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DEBATE PACK

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# Estimates Day debate: Department for Business, Energy and Industrial Strategy

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An Estimates Day debate will be held in the House of Commons Chamber on Tuesday 7 July 2020.

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# 1. Background

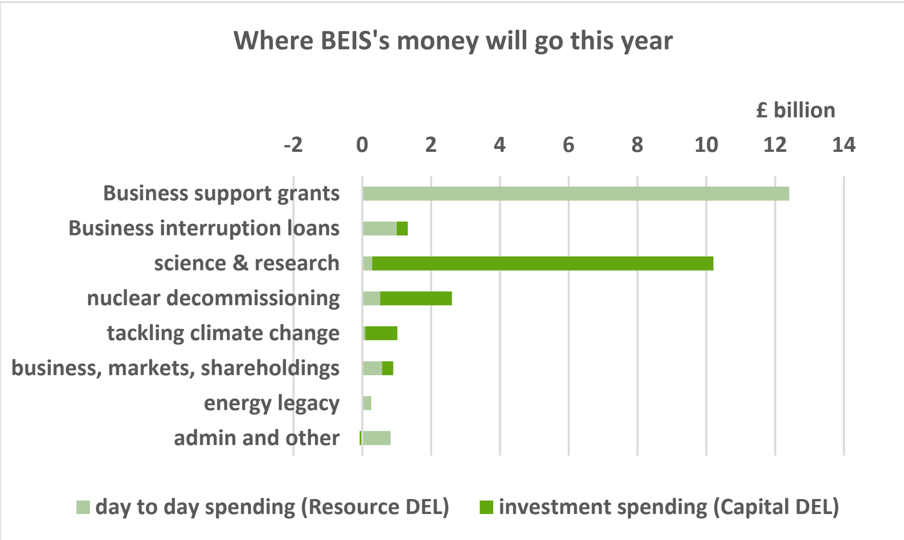
The Department for Business, Energy and Industrial Strategy (BEIS) provides support for business, funding for energy policy, including spending to address climate change, and the Government's science and research budget.

The Department has the following strategic objectives as set out in its Single Departmental Plan published June 2019:

1. Deliver an ambitious industrial strategy
2. Maximise investment opportunities and bolster UK interests as we leave the EU
3. Promote competitive markets and responsible business practices
4. Ensure the UK has a reliable, low cost and clean energy system
5. Build a flexible, innovative, collaborative and business-facing department

## 1.1 BEIS 2020-21 main estimate

In 2020-21 BEIS's spending, as set out in the Main Estimate Memorandum has been expanded significantly with a number of business support schemes, introduced to support business as a consequence of the coronavirus lockdown and its impacts.




Source: BEIS Main Estimate 2020-21: Estimates memorandum

BEIS's proposed **day to day spending** limit for 2020-21, (known as its Resource Departmental Expenditure limit or DEL) is **£15.9 billion.** Around three quarters of this budget this year (some £12.409 billion) comprises funding for **Coronavirus business support grant schemes,** accounting for a huge increase in BEIS's day to day spending, compared to last year.

BEIS' **investment spending**, within its Capital Departmental Expenditure Limit, is dominated by the £10 billion science and research budget, managed by UK Research and Innovation, and making up over two thirds of BEIS' 2020-21 capital budget of **£13.5 billion**. Science and research spending has risen for a number of years. In 2020-21 it has increased by over £1.3 billion, as planned and announced before the coronavirus pandemic.

Spending specifically on tackling climate change (outside of the science and research budget) is much smaller but has also been increasing, reaching around £0.9 billion this year. This made up of £441 million allocated to tackling climate change, plus £492 million for international climate finance.

Around £2 billion a year is also spent on nuclear decommissioning, mainly at the Sellafield site.

Funding is also provided for the British Business Bank, although the levels fluctuate between years depending on investment and lending profiles.

Both the resource and capital DEL budgets last year included funding for the receivership of British Steel, prior to the sale to Jingye Group. This funding is not repeated in 2020-21.

A further budget, BEIS' **Resource Annually Managed Expenditure** includes some big changes to estimated provisions for liabilities, compared to last year. These include an increase of £11. 6 billion to cover potential liabilities from the Coronavirus Business Interruption Loan Scheme (CBILS); and decreases to estimated potential liabilities for the Low Carbon Contracts company, British Steel and nuclear decommissioning.

Since the Main Estimate was published, Parliament has also been notified of a contingent liability of £27 billion for Coronavirus Bounce Back loans.[1]

## Further reading

- BEIS Main Estimate 2020-21: explanatory memorandum from BEIS
- Central government Supply Estimates: Main Estimates 2020-21, HM Treasury, 4 May 2020 (BEIS appears from p 241 onwards)
- Main Estimates 2020-21: explanatory data visualisations from the House of Commons Scrutiny Unit

1 BEIS, Departmental Minute from The Department For Business, Energy And Industrial Strategy: Notification Of The Contingent Liability Arising from The Bounce Back Loans Scheme, 11 May 2019. HC Written Statement , 11 May 2019

# 2. Industrial Strategy

The Government's current Industrial Strategy was published in 2017 under the May Government: Building a Britain Fit for the Future (27 November 2017).

The Industrial Strategy is a "blended" approach in that it combines horizontal, sectoral and mission-based policies:

- The horizontal polices are classed under "Five Foundations":
  - Ideas (research and development (R&D), innovation)
  - People (skills and education),
  - Infrastructure (digital, energy, transport),
  - Business environment (support for specific sectors and small and medium sized enterprises (SMEs))
  - Places (Local Industrial Strategies).
- The sectoral polices are the Sector Deals: bespoke partnerships between government and specific industries. Sector deals have been announced for: aerospace, artificial intelligence, automotive, construction, creative industries, life sciences, nuclear, offshore wind, rail and tourism.
- The mission-based element of the strategy is four overarching "Grand Challenges", which involve a range of sectors and academic disciplines.
  - Artificial Intelligence (AI) and the data revolution (how to embed and maximise the advantages of AI and data)
  - Clean growth (low carbon technologies across the economy)
  - Mobility (low carbon transport, automation, infrastructure)
  - Aging society (healthcare and labour market challenges)

**Further information on background, policies and funding can be found in the** Library briefing on the Industrial Strategy (8 August 2019).

BEIS is nominally in charge of industrial strategy, however, important elements of the strategy sit with other departments. For example, higher education and skills are now with the Department for Education, procurement policy is led by the Cabinet Office, and infrastructure and productivity are mostly led by the Treasury. Key areas of BEIS responsibility includes those related to business and enterprise, energy and climate change and science and innovation.

In December 2018, the Government published its first progress report on the Industrial Strategy: Forging our future: Industrial Strategy - the story so far. This report includes details of all the industrial strategy related policy announcements made between November 2017 and December 2018.

## Industrial Strategy Council: 2020 Annual Report

The Government established an independent Industrial Strategy Council chaired by Andy Haldane, Chief Economist of the Bank of England. The Council is responsible for setting metrics and reporting independently on progress against the Strategy.

The Council's first Annual Report was published on 19 February 2020. The Council stated that "good progress" had been made towards implementing the 142 policy commitments made in the 2017 Strategy and that most were now in the delivery phase. It stated that £45 billion of financing had been assigned to Industrial Strategy initiatives but noted that many initiatives in the Strategy had no funding attached. The Council concluded that the Strategy needed a "refresh and reprioritisation" to meet its longer-term objectives:

> Most of this financing is, however, allocated to a small number of projects, including R&D and transport. This means many of the policy initiatives in the Industrial Strategy have little, or no, financing attached to them. As such, they are very unlikely to have a material impact on the economy's performance. There is also little evidence, so far, of the Industrial Strategy having led to significantly improved policy co-ordination across government.
>
> The Council believes a refresh and reprioritisation of the Industrial Strategy would be desirable if it is to meet its longer-run objectives. Having an Industrial Strategy that is more tightly focussed on a core set of Grand Challenges, financed at scale, co-ordinated across government and committed to over the longer-term would not only improve the chances of the strategy meeting its longer-term objectives; it would also make it easier for people to understand, engage and support it.

The report went on to discuss areas where the Council considered more progress could be made, including:

- On the Grand Challenges: "a much greater degree of focus, financing and policy co-ordination is needed to meet those challenges" - stating that the "most pressing is the Government's net zero by 2050 target."
- On R&D: a "broader set of actions aimed at supporting science and innovation" is needed to meet the "ambitious" targets on R&D spending
- On Skills: "a strategic overhaul and expansion of training policies and institutions is needed to meet the future skills challenge"[2]
- On Local Industrial Strategies: "it remains unclear how these strategies will be taken forward and brought together". The Council welcomed the new Government's commitment to "levelling-up" the economy, but stated this needs an

[2] The Council has published two research papers on skills: Rising to the UK's Skills Challenges (30 June 2020) and UK Skills Mismatch 2030 – research paper (24 October 2019)

"implementation plan which is consistently applied, appropriately financed and focussed on those areas "left behind""[3]

# 3. Coronavirus business support schemes

The Department's proposed Resource Departmental Expenditure limit or DEL for 2020-21 is £15.9 billion**.** Around three quarters of the budget this year, just under £12.5bn billion, will be funding for coronavirus business support grant schemes. This results in a significant increase in BEIS's day to day spending, compared to 2019-20.

The Government has put in place three general coronavirus business support loans schemes:

- The Coronavirus Business Interruption Loans Scheme (CBILS) was launched on 23 March as part of the initial wider package of economic support. It offers loans and similar facilities of up to £5 million to businesses with a turnover of up to £45 million. Loans are interest-free for the first 12 months. It is backed by an 80% Government guarantee.
- The Coronavirus Larger Business Interruption Loans Scheme (CLBILS), for businesses with a turnover of £45 million, was launched on 20 April. It offers facilities of up to £50m for businesses with a turnover of over £250m, and of up to £25m for businesses with turnover from £45m up to £250m. It is backed by an 80% Government guarantee.
- A simplified scheme, Bounce Back Loans (BBLS), was launched on 20 May. Although promoted as being for small businesses, BBLS is open to all and initially expected to be available for six months. It offers loans of £2,000 to £50,000, up to a maximum of 25% of the business's turnover. It is backed by a 100% Government guarantee.

All of the schemes are overseen by the British Business Bank and offered by accredited lenders. Essentially, the original CBILS model has changed to some extent from its rapid launch and roll-out. **The other schemes have been adapted from that model in response to emerging challenges and criticisms.**

In May, the Government launched a further scheme – the Future Fund – for "businesses that rely on equity investment and are unable to access other government business support programmes because they are either pre-revenue or pre-profit".

