UK Government Investments

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Rt Hon Mel Stride, MP
Chair of the Treasury Committee
House of Commons, Committee Office
London
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6 May 2021

Dear Mr Stride,

Treasury Committee inquiry into the lessons to be learnt from the failure of Greensill Capital

Thank you for your letter dated 19 April regarding the Treasury Committee's (**Committee**) inquiry into the lessons to be learnt from the failure of Greensill Capital.

As referenced in your letter, the purpose of UK Government Investments (**UKGI**) is to be the government's centre of excellence in corporate governance and corporate finance. One of our core objectives is to act as shareholder for, and lead the establishment of, UK government arm's length bodies. This includes the British Business Bank (**BBB**). UKGI also advise on all major UK government corporate finance matters, including financial interventions into corporate structures, corporate finance negotiations and providing central capability on contingent liabilities.

While the Secretary of State for the Department for Business, Energy and Industrial Strategy (**BEIS**) is the sole shareholder of the BBB, and BEIS have the policy lead for the Access to Finance area within government, UKGI performs the shareholder representative function. This means primarily providing oversight on corporate governance matters for BBB, on behalf of BEIS. There is also a separate policy team within BEIS that works closely with the BBB policy team. Under the BBB's articles of association, BEIS, as shareholder, may appoint a non-executive director to the board of the BBB as its representative (**Shareholder Representative Director**). Since November 2013, a senior UKGI employee has acted as the Shareholder Representative Director.

The Committee has asked a series of questions in order to aid its work in scrutinising the role of HM Treasury (**HMT**) and its associated public bodies in relation to Greensill. I have set out my response to each of your questions in turn below. Each question is answered to the best of my knowledge following due enquiry of UKGI staff.

1. ***"Can you provide a timeline of any contact which UKGI officials (whether senior or junior) had with HM Treasury's (or its agencies' or public bodies') representatives, Greensill's representatives, or any other Government department's (or its agencies' or public bodies') representatives in relation to Greensill? Please provide a description of the nature of the contact, and any records related to those contacts. Redaction of the names of more junior officials will be acceptable".***

   We note that UKGI had no operational involvement in the BBB's accreditation process for lenders looking to provide finance under the Coronavirus Large Business Interruption Loan Scheme (**CLBILS**). As shareholder representative, UKGI is not involved in day-to-day decision making at the BBB as it is operationally independent. While a UKGI official was copied on two internal emails between BEIS officials (in April/May 2020) which included reference to the accreditation of Greensill, no comment was made by UKGI in response and UKGI did not engage with BEIS or the BBB in this regard.

UKGI was made aware by the BBB, in early November 2020, that analysis was being undertaken by BBB to review certain loans made by Greensill under the CLBILS and the BBB's and BEIS' rights in respect of the same. UKGI has been copied on various emails and party to a number of calls between the BBB and BEIS since November 2020 relating to the progress of this analysis. UKGI played no role in this analysis beyond seeking to ensure that BEIS was appropriately sighted on developments, given BEIS' status as ultimate guarantor under the CLBILS.

Other than as set out above, no UKGI officials had any contact with BEIS, the BBB or any other Government departments in respect of this matter. No UKGI officials had any contact with Greensill (or their representatives) vis-à-vis the CLBILS.

For completeness, the Committee should also note that a UKGI employee was seconded to the BBB to assist in the development of the CLBILS from April – June 2020.

Timeline of UKGI interaction:

Date	Event	Records
5 November 2020 – present	Various emails and calls between legal teams at BEIS, the BBB, HMT and UKGI.	Emails – subject to legal privilege (containing analysis as to the legal rights of the BBB and BEIS)

As part of our response, and as outlined above, we have looked at the period from March 2020 onwards with respect to the BBB and CLBILS. In addition, I would also like to make the Committee aware that there has been some historical contact in prior periods between UKGI officials, Greensill representatives and other Government departments in relation to Greensill in recent years and in respect of certain UKGI corporate finance project activities unrelated to the BBB. As part of UKGI's role as the interface between Government and the private sector, it is common practice for UKGI officials to meet with numerous external organisations and UKGI meets regularly with a wide range of banks and financial institutions.

