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19 July 2021

Darren Jones MP
Chair
BEIS Select Committee
Westminster
SW1A 0AA

Dear Mr Jones

Further to my letter on 9 July 2021, I am writing to provide further detail regarding email exchanges between BEIS and the British Business Bank concerning Greensill Capital's application for accreditation under the Coronavirus Large Business Interruption Loan Scheme (CLBILS). I am also writing to provide a response to an additional request for details of other non-email based contact between BEIS and the Bank on the same issue.

As I referenced in front of your Committee on 29 June 2021, to the best of my knowledge this contact consisted of certain email exchanges and a number of phone or video conversations. These interactions have been disclosed or described to the NAO. The NAO referenced details of these interactions at paragraph 2.24 of their recently published report.

The email exchanges between BEIS and the Bank on the topic of Greensill Capital's accreditation, that we are aware of, are listed in the appendix of this letter. These exchanges took place between the Bank, and junior officials at BEIS. Following standard practice, I have redacted the names of all junior government officials from the record, as well as Bank officials. These officials also had phone conversations of a similar tenor and tone to the emails listed, where BEIS officials requested updates on the progress of the accreditation.

In addition to these exchanges, a video conference call took place in early April 2020 with a number of BEIS officials, Minister Zahawi (then BEIS Minister with responsibility for the steel industry) and the BBB. At the start of that call Minister Zahawi raised the prospect of Greensill making use of Bank support through a mooted future scheme aimed at supporting larger businesses (this was before CLBILS was established). I did not feel that there was pressure implied in the question and I gave no commitment in response.

If you have any further questions about any of the information outlined above, please do get in contact with me or the team at BBBPublicAffairs@british-business-bank.co.uk.

Yours sincerely

Patrick Magee

Patrick Magee
Chief Commercial Officer

Appendix

30/04/ 2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
Greensill Bank - CLBILS accreditation	30/04/2020	Hi REDACTED, Could you please let me know where <u>Greensill Bank</u> is in the accreditation process for CLBILS? If possible, could you let me know a timeframe? REDACTED
	01/05/2020	Hi REDACTED Obviously you'll understand that this is confidential and not to be shared widely, particularly not with Greensill themselves, but we have received their application, had a call with them yesterday and are making good progress. Very confidentially we'd be hopeful of accrediting them in the next fortnight, possibly next week but we need to get various legal documents agreed with them. As you know we have a significant pipeline of interested banks so inevitably that makes timing slightly uncertain and we don't want to promise anything.

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06/05/2020 – Email from a junior BEIS official to a BBB official

Subject	Date	Detail
CLBILS accreditations	06/05/2020	<p>Hi REDACTED,</p> <p>Is there an update on Greensill's CLBILS accreditation? Minister Zahawi has asked, following a call with Liberty Group.</p> <p>Also, have Wells Fargo applied? If so, any idea on how long this could take?</p> <p>Answers to be kept strictly confidential...</p> <p>REDACTED</p>

06/05/2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
applications for CLBILS	06/05/2020	<p>Hi REDACTED</p> <p>We'd had enquiries from our Steel sector team about CLBILS applications from Greensill and Wells Fargo. Are you able to tell me if they have applied and the status of their application if so? If not, let me know.</p> <p>Thanks</p>

		REDACTED
	06/05/2020	Hi REDACTED Just trying to find out. What is the background/sensitivity as a matter of interest? REDACTED
	06/05/2020	We are working with some steel companies in difficulty who are looking to cbils as part of a solution, however their lenders aren't currently accredited and I don't think they have available security to take to other lenders
	06/05/2020	Thanks, good to know. They have both applied and we are in dialogue, can't comment further at this stage I'm afraid.

12/05/2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
Greensill accreditation	12/05/2020	Hi REDACTED, Is there any update on Greensill's accreditation for CLBILS? We have been chased again due to the lobbying of Liberty Group. REDACTED

	12/05/2020	Hi REDACTED It is in process but as you know I'm afraid we can't say more than that (clearly Liberty will be able to ask Greensill directly if helpful).
	12/05/2020	Thank you REDACTED, yep, totally understand!

