



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

7 May 2021

Rt Hon Mel Stride MP  
Chair, Treasury Select Committee  
House of Commons  
London  
SW1A 0AA

Dear Mel

### **GREENSILL INQUIRY BY THE TREASURY COMMITTEE**

Thank you for your letter of 19 April about Greensill Capital (Greensill). I welcome the Treasury Committee's decision to undertake a short inquiry into this topic.

As you know the Treasury (HMT) have so far published, in relation to this matter, a number of releases under the Freedom of Information Act 2000 (the FOI Act), including text messages sent from me to David Cameron. Two senior officials, Tom Scholar and Charles Roxburgh have recently given evidence to the Public Accounts Committee. I have included links to HMT's public releases in Annex 1 of this letter.

In addition, the Prime Minister has recently appointed Nigel Boardman to carry out an independent review into the development and use of supply chain finance related to Greensill in Government. This review will have access to all necessary government information required to conduct the review, and HMT will cooperate fully with it (this process has already begun).

HMT will continue to cooperate openly with Parliament and all official inquiries into this matter, including the investigation into Greensill announced by the National Audit Office into Greensill's involvement in the government's COVID-19 support schemes, including the accreditation process. The NAO will also, of course, have access to all relevant information. Ahead of my appearance before your committee, it is important to ensure that the Committee is clear about the context, and passage of events, in relation to Greensill and the related policy work carried out by my department last year. Below I have set out a comprehensive account of these events, which addresses the questions in the Committee's letter of 19 April. Footnotes indicate where the text relates to one of the Committee's questions.

## *Covid Corporate Financing Facility*

Through the period of March to June 2020, HMT Ministers and officials examined proposals to use the Covid Corporate Financing Facility (CCFF) to provide supply chain finance (SCF) to UK SMEs. This work involved consultation with various external organisations. A key counterpart was the Bank of England (the Bank), but there were also contacts at various points between HMT officials and the Financial Conduct Authority (FCA), the Cabinet Office, Crown Commercial Services, NHS England, the Department for Health and Social Care (DHSC), the Department for Business, Energy and Industrial Strategy (BEIS), and the Small Business Commissioner.

In addition there were several meetings and exchanges between HMT and Greensill representatives during this period, details of which HMT has already disclosed separately (see Annex 2 which responds to your request for a timeline covering HMT's engagement with Greensill representatives and with public bodies in relation to Greensill<sup>1</sup>). For completeness, as stated previously<sup>2</sup>, as regards ministerial engagement I note that David Cameron reached out informally by telephone to me, and to the Economic Secretary and the Financial Secretary, on the matter of Greensill's access to the CCFF. The matter was referred to the relevant officials and, following appropriate consultations (the detail of which is set out below), the request was turned down. This decision was communicated to Greensill by officials and, in parallel, by both me and the Economic Secretary to David Cameron. Tom Scholar and Charles Roxburgh were made aware of David Cameron's contacts with me and other Ministers, as was my Private Office. I refer to the timeline in Annex 2 which sets out the timing of these contacts. A small number of other officials were copied on emails that referred to David Cameron, but were not directly involved in the work. Junior officials working on the evaluation of the proposals and in Ministerial Private Offices were aware.<sup>3</sup>

HMT's consideration of the SCF proposals in relation to the CCFF between March and June 2020 can be divided into three broad phases of work, as set out below. Through each phase, my officials went through normal policy iterations of considering the new options, assessing them in the light of the current market conditions – which at the time were very challenging for UK businesses – and other government interventions, and on each occasion concluded that none of the options or proposals should be pursued.

*The first phase ran from mid-March to early April.* At that time, UK SMEs were facing extraordinary challenges. HMT was receiving feedback from businesses that they needed more support. In particular, on business loans, we were hearing feedback that the Coronavirus Business Interruption Loan Scheme (CBILS) was not, at the outset, as easy to access as intended. For example, in mid-April, the Guardian reported UK Finance figures showing that only 20% of businesses that had applied for CBILS had been successful,

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<sup>1</sup> Response to questions 1, 2 and 10

<sup>2</sup> Letter to Anneliese Dodds of 1 April 2020

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/977194/20210408\\_-\\_Letter\\_from\\_the\\_Chancellor\\_to\\_Anneliese\\_Dodds\\_-\\_Greensill\\_Capital.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/977194/20210408_-_Letter_from_the_Chancellor_to_Anneliese_Dodds_-_Greensill_Capital.pdf)

<sup>3</sup> Response to question 9

raising concerns about the pace at which lenders were processing applications; one week later the BBC reported that this figure was still <50%.

On 16 March, Greensill sent a letter to the Bank covering the pressures on SCF in the then market conditions and enquiring about the possibility of re-establishing the Bank's 2009 scheme which was established to support SCF during the financial crisis (the Secured Commercial Paper extension of the Asset Purchase Facility). Following a call with the Bank to discuss this on 17 March, Lex Greensill sent a letter to the Chancellor recommending the reactivation of the Asset Purchase Facility.

On 20 March, following the announcement of the CCFF and issuance of a Market Notice setting out the terms of the facility (on 17 and 18 March respectively), Greensill submitted an application to the Bank to participate in the CCFF. Mr Greensill also shared the company's application with Tom Scholar that day seeking HMT's support for it, stating that such access could benefit tens of thousands of UK SME suppliers. HMT considered their request and had a first call with Greensill on 21 March. However, a number of the features of their proposal would have required significantly revising the terms of the CCFF. For example:

- Financial institutions were not eligible for the CCFF
- The structure proposed by Greensill relied on a special purpose vehicle (SPV) to issue notes into the CCFF. However, the CCFF Market Notice specified that the corporates from which the CCFF purchased commercial paper must make a material contribution to the UK economy.
- Some of the assets behind the notes which Greensill had indicated would be submitted to the CCFF were not investment grade (as at 1 March 2020), a condition of the scheme which was designed to reduce the risk to public funds.
- Greensill's funding model was complex and had non-standard features, whereas the Bank's CCFF Market Notice specified that the Bank would not accept commercial paper with non-standard features.
- The proposal assumed use of foreign currency assets, in contrast to the scheme's terms that issuers only place sterling-denominated assets in the CCFF.

HMT concluded that Greensill's proposal (allowing their Luxembourg-based Special Purpose Vehicle to issue notes to the CCFF and use the funds for SCF purposes) was unlikely to bring sufficient benefits for UK SMEs to justify such a significant change to the CCFF for one particular financing model, at a time when many other businesses were requesting support. HMT's decision to refuse Greensill's request to revise the terms of the CCFF to permit their application was first communicated to Greensill in a letter from Charles Roxburgh on 30 March, and – at Greensill's request – was discussed by officials with Greensill in a call that evening. On the same day, the Bank informed Greensill that their application did not meet the published terms of the scheme and noted that HMT had taken the decision not to adjust the terms of the scheme. Greensill challenged HMT's decision

and asked us to reconsider, and in parallel David Cameron called Tom Scholar on 31 March to emphasise Greensill's willingness to revise their proposal if needed. HMT considered Greensill's arguments and decided to stand by its original decision to reject their proposal. This was communicated to Greensill in a second letter from Charles Roxburgh on 3 April.

