

20 April 2021

Anneliese Dodds MP
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Dear Ms Dodds,

Greensill Capital and its access to Covid emergency loan schemes

Thank you for your letter dated 9 April regarding Greensill Capital's accreditation as a lender under the Coronavirus Large Business Interruption Loan Scheme ("**CLBILS**").

You have asked a series of questions about the accreditation process for Greensill Capital. There have been a number of similar or related written questions put before Parliament over the past weeks, and you have also been corresponding with the Chancellor on this matter.

I set out your questions in the order they were posed below, and draw in my response from information previously provided by Ministers on behalf of the Department for Business, Energy and Industrial Strategy ("**BEIS**") and Her Majesty's Treasury ("**HMT**"), in response to written Parliamentary questions tabled by your Parliamentary colleagues. As you are aware, the Secretary of State for Business, Energy & Industrial Strategy is accountable to Parliament for the British Business Bank (the "**BBB**").

I also refer below to the letter from the Chancellor of the Exchequer to you dated 8 April 2021 (the "**Treasury Letter**") which responded to a number of questions you raised relating to Greensill Capital.

"Can you confirm that the decision to accredit Greensill Capital to the CLBILS scheme was taken by the British Business Bank, entirely independently of HM Treasury and without any input from HMT officials?"

I refer to the Treasury Letter. The BBB's Investment Committee makes independent decisions on lender accreditations for the BBB's schemes, based on criteria set out in the relevant Request for Proposals. It informs its shareholder, BEIS, and other government stakeholders, including HM Treasury, about these decisions. Treasury had no role in the decision to accredit Greensill Capital for CLBILS.

“Can you explain why Greensill Capital was accredited to the CLBILS scheme following the decision by HMT not to grant it access to the Covid Corporate Financing Facility?”

I refer to the Treasury Letter. The two schemes, and their eligibility criteria, are very different. The Bank of England administers the Covid Corporate Financing Facility (CCFF) whereas the BBB administers CLBILS. CCFF is aimed at providing COVID-19 financial support to investment grade rated businesses whereas CLBILS aimed at providing COVID-19 financial support to UK mid-cap and larger enterprises with a turnover of over £45 million. The CCFF supported companies directly (and excluded financial services firms) whereas CLBILS was a delegated guarantee scheme which operated through a wide variety of lenders. Given the separate nature and purpose of these schemes and the entirely different eligibility criteria, it is not possible to compare accreditation decisions. Applicants that were suitable for one scheme may not be suitable for the other.

I refer to the response to the parliamentary question tabled by Lord Myners dated 16 March 2021. Greensill Capital were approved by the BBB in June 2020 following the normal accreditation procedure.

“Did any HMT official contact your organisation in light of those discussions or discuss the financial suitability for Greensill Capital to be accredited under the CLBILS scheme?”

I refer to our response to the first question hereof. HM Treasury had no role in the decision to accredit Greensill Capital for CLBILS.

“Did any external parties, including any representatives from Greensill Capital, play any role or input in any way to the process by which the criteria for accreditation to the CLBILS scheme were set?”

I refer to the Treasury Letter. The criteria for accreditation were developed by the BBB. These criteria, which mirrored those in the former Enterprise Finance Guarantee scheme, were set in consultation with BEIS and HM Treasury with no input from other parties (with the exception of the Bank of England with respect to the criteria for enhanced accreditation for larger lending).

“Will you publish in full all documents relating the accreditation process for Greensill Capital to the CLBILS scheme?”

In line with long-standing practice, the BBB will not be publishing these documents as they are commercially sensitive for both Greensill Capital and the BBB.

“Why did you decide not to approve enhanced lending accreditation for Greensill Capital?”

The BBB cannot comment on the content of lenders’ applications for accreditation as they are commercially sensitive. As described in the CLBILS Request for Proposals, lenders would generally be expected to have permission to use the Internal Ratings Based (IRB) approach, approved for corporate lending at this scale, to be accredited to provide “Larger Scheme Facilities”.

“Can you confirm which companies Greensill Capital supported via the CLBILS scheme, and if this was limited to the GFG Alliance Group?”

I refer to the response to the parliamentary question tabled by Lord Myners dated 25 March 2021. The BBB is unable to provide information relating to individual borrowers as it is commercially sensitive. However, details of facilities made available under the Coronavirus Business Interruption Loan Scheme will be published where required by the European Commission’s Transparency Aid Module in due course.

“Why did you open an investigation into Greensill Capital’s accreditation under the CLBILS scheme, and when do you expect this investigation to conclude?”

I refer to the response to the parliamentary question tabled by Dame Angela Eagle dated 29 March 2021. All accredited lenders are subject to audit by the BBB to ensure their compliance with scheme rules. If serious non-compliance is identified, the BBB is entitled to take remedial action. Such action might include termination of the Guarantee Agreement or withdrawal of the Guarantee. It would not be appropriate to comment on individual cases given commercial sensitivities.

I further refer to the Treasury Letter. The BBB has opened an investigation into Greensill Capital’s compliance with the terms of the scheme. That investigation is continuing and the Guarantor’s obligations under the CLBILS guarantee are suspended on a precautionary basis, so it would not be appropriate to comment further on it at this time.

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The BBB remains committed to supporting UK SMEs through the Covid-19 crisis, into recovery and beyond. We are pleased to have supported over 1.6 million SMEs with more than £75bn of finance through our Covid support schemes. Furthermore, we have recently launched the Recovery Loan Scheme and plan to launch Future Fund: Breakthrough in early summer. Both schemes will help drive the innovation and growth needed to support the UK’s long-term prosperity.

Given the public interest in this issue and the ongoing communication you are having with the Department for Business, Energy and Industrial Strategy and HM Treasury, I am copying this letter to both the Secretary of State for Business, Energy and Industrial Strategy and the Chancellor of

the Exchequer. You should also note that, in the interests of transparency, the BBB will be publishing this letter on our website.

Yours sincerely,



Catherine Lewis La Torre

Chief Executive
British Business Bank plc