The British Business Bank has published a summary overview and detailed arrangements for each of the schemes. The Commons Library also publishes and regularly updates figures about take-up of and spending on these schemes in Coronavirus business support schemes: statistics. An overview of the schemes and their introduction is provided

[3] See also the Council's earlier comments: A comprehensive set of local industrial strategies, consistently-applied is key to "levelling-up" the UK, and evidence review: UK Regional Productivity Differences: An Evidence Review (4 February 2020).

below. A more detailed Commons Briefing Paper Coronavirus: Support for businesses is also available.

## 3.1 Evolution of the schemes

The original CBILS was developed and launched rapidly in March. The rules of the scheme were criticised for **requiring personal guarantees** for larger levels of support, for **directing businesses to non-CBILS commercial products**, and for **demanding unrealistic forward projections**. This led to slow processing and high levels of rejections of applications.

The Government addressed the question of guarantees and access to CBILS through an update to the regulations on 3 April. On 27 April, UK Finance (which represents the banking industry) and some of the main lenders addressed the question of forecasting, announcing that:

> ...lenders will only ask businesses for information and data they might reasonably be able to provide at speed and we will not require the provision of forward-looking financial information or business plans from businesses applying for CBILS-backed lending, relying instead on our own information to assess credit and business viability.

There were related concerns about the Government's 80% backing of loans made under the schemes, which motivated lenders to consider their own risks more thoroughly. Commentators criticised the slow release of funds, particularly in comparison with the speed and ease of applying for and receiving funds in Switzerland, where the Government offered a 100% guarantee. On 27 April the Chancellor stated that he was not convinced by the arguments to extend the loan guarantee to 100% (beyond the new Bounce Back loans scheme). He cited the potential future burden on taxpayers and argued that the UK's wider package of support was more generous than those offered elsewhere, including Switzerland.[4]

The Bounce Back Loans Scheme thus overcame many of the frustrations raised about the original schemes and allowed support to be offered much more quickly, as summarised in the next section.

### Speed of spend

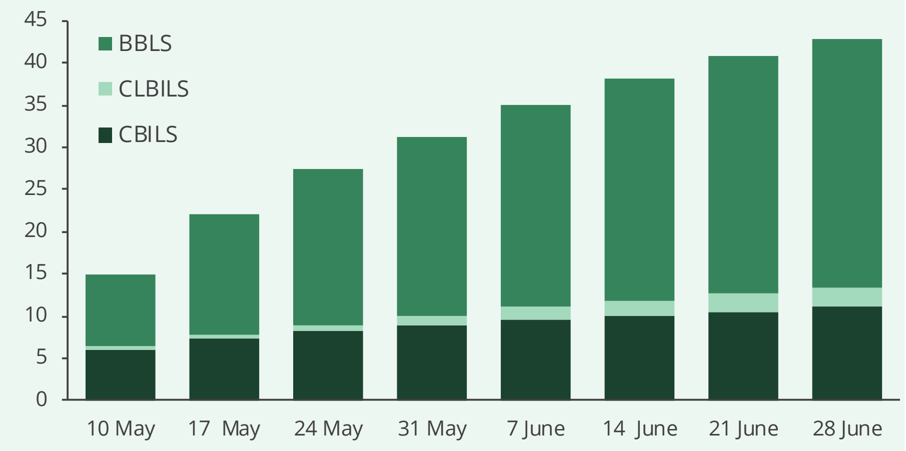
Overall release of funds and approval of applications remained comparatively slow until BBLS was launched on 4 May. For instance, between the launch of CBILS on 23 March and 15 April, lenders had received 28,640 "formal applications" but made just over 6,000 loans worth a total of £1.1 billion. By 10 May, a week after BBLS was launched on 4 May, the three loans schemes had allocated almost **£15 billion** through over **304,000** "approved facilities". They had received more than 435,000 applications.[5] Bounce Back loans accounted for over

4 HC Deb 27 April 2020 c108-111
5 HM Treasury, "Chancellor extends furlough scheme until October", 12 May 2020 (accessed on 14 May 2020)

**88%** of applications approved and **56%** of total funds disbursed (see chart below).[6]

The tables below set out totals to 28 June 2020. They demonstrate a continuing trend towards BBLS overall. Bounce Back loans account for **94%** of loans approved and over **68%** of funds disbursed.[7]

**Bounce back loans form the largest proportion of loan funding**
Coronavirus business loans, total loan value by week, £ billions




Source: HM Treasury, HM Treasury coronavirus (COVID-19) business loan scheme statistics, accessed 30 June 2020.

6 HM Treasury, "Chancellor extends furlough scheme until October", 12 May 2020 (accessed on 14 May 2020)

7 Figures about expenditure are now published weekly and are available in Coronavirus business support schemes: statistics. A weekly breakdown of figures for each scheme (from 10 May) is available at HM Treasury, HM Treasury coronavirus (COVID-19) business loan scheme statistics.

**Coronavirus business loan schemes**
As at 28 June 2020

| | Total value of loans (billion) | Number of loans approved | Total number of applications |
|---|---|---|---|
| Coronavirus Business Interruption Loan Scheme (CBILS) | £11.07 | 52,275 | 104,569 |
| Coronavirus Large Business Interruption Loan Scheme (CLBILS) | £2.33 | 359 | 745 |
| Bounce Back Loan Scheme (BBLS) | £29.51 | 967,321 | 1,186,006 |
| Future fund | £0.32 | 322 | 674 |
| **TOTAL** | **£43.23** | **1,020,277** | **1,291,994** |

Notes:
The total number of applications includes approved applications, those applications that are still to be processed, applications that have been declined and those applications that may turn out not to be eligible or cases where customers will decide not to proceed. For CBILS, this number will also include a number of applications that have subsequently been converted to applications for the BBLS scheme

Source: HM Treasury, HM Treasury coronavirus (COVID-19) business loan scheme statistics, data for close of business, 28 June 2020, accessed 30 June 2020.

### Conditions of support

Given the priority of releasing funds as quickly and efficiently as possible, there are no extra requirements about wider objectives – such as governance arrangements or environmental sustainability – included in finance contracts made under the loan schemes.

## 3.2 The future of the schemes

In line with the Chancellor's commitment to do "whatever it takes" to support households and businesses through the pandemic considerations and provision for potential future liabilities have been secondary to the priority of releasing funds.[8] Successive modifications to the programmes have tended to loosen the types of guarantees, scrutiny and review attached to commercial lending.

At the time of writing, the Business and Planning Bill 2019-21 is seeking to retrospectively remove the application of the "unfair relationships" provisions of the Consumer Credit Act 1974 from Bounce Back loans. While such provisions are meant to ensure that consumers can afford repayment commitments, their application to Bounce Back loans would require a higher level of review of applications and forecasting, thus inevitably leading to longer decision times and (presumably) lower approval rates.

8 HC Deb, 11 March 2020, c278-292

Similarly, the 80% Government backing of CBILS and CLBILS loans, and the 100% backing of Bounce Back loans, present the Government with a high and unpredictable level of liability in the case of loan defaults. As noted above, the Chancellor resisted calls to extend the 100% guarantee to CBILS and CLBILS.

The Secretary of State confirmed an initial contingent liability of £27 billion for the Bounce Back Loans Scheme, as set out in a departmental minute, although this might be increased if necessary:

> The percentage of net (post-recovery) losses for each loan that is guaranteed by the Government will be 100 per cent, with no cap on gross Government liability at the level of the lender's whole BBLS portfolio. Personal guarantees are not permitted, although some personal assets could be claimed as part of recovery from sole traders. Sole traders' principal private residence and vehicle may never be claimed as part of recovery.
>
> A Government grant ('the business interruption payment') will be provided for the benefit of businesses, equal to the interest incurred on the facility for the first twelve months. Businesses will not be required to make any repayments on capital during the first twelve months of the facility.
>
> Based on the information described in the paragraphs above, the contingent liability for assumed BBLS lending of £27 billion is £27 billion.
>
> BBLS will be of unlimited size. If the liability is called, provision for any payment will be sought through the normal Supply procedure.[9]

Although borrowers are ultimately responsible for the debt, the *Financial Times* reported at the end of May that "senior bankers" had warned of a high level of defaults and a consequent "PR disaster" if defaulters were to be pursued, and that up to half of bounce back loans of £18.5bn were "unlikely to be repaid".[10]

## Wider support

The loan schemes discussed above are part of a wider package of support for businesses and households set up by the UK Government. An overview of the main schemes is available in our briefing Coronavirus: Support for businesses. Devolved administrations have also established schemes.

In general terms, businesses are entitled to benefit from any combination of applicable sources of support.[11]

Businesses are however limited to receiving support from one of the four loans schemes discussed above. Given the later launch of BBLS on more attractive terms, the Government allows CBILS facilities to be transferred to BBLS where appropriate. In addition, larger companies

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9 BEIS, Departmental Minute from The Department For Business, Energy And Industrial Strategy: Notification Of The Contingent Liability Arising from The Bounce Back Loans Scheme, 11 May 2019. HC Writen Statement , 11 May 2019

10 Financial Times, Uk Banks Warn 40%-50% Of 'Bounce Back' Borrowers Will Default, 31 May 2020 [subscription required]

11 The other notable exception is MHCLG's Local Authority Discretionary Grants Fund, which is open to small businesses ineligible for the other rates relief schemes.

may choose between CLBILS and the HM Treasury/Bank of England Covid Corporate Financing Facility.

## 3.3 Business support and EU state aid rules

Although the UK has left the EU, under the terms of the Withdrawal Agreement and the European Union (Withdrawal) Act 2018 which gives effect to it, EU state aid law continues to apply to the UK until the end of the transition period on 31 December 2020.

The Government's coronavirus related business support schemes, as well as wider support measures, are subject to state aid rules.

The Government has said that after the end of the transition period it will not continue to follow EU rules and is developing independent UK policies on subsidies.

### EU state aid rules

European rules on state aid – part of EU competition legislation – limit central or local government policies or aid measures which are bound to give selective advantage, through grants, tax incentives or by other means, to certain businesses or sectors, and threaten to distort trade.

A range of exemptions to the EU state aid rules allows for certain beneficial government interventions such as the use of state aid to stimulate business investment in deprived areas. As a general rule, state aid cannot be paid out unless a scheme is approved by the European Commission. However, there are many exemptions which allow smaller schemes to be set up without a prior notification in Brussels. The EU rules do not restrict policies open to all businesses, such as tax reductions or changes in employment law.[12]

### Impact on Covid-19 related business support schemes

The Government's business support schemes covered in section 3 of this briefing are subject to the European Commission's Temporary Framework for state aid measures to support the economy in the current Covid-19 outbreak. The Temporary Framework relaxes the EU's usual restrictions on state aid in order to give EU Member States more flexibility to support their economies during and after the pandemic. By 1 July 2020, the European Commission had approved five UK Government support schemes, including CBILS and CLBILS.[13]

The European Scrutiny Committee has analysed the impacts of the EU state aid rules on the Government's coronavirus support schemes and

12 More detailed information on the current EU state aid regime is available in the Commons Library Briefing EU state Aid rules and WTO Subsidies Agreement, section 1.