During this period, my officials were also in touch with NHS England and DHSC. Mr Greensill had said that Greensill was a major provider of SCF to UK pharmacies and had warned us that current market conditions were making it "nearly impossible to continue to deliver this kind of credit at scale"<sup>4</sup>, indicating a risk that there might be disruption in the supply of finance to these pharmacies. My officials alerted DHSC to this risk.

*The second phase ran from early April to mid-May.* During this period, when businesses – notably small businesses – were still facing acute challenges, HMT continued to iterate and design new financing schemes. HMT made changes to improve the effectiveness of CBILS, and also launched CLBILS and BBLs (on 20 April and 4 May respectively). HMT continued to look at options which would enable the SCF sector as a whole to better support UK SMEs through the continuing disruption from the pandemic, including potential targeted changes to the terms of the CCFF to deliver this.

On 7 April, HMT proposed to Greensill an option which had been reviewed by the Bank of England and was compatible with the terms of the Market Notice for CCFF. The proposal would enable CCFF-eligible corporates to draw on the CCFF in order to support the provision of SCF to companies operating in their supply chains, with issuers assigning the proceeds to an SPV operated by Greensill as the agent acting on their behalf. This proposal and an alternative proposed by Greensill – in which the SPV would access the scheme directly on corporates' behalf - were discussed further in calls on 16 and 24 April. During this period, HMT officials developed a variation on their original proposal – which could have been used by all SCF providers - which would have required some targeted, technical changes to the Market Notice, while adhering to the principle that only CCFF-eligible corporates could have drawn from the CCFF.

This culminated in a written call for evidence being circulated on 1 May by HMT to 11 finance providers active in SCF, and a number of business representative organisations, setting out potential targeted changes to the terms of the CCFF which, if implemented, would promote quicker payments of invoices by CCFF-eligible corporates to their UK SME suppliers. Under this proposal:

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<sup>4</sup> Email from Lex Greensill to Charles Roxburgh, 24 March 2020, page 1 of HMT FOI release: [Information in scope FOI2021\\_11880\\_with\\_redactions\\_Final.pdf \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/438443/Information_in_scope_FOI2021_11880_with_redactions_Final.pdf)

- CCFF-eligible corporates would be able to assign their CCFF allowance to an SCF provider who would then issue commercial paper on their behalf, with strict conditions on the use of funds benefiting UK SMEs. Eligible corporates would transfer payment obligations owed to UK SMEs into a SPV established by the provider. The CCFF would buy the commercial paper issued by the SPV secured by these payment obligations (so its credit risk would ultimately closely mirror that of the underlying investment-grade corporate).
- The proceeds from the sale of the commercial paper to the CCFF would be used solely for the purpose of paying corporates' UK SME suppliers early. Additional conditions proposed included that UK SME supplier invoices that were outstanding at the time of the corporate's initial drawing under the new scheme must be paid within 14 days and that corporate participants must sign up to the Government's Prompt Payment Code.

As part of the call for evidence process, HMT and Bank officials held numerous direct conversations with CEOs and senior executives at a number of SCF providers as well as other interested organisations. We are withholding their names on the basis that the consultation was confidential<sup>5</sup>.

Responses to the call for evidence indicated that, while respondents supported the objectives of the proposal to support UK SMEs via SCF providers drawing on CCFF, on balance, they did not think the proposed changes would make for an effective intervention. Greensill made representations to HMT during the consultation and three calls were held (on 13, 14 and 15 May) to discuss how they would propose to address my concern that the scheme extension should benefit exclusively, or at least nearly exclusively, UK SMEs. I was also considering introducing dividend and executive compensation conditions to the scheme, had it gone ahead. These had not been included in the call for evidence and I felt it important to test these additional conditions. Greensill had been the most enthusiastic respondent to the consultation and were a major player in the market, so it was appropriate to have these follow-up calls as my officials finalised advice for me on the viability of any proposed scheme extension.

However, on the basis of the call for evidence responses, and in the context of a range of HMG financing schemes that had been put in place and were supporting UK SMEs, HMT decided not to pursue this intervention. This was communicated to Greensill on 18 May.

Greensill then suggested a further proposal which they argued would ensure material benefits for more than 100,000 UK businesses. They also indicated that at least two other significant SCF firms would be likely to participate in the scheme.

This marked the start of *the third and final phase of our work, which ran from mid-May until late June*. Greensill's new proposal sought to address my concern that the proposed extension to the CCFF to cover SCF would not deliver sufficient benefits to UK SMEs by

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<sup>5</sup> Response to question 4

committing that SCF providers would only sell notes to the CCFF which were linked to invoices from UK suppliers.

Detailed assessment of the proposal by HMT and the Bank concluded that the proposal would not provide value for money, and the two other SCF providers whom Greensill had suggested could be interested in participating confirmed that they would not be interested in using the proposed scheme. Given the improvement in liquidity conditions, the support provided by other government schemes, as well as the indication that take-up of any proposal to use the CCFF to support SCF would not be significant, we decided not to pursue the proposal. On 26 June HMT communicated formally to the respondents to the 1 May call for evidence, including Greensill, that we would not be making any changes to CCFF.

I have attached to this letter two documents which the Committee may find valuable in understanding the nature of the consultation: the call for evidence which was circulated to firms active in market-based SCF on 1 May and the response which was sent to all respondents to the call for evidence on 26 June.

You asked about the level of resource that went into this work<sup>6</sup>. It would be difficult to quantify this. HMT were extraordinarily busy on a whole range of policy matters at the time, and this work did not represent a major part of senior officials' work. In the financing space alone, in addition to implementing the CCFF we were launching new schemes, including CBILS, CLBILS, BBLS, the Future Fund, Trade Credit Insurance and undertaking policy development on several other proposals. These are detailed in Annex 4. On supply chain finance, a small number of junior officials were involved part-time over the period from 20 March to 26 June. As you would expect given what I've set out above, there were many discussions with a wide range of firms, as well as Greensill, about the concept of a new segment of CCFF to support UK SMEs through supply chain finance.

### *Propriety*

You also asked whether any concerns or complaints were raised by HMT staff or expressed to Ministers about whether the work on Greensill's proposals for CCFF was appropriate. I can confirm that no member of staff raised a complaint or registered a concern with their line management, with HMT leadership or with Ministers<sup>7</sup>. As HMT has stated previously, it was right that HMT listened to – and gave due consideration to – all potential options to support businesses to survive the pandemic given the extraordinary challenges facing UK SMEs last Spring.