2. ***"If there was analysis carried out relating to Greensill, can you provide an outline and timeline for this?"***

During 2020, as part of the Government's response to the pandemic, UKGI increased its resources to provide advisory support to HMT with respect to the reporting and management of Government's exposures under various Covid-19 related business support programmes. This support is ongoing. In the course of these activities, UKGI monitors the largest of HMT's exposures, including larger exposures under the CLBILS and reports this information to HMT. These monitoring reports, based on information gathered from the BBB and BEIS, identified the loans issued by Greensill under the CLBILS. I note, however, that UKGI had no involvement in these loans before they were originated, nor had any direct contact with Greensill as part of its activities. No analysis was undertaken by UKGI relating to Greensill – UKGI's role is limited to the post-intervention monitoring of exposures for HMT.

3. ***"Was any UKGI official made aware of the lobbying by David Cameron for Greensill in relation to any work UKGI was overseeing or a participant in?"***

No UKGI official was made aware of lobbying by David Cameron for Greensill in relation to any work that UKGI was overseeing or a participant in.

4. ***"Was any UKGI official contacted by David Cameron (or his representative) with regard to Greensill, whether formally or informally? If so, please could the nature of that meeting, and any record relating to it, be provided to the Committee?"***

No UKGI official was contacted by David Cameron, or his representative, in respect to Greensill.

5. ***"Can you provide a copy of any rules, procedures or guidance used by UKGI relating to lobbying and conflicts of interest?"***

UKGI's Compliance and Code of Conduct (**Code**) includes UKGI's rules, guidance and procedures in relation to conflicts of interest and restrictions on outside interests and post-employment lobbying. We have included the relevant excerpts at Annex 1.

All employees are required by their contract of employment to comply with the Code and are required to sign a declaration of compliance upon commencement of employment and subsequently annually, confirming (a) that they have read, understood and undertake to comply with the Code and (b) disclosing any external employment, appointment or business interests. Outside of the annual declaration process, employees are also required to update the UKGI Compliance Officer should their circumstances change during the year with respect to external employment, appointment or business interests.

Yours sincerely,

Charles Donald
Chief Executive, UKGI

Annex 1 – UKGI Compliance and Code of Conduct

CONFLICTS OF INTEREST

3.1 Your Responsibility

3.1.1 As UKGI staff members, our work must be carried out in an environment that is free from any suggestion of improper influence. UKGI must be able to publicly defend the actions of its staff in relation to this Code to prevent reputational damage. It is your responsibility to
bring potential or actual conflicts of interest to the attention of the Compliance Officer as soon as you become aware of them.

3.1.2 All of us must take steps to ensure that any conflict of interest to which we may be subject does not affect, or reasonably appear to affect, a decision taken by UKGI. You must disclose all interests that could conflict, or appear to conflict, with your duties at UKGI. This includes any of your relevant interests, or the interests of your immediate family of which you are aware.

3.1.3 You must not exploit, reasonably appear to exploit, or allow yourself to be exploited by any personal or professional relationships with a UKGI Related Party, (or an officer or employee of a relevant organisation) or an organisation with which UKGI has a contractual relationship (or an officer or employee of such an organisation).

3.2 What is a conflict of interest?

3.2.1 A conflict of interest arises when your work for UKGI could be affected by a personal interest, personal association or personal interest or association of your Immediate Family. It becomes significant if an independent third party might reasonably take the view that there is a risk of your resultant actions (or those of a personal associate) being affected, whether or not they are actually affected.

3.2.2 Conflicts of interest may arise in various ways. For example, as the result of:

- a direct or indirect financial interest held in a commercial undertaking with which you have connections
- a personal association or relationship with those affected, or likely to be affected, by the information or issue in question
- an expectation of a future interest (for example, future employment)
- in some cases, a previous association with the information or issue in question
- a relevant interest of an Immediate Family member, in the types of circumstances set out above
- an interest arising from a common interest grouping, such as a trade association or other public or private society
- Directorships/partnerships/trusteeships and any significant income streams other relevant positions

3.2.3 This list is not exhaustive, nor will all of the examples necessarily give rise to significant conflicts of interest. If you are in doubt about whether a conflict has arisen, please consult the Compliance Officer.

COURSE OF EMPLOYMENT

9.1 References

9.1.1 You must not give written employment references, whether in the UKGI's name or otherwise, for existing or ex-employees of UKGI. All requests for employment references should be referred to Head of HR.

9.2 Exclusive employment

9.2.1 While employed by UKGI you are not permitted to undertake any additional employment, whether directly or indirectly, except with written approval of UKGI. Agreement is unlikely to be given where a potential conflict of interest exists. Restrictions on external employment include casual or part-time work in your spare time (whether paid or not) and employment includes directorships, trusteeships, local authority councillorships, or provision of services as consultant or agent.

