updated to reflect changes to the BBB's State aid arrangements following the UK's departure from the EU and to clarify the process by which the BEIS Secretary of State may instruct the BBB to deliver a programme, and if necessary, the means by which the BBB's Board can raise any

objections (noting that this may be unnecessary if a ministerial direction has been issued by the BEIS Secretary of State to deliver the programme).

The principles set out in the Company Operational Independence Undertaking specifically do not apply to programmes delivered by the BBB's Service Arm, such as the Covid-19 loan guarantee schemes and the successor Recovery Loan Scheme.

Instead, programmes delivered by the BBB at the Government's behest via the Service Arm will continue to have dedicated Service Agreement schedules setting out the parameters of the scheme and clarifying the extent of the BBB's delegations as well as any restrictions where the BBB must seek approval from the BEIS officials or ministers.

The programme schedules are agreed between the BEIS Secretary of State and the BBB (having been endorsed by the BBB's Board) and any discussion between the BBB, BEIS and wider government stakeholders, either through formal meetings or informal correspondence, will need to remain consistent with the agreed parameters and delegations. Where the BBB CEO is concerned that the Schedule delegations are not being respected, they may escalate the matter in the appropriate way, as per the SRFD.

The changes to the BBB's SRFD, including changes to the Company Operational Independence Undertaking, have now been finalised and the updated document will be published in due course on GOV.UK and on the BBB's website.

Recommendation 7

In its report, the Committee recommended that BEIS, HM Treasury and the BBB jointly work to identify the lessons that need to be learned from the COVID-19 loan schemes and publish a full lessons-learned report by July 2022. In our Treasury Minute response, we agreed to undertake this work and set a target implementation date of Summer 2022.

As per the Committee's recommendation, BEIS, HM Treasury and the BBB have collectively produced a report setting out the lessons that have been learnt in the design and delivery of the COVID-19 loan schemes. The report is intended to complement the findings from the [first phase of the evaluation](#), which was published in June 2022. Again, organisational pressures have meant that it has taken longer than expected to undertake this exercise, but I am pleased to say that the report is being finalised and I expect that it will be presented to the Committee in the coming weeks.

"Bounce Back Loans Scheme: Follow Up"

Recommendation 5b

In its report, the Committee requested that BEIS provide a written update on the time taken for lenders to claim on the guarantee under the Bounce Back Loan Scheme (BBLs). In our Treasury Minute response, we confirmed that BBB held this information and would write to the Committee in due course. I regret that we were unable to meet the target implementation date that we originally set, which was Summer 2022, however BBB have since written to the Committee with this information [in a letter dated 28 September 2022](#).

Recommendation 7a

In its report, the Committee recommended that BEIS and BBB should establish a strategy on how they intend to share lessons from the scheme. In our Treasury Minute response, we accepted the Committee's recommendation, explaining that we had already agreed to produce a report covering lessons learned across the Covid-19 loan schemes in response to the Committee's Twenty-Sixth Report of the Session 2021-22, with a target implementation date of Summer 2022. As I mentioned earlier in my letter, I expect the report will be presented to the Committee in the coming weeks.

A handwritten signature in grey ink, appearing to read 'Sarah Munby', is centered on the page.

Sarah Munby