You asked for information about the procedures HMT has in place to manage lobbying and conflicts of interest. A link to the government's guidance on lobbying to which we refer is included below<sup>8</sup>, and the chapter of HMT's internal propriety guidance covering

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<sup>6</sup> Response to question 3

<sup>7</sup> Response to questions 11 and 12

<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85772/Guidance-for-civil-servants.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/85772/Guidance-for-civil-servants.pdf)

Conflicts of Interest is annexed<sup>9</sup>. This guidance sits within a wide array of government guidance available on the issues of propriety, most of which is available publicly, in addition to the Codes relating to the conduct of Ministers and the Civil Service.

As a major government department responsible for economic growth, HMT routinely meets with and receives proposals from a wide range of stakeholders. In this, we apply the principles articulated by the Committee on Standards in Public Life, that "*it is the right of everyone to lobby Parliament and Ministers, and it is for public institutions to develop ways of controlling the reaction to approaches from professional lobbyists in such a way as to give due weight to their case while always taking care to consider the public interest*". We ensure that any contact between officials and lobbyists is conducted appropriately and recorded, in accordance with the Civil Service Code and the principles of public life.

With respect to managing conflicts of interest, all HMT staff must declare any potential conflicts of interest that may arise with respect to their working in HMT, and we require a formal declaration to be made for senior appointments, protected posts and special advisers annually and on taking up a position. All officials must obtain written permission before undertaking any outside work (paid or unpaid), in addition to making an application under the Business Appointment Rules if they intend to move on from HMT so that any risk of conflict can be identified and managed. You may also wish to refer to the Permanent Secretary's comments to the Public Accounts Committee on the 22 April 2021, with respect to external employment of senior officials within HMT, where he confirmed that following the Cabinet Office's recent information-gathering exercise HMT had found nobody with any employment in any kind of commercial organisation<sup>10</sup>.

### ***Coronavirus Large Business Interruption Loan Scheme (CLBILS)***

Your letter asked whether HMT Ministers or officials played any role in the decision to approve Greensill as an accredited lender in CLBILS.<sup>11</sup> I refer you to the letter published by the British Business Bank (BBB) on 20 April 2021<sup>12</sup> in response to the same question from Anneliese Dodds, which comprehensively addresses this issue. The letter makes clear that the accreditation criteria for CBILS and CLBILS were set before Greensill expressed an interest in accreditation, and confirms – as I have previously stated - that HMT had no role and was not involved in the CLBILS or CBILS accreditation decisions for Greensill.

For completeness, I note that in June Greensill enquired with HMT about enhanced CLBILS accreditation to make loans of over £50m and were directed to the BBB, as is made clear in Charles Roxburgh's email to Bill Crothers on 2 July 2020<sup>13</sup>. HMT's only role in the CLBILS process for large loans is, if the BBB are prepared to accredit lenders at this level, they would consult with HMT on providing that lender with enhanced accreditation. The BBB did not approach HMT with a proposal to approve enhanced lending accreditation for Greensill,

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<sup>9</sup> Response to question 13

<sup>10</sup> Response to question 14

<sup>11</sup> Response to question 15

<sup>12</sup> <https://www.british-business-bank.co.uk/wp-content/uploads/2021/04/Letter-from-CLLT-to-Anneliese-Dodds-re-Greensill-Final-Version-20-April-2021.pdf>

<sup>13</sup> Email from Charles Roxburgh to Bill Crothers, 2 July 2020, page 7 of HMT FOI release:

[Information\\_in\\_scope\\_FOI2021\\_11880\\_with\\_redactions\\_Final.pdf](Information_in_scope_FOI2021_11880_with_redactions_Final.pdf) ([publishing.service.gov.uk](http://publishing.service.gov.uk))

and as a matter of public record Greensill's individual loan limit remained at £50m for the scheme.

### *Pharmacies and Earnd*

Your letter asks about the origins of the Pharmacy Early Payment Scheme (PEPS). The scheme was introduced by DHSC in 2013. It was to be delivered by Citibank, and was a voluntary scheme that would allow participating pharmacies to access funding earlier than the standard government payment schedule but after services had been delivered. HMT ministers approved the initial PEPS. In 2018, Taulia replaced Citibank as the provider of this service. Taulia contracted Greensill to provide the financing necessary for the scheme. HMT has no record of involvement in this process<sup>14</sup>. NHS Business Services Authority contracted with Taulia in 2018 via a Crown Commercial Service Framework agreement for Supplier Early Payment Solutions.

Regarding Earnd, the decisions to offer this product to NHS workers were made at an individual foundation trust employer level. We have no record of HMT approval being sought as part of that process, and we have no record of HMT undertaking any advice or analysis relating to the Earnd product<sup>15</sup>.

### *SCF market conditions*

I understand the Bank will set out in its letter that, alongside its review of the eligibility of Greensill for the CCFF, it considered the relevance of Greensill to the financial stability of the UK. It did not find that Greensill made a sufficient contribution to the supply of lending to UK corporates such that disruption to its funding had a potential financial stability impact. Regarding HMT's analysis on Greensill, at no point was it proposed that Greensill as a corporate entity in its own right should have access to the CCFF. Therefore, while appropriate and sometimes very extensive, due diligence is conducted if Government money is being put at risk through CCFF, there was no need to conduct financial due diligence on Greensill as a corporate entity. HMT did not perform any analysis with respect to Greensill for CLBILS, as the British Business Bank undertook the Scheme's accreditation assessments.<sup>16</sup>

In terms of any analysis of the scale of supply chain finance, HMT's market consultation gathered some evidence on the scale of SCF provision. As this was a confidential market consultation, the consultation responses are not being released. Any analysis to understand the significance of a collapse of Greensill would be a matter for the independent regulators<sup>17</sup>.

Regarding when HMT first became aware of any difficulties or weaknesses at Greensill, in submitting the company's application to the CCFF on 20 March Mr Greensill highlighted

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<sup>14</sup> Response to question 16

<sup>15</sup> Response to question 17

<sup>16</sup> Response to questions 5 and 7

<sup>17</sup> Response to question 6



the challenges posed by conditions in the financial markets which he said was making it difficult to raise funding for SCF at sufficient scale to meet demand. However, we were not aware of any indication at this time that these funding challenges posed a threat to the solvency of Greensill's corporate entities<sup>18</sup>.