13 For an overview of the Commission state aid approval decisions see Annex to the European Scrutiny Committee, Eleventh Report of Session 2019–21, 17 June 2020

published its findings in consecutive reports. The Committee wrote in its Seventh report of 7 May 2020:[14]

> There is no indication that the Government's preferred way of providing public support to businesses affected by the Covid-19 outbreak to date has been impeded by EU laws.

### Future UK policy on subsidies

Prime Minister Johnson announced during the election campaign that from 1 January 2021, the UK will have its own independent subsidy regime, which will not be based on EU rules but on the World Trade Organisation commitments on restricting harmful subsidies. The Prime Minister's written statement of 3 February 2020 on UK-EU relations confirmed that the UK will in future develop separate and independent policies in various areas including subsidy policy.[15]

At the time of publication, the Government has not disclosed further details of the new regime.[16] It has said that it will consult with the key stakeholders in due course.[17] The scope of the UK regime will also depend on the outcome of the UK-EU negotiations on future economic partnership.[18]

## 3.4 Coronavirus: economic impact and future support

The following Library briefing papers provide a discussion of the broad economic impacts of the coronavirus outbreak:

- Economic update: Unprecedented fall in GDP marks low point of recession, Commons Library Insight, 2 July 2020
- Coronavirus: Record GDP fall in April, Commons Library Insight, 12 June 2020
- Coronavirus: Effect on the economy and public finances 19 June 2020
- Coronavirus: impact on the labour market (17 June 2020)

Although economic activity is expected to improve through the second half of the year as the lockdown is eased and businesses re-open,[19] the speed of recovery is still very unclear. As existing Government support schemes are tapered off, there have been many calls for how the Government should prioritise an economic stimulus plan to help the

14 European Scrutiny Committee, Seventh Report of Session 2019–21, 7 May 2020, para 2.28; An update of the application of EU State aid Rules to UK business support schemes was included in the Eleventh Report of Session 2019–21, 17 June 2020, section 1.

15 UK / EU relations: Written statement, HCWS86, 3 February 2020

16 For a discussion of possible new approaches see J. Webber, "All Change? UK State Aid after Brexit What Law? Whose Courts? Politeia ", February 2020 and George Peretz, The Conservatives' new state aid proposals are the worst of all worlds, The Prospect Magazine, 3 December 2019

17 HL EU Select Committee, Goods Sub-Committee, Uncorrected oral evidence: Level playing field and state aid follow-up, 29 June 2020, Q9

18 For more information see CBP-8852, The UK-EU future relationship negotiations Level playing field, section 2; See also HL EU Select Committee, Goods Sub-Committee, Uncorrected oral evidence: Level playing field and state aid follow-up, 29 June 2020, Qq 10-11

19 HM Treasury, Forecasts for the UK economy: May 2020, 20 May 2020

economy return to pre-virus levels and protect jobs (the further reading list below for examples). The Chancellor will give a summer economic update to the House on 8 July. He will set out economic plans to support the economy through the first phase of recovery.

## Select Committee inquiry into post pandemic economic growth

The Commons BEIS Select Committee have launched a wide-ranging inquiry: Post-pandemic economic growth. The Terms of Reference covers both immediate and longer-term issues, including "whether the Industrial Strategy is still a relevant and appropriate vehicle through which to deliver post pandemic growth":

> This Inquiry will give the Committee an opportunity to consider how the Government could borrow and invest to restart and decarbonise the economy. This could include looking at issues such as: which governance models are most effective in delivering growth locally; reskilling and upskilling the workforce; how the government should respond to requests from businesses for ongoing financial support; whether the Government should take stakes in any companies and if so how these should be managed, and; whether the Industrial Strategy is still a relevant and appropriate vehicle through which to deliver post pandemic growth. The Committee can also explore how the Government can mitigate against the risk of a resurgence of problems that existed before the pandemic, such as inequality, regional imbalances, poor productivity, declining manufacturing and slow progress on delivering net zero, amongst others.

## Government announcements

In early June, BEIS began a series of "recovery roundtables" bringing together businesses, trade bodies and academics to consider measures to support economic recovery. They focused on 5 "key themes":

- The future of industry: How to accelerate business innovation and leverage private sector investment in research and development
- Green recovery: How to capture economic growth opportunities from the shift to net zero carbon emissions
- Backing new businesses: How to make the UK the best place in the world to start and scale a business
- Increasing opportunity: How to level up economic performance across the UK, including through skills and apprenticeships
- The UK open for business: How to win and retain more high value investment for the UK.[20]

On Tuesday 30 June 2020 the Prime Minister gave a speech outlining the "first steps" in government plans to "build back better" following the coronavirus outbreak. The Government stated it would "accelerate" £5 billion of capital infrastructure investment. Commentators have noted that the speech largely re-stated commitments announced in the 2020 Spring budget statement in March, prior to the full extent of the

20 BEIS press release, Business Secretary launches working groups to help unleash Britain's growth potential, 8 June 2020.

coronavirus outbreak.[21] The Government's manifesto pledge to "level up" the economy featured heavily. Many of the pledges align with the 2017 Industrial Strategy, for example, the ambition to raise R&D spending (see Section 4 of this briefing below).

The Labour Party, businesses stakeholders (such as the CBI) and think tanks (such as the Resolution Foundation), though welcoming the commitment to infrastructure spending, stated that the Government was not focusing enough on saving jobs, calling for further immediate and long-term recovery measures.[22]

The Government also stated it would publish its National Infrastructure Strategy in the Autumn[23] (previously expected in March 2020) that will cover direction on "core economic infrastructure, including energy networks, road and rail, flood defences and waste". Additionally, the Government promised a "Local Recovery White Paper" later in the year:

> Later this year, we will also bring forward a Local Recovery White Paper detailing how the UK government will partner with places across the UK to build a sustainable economic recovery, launch our National Infrastructure Plan and legislate for wider de-regulatory reforms.[24]

## Further reading

- House of Lords Library briefing paper, Covid-19: Fairer, Cleaner and More Sustainable Economy (4 June 2020), prepared for a House of Lords debate on Covid-19 recovery strategies on 11 June 2020.
- Committee on Climate Change, COVID-19 can be an historic turning point in tackling the global climate crisis, 25 June 2020
- Resolution Foundation, The Full Monty: Facing up to the challenge of the coronavirus labour market crisis, 29 June 2020
- Trade Union Congress, A Better Recovery, 20 May 2020
- The Women and Equalities Committee inquiries into impact of coronavirus on BAME people, gendered impact, disability and access to service.
- Centre for Cities, Road to Recovery, 4 June 2020
- Joseph Roundtree Foundation, Levelling up the economy: we can't afford not to, 23 June 2020
- UCL Institute for Innovation and Public Purpose COVID-19 Briefing papers
- Corporate rescues need a strategic purpose, *Financial Times* editorial board, 28 June 2020 [subscription only]

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21 Coronavirus: Johnson sets out 'ambitious' economic recovery plan, *BBC News*, 30 June 2020; Boris Johnson announces state-led post-coronavirus relaunch, George Parker, Jim Pickard, Chris Giles, *Financial Times,* 30 June 2020.

22 Coronavirus: Johnson sets out 'ambitious' economic recovery plan, *BBC News*, 30 June 2020;

23 PM's Office press release, 'Build build build': Prime Minister announces New Deal for Britain, 30 June 2020

24 PM's Office press release, PM: Build, Build, Build, 30 June 2020.

# 4. Research and Development

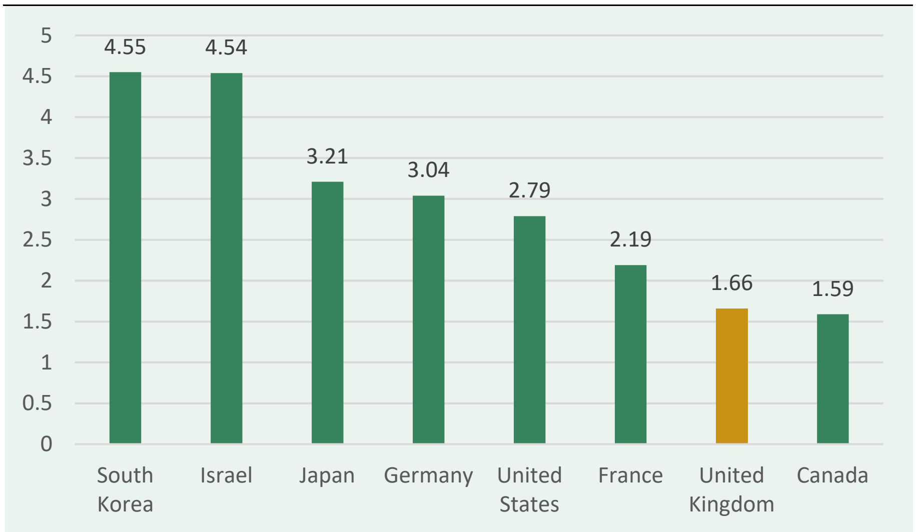
Research funding and spending is a broad term that includes science research undertaken in universities but also research and development (R&D) undertaken by businesses. In the UK in 2018, total R&D (gross expenditure on research and development) was £37.1 billion, the equivalent of 1.7% of GDP. This includes both public and private spending and is the latest available data on overall R&D spending. R&D investment has risen steadily over the past few decades in real terms but has fallen as a proportion of GDP.[25]

The majority of public expenditure on R&D comes from BEIS, most of which is allocated to UK Research and Innovation (UKRI, see below). Public funding for R&D (including government, research councils and the devolved higher education funding councils) was £9.6 billion in 2018, 26% of total R&D funding.

The Government's 2017 Industrial Strategy committed the UK to spending 2.4% of GDP on R&D by 2027. This will require a significant increase in both public and private R&D spending. Currently, UK spending is lower than several comparator countries (see figure below, Israel and South Korea have some of the highest spending on R&D as a percentage of GDP in the world). The Government's R&D Roadmap (July 2020) outlines further proposals for developing the UK's R&D landscape.

Further information on R&D spending in the UK can be found in the Library briefing paper on Research and development spending (17 June 2020).

