

**Minutes of a meeting of the Boards of Directors  
British Business Bank PLC ('the Company' or 'BBB' or 'the Bank')  
at Steel City House, Sheffield and via Teams  
At 0900 on Thursday 30 May 2024**

<b>Present</b>	Stephen Welton	Chair	
<b>BBB / BBFL /</b>	Neeta Atkar	Senior Independent Director	
<b>BBFSL Directors</b>	Robert Razzell (for Jamie Carter)	CFO, UKGI	
	Barbara Anderson	Non-Executive Director	
	Matthew Elderfield	Non-Executive Director	
	David Hourican	Chief Financial Officer	
	Eilish Jamieson	Non-Executive Director	
	Jenny Knott	Non-Executive Director	
	Nathaniel Sloane (Workforce Engagement Director)	Non-Executive Director	
	Louis Taylor	Chief Executive	
<b>Apologies</b>	Jamie Carter (Shareholder Representative Director)		
<b>In attendance</b>	Esi Eshun	General Counsel and CoSec	
	Chantal Geall	Chief Risk Officer	
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	Angelene Woodland	Chief Customer Officer	Item 3
	Graeme Fisher	Interim Chief Strategy Officer	Item 2, 3
	Content Removed	Content Removed	Item 2
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	Wyndham North	MD, Growth Fund	Item 2
	Clare Chalmers	Clare Chalmers Ltd	Item 5

**1 Notice, Quorum, Declarations of Interest, and Introduction** **Action**

- 1.1 The Chair confirmed proper notice had been given and that a quorum was present; he then opened the meeting. No member declared any conflicts in the agenda of the meeting.

**2 General Election – the impact on the Bank**

- 2.1 The Chair highlighted some of the implications for the Bank following the announcement of a General Election on 04 July including the Period of Sensitivity and planning for a forthcoming Spending Review; it was noted ExCo would hold a workshop on identifying the approach and key themes for the Spending Review and feedback would be presented to the Board. The MD Growth Fund noted that the two main political parties were on record as supporting the Bank and the development of the Growth Fund project, and advised that submission of the Regulatory Business Plan would now be delayed until after the election so that incoming Ministers could take the necessary decisions.
- 2.2 The Board discussed areas of the Bank's activities that could be of interest to an incoming government, highlighting the ability of Start Up Loans to support nationwide skills development, and the opportunities presented by Community Enabled Finance. The Board noted the importance of being able to articulate such capabilities to an incoming government.
- 2.3 The CFO (UKGI) advised planning for a multi-year Spending Review and noted this would be an opportunity to propose any desired changes to the RDEL / AME budgets. He also suggested thinking about alignment and complementarity with the activities of other economic development agencies.

**3 Sustainability**

## **BBB Board meeting, 30 May 2024 - APPROVED**

3.1 The MD, Sustainability summarised the key messages of his discussion paper and highlighted:

- the requirements and implications of a Just Transition Plan noting that the social and economic impact of the Bank's activities aligned well with the concept.
- the policy and programme gaps in relation to both implementation and innovation.

3.2 The Board discussed the areas in which the Bank could have the greatest impact with particular focus on the following:

- emphasis on specific areas such as electric vehicles or green tech start-ups.
- the development of regional ecosystems to connect with currently 'out-of-reach' SMEs.
- the net zero transition of the Bank's existing portfolio with potential roles for UK Network, innovation clusters in partnership with peer organisations, triaging and signposting.
- integrating ESG within portfolio management to enhance the Bank's stewardship impact.

3.3 The Chair summarised the discussion noting the value of understanding what has worked internationally, and the balance between the use of carrot and stick. The Board would have further discussions to agree priorities for the forthcoming Spending Review.

## **4 Corporate simplification**

4.1 The CEO summarised the proposals for simplification based on the priority to be customer centric, with the frontline reorganised around two lines of Investment and Banking supported and embedded through the Bank's governance structures and TOM. He noted the Board's previous approval of the TOM principles of scalability and flexibility and confirmed the proposals were aligned to these. The Board supported the proposals.

4.2 The General Counsel and Company Secretary (GCCS) summarised the proposed changes to the governance structure. She outlined the potential relationships between a TopCo, commercial, and banking / development boards, noting TopCo would set the overall strategy, deal directly with the banking / development side, and maintain a close 'sub-committee-type' relationship with the commercial board. The Board discussed the challenges and risks associated with various options, including a less-layered structure.

4.3 The Board discussed subsidy / state aid considerations and the importance and nature of independent decision making on which legal advice had been received. The CFO (UKGI) recommended the Board should receive the advice noting this was a lesson learned from the Post Office Inquiry. The Board discussed how conflicts would be identified, minimised, and managed between the Investment and Banking sides, as well as within and between the commercial entities.

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4.4 The Chair summarised the discussion confirming the Board's strong support for the proposals noting that agreement on some of the details was still required prior to Board approval.