*Other information*

I note that you have sought disclosure to the Committee of unredacted versions of the documents that have previously been released in redacted form under the FOI Act, as well as copies of other relevant documents my department holds. As you are aware, the disclosure that has been provided to date under the FOI Act has relied on certain statutory exemptions. I am of the view that it was right to withhold such information to protect the safe space for the formulation of government policy, the confidential nature of certain communications and the commercial interests of third parties. For the same reasons, I believe it would be inappropriate to release the unredacted information into the public domain at this time, particularly in light of the Boardman Review, which has been tasked to make recommendations to the government that could inform future government policy. Similar considerations may apply in respect of internal analysis and advice. I am also conscious that some questions, for example certain regulatory questions, are more appropriately addressed by the regulators and note that you have written to the Governor of the Bank of England and the Chief Executive of the FCA in the context of this inquiry.

I look forward to discussing these matters with you in due course.

Yours sincerely,



RISHI SUNAK

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<sup>18</sup> Response to question 8

*Annex 1: Public statements/disclosures by HMT*

[PAC transcript \(22 April 2021\)](#)

[Letter: CX-Dodds \(8 April 2021\)](#)

FOI release 8 April 2021: CX-David Cameron communications ([Outcome letter](#); [Source material](#))

FOI release 22 April 2021 – HMT (CX / FST / PermSec / 2PermSec)-Greensill interactions since 1 March 2020 ([Outcome letter](#); [Source material](#))

FOI release 22 April 2021 – HMT ministers' communications with David Cameron since 1 January 2020 ([Outcome letter](#); [Source material](#))

FOI release 26 April 2021 – HMT-Greensill interactions, April-June 2020 ([Outcome letter](#); [Source material](#))

**Annex 2: Table of key engagement with Greensill and with public bodies in relation to Greensill (March – July 2020)**

Note: This timeline is focused on the period of March to July 2020, when HMT engaged directly with Greensill relating to their CCFF proposals. It does not cover:

- Engagement with the British Business Bank (BBB):
  - o Throughout the period from March to July, officials regularly engaged with the BBB in the routine course of business. HMT did not have any role in Greensill’s accreditation for CLBILS or CBILS, nor were HMT approached by the BBB with a proposal to approve enhanced lending accreditation for Greensill (in line with the standard process for approving any lender for enhanced accreditation).
  - o Beyond this period, the BBB opened an investigation into Greensill’s compliance with the terms of CLBILS in October 2020. BBB informed HMT of this on 9 October and kept HMT informed of progress over time.
- Engagement with the Bank of England and FCA regarding Greensill beyond the period of March to July: Notably, during the 2 months up to the administration of Greensill on 8 March 2021, the independent regulators, the Bank and the FCA, shared confidential information relating to Greensill with HMT via legal gateways given the restrictions on disclosure as set out in the Financial Services and Markets Act 2000.

\*\*\* Greensill engagement    \*\*\* Engagement with other public bodies    \*\*\* Call for evidence

Date of contact	Type	Attendees / correspondents	Subject
17-Mar-20	Letter sent to the Chancellor's Office via email	HMT: Rishi Sunak MP (Chancellor of the Exchequer)  Greensill: Lex Greensill	LG recommends that HMG reactivate the Asset Purchase Facility.
20-Mar-20	Email	HMT: Tom Scholar (Permanent Secretary to the Treasury)  Greensill: Lex Greensill	LG seeks HMT's support for Greensill's CCFF application.
21-Mar-20	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials  Greensill: Lex Greensill, Bill Crothers	LG seeks HMT's support for Greensill's CCFF application

	Email	HMT: Tom Scholar (Permanent Secretary to the Treasury)  Greensill: Lex Greensill	LG summarises the earlier conference call.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Lex Greensill	LG summarises the earlier call.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  NHS England: Lord David Prior  Greensill: Lex Greensill	LG introduces Charles Roxburgh to David Prior (Chair, NHS England)
22-Mar-20	Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  NHS England: Lord David Prior	To discuss Greensill's role in supporting NHS pharmacies
	Letter	HMT: Charles Roxburgh  Bank of England (BoE): Jon Cunliffe	BoE summarises the issues raised by Greensill's CCFF application
	Email	HMT: Lowri Khan, junior official  FCA: Alison Barker, Megan Butler, junior official	Email to set up a call to understand background on Greensill and its regulatory status
	Call	HMT: Junior official  FCA: Junior official	Call to understand background on Greensill and its regulatory status
23-Mar-20	Call	HMT: Richard Knox (Director, Financial Services)  NHS England: Ed Waller	To discuss Greensill's provision of SCF to NHS pharmacies

	Email	HMT: Junior officials Greensill: Lex Greensill, Bill Crothers	Discussion of information provided by Greensill in support of their application to CCFF
24-Mar-20	Phone Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) DHSC: David Williams	Discussion of Greensill's role providing SCF for NHS pharmacies and Earned product
	Phone Call	HMT: Junior official Crown Commercial Services: Junior official	Discussion of Greensill's provision of SCF to UK pharmacies
25-Mar-20	Conference Call	HMT: Junior officials Greensill: Lex Greensill, Bill Crothers and junior employees	Further discussion of information provided by Greensill in support of their application to CCFF
28-Mar-20	Text	HMT: Tom Scholar (Permanent Secretary to the Treasury) Greensill: David Cameron	Exchange on potential media story on Greensill CCFF application.
30-Mar-20	Letter	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Greensill: Lex Greensill	Charles writes to LG to confirm that HMT would not pursue an extension to CCFF to enable Greensill's CCFF application.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Bank of England: Jon Cunliffe	Charles informs BoE of the exchange with Greensill
	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials Greensill: Lex Greensill, Bill Crothers	Greensill offer to adapt their proposal to align with CCFF rules

31-Mar-20	Phone Call	HMT: Tom Scholar (Permanent Secretary to the Treasury)  Greensill: David Cameron	David Cameron emphasises their willingness to revise their proposal.
03-Apr-20	Letter	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Lex Greensill	Charles Roxburgh writes that HMT would not consider Greensill's request to expand CCFF to accommodate Greensill's programmes any further
	Text	HMT: Rishi Sunak MP (Chancellor of the Exchequer)  Greensill: David Cameron	David Cameron messages to request to arrange a call. David Cameron's texts are being withheld under the FOI Act.
	Phone Call	HMT: John Glen MP (Economic Secretary to the Treasury)  Greensill: David Cameron	David Cameron calls regarding Greensill's CCFF application.
	Text + Phone Call	HMT: Jesse Norman MP (Financial Secretary to the Treasury)  Greensill: David Cameron	David Cameron contacts FST requesting a call on Greensill's CCFF application. David Cameron's texts are being withheld under the FOI Act.
04-Apr-20	Phone Call	HMT: Rishi Sunak MP (Chancellor of the Exchequer)  Greensill: David Cameron	David Cameron repeats his arguments to the Chancellor.  The Chancellor notes concerns over whether the proposals would benefit UK SMEs. CX points David Cameron to the official-led process, and makes officials aware.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	Charles Roxburgh asks the Bank to assess an alternative CCFF proposal which HMT are considering
06-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)	The Bank considers that HMT's alternative proposal is compliant with CCFF rules.