**Gross domestic expenditure on R&D (GERD) as a percentage of GDP**




Source: OECD. Main Science and Technology Indicators. 2019

25 Gross expenditure on Research and Development, ONS, 2019

## March 2020 Budget

The March 2020 budget set out plans to increase public investment in R&D to £22 billion per year by 2024-25.[26] Public expenditure on R&D was approximately £10 billion in 2018, including funding directly from government and that from research councils.[27] The proposed increase has generally been welcomed by stakeholders in science research.[28] Examples of funding for specific sectors in the budget include:

- An investment of £900 million in "high-potential technology and sectors", including nuclear fusion, space, electric vehicles and life sciences.
- An extra £400 million in the year 2020-21 to support world-research, infrastructure and equipment.
- An investment of £300 million from 2020-21 to 2024-25 in mathematics research.
- An investment of £380 million in some of the UK's leading research institutions.
- An extra investment of £100 million in defence R&D in areas such as new aviation technology and space propulsion.
- An investment of £1.4billion over 10 years to enhance the UK's animal health infrastructure.

On 29 May 2020, BEIS published allocations of R&D funding to BEIS programmes and partner organisations for the year 2020/21 totalling £10.36 billion.[29] The bulk of this budget (£8.4 billion) has been allocated to UKRI. £230 million has been allocated to the National Academies (The Royal Society, British Academy, Royal Academy of Engineering and the Academy of Medical Science). Other groups receiving funding from this budget included public sector research establishments such as the Met Office and BEIS research programmes. Further details of how the budget will be spent are due to be set out in the Government's Comprehensive Spending Review.[30] This review was due to be published in July but has been delayed due to the ongoing COVID-19 pandemic.[31] In March 2020 the House of Commons Science and Technology Committee opened an enquiry into the 2020 Budget Commitments for research and innovation spending.

The use of R&D funding to support programmes previously funded by EU schemes, or continued contributions to EU schemes, is currently unclear. A recent PQ asked:[32]

> To ask the Secretary of State for Business, Energy and Industrial Strategy, with reference to Budget 2020, whether £22 billion of funding allocated to R&D includes funding to replace EU funding.

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26 HM Treasury, Budget 2020, 2020, section 2.22.
27 Gross domestic expenditure on research and development, UK, ONS Dataset [online] 2 April 2020 (accessed 17 June 2020).
28 Budget 2020: Supercharged Science, Campaign for Science and Engineering [online] 11 March 2020 (accessed 16 June 2020).
29 BEIS research and development budget allocations 2020 to 2021, BEIS [online] 29 May 2020 (accessed 16 June 2020).
30 PQ33613 [on Research: Finance], 31 March 2020
31 Comprehensive Spending Review 2020 representations: guidance, HM Treasury [online] 31 March 2020 (accessed 16 June 2020).
32 PQ29218 [on Research: Finance], 18 March 2020

> Answered by: Amanda Solloway
>
> The Government is firmly committed to becoming a global science superpower and continuing to collaborate internationally on scientific research.
>
> The Chancellor announced that government investment in R&D will increase to £22bn per annum by 2024/25, putting the UK on track to reach 2.4% of GDP being spent on R&D across the economy by 2027. This increase will include funding for continued participation in EU science programmes or EU replacement schemes. Funding for EU programmes, or for alternatives would be subject to allocations at the Spending Review.

Most science and research expenditure is capital expenditure in the estimates. In 2020-21 Capital DEL in these areas will increase by £1,334 million, or 15.5% compared to 2019-20. This includes £500m for the NPIF, £122m for the Newton and Global Challenge Funds, £445 additional R&D spending announced at Budget 2020 and £56m for nuclear research funding.[33]

## UK Research and Innovation (UKRI)

UKRI was formed in April 2018, uniting the most significant elements of public sector R&D funding, comprising: (i) the seven Research Councils; (ii) Innovate UK; and (iii) Research England. Its purpose is to create a joined-up, cross-disciplinary funder of research and innovation in the UK. It is a non-departmental public body sponsored by BEIS.[34] The Secretary of State for BEIS allocates funding to UKRI and constituent Councils through grants. UKRI cannot change these allocations.

The vast majority of the funding allocated to UKRI's individual councils comes from the BEIS Research and Innovation budget. Funding is distributed to researchers through competitively allocated grant funding from the seven Research Councils as well as block grants to higher education institutions by Research England. Innovate UK uses its allocation to support business innovation.

The Royal Society UKRI explainer (PDF, October 2019) provides a helpful overview of UKRI's responsibility, oversight and budget.[35]

## Coronavirus: Impacts on research funding

During the COVID-19 pandemic, short term funding has been offered to projects related to tackling the impacts of the pandemic on society, as well as research into treatments and vaccines. Support has also been announced to limit the impact of funding losses on research institutions due to the pandemic.

UKRI have been accepting funding proposals for short-term projects addressing and mitigating the health, social, economic, cultural and environmental impacts of the COVID-19 outbreak. As of 26 June, UKRI has provided funding to COVID-19 related projects worth in excess of £185 million.

33 BEIS, Main Estimate 2020-21: Estimates memorandum
34 *Higher Education and Research Act* 2017
35 Royal Society, UK Research and Innovation, 3 October 2019.

On 27 June 2020, the Government announced two support packages for research organisations, including universities, affected by the COVID-19 pandemic. The first of these packages provides £280 million to extend research grants impacted by the pandemic. These grant extensions will be made immediately available to eligible, existing UKRI funded projects as well as projects funded by the National Academies. UKRI has invested £180 million in this scheme. The second support package will be available from the autumn and will provide long-term, low-interest loans (and a small number of grants) to research-active universities to cover up to 80% of income lost from a decline in the number of international students.

The Government highlighted that areas of research likely to benefit from the packages would include climate change, antibiotic resistance, plastic waste and the impact of the COVID-19 pandemic on society. The business secretary said the schemes would[36]

> …give our world-leading universities a lifeline by protecting jobs to ensure our best minds can continue discovering new innovations that will benefit us all for generations to come.

Speaking to the Financial Times, the CEOs of Universities UK and The Russel Group, a group of 24 research focused universities, welcomed the support packages.[37] However, the University and College Union (UCU) have said more needs to be done to safeguard the entire universities sector and noted that[38]

> While there is some new money in the form of a grant to research-intensive universities, the rest of the package consists of loans and repackaged existing spending commitments.

[36] Government to protect UK research jobs with major support package, BEIS [online] 27 June 2020 (accessed 30 June 2020).

[37] Government shores up UK research with university funding, Financial Times [online] 27 June 2020 (accessed 30 June 2020) [subscription required].

[38] Latest government support package fails to put students and staff at the centre of recovery plans, says UCU, UCU [online] 27 June 2020 (accessed 30 June 2020).

# 5. Net Zero target

In June 2019 the Government amend the Climate Change Act 2008 to introduce a target for at least a 100% reduction of greenhouse gas emissions (compared to 1990 levels) in the UK by 2050.

On 2 November 2019, HM Treasury launched a Net Zero Review to "assess how the UK can maximise economic growth opportunities from its transformation to a green economy". This included a priority to ensure a fair balance of contributions from all those who will benefit, including considering how to reduce costs for low income households. The Review will also consider how to avoid offshoring emissions i.e. how to reduce UK emissions without causing those emissions to be created by another country. A final report is expected in Autumn 2020.

The main objectives of the review are:

- Analysing the range of choices for how households, businesses and the taxpayer could contribute towards different elements of the transition to net zero.
- Identifying mechanisms to create an equitable balance of contributions.
- Maximising opportunities for economic growth as we transition to a green economy.
- Evaluating the trade-offs between cost, competitiveness, effects on consumers and impacts on the taxpayer.

## 5.1 Climate change funding

Climate funding is channelled through a number of departments, including BEIS. For example, the Department for International Development (DFID), the Department for Environment and Rural Affairs (DEFRA) and BEIS have joint responsibility for investing the UK's International Climate Finance (ICF) spending. The ICF budget for 2016-2020 was originally £5.8bn. In September 2019 funding was extended to 2026 and increased to £11.6bn. In February 2020 the Department for Transport (DfT) announced £5bn of funding "to overhaul bus and cycle links for every region outside London".

Recent announcements from BEIS include £90m of funding in February 2020 to tackle climate change in homes and businesses:

- £90 million package announced to tackle emissions from homes and heavy industry – including funding for Europe's first large scale, low carbon hydrogen plants which could generate enough clean energy to heat over 200,000 homes
- local energy projects across the country could reduce housing emissions by up to 80% and save consumers money on their energy bills
- renewable energy to power industry instead of fossil fuels, removing 3.2 million tonnes of $CO_2$ from the atmosphere by 2030.[39]

[39] BEIS, £90 million UK drive to reduce carbon emissions, 18 February 2020

In May 2020 BEIS announced £20 million funding to support a new Clean Growth Fund. The clean technology early stage equity investment fund, is part of its £505 million Energy Innovation Programme which runs from 2015-2021.

### Main Estimate 2020-21

The Main Estimate sets out £441 million allocated to tackling climate change, plus £492 million for international climate finance for 2020-21.

This is an increase of capital £189 million on last year. Some the increase is funding towards existing schemes, but also includes funding of £60m for the Industrial Energy Transformation Fund (IETF) announced in Autumn Budget 2018.

Departmental resource spending on climate change for 2020-21 includes £15m on achieving Net Zero UK greenhouse gas emissions by 2050 and a £10.2m increase for international climate change. Overall resource spending has fallen as costs of £36.3m for COP 26 climate conference preparations have been transferred to the Cabinet Office

### Greening the post Covid recovery

As noted above, BEIS began a series of "recovery roundtables" bringing together businesses, trade bodies and academics to consider measures to support economic recovery. One of the five key themes was a green recovery, and how to capture economic growth opportunities from the shift to net zero carbon emissions

BEIS Select Committee Chair Darren Jones, along with Chair of the Environmental Audit Committee (EAC) Philip Dunne MP wrote to the Chancellor on 29 June calling for the UK's post-COVID economic recovery package to be "used as an opportunity to accelerate investment on climate adaptation and cutting emissions to net zero."

The Environmental Audit Committee have also launched an inquiry: Greening the post-Covid Recovery. And there have been calls from many, including the Climate Change Committee and Green Alliance, for a recovery focused on climate change and environmental protection.

## 5.2 Energy efficiency

Successive Governments have supported energy efficiency in both new build homes and existing homes.

**New builds**

The Government' main policy for new homes is the Future Homes Standard. The energy efficiency of new homes is controlled through building regulations, and a consultation on this part (part L) of the building regulations closed on 7 February 2020.

It proposes a two-stage approach, with measures to achieve either a 20% or 31% reduction in carbon dioxide emissions in regulations to be brought forward in 2020 and a 75-80% reduction in 2025. An outcome from the consultation has not yet been published. The Library briefing Housing and net zero provides further detail.

**Retrofitting:**

UK Government policy for retrofitting existing households is generally focused on households that are fuel poor, vulnerable, or low income, as well as setting standards for rented domestic and non-domestic properties. Further information is set out in the Library briefing paper on Fuel Poverty (March 2020). As fuel poverty is devolved, further policies exist in the devolved nations. The paper summarises UK policy, including supporting retrofits through the Energy Company Obligation and Green Deal schemes, regulations on standards for energy efficiency in rented homes, and social support payments, as well as commentary from stakeholders.