09/06/2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
Greensill - £200m	09/06/2020	Hi REDACTED, Sorry to ask about this issue again! As you know, Liberty Steel are reliant on Greensill for their financing needs and are keenly awaiting news of Greensill's accreditation to offer loans of up to £200m. REDACTED (cc'd) has drafted a letter to John Healy MP who has raised the issue of Liberty Steel saying the following (among other non BBB related points): <i>You mentioned that Liberty are hoping to access CLBILS through their own lender. The British Business Bank (BBB) has put in place substantial additional resource to assist with processing applications from new lenders as quickly as possible. The lender in question will know best where they stand with regard to their accreditation, and Liberty may like to request an update directly. You may also like to write to the BBB about the importance of this accreditation for your area.</i>

		<p>Please note that we were more or less forced to include the final sentence, because Minister Zahawi made such a statement in a call with John Healy – we wouldn't usually direct people to write to the BBB in such a way!</p> <p>Unfortunately, Spads are pushing back and want information about when Greensill will be accredited to offer CLBILS loans of up to £200m. Is there anything more we can say either a) in the letter or b) to Spads, but not to be included in the letter?</p> <p>Essentially, if this accreditation is imminent this would be very useful to know because we could delay sending the letter slightly. But if not and you cannot provide a timeframe, we will just push back on the request by Spads.</p> <p>REDACTED</p>
	09/06/2020	<p>Hi REDACTED</p> <p>As I am sure you are aware Greensill have now been accredited for CLBILS, which I'm sure is welcome and addresses the key point Liberty raise below.</p> <p>The changes HMG agreed to make to the CLBILS programme in late May permitted loans above £50m but generally only for lenders who have IRB authorisation. Our understanding is that Greensill are not IRB authorised and thus are unlikely to be eligible to make loans over £50m.</p>

		<p>It's worth noting, of course, that borrowers will be able to borrow from Greensill and other lenders to an aggregate of over £50m even if Greensill do not have this additional accreditation.</p> <p>REDACTED</p>
	09/06/2020	<p>Thanks REDACTED. You say 'unlikely' – so discussions continue nonetheless? Just wondering at which point we would be able to let Liberty know that waiting is pointless...</p>
	09/06/2020	<p>I'll ask. I don't think it is super imminent. Leave it with me.</p>
	09/06/2020	<p>Many thanks REDACTED – no doubt it's something that could drag on for a while, but if that's the case we can just let Spads know and stick to the original wording in the letter.</p>

16/06/2020 – Email exchange between a junior BEIS official and BBB officials

Subject	Date	Detail
Greensill/Liberty Steel	16/06/2020	<p>Hi REDACTED,</p> <p>As we have discussed previously, <u>Liberty Steel</u> is dependent on Greensill for financial support. Greensill is accredited for CLBILS at < £50m, but Liberty require more than that. Liberty are therefore looking for direct support from the Government, but in practice it is difficult for the team concerned to</p>

		<p>make progress without knowing that it's a definite 'no' as far as CLBILS goes.</p> <p>Greensill is unlikely to be accredited at > £50m, and so their accreditation has been deprioritised. While this makes complete sense, it's a significant problem for the Director leading on Liberty's case within BEIS (Niall Mackenzie, Infrastructure and Materials), who has raised the issue with Gemma.</p> <p>Can you provide a view on the feasibility of prioritising Greensill over other lenders, so as to help Liberty's case to progress? From speaking to Niall's team my expectation is that Minister Zahawi would be likely to push on this.</p> <p>REDACTED</p>
	16/06/2020	<p>Hi REDACTED</p> <p>I will call you in a moment to discuss further but having talked to the team here:</p> <ul style="list-style-type: none"> • We do not believe that Greensill are eligible to be accredited for loans over £50m given that they do not meet the IRB requirements (which we agreed with BEIS and HMT) • We have told them this. They have so far said that they still want to go through the process, which means the onus will be on us to demonstrate why they will not be eligible, this is not a straightforward process and will take time – weeks not days. • If we prioritised this almost inevitable “no” it would be at the cost of further delaying accreditation of lenders who we believe are