		Bank of England: Jon Cunliffe	
	Email	No 10: junior officials HMT: junior officials	No.10 business team forward HMT officials an email from David Cameron summarising Greensill's CCFF proposal
07-Apr-20	Text	HMT: Tom Scholar (Permanent Secretary to the Treasury)  Greensill: David Cameron	David Cameron requests that Tom Scholar attend the call later that day. David Cameron's texts are being withheld under the FOI Act.
	Conference Call	HMT: Tom Scholar (Permanent Secretary to the Treasury), Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials  Greensill: Lex Greensill, Bill Crothers, David Cameron	HMT explain an alternative proposal that would not require changes to the CCFF scheme conditions.
13-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Lex Greensill	Greensill share their own alternative to HMT's proposal.
14-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	Charles Roxburgh shares Greensill's new proposal with the Bank
15-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	The BoE notes that the proposal deviates from the CCFF rules
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)	Charles explains Greensill's proposal does not align with CCFF rules

		Greensill: Lex Greensill	
16-Apr-20	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials  Greensill: Lex Greensill, Bill Crothers	Greensill claim that their proposal aligns with CCFF rules.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	Charles Roxburgh shares Greensill's assessment that their proposal aligns with CCFF rules. The Bank stand by their assessment that it does not.
20-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe, Alex Brazier	Charles Roxburgh suggests BoE and HMT staff discuss options to extend CCFF to SCF
23-Apr-20	Text	HMT: Rishi Sunak MP (Chancellor of the Exchequer)  Greensill: David Cameron	In response to a query from David Cameron, CX notifies David Cameron that HMT are exploring targeted changes to CCFF rules. This is the same update that was being delivered by officials in parallel.  David Cameron's texts are being withheld under the FOI Act.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	BoE share initial assessment on potential SCF CCFF extension
24-Apr-20	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials  Greensill: Lex Greensill, Bill Crothers	HMT confirm they are exploring targeted changes to CCFF rules.  Greensill note they have applied (to the British Business Bank) for accreditation under CLBILS.



	Phone Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	Discussion about extending CCFF to SCF
25-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Lex Greensill	LG follows up on the previous day's call with further detail.
26-Apr-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	The Bank share a paper assessing HMT's proposal to extend CCFF for the call for evidence.
28-Apr-20	Phone Call	HMT: Junior official  BEIS: Junior officials	To discuss prompt supplier payments and the potential extension of CCFF to SCF
01-May-20	Email	N/A	Call for evidence is circulated to 11 SCF providers and three business representative organisations.
05-May-20	Conference Call	HMT: Junior officials  Greensill: Lex Greensill, Bill Crothers  Bank of England officials	To discuss Greensill's emerging response to the Call for Evidence
06-May-20	Phone Call	HMT: Junior official  Philip King (Interim Small Business Commissioner)	Discussion about prompt supplier payments and the Call for Evidence
	Phone Call	HMT: Junior official  Cabinet Office: Junior officials	Discussion about SCF and the Call for Evidence
11-May-20	Conference Call	HMT: Junior officials  Greensill: Lex Greensill, Bill Crothers  Bank of England: junior officials	Follow-up to 6 May call

	Phone call	HMT: Charles Roxburgh, junior officials BoE: Junior officials	Discussion of Call for Evidence
12-May-20	Text	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Greensill: Bill Crothers	Following the working level call on 11 May, Bill Crothers asks for a call.
13-May-20	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials Greensill: Lex Greensill, Bill Crothers	Further call to discuss Greensill's response to the Call for Evidence.
14-May-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Greensill: Bill Crothers	Greensill respond with additional thoughts on how to meet HMT's requirement that any proposal must benefit UK businesses.
	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials Greensill: Lex Greensill, Bill Crothers	Further discussion about Greensill's CCFF proposal.
	Conference Call	HMT: Junior officials Bank of England: Junior officials	Discussion about the Call for Evidence
15-May-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Greensill: Lex Greensill	Greensill respond to questions on their CCFF proposal
	Phone Call	HMT: Junior officials Greensill: Bill Crothers	To discuss emails between Charles Roxburgh and Bill Crothers

	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials  Greensill: Lex Greensill, Bill Crothers	Further call to discuss Greensill's CCFF.
18-May-20	Phone Call	HMT: Rishi Sunak MP (Chancellor of the Exchequer)  Greensill: David Cameron	CX notifies David Cameron that HMT have decided not to proceed. This response is part of a coordinated process, and the CX and officials deliver the same script.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Lex Greensill	Charles Roxburgh notifies LG that HMT have decided not to proceed. This response is part of a coordinated process, and the CX and officials deliver the same script.
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Alex Brazier, Andrew Hauser	Charles Roxburgh notifies the Bank of the Chancellor's decision not to proceed with the proposal consulted on in light of consultation responses
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Greensill: Bill Crothers	Bill Crothers sets out in detail Greensill's new proposal
	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury)  Bank of England: Jon Cunliffe	Charles Roxburgh forwards Bill Crothers' email
27-May-20	Phone Call	HMT: Junior officials  Greensill: Bill Crothers	Discussion of Greensill's new proposal.
28-May-20	Conference Call	HMT: Junior officials  Greensill: Lex Greensill, Bill Crothers  Bank of England officials	Further discussion about Greensill's new CCFF proposal.

29-May-20	Email	HMT: Junior officials Greensill: Lex Greensill Bank of England: Junior officials	LG provides further details about Greensill's new proposal, and follows up with further details on 31 May
04-Jun-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Bank of England: Alex Brazier	The Bank share a note on Greensill's new proposal.
14-Jun-20	Text	HMT: Richard Sharp Greensill: David Cameron	Richard Sharp informs officials of texts from David Cameron on behalf of Greensill regarding enhanced CLBILS accreditation.
26-Jun-20	Conference Call	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury), junior officials Greensill: Lex Greensill, Bill Crothers	HMT confirm they will not take forward changes to CCFF.
	Letter	HMT: John Glen MP (Economic Secretary to the Treasury) Greensill: Lex Greensill	EST reiterates the points made by Charles Roxburgh earlier in the day.
	Text	HMT: John Glen MP (Economic Secretary to the Treasury) Greensill: David Cameron	EST informs David Cameron of HMT's decision.
	Call for evidence	N/A	Feedback statement circulated to all call for evidence respondents
02-Jul-20	Email	HMT: Charles Roxburgh (Second Permanent Secretary to the Treasury) Greensill: Lex Greensill	As a follow-up to Greensill's questions regarding enhanced CLBILS accreditation, Charles explains the accreditation process for lenders seeking to lend > £50m

## Annex 3: Call for Evidence, Circulated 1 May 2020

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### **Confidential Call for Evidence: Proposal for further Government financial support scheme**

*Please note that this Call for Evidence is being conducted on a confidential basis. It does not seek bids for commercial services, is not intended to amount to a tender exercise and does not prejudice any future commercial or procurement process undertaken by HM Treasury, but may be used to inform future market requirements.*

#### **Background**

The Government is considering further policy proposals to support access to finance for firms affected by Covid-19 and, in particular, for firms that support funding to UK SMEs. Any proposed measures will need to provide appropriate support to firms in need as a result of Covid-19, whilst also ensuring adequate protection for public funds and compliance with all legal and regulatory requirements.

