

I feel like I should come back to a few points in your email, but I am removing the other cc's in other than Gemma and Rich. I hope that is ok - happy for you to add them back in or to forward on, but I am not too sure of the relationships here and wanted to be as open as possible.

I know this is a fast moving, highly political area and we are all aiming for the same thing. As a bit of context, from where I sit, this is the scheme that worries me the most of the C-19 response - and that is something we cannot shy away from. In BBL, as of this week there are over 9,680 suspicious activity reports raised by the banks (none of which we have been able to progress), eight people have been stopped at the border with cash from the scheme, looking to take it out of the country. My feel we need a strong response in this area and we will receive justified criticism if we do not. My view is we currently do not have a strong response.

To turn to the points in your email, on the estimate of the potential level of fraud and credit risk, we have tried to be really clear that this is a combined number and we are not yet able to separate out the fraud level. In addition, we have made it clear that we would expect the credit risk to be higher than the fraud risk (in line with your steer). I am not sure that we were aware that HMT had done separate analysis and come to a different risk level. If this could be shared, could we all try and unite behind one set of numbers?

I would not be comfortable saying that we have minimised fraud risk as far as possible in line with the policy. Some controls have been put in, and I can see that BEIS and HMT have tried to balance the need for speed and simplicity with the high risk of fraud. However, I feel we have a real opportunity to explore more dynamic activities to try and find fraud in the system, and to do something about it.

Turning to the VAT check, this is where the technical experience of the experienced counter fraud resources can really help. I don't want to replay things talked about in some of the workshops, but a VAT check is actually a strong fraud indicator and my advice is that it is certainly worth testing.

What it will show is where a company has made different declarations to different parts of government. If a business declares a turnover of £250k in application for a bounceback loan, but declared £20k to HMRC, this tells us one of two things - that they may have overdeclared their turnover in the loan application ,or they may have misdeclared to HMRC. From my perspective, both are things that government would be keen to know.

I know you are concerned about false positives. There will be some false positives (for instance, because the data covers different periods). There are always false positives in counter fraud activity (as the banks are well aware) and part of the compliance response is to make sure these cases are not unfairly dealt with.

I am really keen that we debate less and move to more action in this space. I hear you loud and clear that we need to be careful not to take money away from deserving businesses (something that Ministers also emphasised).