### Future investment

The Conservative Party's 2019 Manifesto pledged to invest £9.2bn on improving energy efficiency in domestic and public buildings; including £3.8bn on a Social Housing Decarbonisation Fund and £2.5bn on a new Home Upgrade Grant Scheme in fuel poor homes. While the policy was not mentioned in the Budget 2020, the Government is investing in energy efficiency through funding for innovation in new technologies.

### Renewable heat

The Government currently supports the installation of renewable heating technologies in homes and businesses through the domestic and non-domestic Renewable Heat Incentive (RHI) schemes. The non-domestic RHI is due to close in March 2021, and the Government have announced an extension for the domestic RHI until March 2022. A consultation on future support for low carbon heat is ongoing, and the Government say they plan to publish a Heat Policy Roadmap in 2020.

### Further reading

- Committee Chairs set out opportunities of green economic recovery to Chancellor and stress recovery must accelerate move to net zero to avert climate crisis, 29 June 2020
- Boris Johnson is urged to fulfil £9bn UK household insulation pledge, [subscription required, available via Commons Library] *Financial Times*, 29 June 2020
- Build Back Better: The £9.2bn energy efficiency question, Utility Week [registration required], 27 June 2020
- Green Alliance, Blueprint for a resilient economy, 29 June 2020
- Smith School Smith School of Enterprise and the Environment (SSEE), University of Oxford, Building back better: Green COVID-19 recovery packages will boost economic growth and stop climate change, 5 May 2020.

# 6. News items

Current News

**BEIS select committee warns of 'historic mistake' of not aligning COVID-19 recovery with net zero**

30 June 2020

https://www.current-news.co.uk/news/beis-select-committee-warns-of-historic-mistake-of-not-aligning-covid-19-recovery-with-net-zero

Utility Week

**Build Back Better: The £9.2bn energy efficiency question**

27 June 2020

https://utilityweek.co.uk/build-back-better-the-9-2-billion-energy-efficiency-question/

Computer Weekly

**CBI: Government must take steps to drive SME business innovation**

26 June 2020

https://www.computerweekly.com/news/252485283/CBI-Government-must-drive-SME-business-innovation

Current News

**BEIS announces £73m funding to help 'kickstart our green transport recovery'**

24 June 2020

https://www.current-news.co.uk/news/beis-announce-73m-funding-to-help-kickstart-our-green-transport-recovery

Business Green

**Alok Sharma: 'Finance and investment are the lifeblood of net zero projects'**

18 June 2020

https://www.businessgreen.com/news/4016672/alok-sharma-finance-investment-lifeblood-net-zero-projects

Civil Service World

**Business secretary overrules value-for-money concerns with ministerial directions for coronavirus schemes**

11 June 2020

https://www.civilserviceworld.com/professions/article/business-secretary-overrules-valueformoney-concerns-with-ministerial-directions-for-coronavirus-schemes

Business Green

**Green recovery: Government launches 'recovery roundtables', as Ministers mull EV grant boost**

8 June 2020

https://www.businessgreen.com/news/4016184/green-recovery-government-launches-recovery-roundtables-ministers-mull-ev-grant-boost

Civil Service World

**BEIS 'cannot know' whether its business-support schemes are good value**

16 January 2020

https://www.civilserviceworld.com/professions/article/beis-cannot-know-whether-its-businesssupport-schemes-are-good-value

Cambridge Journal of Regions, Economy and Society

**Industrial strategy and the UK regions: sectorally narrow and spatially blind**

6 October 2019

https://academic.oup.com/cjres/article/12/3/445/5581956

# 7. Press releases

**Climate Assembly UK**

**Interim briefing: Post lockdown steps to aid economic recovery should drive progress to net zero target**

**23 Jun 2020**

An overwhelming majority of Climate Assembly UK members say Government, employers and others should support changes to the economy and lifestyles which help achieve the UK's net zero emissions target.

The interim briefing from the assembly, *Covid-19, recovery and the path to net zero*, offers a unique insight into how 100+ members of the public, working to give Parliament and Government an understanding of the public's views on how the UK should reach net zero, feel about the implications of the coronavirus pandemic and the resulting lockdown for reaching net zero.

Climate Assembly UK's members are representative of the UK population, and well-acquainted with the sorts of measures required to reach net zero having studied these over a number of weekends. The results in the interim briefing show that:

- 79% of assembly members 'strongly agreed' or 'agreed' that, "Steps taken by the government to help the economy recover should be designed to help achieve net zero";
- 93% of assembly members 'strongly agreed' or 'agreed' that, "As lockdown eases, government, employers and/or others should take steps to encourage lifestyles to change to be more compatible with reaching net zero."

> The Coronavirus outbreak and subsequent lockdown have had a huge effect on the economy and lives of people. It has become important for the Government, Parliament and business organisations to strongly consider a recovery approach that will not cause further harm to the planet. We discussed the Coronavirus outbreak at the climate assembly and it was quite clear that many of the assembly members felt that this period should be taken as an opportunity to encourage a green economic recovery with a focus on promoting cleaner, greener lifestyles and an economy that prizes sustainability over short term benefits that would harm the planet. We wanted to make sure that our views were available now so that the government can incorporate them into its economic recovery plan.

*Assembly member Ibrahim, a GP from Surrey*

The 108 members who started out on Climate Assembly UK in January 2020 were selected to represent the UK's population in terms of demographics and levels of concern about climate change. The Assembly met face to face for three weekends in Birmingham before the final weekend (planned for 20th - 22nd March) was postponed in light of the pandemic and reorganised online across three weekends in April/May.

At the request of assembly members and Parliament, the altered schedule included a brief opportunity to reflect on the impact of coronavirus on tackling climate change. The results of some of their votes and deliberations on the specific question of Covid-19 and the recovery from it are being published today as an interim briefing ahead of the Climate Assembly's final report, as Assembly Members want their views to influence debate on the steps to recovery now being discussed by policy makers and politicians. Parliament expects a statement from the Chancellor of the Exchequer on economic stimulus before the summer recess. On June 25, the Committee on Climate Change delivers a progress update to Parliament which will focus on the response to the Covd-19 pandemic, and will note the findings of Climate Assembly UK on the matter.

The interim briefing contains two sections; one on economic recovery and one on lifestyle changes. The Assembly members agreed two official assembly recommendations and were able to comment on their reasons for agreeing or disagreeing with each.

- Assembly members discussed whether they felt that steps taken by the government to help the economy recover should be designed to help achieve net zero. In total, 79% of members strongly agreed or agreed with this (42% strongly agreed, 37% agreed, 12% were unsure, 3% disagreed and 6% strongly disagreed).
- Assembly members also discussed whether they felt that government, employers and others should take steps as lockdown eases to encourage lifestyles to change to be more compatible with reaching net zero. In total 93% of assembly members strongly agreed or agreed that such steps should be taken (54% strongly agreed, 39% agreed, 3% were unsure, 3% disagreed and 1% strongly disagreed).

This interim briefing contains verbatim quotes from individual members and reflects the considerations they felt were most important on these topics. The quotes are not intended to reflect the views of the whole assembly but to shed light on individuals' thinking and rationale for their choices. The full report, which will be much more detailed, will now be delivered in September 2020.

Read the interim briefing here.

*Letter to the Prime Minister*

The Chairs of all six commissioning House of Commons Select Committees have written a letter to the Prime Minister, urging him to ensure that the Government takes the Assembly's views into account when developing policies to help the UK recover from coronavirus.

Throughout the process, Climate Assembly UK members have been clear about their hopes that Government as well as Parliament will act on their work. The assembly members wanted their views on the recovery from Covid-19 to be published ahead of the final report to help inform Parliament and Government's response to the crisis. This letter from the Chairs of the six commissioning committees, adds their weight to this call.

> It is vital that achieving the UK's net zero target, which has unanimous cross-party support, is a joint endeavour between the Government, Parliament and the public across the country. In recent months the UK public has demonstrated its capacity to respond positively and responsibly when they understand the risks posed to them by an invisible threat that demands collective action. We believe that a similar approach, based on securing public support for ambitious policies through open dialogue around the science, is a sound basis for the net zero journey.

*Letter to the PM from Chairs of Select Committees*

Read the letter to the Prime Minister from the six Chairs here.

**Department for Business, Energy & Industrial Strategy**

**Business Secretary leads economic recovery roundtables**

**15 June 2020**

*Business Secretary Alok Sharma chaired a series of economic recovery roundtables that brought together businesses, business representative organisations, regulators and leading academics.*

*Full lists of participants can be found at https://www.gov.uk/government/news/business-secretary-leads-economic-recovery-roundtables*

Business Secretary Alok Sharma chaired a series of economic recovery roundtables over the last week (10-13 June), bringing together businesses, business representative organisations, regulators and leading academics. Discussions focused on the measures necessary to support economic recovery and ensure we have the right opportunities in place for growth across the country over the next 18 months and beyond.

The organisations that participated in the roundtables are set out below, alongside the questions that participants were asked to address.

The outputs from these roundtables will feed directly into the government's work on economic recovery. This initiative builds on the close engagement between the UK's business community, the Department for Business, Energy and Industrial Strategy (BEIS) and across Whitehall as we have responded to the pandemic. In addition to the roundtables listed below, ministers are also engaging with trades unions representatives on these important issues.

BEIS has also been accepting written submissions from other parties and individuals interested in the initiative. If you or your organisation would like to submit your ideas and insights in relation to the below questions, please email economic.recovery@beis.gov.uk.

Green recovery

How to capture economic growth opportunities from the shift to net zero carbon emissions. Roundtable held on 10 June. The participating organisations were:

The questions participants were asked to address included:

- which areas of infrastructure investment should we prioritise for early action to drive economic recovery and support delivery of net zero and our broader environmental objectives?
- what action should we take to align investment in the UK and globally with net zero and to protect natural capital?
- what are the key regulatory barriers weakening incentives to invest in net zero, and how do we address them?
- how can we more effectively support businesses across the economy in acting to access growing low carbon markets and support delivery of net zero? (e.g. innovation support, advice, regulatory barriers)
- how can we help the UK's carbon intensive sectors to transition to low/zero emissions while maintaining competitiveness?
- what actions should we take to ensure local and regional economies can effectively contribute to the net zero target?

Increasing opportunity

How to level up economic performance across the UK, including through skills and apprenticeships. Roundtable held on 11 June. The participating organisations were:

The questions participants were asked to address included:

- how can government and businesses work together to identify meaningful opportunities to invest across the whole of the UK?
- how can government work with business to strengthen local business networks and ecosystems?
- how can government target skills and employment support to best aid economic recovery and drive progression and productivity?
- what could be the most impactful priority for business and government to work towards in order to level up given the challenges presented by the current context?