One of the proposals the Government is considering is amending the scope of the Covid Corporate Financing Facility (“CCFF”) to allow the CCFF to promote quicker payments of invoices by CCFF-eligible corporates to their UK SME suppliers.

The Government is seeking ideas and views, on a confidential basis, from supply chain finance (“SCF”) providers on how this proposal could be designed and operated, and on the extent to which such a scheme would be used in practice.

#### **Overarching principles**

In designing this proposal, the Government will be guided by the following principles.

The proposed scheme would need to support funding to UK SME suppliers. The Government has identified three potential ways this could occur:

- SCF providers have observed decreased liquidity in the capital markets normally relied on to issue receivables-backed notes. In participating directly in this market to a limited extent, it is envisaged that the CCFF could support the resilience of these capital markets and reduce the risk of a near-term withdrawal of existing financing capacity for UK SMEs.
- SCF providers have in recent weeks reported a significant increase in demand from suppliers and buyers for supply chain finance. The proposed scheme could permit an increase of capacity in the market to allow the expansion of existing CCFF-eligible corporate SCF programmes benefiting UK SMEs.
- Where corporates face limitations on debt capacity that may prevent them from borrowing directly using the CCFF as a way to pay suppliers, the proposed scheme may remove this borrowing constraint in some cases, which could lead to further drawings on the CCFF for the benefit of UK SMEs.

The proposed scheme should be designed in a way that allows it to be launched as soon as practicable. In addition, any scheme should not be designed so as to favour any particular SCF provider. As such the rules of the proposed scheme would be universal and participants may need to make amendments to their customary approach in order to comply. Any negotiations between the

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Government/the Bank of England (“Bank”) and individual SCF providers and corporates should be kept to a minimum during the design of the proposed scheme.

Consistent with the overall purpose of the CCFF, the proposed measure would be aimed at supporting non-financial companies and would, for example, require CCFF-eligible companies to be involved in the application process.

#### Proposed scheme design: key elements

The Government envisages that the proposed scheme could be established by amending the terms of the CCFF and, in particular, the Market Notice that was published on 18 March 2020, and which is available on the Bank’s website<sup>1</sup>.

The proposed scheme could operate as follows:

- The CCFF could be amended to permit eligible corporates (those eligible under current CCFF eligibility criteria) to assign part (or all) of the CCFF allowance that would otherwise be available to them to a third party SCF provider, who can issue Commercial Paper (“CP”) on their behalf.
- Eligible corporates would transfer payment obligations owed to UK SMEs into a special purpose vehicle (“SPV”) established by the provider. The CCFF would buy CP issued by the SPV secured by these payment obligations. We are considering a requirement for each CP programme to be secured by obligations of a single corporate, rather than pooling the obligations of multiple corporates. We would value your views on this.
- The proceeds from the sale of CP notes would be used solely for the purpose of paying corporates’ UK SME suppliers early, and would count against each corporate’s overall CCFF issuer limit.
- In addition to requiring participating corporates to be deemed equivalent to Investment Grade as at 1 March 2020, the CP programme would need to be rated as investment grade (A-3 / P-3 / F-3 / R3) by at least one of the largest credit rating agencies. There would be no rating requirement for the SCF provider.
- There may be additional restrictions on CP maturity relative to the current CCFF Market Notice (which currently allows maturities of up to 12 months), as noted on page 3. In your response, please note any important considerations for you with respect to CP maturity.
- Consistent with the current CCFF Market Notice, under the proposed scheme, CP with non-standard features such as extendibility or subordination may not be accepted<sup>2</sup>.

To maximise the benefits for UK SME suppliers, the Government is considering including certain conditions which would govern the way this proposed scheme would operate. These may include (but are not limited to):

- That participants must commit in writing to use any CCFF supply chain allowance available to them under the proposed scheme to accelerate payments to UK SME suppliers.

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<sup>1</sup> <https://www.bankofengland.co.uk/markets/market-notices/2020/ccff-market-notice-march-2020>

<sup>2</sup> To note the Bank will consider non-standard documentation, subject to legal review

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- That participants must be (or become) signatories and adhere to the requirements of the Prompt Payment Code administered by the Small Business Commissioner on behalf of the Government.
- That UK SME supplier invoices that are outstanding at the time of the corporate's initial drawing under the proposed scheme must be paid within 14 days and that, for the duration of a corporate's use of the proposed scheme, its UK SME supplier invoices must be paid within 14 days.
- That participants agree not to use the flexibility provided by the proposed scheme to lengthen standard payment terms, to exert pressure on suppliers to accept excessive discounts in return for early payments, or to otherwise act in a way which could harm the reputation of the scheme.

The Government is also considering imposing a maturity limit on SCF-linked CP in order to provide a periodic "review point", at which the Bank can assess whether the conditions above have been complied with prior to any rollover that may be sought.

Different definitions of SME exist. For example, a definition used by the EU is a firm with fewer than 250 employees and less than €50m turnover.<sup>3</sup> The Term Funding Scheme with additional incentives for SMEs ("TFSME") defines SMEs as private non-financial corporations ("PNFCs") with annual debit turnover of less than £25 million on the business account, and Unincorporated Businesses.<sup>4</sup> The Government does not currently have a fixed view of the appropriate definition to use for the purpose of the proposed scheme, but will seek to ensure consistency in approach. If corporates do not possess sufficient data on the turnover or staffing of their suppliers then proxies (such as size of invoices) may be appropriate. We would value your views on data availability in your responses.