9.2.2 On joining UKGI, you must, as part of our on boarding process, disclose any external employment, appointment or business interest by completing a declaration of compliance form (as set out in Annex E). You will need to obtain written approval in advance from your line manager before continuing with this activity.

9.3 **Post Employment**

The nature of your role and the work of UKGI as a public sector body means that you have access to government workings, information and policy in a way that employees of private organisations do not. Therefore it is important that when you take up an outside appointment or employment following termination of your contract there should be no cause for public concern, criticism or misinterpretation. In particular reasonable concerns that:

a) You might be influenced in carrying out your role by the hope or expectation of future employment with a particular firm or organisation, or in a specific sector; or

b) On termination of your employment you might improperly exploit privileged access to contacts in Government or sensitive information; or

c) A particular firm or organisation might gain an improper advantage by employing someone who in the course of their employment with UKGI has had access to:

   i. information relating to unannounced or proposed developments in Government policy, knowledge of which may affect the prospective employer or any of its competitors; or
   ii. commercially valuable or sensitive information about any competitor of the prospective employer.

Accordingly, within one year from the date of termination of your employment with UKGI before accepting any new appointment or employment, whether in the UK or overseas, which falls within the criteria below, you should first seek the consent of UKGI to accept such appointment or employment:-

The criteria are:-

- You have had any official dealings with your prospective employer within your last year in UKGI
- You have had access to commercially sensitive information of competitors of your prospective employer in the course of your official duties
- The proposed appointment or employment is consultancy work, either self-employed or as a member of a firm, and you have had official dealings with outside bodies or organisations in your last two years in UKGI that are involved in your proposed area of consultancy work.

Applications for consent should be made to the CEO who will consider them in accordance with the principles and considerations set out in this paragraph. Such consent shall not to be unreasonably withheld. Applications may be approved unconditionally, or approved subject to conditions applying for a maximum of one year from your last day of paid employment. Such conditions may include a waiting period and/or a prohibition on being involved in lobbying UKGI/Government on behalf of your new employer. Other restrictions could include a condition that for a specified period, you should stand aside from involvement in certain activities, for example, commercial dealings with UKGI, or a relevant Government Department or involvement in particular areas of the new employer’s business.

POLITICAL ACTIVITY

20.1 All UKGI staff are bound by the requirements of section 4.4 of the Civil Service Management Code (CSMC), as published on gov.uk and amended from time to time. Specifically, for the purposes of the UKGI Code of Compliance and Conduct, all UKGI staff will be regarded as ‘politically restricted’ (as defined in section 4.4.9) and will need to seek permission in writing from the UKGI Compliance Officer before participating in any political activity (as defined in section 4.4.1 of the CSMC). If permission is granted, UKGI staff will need to comply with any conditions attached to that permission.

UK Government Investments Ltd

Declaration of Compliance

Once completed please send to the UKGI Compliance mailbox at
UKGIcompliance@ukgi.org.uk

Declaration

I confirm that I have read, understood and undertake to comply with the Compliance and Code of Conduct Manual. In particular I acknowledge that if I wish to deal, or begin the process of dealing, on a non-discretionary basis in any listed securities or enter into a transaction in a financial instrument that provides an economic exposure to movements in the price of listed securities (for example, a spread bet on a company's share price) I must obtain prior clearance from the Compliance Officer before doing so.

I confirm that all the disclosures below are, to the best of my knowledge, complete and accurate. There is nothing, other than the disclosures below, that I wish to or should bring to the attention of the Compliance Officer. If any of my circumstances change in respect of any of the disclosures below I will bring these to the attention of the Compliance Officer by submitting an updated declaration.

Signed (member of staff)	
Print Name	
Job Title	
Date	

Definitions of terms used in this Declaration are explained in the UKGI Compliance and Code of Conduct Manual which should be read and understood prior to completion of this Declaration.

Previous or other employment
Please list below any post, other employment, or fiduciary positions that you hold, or have held in the past five years in connection with a UKGI Related Party, or leave blank if you do not, or have not, held any such post or employment.
External appointments

Please list below any external appointments currently held, whether paid or unpaid, including directorships and trusteeships, or leave blank if you hold no such appointments
Significant Relationships
Please list below any other Significant Relationship, or leave blank if you are not aware of any such relationships.
Non-Discretionary Interests
Please list below any Non-Discretionary interest you or your Immediate Family have in a UKGI Related Party, or any Non-Discretionary securities you hold in a UKGI Related Party, or leave blank if you hold no such interests.
Other matters
Please list below any other matters that you are aware of that, under the Compliance and Conduct Manual, you are obliged to bring to the attention of the Compliance officer