Backing new businesses

To make the UK the best place in the world to start and scale a business. Roundtable held on 12 June. The participating organisations were:

The questions participants were asked to address included:

- what are the most significant barriers to starting and growing a business in the UK?

- what are the most critical factors for successfully growing a business in the UK?
- what specific actions should we take to ensure the UK creates a strong pipeline of investable start-ups that have the potential to grow?
- what more can be done to encourage businesses to invest in their own success?
- how can we support businesses through venture capital?

The future of industry

How to accelerate business innovation and leverage private sector investment in research and development. Roundtable held on 12 June. The participating organisations were:

The questions participants were asked to address included:

- what are the systematic barriers to business innovation?
- what specific actions would enhance the adoption and diffusion of innovation across the full breadth of UK businesses?
- what more can government do to enhance access to the finance needed to support innovation?
- how can government better identify and support the key technological trends that will drive innovation-led growth and productivity in the recovery
- how can we strengthen the support provided by publicly-funded institutions?

The UK open for business

How to win and retain more high value investment for the UK. Roundtable held on 13 June. The participating organisations were:

The questions participants were asked to address included:

- what aspects of the UK offer should we focus on enhancing?
- are there any particular types of investor, project or investment that business and government should prioritise for investment in the UK?
- what specific approaches would help 'land' more investment deals for the UK?
- how can access to finance support inward investment, and what role can government play in facilitating this?
- how could we more effectively retain and expand existing UK investors' presence?

**Department for Business, Energy & Industrial Strategy**

**Business Secretary launches working groups to help unleash Britain's growth potential**

**8 June 2020**

*Business Secretary Alok Sharma is creating 5 new business-focused groups to unleash Britain's growth potential and create jobs, as part of the government's plans to help the economy bounce back from the coronavirus pandemic.*

Beginning this week, Mr Sharma will chair the first meetings of new 'recovery roundtables' bringing together businesses, business representative groups and leading academics. They will consider measures to support economic recovery and ensure we have the right skills and opportunities in place for our workforce over the next 18 months.

They will also explore key domestic and global challenges to support a green and resilient recovery and ensure the UK is at the forefront of new and emerging industries.

Focused on 5 key themes, each group will explore how business can work with government to deliver economic growth and jobs:

- The future of industry: How to accelerate business innovation and leverage private sector investment in research and development
- Green recovery: How to capture economic growth opportunities from the shift to net zero carbon emissions
- Backing new businesses: How to make the UK the best place in the world to start and scale a business
- Increasing opportunity: How to level up economic performance across the UK, including through skills and apprenticeships
- The UK open for business: How to win and retain more high value investment for the UK

This initiative builds on the close engagement between the UK's business community, the Business Department and across Whitehall as we have responded to the pandemic.

This includes 5 new ministerial-led taskforces to develop further plans for how and when closed sectors can safely reopen, following the publication of the Prime Minister's roadmap out of lockdown.

Secretary of State for Business Alok Sharma commented:

> These roundtables are a redoubling of our efforts to listen to and work with the business community and academic experts as we consider the measures needed to support our economic bounce-back. This will undoubtedly lead to a cleaner, greener, more resilient economy which will create new jobs.
>
> The output from this initiative will feed directly into the government's work on economic recovery and will help deliver the commitments we made to the British people only last December,

> which now take on an even greater sense of urgency and importance.

*Notes to editors*

The membership of the 5 working groups will be published in due course.

Each working group, which aims to be representative of UK industry, will consist of approximately 20-25 participants and will be chaired by BEIS Secretary of State Alok Sharma.

There will also be an opportunity for other parties and individuals interested in this initiative to share written submissions with the Business Department.

**Department for Business, Energy & Industrial Strategy**

**Government launches new £40 million Clean Growth Fund to supercharge green start-ups**

**21 May 2020**

*Clean Growth Fund launched as a venture capital vehicle to accelerate early-stage green businesses.*

- Government to contribute half of initial £40 million fund pot together with one of the UK's largest charity investors, CCLA to be managed by Clean Growth Investment Management (CGIM)
- Fund could reach £100 million by next year with additional private sector investment

The government is launching a new effort to support green start-up companies across the UK, joint-funding a £40 million venture capital fund to supercharge the development of next generation clean, low-carbon technologies.

The Clean Growth Fund will contribute towards the UK's plans to reach Net Zero by 2050 and will be accessible to UK-based companies driving green technology across the power, transport, waste, and building energy efficiency sectors. Potential examples of projects the fund could support include:

- energy storage and smart grid systems to bolster resilience in the power system
- renewable heating and ventilation technologies across homes and commercial buildings
- bio-fuels and bio-energy systems

With £20 million of government investment matched pound for pound by CCLA, one of the UK's largest charity fund managers, the fund could reach £100 million by Autumn 2021 through private sector fundraising.

Business Secretary, Alok Sharma, said:

> The need for innovative and ambitious ideas across green industries has never been greater. I am pleased that with the help of this fund, promising clean growth start-ups will be able to step up to accelerate the UK's recovery, while supporting our path to Net Zero by 2050.
>
> This pioneering new fund will enable innovative low-carbon solutions to be scaled up at speed, helping to drive a green and resilient economic recovery.

James Bevan, the CCLA's Chief Investment Officer said:

> We decided it was time for CCLA to invest in the very best early stage technologies to support the UK Net Zero objective. In partnership with BEIS, we have developed a solution, the Clean Growth Fund. Through the Clean Growth Fund, we now look forward to working with other investors to support these exciting young UK companies aiming to reduce carbon emissions.

The Fund is seeking to make investments at early stage, seed or Series A rounds in exciting, innovative clean growth start-ups. The fund will invest in businesses with a prototype product or service demonstrating a clear contribution to reducing greenhouse gases together with compelling evidence of market demand. It will be managed by Clean Growth Investment Management LLP (CGIM).

Beverley Gower Jones, Managing Partner of CGIM, said:

> The Clean Growth Fund is a significant boost to the country's low carbon sector and is a clear signal from the UK Government that new and innovative technologies will be crucial to deliver Net Zero and the clean growth agenda. We want to hear from the very best clean technology businesses from across the UK.

The Fund is now seeking wider private sector investment and will aim to balance its portfolio across clean growth sectors. Investment parameters for the Fund focus on clean growth technologies, hardware, products and services in sectors including power generation, waste, energy networks, buildings management, industries, bioenergy and alternative fuels.

*Notes to editors*

- The Clean Growth Fund is funded by the BEIS Energy Innovation Programme.
- Further detail and information on the fund's eligibility criteria and investment approach is available from CGIM's Clean Growth Fund website

**University of Oxford**

**Building back better: Green COVID-19 recovery packages will boost economic growth and stop climate change**

**5 May 2020**

International economic recovery from COVID-19 must be environmentally-conscious – for the sake of the economy, suggests new research published today.

With governments around the world urgently investigating fiscal stimulus measures to get virus-hit countries back on their feet, today's research from some of the world's leading economists shows that climate-friendly policies could deliver a better result both for economies and the environment.

For the UK, in particular, this research helps identify ten fiscal recovery policies which promise to bring both short-term high economic impact and long-term structural change to ensure the UK meets its 2050 climate goals.

Professor Cameron Hepburn, Director of the Smith School of Enterprise and Environment, University of Oxford, brought together a team of internationally-recognised experts to carry out the research, including Nobel prize winner, Professor Joseph Stiglitz and well-known climate economist Professor Lord Nicholas Stern.

Their analysis of possible COVID-19 economic recovery packages shows the potential for strong alignment between the economy and the environment. They review evidence suggesting that green projects create more jobs, deliver higher short-term returns per dollar spend and lead to increased long-term cost savings, by comparison with traditional fiscal stimulus.

The report authors hope that countries will seize this generational opportunity to incorporate climate criteria into national plans – for their economies and the environment

Most G20 governments have implemented significant short-term rescue measures in the face of the pandemic. But, as yet, none has introduced any significant fiscal recovery measures. The report authors hope that countries will seize this generational opportunity to incorporate climate criteria into national plans – for their economies and the environment.

According to Professor Hepburn,

> The COVID-19-initiated emissions reduction could be short-lived. But this report shows we can build back better, keeping many of the recent improvements we've seen in cleaner air, returning nature and reduced greenhouse gas emissions.

Drawing on a global survey of senior central bank and finance ministry officials, as well as learnings from the 2008 financial crisis, the economists catalogued more than 700 stimulus policies into 25 broad groups, and conducted a global survey of 231 experts. On average, respondents saw a 'green route' out of the crisis as also being highly economically effective.

Respondents saw a ‘green route’ out of the crisis as also being highly economically effective

Examples of this include investment in renewable energy production, such as wind or solar. As previous research has shown, in the short term, clean energy infrastructure construction is particularly labour intensive, creating twice as many jobs per dollar as fossil fuel investments.

Other desirable policies include building efficiency retrofit spending, clean R&D spending, natural capital investment for ecosystem resilience and regeneration and investment in education and training to address immediate unemployment from COVID-19 alongside structural employment opportunities from de-carbonisation. For developing countries, rural support scheme spending was also highly ranked. Meanwhile, unconditional airline bailouts performed the most poorly in terms of economic impact, speed and climate metrics.

The COP26 Universities’ Network has drawn on this research and other analyses to create a briefing for policymakers outlining a path for the UK to net-zero emissions economic recovery from COVID-19. The network, a growing group of more than 30 UK-based universities, was formed to help deliver climate change outcomes at the UN Climate Summit in Glasgow and beyond.

Among the policies emphasised by the group are: renewable energy, reducing industrial emissions, greenhouse gas removal, investment in broadband internet to increase coverage, electric vehicles and nature-based solutions.

> Currently, the UK directs €10.5bn in subsidies to fossil fuels. Reallocating this capital to jobs-rich renewable energy projects would be a win-win for the economy and environment,

says Brian O’Callaghan, researcher at the Smith School of Enterprise and the Environment, University of Oxford.

The briefing also calls for the Cabinet Committee on Climate Change, which has met only once in 5 months, to be renamed the Climate Change Emergency Committee to reflect the urgent need for action.

Analysis suggest that green recovery packages deliver greater economic benefit

Emily Shuckburgh, Director of Cambridge Zero, University of Cambridge says,

> Shaping the national and global recovery from the coronavirus pandemic in a way that supports the response to climate change and other environmental threats simply makes sense – not only does analysis suggest that green recovery packages deliver greater economic benefit, but investing appropriately in research, innovation, infrastructure and skills training, and matching that with robust institutional structures, will help create a fairer, more resilient, sustainable world with benefits for all.