#### Questions for respondents

- 1) **Your business model.** Please describe your current arrangements for arranging SCF (e.g. current use of SPVs, frequency of payment flows to SME suppliers and maturity of invoices, any credit enhancements liquidity facilities and/or guarantees in place, the average value of CP issued over the past year etc.).
- 2) Please comment on any significant adaptations to your current business model which would be necessary to ensure conformity with the proposed scheme outlined above including:
  - a. Steps you would take to conform with the scheme
  - b. Your estimated timeline for each step and overall
  - c. The impact of each of the key design features in your assessment
  - d. Any terms in the existing CCF Market Notice not mentioned in this Call for Evidence that could create challenges or delays

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<sup>3</sup> [https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)

<sup>4</sup> <https://www.bankofengland.co.uk/markets/market-notices/2020/term-funding-scheme-market-notice-mar-2020>

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- 3) **Expected take-up.** Please comment on how much take-up you would expect by corporates of this proposed scheme. In particular:
  - a. Please indicate the number of investment-grade buyers, likely to be CCFF-eligible, currently using SCF arranged by you.
  - b. Do you have direct evidence from corporates that they would be likely to use this scheme, if offered? Please try to provide specific details including numbers and names and, if known, whether they have applied for or have been approved to access the CCFF already.
  - c. How would you expect usage of the proposed scheme to vary over time?
  - d. Are there any changes to the proposed scheme that would make investment grade buyers more or less likely to use it?
- 4) **Pass-through to UK SMEs.**
  - a. Do you agree with the three ways proposed on Page 1 by which the scheme could promote funding to UK SME suppliers (please comment on each)?
  - b. Please indicate the number of unique UK SMEs among your CCFF-eligible buyers' suppliers, and the value of their annual invoices to those buyers. Please indicate these figures also as percentages of all suppliers / invoices by value.
  - c. Please estimate the value and volume of currently outstanding invoices payable to UK SMEs held by your CCFF-eligible buyers, and provide information on their average payment terms and pricing.
  - d. Please provide any other information you think might be useful in assessing the potential for this finance to benefit UK SMEs.
  - e. Please state the definition of UK SME you are using (both for 'UK' and 'SME').
- 5) **Conditionality.** Please comment on each of the proposed conditions designed to maximise funding benefits for UK SMEs. Are these appropriate? Can you think of more effective ways of ensuring high levels of pass-through of new CCFF monies to UK SMEs?
- 6) **SME definition.** Is the EU definition or TFSME definition of SME appropriate? If not please comment on potential alternatives.
- 7) **Overall,** what do you think of the proposed extension of the CCFF? Please highlight any problems or benefits this extension of the CCFF will have (i) for you as an SCF provider (ii) for your corporate clients or (iii) for your UK SME suppliers?
- 8) **Any other comments/observations?**

**WE WOULD WELCOME RESPONSES TO THIS CALL FOR EVIDENCE BY WEDNESDAY 6 MAY 2020.**

**We intend to share responses with the Bank of England – please highlight in your response if you are not content for it to be shared.**



## *Call for Evidence: Feedback Note, circulated 26 June 2020*

### Call for Evidence on supply chain finance – feedback note

#### Introduction

HM Treasury ran a Call for Evidence (CFE) between 1<sup>st</sup> and 6<sup>th</sup> May by which it sought views on a proposal to expand the use of the Covid Corporate Financing Facility (CCFF) to support supply chain finance. Under this proposal, which was aimed at promoting quicker payment of invoices by CCFF-eligible corporates to their UK SME suppliers, the idea was that the CCFF would be amended to permit CCFF-eligible corporates to assign part or all of their CCFF allowance to a third party CCFF provider, which could issue commercial paper on their behalf.

We are grateful to all those who took the time to respond to the call for evidence.

#### Summary of responses

Written and verbal comments were received from a range of firms involved in supply chain finance, including banks, other finance providers, platforms and relevant business associations. These were shared with the Bank of England unless otherwise specified.

Key themes are summarised below.

- The majority of respondents supported the objectives of the proposal.
- Respondents had different perspectives on the resilience of the overall market. Some believed it was good and referred to recent programmes which had been successfully funded. Others drew a distinction between different segments of the market, between investment grade and sub-investment grade credits, between sectors or between product types. Some reported reduced availability of traditional bank credit lines to some corporates or considered that supply chain finance was generally still available but at a slightly increased cost.
- Several respondents commented that the structure outlined in the call for evidence was currently used by only a very small number of market participants. Several respondents thought that it would be expensive and time consuming for them to establish a compliant note-issuance programme, while a few platforms indicated that they would consider using compliant third party finance programmes if available.
- Most respondents supported the intention behind the conditions designed to maximise the benefits to UK SME suppliers however several considered that they were too inflexible. Some argued that the 14-days payment restriction and the requirement to sign the Prompt Payment Code would deter corporates. Not all respondents held sufficient data on suppliers to identify UK SMEs.
- A number of respondents made the point that SCF programmes were typically targeted at a small number of larger suppliers and that there were challenges in ensuring that the benefits would be passed through to SMEs. But responses indicated that a few SCF providers, particularly those using notes-based programmes, operated business models that placed an emphasis on the “long tail” of a corporate’s smaller suppliers and therefore potentially had a longer reach in terms of numbers.

- The need for an investment grade rating for the SPV was seen as problematic by some participants. The main concerns related to expense, set-up time and administrative burden. A few firms argued that a credit rating should not be necessary if the SPV was structured as a pass-through vehicle and that an alternative form of comfort such as a legal opinion should be sufficient.
- Several respondents thought that there may be simpler alternative approaches to achieve the Government's objectives, such as encouraging corporates to draw on the CCFF directly to support their supply chains, or extending a government guarantee to SCF programmes. The government's CBILS scheme was mentioned by several respondents as an alternative instrument for supporting SMEs.
- There were mixed views about the potential interest from corporates in the scheme. Some felt that corporates may see the scheme as an attractive way of investing in their supply chains, and some were aware of specific corporates which would be interested in such a scheme, subject to design. A number of potential deterrents were cited particularly that the scheme would consume a corporate's CCFF allowance. A few respondents believed that if trade payables were classified as debt that would affect the attractiveness of such a programme.
- Estimates of the speed of on-boarding new corporates and SMEs to SCF programmes varied widely among respondents.

Taking into account the feedback received we have concluded that on balance the proposal described in the call for evidence would not be likely to bring sufficient benefits to UK businesses, particularly SMEs, and that the government should continue to prioritise other schemes including CBILS, CLBILS and BBLS to support firms through the current economic uncertainty.

Once again, thank you to all who responded.

