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Darren Jones MP
Chair of the Business,
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Select Committee
House of Commons
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Dear Darren,

Thank you for inviting me to give evidence to your inquiry into Liberty Steel and the future of the UK steel sector. I welcomed the opportunity to set out the Government's position and ongoing work in this area, particularly on decarbonisation. As promised, I am writing to confirm and provide more details on a few topics as well as clarify two points I made.

In response to questions on trade remedies, I said that 15 out of 19 safeguards had been extended for an extra year. I wish to clarify that 10 safeguards have been extended for 3 years, based on the Trade Remedies Authority's recommendation, and a further 5 have been extended for a year, in order to consider new evidence.

I also referred to EU proposals regarding carbon leakage mitigation. The EU published its proposals on 14 July and we will follow developments closely as negotiations within the EU on this progress. The UK has ambitious carbon pricing through our new Emissions Trading Scheme – which enables business to plan and invest to decarbonise, while at the same time protecting the competitiveness of businesses and minimising the risk of carbon leakage - and the Carbon Price Support mechanism. We expect the EU Carbon Border Adjustment Mechanism to take account of this in its implementation. We are clear, however, that carbon border adjustments should be considered as a part of an international, multilateral effort.

I agreed to share terms of reference for the Steel Procurement Taskforce co-chaired by Lord Grimstone. Please find these attached to this piece of correspondence. Separately, as you will know, the Cabinet Office is currently reviewing our public procurement rules to ensure the system better able to meet the needs of this country now we have left the European Union.

You requested further information on how frequently my officials were in contact with the British Business Bank (BBB) about lender accreditations. I can confirm that BEIS officials also received regular updates on the overall progress of lender accreditations and enquired specifically about the status of at least one other lender, Wells Fargo (mentioned in the email exchanges disclosed by the BBB on 19 July). As with Greensill, my officials were interested in the status of the lender's application and the likely timescales for a decision on accreditation. The report published earlier in July by the National Audit Office made clear that it is not uncommon for BEIS to request updates on the accreditation of lenders. These were unprecedented and challenging times, and it was important that, as a Department, we were preparing for all potential outcomes. Being kept abreast of the progress of these applications was an important piece of information. Notwithstanding this, all decisions relating to the accreditation of individual lenders were made independently by the BBB, in line with their lender eligibility criteria.

You also asked whether correspondence from the Bank of England detailing concerns about Wyelands Bank and the Gupta Family Group (GFG) Alliance was passed on to the BBB. When the Treasury received a letter from the Bank of England in May 2020 formally indicating issues at Wyelands Bank, they passed it on to a single named official within my Department because it was relevant to engagement with Liberty Steel, part of the GFG Alliance, regarding the impacts of the Covid-19 pandemic. This official was given strict instructions not to share the letter any further because the type of information contained within it was highly sensitive, related to matters of law enforcement, and was therefore tightly controlled. As you will appreciate, improper or inappropriate disclosure of such information can be a criminal offence, and disclosing such information potentially jeopardises an investigation. The letter was not passed on to the BBB, who were not assessing Wyelands Bank or the GFG Alliance.

The BBB was assessing an application from Greensill Capital to be accredited as a lender under the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and later the Coronavirus Business Interruption Scheme (CBILS). Greensill were known to be a provider of finance to the GFG Alliance but were not part of the Alliance, and the letter from the Bank of England did not raise any issues about Greensill. As part of the CLBILS accreditation process, Greensill had initially identified an extensive pipeline of 40-50 potential borrowers. CLBILS and CBILS are delegated schemes, so the individual loans to businesses were not what was being considered by the BBB as part of the accreditation process. At the time, therefore, there did not appear to be any reason to disclose such sensitive information to any further parties, including the BBB.

We will consider carefully any recommendations made on these complex and sensitive issues by the Treasury Select Committee, the Public Accounts Committee, and the BEIS Select Committee.

Yours sincerely,

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy