

Darren Jones MP
Chair, Business, Energy and Industrial Strategy Committee
House of Commons
Westminster
London, SW1A 0AA

28 June 2021

Dear Mr Jones,

Liberty Steel and the Future of the UK Steel Industry

Thank you for your letter dated 16 June 2021 regarding the inquiry that the Business, Energy and Industrial Strategy Committee (the Committee) is currently conducting into Liberty Steel and the Future of the UK Steel Industry.

I understand that as part of the inquiry, the Committee is considering how GFG Alliance was able to access the Coronavirus Large Business Interruption Loan Scheme (CLBILS) via Greensill Capital last year, and how these funds were used across GFG Alliance businesses and subsidiaries.

Greensill Capital was accredited as a lender by the British Business Bank for CLBILS in June 2020. You have asked me a series of questions in relation to that accreditation to aid your understanding.

I have set out your questions below in the order they were posed.

“Did you have any input into the Bank’s decision to approve Greensill Capital as an accredited lender under the CLBIL Scheme?”

Decision making on accreditation to the Bank’s CBIL and CLBIL Schemes was made by the Bank’s Investment Committee and Managing Director Forum. Greensill Capital was accredited as a lender under the CLBIL Scheme in line with the British Business Bank’s standard accreditation process.

In line with this process, the decision to accredit Greensill Capital under the CLBIL scheme was made by the Bank’s Investment Committee. I am not a member of the Investment Committee and, as a general rule, I do not see Investment Committee papers with regard to accreditations nor do I input into those papers or any resulting decision. This was also the case with regards to Greensill Capital.

“Were you approached by any of the following individuals regarding the approval of Greensill Capital as an accredited lender under the CLBIL Scheme: i) any current or former HM Government Ministers, ii) Mr Sanjeev Gupta, or iii) any other external stakeholders?”

I confirm that I was not approached by any of the individuals listed with regard to the accreditation approval for Greensill Capital prior to the granting of that approval.

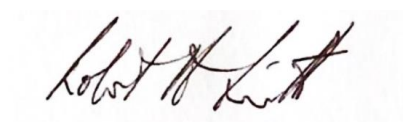
I would note that I have been party to discussions with current HM Government Ministers and external stakeholders regarding Greensill Capital’s accreditation since then and following the announcement by the British Business Bank in October 2020 of its investigation into Greensill Capital’s lending activities in relation to the Scheme.

“Please explain what governance processes are in place at board level to ensure oversight of high-risk decision making by the Bank. For example, was the decision to approve Greensill Capital as an approved lender and/or the ability for Greensill Capital to use BBB backed financing to fund multiple companies within the GFG Alliance (technically in breach of the £50m cap to any one business) noted at board level?”

Decision making in relation to the accreditation of lenders under the Covid debt schemes is delegated by the Board of British Business Bank to the Investment Committee, acting under terms of reference approved by the Board. This is in line with established governance processes within the Bank, is consistent with our approach to accreditation to schemes pre-pandemic and reflects processes that are standard within financial institutions.

The role of the Investment Committee is to consider whether a proposed lender meets the accreditation criteria set out in the CLBILS Request for Proposals. It is important to note that the aim of the Scheme is to support the delivery of finance to businesses during the Covid economic crisis. Lenders are assessed for their ability to deliver schemes objectives. It is also important to note that the CLBIL Scheme, as with the other Covid debt schemes, is a delegated scheme, meaning that, once a lender has been accredited, lending decisions under the Scheme rest with that accredited lender. Consequently, the design of the Scheme was such that the Board was not involved in individual lending decisions.

Yours sincerely,



Lord Smith of Kelvin
Chair, British Business Bank plc