**Annex 4: HMT Access to finance policies (March – June 2020)**

Date	Type	Subject
17 <sup>th</sup> March	<u>Covid Corporate Financing Facility (CCFF) announced</u>	<ul style="list-style-type: none"> <li>• HMT announces the CCFF which aims to provide funding to corporates by purchasing commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy.</li> </ul>
23 <sup>rd</sup> March	<u>CBILS launched</u>	<ul style="list-style-type: none"> <li>• As announced at Budget on 11 March, Coronavirus Business Interruption Loan Scheme (CBILS) launches to provide facilities of up to £5m for smaller businesses across the UK, with the government providing an 80% guarantee to lenders.</li> </ul>
3 <sup>rd</sup> April	<u>HMT announced CBILS changes and CLBILS</u>	<ul style="list-style-type: none"> <li>• HMT announces changes to CBILS, including extending eligibility to all businesses, and banning requests for personal guarantees on loans &lt; £250,000.</li> <li>• HMT announces CLBILS which will offer loans up to £25 million for firms with turnover between £45 million and £500 million. Further details would be finalised by the end of the month.</li> </ul>
20 <sup>th</sup> April	<u>CLBILS launched</u>	<ul style="list-style-type: none"> <li>• As announced on 3 April, the Coronavirus Large Business Interruption Loan Scheme launches. It provide facilities up to £50m to businesses with a turnover &gt; £45m, with the government providing an 80% guarantee to lenders</li> </ul>
27 <sup>th</sup> April	PRA statement on regulatory treatment of CBILS and CLBILS	<ul style="list-style-type: none"> <li>• <u>PRA</u> publishes a statement on the regulatory treatment of CBILS and CLBILS (notably on credit risk mitigation).</li> <li>• <u>CX</u> also announces <u>Bounce Back Loans</u>, which will go live on 4<sup>th</sup> May.</li> </ul>
1 <sup>st</sup> May	<u>Call for evidence on supply chain finance circulated to market participants</u>	<ul style="list-style-type: none"> <li>• A confidential call for evidence is circulated to 11 supply chain finance providers and relevant business representative organisations.</li> <li>• The call for evidence sets out key principles and proposed adjustments to the existing CCFF scheme parameters, with the key policy intention to support a flow of finance to UK SMEs through SCF providers.</li> </ul>
4 <sup>th</sup> May	<u>Bounce Back Loan Scheme launches</u>	<ul style="list-style-type: none"> <li>• As announced on 27 April, Bounce Back Loan Scheme launches to provide facilities up to £50k, with the government providing a 100% guarantee to lenders.</li> </ul>
6 <sup>th</sup> May	Call for evidence closes	<ul style="list-style-type: none"> <li>• 10 responses to the call for evidence are received.</li> <li>• Greensill respond in support of the proposed scheme, noting they are not the only supply chain finance providers</li> </ul>

		<p>who operate their securitisation model and so there will be many beneficiaries.</p> <ul style="list-style-type: none"> <li>• The majority of SCF providers, whilst strongly welcoming HMT's focus on supply chain finance and SMEs, did not support, or were only weakly supportive of, the specific proposed structure which several argued would be complex and take time to establish. Several suggested the simpler alternative of encouraging firms to use their CCFF allocations.</li> </ul>
19 <sup>th</sup> May	Announcements on <u>CCFF</u> and <u>CLBILS</u>	<ul style="list-style-type: none"> <li>• Maximum loan size under CLBILS extended to £200m</li> <li>• CCFF recipients allowed to repay early. HMT and Bank decide to publish names of drawing businesses. Dividend restrictions introduced for those utilising CCFF who wish to: <ul style="list-style-type: none"> <li>○ Exceed their single name limits</li> <li>○ Issue CP with a maturity later than 19<sup>th</sup> May 2021</li> </ul> </li> </ul>
20 <sup>th</sup> May	<u>Launch of the Future Fund</u>	<ul style="list-style-type: none"> <li>• Convertible loans worth £125,000-£5m for UK-based innovative companies facing financing difficulties due to Covid, subject to at least equal match funding from private investors.</li> </ul>
4 <sup>th</sup> June	<u>Announcement of Trade Credit Reinsurance Scheme</u>	<ul style="list-style-type: none"> <li>• Guarantees of up to £10bn to Trade Credit Insurance schemes to support supply chains and help businesses trade with confidence.</li> </ul>

## 2 Conflicts of Interest

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2.1 As a Treasury official, you have an obligation to disclose conflicts or potential/perceived conflicts of interest to your line manager, and should take all reasonable steps to prevent conflicts of interest giving rise to material or perceived risks to the Department.

2.2 Potential conflicts are wide ranging and variable, but may include such things as the potential for you or others to make a financial gain or avoid a financial loss, or where a personal/family relationship could be seen as possibly influencing policy or operational decisions.

2.3 Potential conflicts of interest also exist beyond working hours. It is important that you apply the same standards to activities outside work too, for example with any financial interests or political or voluntary activities. This is not to say that there is blanket ban on these things. While certain activities are or may be deemed incompatible with certain posts, a variety of steps can be taken to manage such conflicts e.g. segregation of functions, introducing Ethical Walls<sup>1</sup> etc.

### Particular conflicts to be managed

#### Investments

2.4 Treasury staff may freely invest in shareholdings and other securities unless the nature of their work directly precludes this. You should not be involved in any decisions which could affect the value of your private investments or use information acquired in the course of your work to advance either your own private financial interests or those of others. You should declare any potential or perceived conflicts as early as possible. For example, if you hold shares in or a partner works for Diageo and you are working on alcohol pricing policy, it is worth being open with your line manager and talking through the issues and sensitivities. This does not mean you will be moved off the area but it allows conflicts to be managed.

2.5 If you are concerned about the nature of your work and your own investments, please consider the rules and guidance set out in Chapter 3, *Dealings in Securities and Other Assets* and speak with your line manager.

#### 3<sup>rd</sup> Party Employment

2.6 Treasury staff must have written permission before undertaking any outside work, including self-employment, unpaid or voluntary work and occasional speeches or lectures<sup>2</sup>. If you are considering any additional employment, you must put your request in writing to your line manager. They will then make a recommendation before referring the request to the Permanent Secretary’s Private Office (copying in HR Services) for a final decision.

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<sup>1</sup> Firewalls between policies, individuals or teams

<sup>2</sup> In addition, speeches and lectures should be discussed in advance with the Press Office and the Permanent Secretary’s Private Office.

2.7 Staff considering taking up an outside employment, or moving on from the Treasury, should refer to the Business Appointment Rules and make appropriate arrangements to comply with them, where relevant. Further information on employment beyond the Treasury can be found in Chapter 6 on *Business Appointment Rules*.

## **Making a Declaration**

2.8 Staff must declare to their line manager any relevant business interests (including positions of responsibility or directorships) or holdings of shares/other securities which they or members of their immediate family (including spouse/partner and children, where relevant) hold, to the extent which they are aware of them, which they would be able to further as a result of their official position. You may wish to consider the use of a third party to manage these affairs on a day to day basis. Further information on trading can be found in Chapter 3.

2.9 If you believe you may have a potential conflict of interest, either real or perceived, you should discuss it with your line manager immediately. If you and your line manager conclude a conflict does exist or if you are still unsure, the Permanent Secretary's Private Office should be notified. They will be able to advise on mitigating action, and are happy to discuss these issues informally at any stage.

2.10 Following any declaration, you are bound to comply with any instruction from the Treasury regarding the retention, disposal or management of these interests.

2.11 If you currently work at Director-level or above, your declaration should be copied to the Permanent Secretary's Private Office.

2.12 Specific declaration forms for financial and commercial interests and political or voluntary activities for can be found on the Permanent Secretary's pages on the Treasury's intranet.