		<p>eligible, and would therefore risk more companies being damaged unnecessarily.</p> <p>Best wishes</p> <p>REDACTED</p>
	16/06/2020	<p>Hi REDACTED</p> <p>Thanks for this helpful response. We're coming under some pressure on this internally, could you give us a bit more on:</p> <ul style="list-style-type: none"> a) The work BBB would need to do to get to a firm decision on Greensill's application b) The grounds on which you would deprioritise an application (from an outside perspective it might feel counter-intuitive that you choose to leave some applicants in limbo for a longer period). <p>Also interested to know what you understand to be Greensill's position here – do they accept that the outcome of the process is v likely to be a 'no', or do you have the sense they disagree with your assessment?</p> <p>With thanks</p> <p>REDACTED</p>
	17/06/2020	REDACTED

		<p>For sake of absolute clarity and for my benefit, is the internal pressure due to the help that Greensill might be able to provide to a specific company if accredited to CLBILS, which is the way I'm reading it; or is it more general pressure to get them accredited and this company's situation is one means to hasten that? You'll appreciate there's an important distinction and I'd like to make sure that's always clear.</p> <p>Thanks</p> <p>REDACTED</p>
	17/06/2020	<p>Hi REDACTED – it's primarily the former. However more generally I'm interested to get a better understanding of how the accreditation process is run for CLBILS as we've also had similar queries in relation to other applicants that REDACTED has helped us with (again, prompted by a relationship with a particular firm).</p> <p>Thanks</p> <p>REDACTED</p>
	17/06/2020	<p>Dear REDACTED</p> <p>Re your point one –</p> <p>There would be two aspects to this. The only CLBILS loans that can be made over £50m are term lending and RCFS. We would therefore have to approve Greensill to do these loans first. Greensill</p>

		<p>would need to provide us with detailed information on their products and track record in that area. This will not be straightforward – Greensill are not a typical lender so we will need to fully understand how their structures work. You will note that we accredited them for CLBILS in invoice finance some time ago as that aspect was relatively straightforward. So loans below £50m for invoice finance are already possible.</p> <p>If we did approve them for term lending and RCFs there would still need to be a separate discussion regarding whether they could make loans over £50m, particularly given that they are not under IRB which HMG has stipulated will generally be a requirement.</p> <p>As you know, we have told Greensill that we do not expect that they will be eligible to make larger loans (and we would be happy to reiterate that if helpful). Given the resource constraints within CLBILS accreditation you will understand that this is a sub-optimal situation.</p> <p>Best wishes as ever</p> <p>REDACTED</p>
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14/07/2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
Greensill - latest?	14/07/2020	Hi REDACTED,

		<p>You will remember the case of Liberty Steel, who are reliant on Greensill for their financing. REDACTED from Business Investment (cc'd) needs to update Ministers on Liberty this week – is there any update on Greensill's application to lender under CLBILS at > £50m?</p> <p>We just need to ensure the latest is reflected to Ministers – so just need confirmation that they remain in the 'low priority' queue, or alternatively any news on whether their application has been dropped.</p> <p>REDACTED</p>
	14/07/2020	<p>Hi both</p> <p>The Greensill application to lend for Larger Scheme Facilities over £50m has been declined as they are not an IRB bank.</p> <p>Best wishes</p> <p>REDACTED</p>
	14/07/2020	<p>Many thanks REDACTED.</p> <p>REDACTED – can I just check if and when Greensill have been informed so that we can include that in our advice?</p>

		Kind regards, REDACTED
	14/07/2020	Yes they have been told REDACTED
	14/07/2020	Many thanks REDACTED – do you have the date of when this was communicated to them? It is very important to know the time scales in this case. Kind regards, REDACTED
	14/07/2020	3 July (they were approved for term loan and RCF variants in that email, having already been approved for IF) but were told they had been rejected for the larger loans)

15/07/2020 – Email exchange between a junior BEIS official and a BBB official

Subject	Date	Detail
Greensill - latest?	15/07/2020	Many thanks REDACTED, much appreciated – does the CLBILS accreditation process allow for appeals? If yes, have they decided to/or expressed and intention to appeal the decision? Kind regards, REDACTED
	15/07/2020	Hi again

		I don't believe there is a formal appeal route, and we haven't heard anything from Greensill indicating that they intend to dispute the decision
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