## **5 Interim Board Effectiveness Review**

5.1 Clare Chalmers summarised the key messages of her report and analysis. The Board underlined the observations on people, culture and values and discussed how to get a deeper understanding of the issues. It noted the new Performance Management Framework would drive important outcomes, and suggested this could be an opportunity to revisit the company values. It noted the link between culture and KPIs, including the objectives set for Senior Executives, and that new KPIs would be developed and agreed for the next Business Plan.

5.2 Directors affirmed that Board dynamics had improved since the report in March 2023. The Chair of People & Remuneration Committee summarised some recent positive developments and supported the suggestion of an independent third-party advisor.

5.3 The Board discussed the quality of papers, and specifically the level of detail provided in the Management Information pack noting the need for both summary and granular information. The Chair of Audit Committee asked that all Directors be given access to Audit Committee meeting papers on Diligent. *[Secretary's note: this has now been done.]*

- 5.4 An action plan in response to the report and analysis would be brought to Governance & Nomination Committee in July and then to full Board in September.

**CoSec**

## **6 Chair's update**

- 6.1 The Chair observed that while government mandate represented the core remit of the Bank, the Board had the opportunity to drive new ideas and solutions on which government could reflect. He noted the valuable engagement with the wider market through the Growth Fund team and that the Bank was being taken seriously by peers and stakeholders. The Board reflected that greater awareness of the Bank was needed within their own professional circles.

## **7 CEO Report**

- 7.1 The CEO summarised his report highlighting:
- The Treasury Select Committee report on SME Finance
  - Chief Investment Officer recruitment
  - Invest in Women Taskforce
  - Q1 deal flow
  - JP Morgan collaboration
- 7.2 The Board commended the opportunities presented through potential collaboration to support diverse entrepreneurs and investors and advised that such relationships must be open and transparent.
- 7.3 The Board discussed relationships with government including DBT's Audit & Risk Committee. The Board asked the Executive to seek opportunities for developing connections and insight particularly given the likely changes post the General Election on 04 July.
- 7.4 The Board noted it was alert to making too many demands of the Executive team and asked for clarity and guidance on priorities and boundaries. The CEO noted he would revert with details on the Change programme priorities.

**CEO**

- 7.5 **Content Removed**

## **8 CFO Report**

- 8.1 The CFO summarised his paper and highlighted:
- a summary of finance outputs 2023-24
    - partial reversal of previously recognised fair value investment gains, in line with forecast
    - expected credit losses across the Covid schemes
    - Future Fund Q4 valuation 2023-24
    - provisional KPI evaluation
- 8.2 The Board noted that costs had been cut and asked about the level of clarity between BAU running costs versus planned change and other activities. The CFO noted the cost base had stabilised after many years of rapid headcount growth and we were now in a position to deliver efficiencies from further asset base growth alongside planned TOM changes. He confirmed that priority Change costs for 24/25 were embedded through efficiency savings, and the cost allocation methodology was being revised particularly to reflect usage of support services across various products. The Board noted this was a good opportunity to review the RDEL / AME budgets.
- 8.3 The Board asked about peer comparisons on TVPI performance within the Bank's portfolio. The CFO confirmed that vintages were a key element and that improvements were needed to the data; he would revert to the Board with suitable comparisons including vintage weightings as part of the year end 23/24 review.

**CFO**

## **9 CRO Report**

### **BBB Board meeting, 30 May 2024 - APPROVED**

- 9.1 The CRO drew the Board's attention to areas where the Bank was considered to be outside risk appetite. She noted that her report to Risk Committee would refine the commentary on actions and timelines to return the Bank to within appetite; prioritising key elements of this year's Change programme would support this.
- 9.2 The Board **APPROVED** the proposal that BBI set a Risk Appetite for Credit Risk at "High". Board noted this was an annual request seeking a variation to the Group position of "Medium" and reflecting BBI investments across a number of higher risk debt strategies.

### **10 LPSC review and LPSC, BBI, BPC, and NRIL IC ToR updates**

- 10.1 The Board **APPROVED** the amendments as proposed to the following Terms of Reference:
- Lender Performance Strategic Committee
  - British Business Investments Investment Committee
  - British Patient Capital Investment Committee
  - Nations and Regions Investments Investment Committee.

### **11 Appointment of Directors to BPC and BBI**

- 11.1 The Board **APPROVED** that:
- Ian Connatty be appointed as a Director to the Board of British Patient Capital Ltd with effect from 13 June 2024.
  - Adam Kelly be appointed as a Director to the Board of British Business Investments Ltd with immediate effect.

### **12 Approval of Minutes**

- 12.1 The Board **APPROVED** the Minutes of the meetings on 05 March and 25 April 2024.

### **13 Actions / Matters Arising**

- 13.1 The Board reviewed and **AGREED** the actions updates.

### **14 Any other business**

- 14.1 There was no further business and the Chair closed the meeting.

### **NED-only meeting**