



Department for
Business, Energy
& Industrial Strategy

Rt Hon Alok Sharma MP
Secretary of State
Department for Business,
Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

Sam Beckett
Acting Permanent Secretary and Accounting Officer
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

19 May 2020

Dear Sam

Future Fund

Thank you for your letter of 18 May 2020, relating to the introduction of the Future Fund which I have considered carefully.

The Future Fund is designed to encourage investors to continue to back companies that would have received investment in the absence of the pandemic. As you highlight, according to Beauhurst only 95 deals were announced in March 2020, which totalled £595m, compared to 174 deals in March 2019 totalling £1.46bn. Investors are retrenching to focus on their existing portfolios, with some adopting a wait and see approach and action is therefore important to protect the scale-up and innovation ecosystem as a key plank of the recovery.

As you highlight, BEIS considers that a commercial investor, looking at the range of estimates, could reasonably conclude that they had a good chance of making a commercial return based on the evidence presented in the Oxera report and on that basis would be prepared to invest on the terms proposed for the Future Fund. In addition, the Industrial Development Advisory Board recognised the need for financial support where there is poor liquidity and supports the principle of the Future Fund.

As you note, these reports show that the action the Government is taking will be central to limiting the impact by preserving jobs and businesses and you understand and expect that this fund also presents an opportunity to further add to the benefits already being delivered through other schemes.

In light of this, I support the introduction of the Future Fund despite the uncertainties around value for money that you have brought to my attention. I am therefore formally directing you as Accounting Officer to take this forward.

I note that your letter and this reply will be published in due course, once the Future Fund is fully established and after you have made an assessment of the potential impact that making this request public might have on the confidence and take-up of

the scheme, and consequently on our efforts to support the economy. I would be grateful if that assessment could be shared with me ahead of publication.

I am copying this letter to the Comptroller and Auditor General and the Treasury Officer of Accounts.

Best wishes,


RT HON ALOK SHARMA MP
Secretary of State for Business, Energy and Industrial Strategy