Dave Reay, Professor and Chair in Carbon Management & Education and Executive Director of Edinburgh Centre for Carbon Innovation, University of Edinburgh says, Covid-19 is falling like a daily hammer blow on our economy, putting the livelihoods and employment prospects of many millions at risk. By aggressive investment in green skills and the creation of a swathe of green economy employment opportunities the UK can buffer COVID-19's impacts and simultaneously deliver a safer climate future.

# 8. Parliamentary material

## Committee Inquiry

**House of Commons Business, Energy and Industrial Strategy Committee Inquiry: Work of the Department and Government Response to coronavirus**

https://committees.parliament.uk/work/268/work-of-the-department-and-government-response-to-coronavirus/

## Statement

**Written Statement: Business Update**

Alok Sharma (Secretary of State for Business, Energy and Industrial Strategy): The UK's world-class research and researchers play a vital role in delivering local and national economic prosperity but we recognise that some of that research is at risk from a range of income losses as a result of Covid-19. That is why the Government is announcing today a package to support universities to continue research and innovation activities.

Firstly, around £280 million government funding will be made available to universities and research organisations impacted by coronavirus for grant extensions. The first amounts will be made immediately available and will provide additional resource and flexibility to sustain grants funded through UK Research & Innovation (UKRI) and the National Academies and affected by the COVID-19 pandemic, allowing them to continue developing existing ambitious and innovative research projects. This funding includes supporting researchers' salaries and other research costs such as laboratory equipment and fieldwork. UKRI will contact universities and research organisations with details of their grant extension allocation shortly.

Secondly, from the Autumn, Government will demonstrate its commitment to research by providing a package of support to research-active universities, consisting of low-interest loans with long pay-back periods, supplemented by a small amount of government grants. In sharing responsibility for the future of science and research with our world-leading university system the government will cover up to 80% of a university's income losses from international students for the academic year 20/21, up to the value of non-publicly funded research activity in that university.

We expect the level of support being provided to go a significant way to addressing reductions in research income. The second part of this package will be targeted towards sustaining research and innovation activity and capacity in universities across the UK. Universities will need to demonstrate that funding is being spent on research activity and on sustaining high quality research capacity and capability, with a particular emphasis on STEM research and areas of research typically funded by charities and businesses. This funding will be available to bolster those universities who are taking their own steps to make efficiencies, in line with the rest of the economy, to protect their research bases.

We recognise that universities will want to use this funding to protect areas of medical research that have been developed in part with support of charities. Charity-funded research has been a distinctive feature of the UK research system and a successful partnership with government through the charity element of QR. Now is the time to align that partnership as a more sustainable element of the research system.

The support made available to individual institutions through this second part of this package is subject to the conditions set out in the explanatory notes on GOV.UK and the final details of the proposal will be subject to business case approval. Government will develop the details of this support package, including further conditions, working with the sector over the weeks ahead.

Our research base helps to deliver higher levels of productivity and anchor R&D-intensive companies to the UK, and we will continue to be a welcoming and world class destination for international students and researchers, now and into the future. Government has already undertaken communications activity to promote UK higher education to international students, appointed Sir Steve Smith as the International Education Champion and introduced a range of visa flexibilities for current and prospective international students. This is all with a view to ensuring we maintain the UK's ability to attract students from all around the world.

Alongside this, DfE is continuing to work with BEIS, HMT and other government departments to develop a process through which Higher Education providers at risk of closure will be able to apply to government to access a restructuring regime as a last resort. Government will review providers' circumstances and assess the need for restructuring where there is a case to do so. Where action is required, this will come with attached conditions. The Government will work with the Devolved Administrations on this approach. More detail will be made available in due course.

**HC Deb 29 June 2020 | HCWS322**

## PQs

[Business: Government Assistance]

**Asked by: Viscount Trenchard**

Her Majesty's Government what plans they have, if any, to apply for COVID-19 to be considered an exceptional circumstance under Article 107(2) of the Treaty on the Functioning of the European Union, and what assessment they have made of how that could alter the support provided to businesses in the UK.

**Answering member: Lord Callanan | Department: Department for Business, Energy and Industrial Strategy**

Aid for COVID-19 related losses may be given under article 107(2)(b) or article 107(3)(b) of the Treaty on the Functioning of the European Union (TFEU).

Article 107(2)(b) requires the European Commission to approve aid to make good the damage caused by natural disasters or exceptional occurrences. The Commission declared on 12 March that COVID-19 qualified as an exceptional occurrence. A key feature of this provision is that schemes must only compensate businesses for damages actually suffered as a result of COVID-19. Schemes under this provision must be individually notified to and approved by, the Commission.

Under Article 107(3)(b) the Commission may approve aid to remedy a serious disturbance in the economy. Under this article, the Commission has introduced some welcome flexibilities into the rules to deal with the impacts of the COVID-19, in the form of a Temporary Framework. This facilitates aid going to the companies who need it most, quickly and efficiently.

When the Government considered its State aid options in response to the COVID-19 outbreak, it took the decision to design schemes that would allow organisations to access funds quickly and easily with a minimal number of checks and balances attached to the application and approval processes.

Following work by BEIS officials, the COVID-19 Temporary Framework was approved by the Commission under the Temporary Framework on 6 April. This allows public authorities to introduce their own aid measures without the necessity of obtaining an individual Commission approval. The combination of this and other measures such as the Coronavirus Business Interruption Loan Scheme (CBILS) and the Self Employed Income Support Scheme constitute an important part of the unprecedented programme of Government support for business to address the impacts of the COVID-19 pandemic.

**HL Deb 29 June 2020 | PQ HL5733**

Aerospace Industry: Government Assistance

**Asked by: Robinson, Gavin**

To ask the Secretary of State for Business, Energy and Industrial Strategy, pursuant to the Answer of 22 June 2020 to Question 59788; if will provide a breakdown of the £6 billion figure referenced in the Answer.

**Answering member: Nadhim Zahawi | Department: Department for Business, Energy and Industrial Strategy**

As stated previously, the Government is providing over £6 billion of support to the aviation and aerospace sectors. UK Export Finance expects to support £3.5 billion of aerospace exports over the next 18 months, up sharply from £1.15 billion over the past two financial years.

Under the Bank of England's Covid Corporate Finance Facility, £2.16 billion of loans have been made to airlines and aerospace companies affected by a short-term funding squeeze.

We are also providing support over the next three years for research on the next generation of aerospace technologies, through £450 million of Aerospace Technology Institute programme funding, as well as £70 million through the Future Flight programme.

**HC Deb 29 June 2020 | PQ 63358**

Carbon Emissions

**Asked by: Mishra, Navendu**

To ask the Secretary of State for Business, Energy and Industrial Strategy, when he plans to announce the Government's strategy for achieving a low carbon economy in accordance with its 2050 net zero target; and what steps the Government plans to take to (a) deliver a cleaner, healthier environment, (b) create high skilled green jobs and (c) build a more resilient economy.

**Answering member: Kwasi Kwarteng | Department: Department for Business, Energy and Industrial Strategy**

We are continuing to develop our net zero strategy. We have recently published the first stage of our Transport Decarbonisation plan and have announced a £2 billion package for cycling and walking. This will be supported by further decarbonisation plans this year covering key sectors, including Heat and Buildings, Trees, and Energy. We will build on our ambitious plans announced at the Budget – for example £1bn to deploy electric vehicle infrastructure, and £800m to deliver carbon capture and storage in the UK – to help to slash our emissions and deliver growth across the country.

As we recover from COVID-19, the Government intends to deliver a UK economy which is stronger, cleaner, more sustainable and more resilient.

**HC Deb 25 June 2020 | PQ 61627**

Future Fund

**Asked by: Onwurah, Chi**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of the number of UK start-ups whose Future Fund loans will be converted to equity.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

As of 21 June, 252 convertible loans have been approved under the Future Fund, with a total value of £236.2 million.

We are currently monitoring scheme uptake and total uptake statistics are published weekly here: https://www.gov.uk/government/collections/hm-treasury-coronavirus-covid-19-business-loan-scheme-statistics.

The convertible loans issued under this scheme will automatically convert to equity in recipient companies in the next qualifying equity financing round. There may also be other circumstances in which loans would either convert into shares or be repayable, such as: specific exit events; maturity of the Loan; or on an event of default by the Investee Company.

As a result, we are unable to make an estimate on the number of conversions at this time.

**HC Deb 24 June 2020 | PQ 59769**

Small Business Grants Fund

**Asked by: Swayne, Sir Desmond**

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will take steps to enable local authorities to extend the discretion to distribute surplus Business Grant funds to businesses that are (a) not covered by existing discretions and (b) are above rateable value thresholds.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

The Government has announced a package of support for business to help with their ongoing costs in recognition of the disruption caused by Covid-19. This includes £12.33 billion to local authorities in England to support businesses under the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund. As at 14 June, £10.36 billion has been paid out to over 844,000 business properties across the two schemes.

On 1 May, the Government announced a further £617 million available, in the form of the Local Authority Discretionary Grants Fund, for local authorities to support small businesses that are not eligible for business rates or rates relief and are therefore not in scope of the existing grant schemes. Local authorities are responsible for defining precise eligibility for this scheme, and have discretion to pay grants to businesses based on local economic need – within the national guidance: https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding

Local authorities will need to manage their schemes effectively to stay within their Discretionary Grants Fund allocation.

As with other business support measures, Ministers continue to keep the Local Authority Discretionary Grants Fund under review, monitoring roll-out and level of demand to assess how to ensure businesses and local economies are best supported.

**HC Deb 23 June 2020 | PQ 61397**

Business: Government Assistance

**Asked by: Lucas, Caroline**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what representation his recovery roundtables include from (a) trade unions and (b) civil society organisations; and if he will publish the membership of those roundtables.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

The Economic Recovery roundtables have brought together businesses, business representative groups and leading academics to consider the measures needed to support the UK's economic recovery from Covid-19. They also explore key domestic and global challenges, including how to support a green and resilient recovery, and ensure the UK is at the forefront of new and emerging industries.

The Department is engaging with a range of stakeholders to ensure we elicit a broad range of views on the UK's economic recovery and continues to engage extensively with Trades Unions on its response to Covid-19.

Civil society was represented on all of the Economic Recovery roundtables, including from NGOs and academics who had published notable research relevant to the questions discussed.

