



Department for  
Business, Energy  
& Industrial Strategy

Rt Hon Rishi Sunak  
Chancellor of the Exchequer  
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Dear Rishi,

## **CHANGES TO THE CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME**

I know you and your officials have been working very intently together with British Business bank (BBB) to improve the take-up of loans within the SME sector and in particular to improve the working of the Coronavirus Business Interruption Loan Scheme (CBILS).

My officials have briefed me on your intentions to announce tomorrow an expansion of the scheme to cover SMEs which may have access to commercial loans and to remove the requirement around personal guarantees. I understand and support the intent behind both moves. My ministerial colleagues and I receive feedback daily in our interactions with the business community about the amount of economic and financial stress being borne by different sectors of the economy and, within that, small and medium sized businesses are especially being impacted. I recognise that the reason for these changes is to mitigate the potential severe economic consequences across the economy.

It is worth noting that these proposed changes have been put together very rapidly and that they do introduce some new risks in terms of value for money (VfM) and also feasibility of delivery, as highlighted to me by my officials. There are ways in which these risks can be addressed and our level of confidence in the future VfM of this intervention could be improved. These issues and concerns have been explained to me by my Accounting Officer today.

In the time available it has also not been possible to complete consultation with the European Commission to confirm that the proposals remain State Aid compliant. Officials consider at this point in time that the proposed amendments are approvable by the Commission and therefore within the range in which Ministers may proceed at risk but we have not yet had a response from the Commission and therefore there is, an Officials assessment, that there is a medium high risk that the Commission will not be prepared to approve the amendments. In that case the amendments to the Scheme would need to be discontinued. We should of course continue to try to obtain sufficient comfort from the Commission that they would expect to approve the changes to the Scheme.

I am fully aware of the high expectations about a change to the scheme amongst the business community and clearly time is of the essence in providing support to

businesses struggling to survive from day to day. There is a judgment to be made about how realistic it is to take further time in re-designing and testing the scheme as my Accounting Officer has proposed to me, or to proceed with these important changes tomorrow as planned.

I wanted you to be aware of the concerns raised by officials in my Department before you finalise your formal decision to allow us to proceed.

My current understanding is that you wish to proceed at this time, and in order to be able to do so I will need to issue an Accounting Officer Direction. I also need confirmation that the Treasury gives its consent to proceed with these changes to the existing CBILS scheme, which my officials inform me are novel, contentious and repercussive under the terms of Managing Public Money. I would also be grateful for formal confirmation that the consequential costs for BEIS and BBB will be met by the Treasury.

I look forward to receiving your response. If the scheme is to be launched tomorrow, I would need to receive that response later today in order to be able to take the necessary steps on our part.

**Personal Data**

**THE RT HON ALOK SHARMA MP**  
Secretary of State for Business, Energy & Industrial Strategy