We have published a list of the roundtable attendees on GOV.UK. The attendees come from across business sectors, regions and devolved nations, business representative groups, research bodies, partner organisations, and academia. The business attendees represent over a third of the UK economy. This list does not encompass the full range of stakeholders that BEIS Ministers and officials are engaging with. We have been welcoming comments from anyone that wishes to share their views by 17th June. We also continue to hold extensive engagement that will feed into this important work with stakeholders from across the economy, including small business networks and trades unions

**HC Deb 19 June 2020 | PQ 58672**

Business: Government Assistance

**Asked by: Lucas, Caroline**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps he is taking to ensure the advice of the recovery roundtables on the themes of (a) the future of industry, (b) backing new businesses, (c) increasing opportunity and (d) the UK open for business, is compatible with the UK's role in delivering the Paris Agreement.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

The insight gathered through these roundtables will help identify ways in which government can work together with business and other stakeholders to support a clean and resilient recovery and ensure the UK is at the forefront of new and emerging industries.

In order to seize the opportunities of growing low carbon markets around the world, deliver our commitments under the Paris Agreement, and put ourselves on course for our legally binding carbon budgets and net zero target, we need to accelerate the rate of emission reduction and ensure UK businesses are well placed to maximise the growth opportunities of net zero. Many of the actions we need to take to reach our UK climate targets - net zero - can also support our economy to recover from Covid-19.

**HC Deb 18 June 2020 | PQ 58673**

Businesses: Government Assistance

**Asked by: Stevenson, Jane**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what support he has made available for businesses facing closure as a result of the covid-19 outbreak; and if he will make a statement.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

The Government has introduced an unprecedented package of support for businesses to get through this incredibly challenging period. This includes:

- A Coronavirus Job Retention Scheme;
- Deferring VAT and Income Tax payments;
- A Statutory Sick Pay relief package for SMEs;
- A 12-month business rates holiday for all retail, hospitality and leisure businesses in England;
- Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief;
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000;
- A Local Authority Discretionary Grants Fund, with up to £617 million available to Local Authorities to support certain small businesses;
- The Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank;

- The Coronavirus Large Business Interruption Loan Scheme offering facilities of up to £200 million through the British Business Bank;
- The Bounce Back Loan Scheme to help the smallest businesses access loans of between £2000 and £50,000;
- The Future Fund to provide government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors;
- A new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans;
- Extending the HMRC Time To Pay Scheme.

Many businesses have already benefitted from this support. As of 14 June, 1.1 million employers are utilising the Job Retention Scheme, over 900,000 businesses of all sizes have been able to access more than £38 billion of finance through our loan schemes, and more than £10 billion of Small Business and Retail, Hospitality and Leisure Grants have been paid.

As well as this support, the Government is currently taking the Corporate Insolvency and Governance Bill through Parliament to make changes to insolvency and company law, to:

- introduce new corporate restructuring tools to give companies the breathing space and rescue tools required to maximise their chance of survival; and
- temporarily suspend parts of insolvency law to support directors in continuing to trade through the emergency without the threat of personal liability, and protects companies from aggressive creditor action.

Full details on the support available for businesses can be found on GOV.UK, or through contacting our business support line.

**HC Deb 17 June 2020 | PQ 58782**

Bounce Back Loan Scheme

**Asked by: Fletcher, Nick**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps his Department is taking to support businesses that need to increase the amount of money they have borrowed through the Bounce Back Loan Scheme.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

Under the Bounce Back Loan Scheme (BBLS), businesses can apply for between £2,000 up to 25% of their turnover. The maximum loan available under the Scheme is £50,000. Once a business has received a BBLS facility, it is not eligible to apply for a second loan under the Scheme.

Businesses using BBLS, who later decide that they need more financing, may be able to refinance under the Coronavirus Business Interruption Loan Scheme (CBILS) provided they are eligible for the CBILS.

Businesses are not permitted to access more than one of either the Bounce Back Loan Scheme, CBILS, Coronavirus Large Business Interruption Loan Scheme (CLBILS) or the Covid Corporate Financing Facility (CCFF) scheme at the same time.

**HC Deb 17 June 2020 | PQ 57406**

Businesses: Government Assistance

**Asked by: Malhotra, Seema**

To ask the Secretary of State for Business, Energy and Industrial Strategy, with reference to the Government support package for innovative firms hit by coronavirus announced on 20 April 2020, how many businesses (a) have accessed this support through; and how much and what proportion of funding from the £750 million to be allocated through Innovate UK has been to disbursed to (i) new applicants and (ii) existing award holders.

**Answering member: Amanda Solloway | Department: Department for Business, Energy and Industrial Strategy**

On 20th April, my Rt. Hon. Friend Mr Chancellor of the Exchequer announced a £1.25bn coronavirus package to protect firms driving innovation in the UK.

This included £750 million of targeted support for the most R&D intensive small and medium size firms which will be available through Innovate UK's grants and loan scheme.

The Government has since confirmed that up to £500m of this is for existing customers including £200m of accelerated payments and up to £300m for continuity grants and loans. £20m of the remainder has been used to double the number of businesses receiving funding through the IUK call for business led innovation in response to the crisis which was open to new customers. Over 800 companies have been successful in this competition. IUK has also allocated up to £39m to increase the business advisory support services available new and existing high-growth potential SMEs. Announcements for the remaining money will be made in due course.

Beyond the Fast-Response competition, it is currently too early to state the number of businesses that have accessed this funding.

**HC Deb 17 June 2020 | PQ 57218**

Start-Up Businesses

**Asked by: Evennett, Sir David**

What steps his Department is taking to support start-up businesses.

**Answering member: The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Paul Scully) | Department: Business, Energy and Industrial Strategy**

We want to make the UK the best place to start and grow a business, and it should not matter where in the UK that is. The start-up loans programme has helped more people to realise their dream of starting a business, with more than 72,000 loans, worth £591 million, since 2012. During 2018-19, our growth hubs helped more than 9,500 business starts in England, and through programmes operated by the Government-backed British Business Bank we are currently supporting more than £7.7 billion of finance to more than 94,900 small and medium- sized enterprises.

**HC Deb 16 Jun 2020 | Vol 677 c635**

Economic Situation: *Coronavirus*

**Asked by: Maskell, Rachael**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what assessment he has made of the potential effect of a green and sustainable economic programme on the level of economic recovery after the covid-19 outbreak.

**Answering member: Kwasi Kwarteng | Department: Department for Business, Energy and Industrial Strategy**

As we recover from COVID-19, the Government intends to deliver a UK economy which is stronger, cleaner, more sustainable and more resilient.

The UK has shown that growing our economy and cutting emissions can be achieved at the same time. We have grown our economy by 75% while cutting emissions by 43% over the past three decades. Low carbon businesses and their supply chains support hundreds of thousands of existing jobs and will be key to future job growth.Many of the actions we need to take to reach our target of net zero emissions by 2050 will support the future growth of our economy.

The Government recently launched a £40 million venture capital fund to supercharge the development of next generation clean, low-carbon technologies, and since lockdown was announced, we have published the first stage of our Transport Decarbonisation plan and have announced a £2 billion package for cycling and walking.

**HC Deb 15 June 2020 | PQ 54153**

Carbon Emissions: *Coronavirus*

**Asked by: Lavery, Ian**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what assessment he has made of the effect of the covid-19 outbreak on CO2 emissions.

**Answering member: Kwasi Kwarteng | Department: Department for Business, Energy and Industrial Strategy**

Covid-19 has had a significant short-term effect on emissions – for example, BEIS statistics estimate that road fuel sales between 23 March and 24 May were 43 per cent below the preceding eight weeks, and electricity consumption has also reduced. Renewables have regularly been providing more than 50% of our power. But the fundamental challenge of climate change has not changed – these reductions are likely to be short-term and the need to tackle climate change and reaching net zero remains as urgent as ever.

Many of the actions we need to take to meet our future carbon budgets can also support our recovery from Covid-19 – for example through the investments we committed to in the Budget to support carbon capture and storage, electric vehicle infrastructure, and low carbon heating.

We will be setting out further plans in key sectors such as transport, heat and buildings this year.

**HC Deb 09 June 2020 | PQ 51981**

*Coronavirus* Large Business Interruption Loan Scheme: Offshore Industry and Transport

**Asked by: Turner, Karl**

To ask the Secretary of State for Business, Energy and Industrial Strategy, how many successful applications have been made to the Coronavirus Large Business Interruption Loan Scheme from (a) medium-sized and (b) large business in the (i) transport and (ii) offshore energy sectors to date; and what the value is of those applications.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

As of 7 June, 244 loans have been issued under the Coronavirus Large Business Interruption Loan Scheme (CLBILS), with a total value of £1.57 billion.

Issuing new loans is the priority for lenders and the Government. We are working with the British Business Bank, HM Treasury and the lenders on providing regular and transparent data publication going forward.

**HC Deb 09 June 2020 | PQ 51896**

Bounce Back Loan Scheme

**Asked by: Gibson, Patricia**

To ask the Secretary of State for Business, Energy and Industrial Strategy, what recent assessment he has made of the potential merits of converting loans secured via the Coronavirus Bounce Back Loans scheme into grants for small businesses.

**Answering member: Paul Scully | Department: Department for Business, Energy and Industrial Strategy**

The Bounce Back Loan Scheme (BBLS) is part of a broad package of support for SMEs, including rates relief, grants and support for wage packages.

Businesses are not permitted to access more than one of either the BBLS, Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme or the Covid Corporate Financing Facility Scheme at the same time. The eligibility criteria for BBLS do not require lenders to take into account the other forms of government support that SMEs may be benefitting from, e.g. business rate reliefs or grants unrelated to the CBILS.

**HC Deb 08 June 2020 | PQ 53474**

Economic Situation: *Coronavirus*

**Asked by: Lucas, Caroline**

To ask the Secretary of State for Business, Energy and Industrial Strategy, which (a) Departmental and (b) cross-Departmental initiatives are ensuring that the Government's economic response to the covid-19 outbreak contributes to the achievement of the UK's climate and environmental goals; and if he will make a statement.

**Answering member: Kwasi Kwarteng | Department: Department for Business, Energy and Industrial Strategy**

As we recover from COVID-19, the Government intends to deliver a UK economy which is stronger, greener, more sustainable and more resilient.

The UK was the first major economy to legislate for net zero emissions by 2050 while showing that growing our economy and cutting emissions can be achieved in parallel - growing our economy by 75% while cutting emissions by 43% over the past three decades. The UK has over 460,000 jobs in low carbon businesses and their supply chains, and many of the actions we need to take to reach our net zero target will support the future growth of our economy.

Already we have announced that onshore wind and solar projects can bid for contracts in the next Contracts for Difference allocation round and a £2 billion package for cycling and walking. On 8 June, my Rt. Hon. Friend the Secretary of State announced a Green Recovery working group, one of five new 'recovery roundtables' bringing together businesses, business representative groups and leading academics, to unleash Britain's growth potential and help the economy recover from the pandemic. This group will explore how to capture the economic growth opportunities from the shift to net zero emissions.

**HC Deb 08 June 2020 | PQ 49652**

**DEBATE PACK**
Number CDP 2020/0080
3 July 2020