

**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 25 July 2024**

Present	Stephen Welton	Chair	
BBB / BBFL /	Neeta Atkar	Senior Independent Director	
BBFSL Directors	Jamie Carter (Shareholder Representative Director)	Non-Executive Director	
	Matthew Elderfield	Non-Executive Director	
	David Hourican	Chief Financial Officer	
	Eilish Jamieson	Non-Executive Director	
	Jenny Knott	Non-Executive Director	
	Louis Taylor	Chief Executive	
Apologies	Barbara Anderson	Non-Executive Director	
	Nathaniel Sloane (Workforce Engagement Director)	Non-Executive Director	
In attendance	Esi Eshun	General Counsel and CoSec	
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	Robert Razzell	CFO, UKGI	
	Content Removed	Content Removed	Item 5
	Thomas Horton	MD, Core Finance	Item 5
	Content Removed	Content Removed	Item 5
	Content Removed	Content Removed	Item 6
	Kristen McLeod	CSO	Items 7&8
	Content Removed	Content Removed	Item 7
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	Content Removed	Content Removed	Item 7
	Content Removed	Content Removed	Item 7
	Wyndham North	MD, Growth Fund	Item 8
	Axe Ali	EY consultant	Item 8
	Content Removed	Content Removed	Item 8
	Content Removed	Content Removed	Item 13
	Content Removed	Content Removed	Item 17
	Content Removed	Content Removed	Item 17

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 Approval of Minutes

- 2.1 The Minutes of the meeting held on 30 May 2024 were **approved** with a minor amendment. The Board also **approved** the minor amendment to the Minutes of the meeting of 14 March 2024.

3 Actions updates / matters arising

- 3.1 The Board reviewed the Actions updates and requested a discussion on Challenger Banks outside of Board.
- 3.2 The Board discussed the legal advice received on subsidy control. The General Counsel and Company Secretary (CGGS) noted the decision by HMG was central to finalising the corporate simplification plans. Moving forward without a decision would be outside risk appetite and efforts were in hand to finalise the matter as soon as possible. The Board asked

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if independent advice would be sufficient but noted it would not provide a 'safe harbour' definition. The Board urged a practical, flexible solution with the proper safeguards in place.

4 Modern Slavery Statement (MSS)

- 4.1 The Board discussed the MSS noting it was supported by corresponding statements made by the Bank's partners and suppliers. Board asked for confirmation as to how these were validated by BBB and whether an annual random sample of self-assessments might be helpful in providing assurance. The Board **approved** the Modern Slavery Statement for 2024. **PB / CG**

5 Corporate performance

- 5.1 The CFO summarised the paper noting the illustrative approach had been developed as there was no existing formal guidance by which to determine the corporate performance (CP) factor. He observed that delivery had been stepped up in 2023-24 through initiatives such as LIFTS and Growth Fund, alongside the Bank meeting its Financial KPIs. The CEO reflected on the recommendation from People & Remuneration Committee (PRC) and encouraged the Board to consider the very significant achievements during the year when coming to their final decision.

- 5.2 The Board discussed the suite of KPIs noting that a future review should test KPIs for specificity, with proof points and potentially external validation. The Chair asked that the new Remuneration Adviser to PRC (subject to appointment) be used to provide an external market perspective. He noted that colleague motivation was critical, and that clarity and expectation management was important in building trust. The CFO noted that any KPI review would only be effective following the end of the current financial year.

- 5.3 Directors discussed the Bank's delivery over recent years and the reasoning behind the CP ratings including during the pandemic. Members mentioned additionality and the Impact Report, consequences of being a public body, working within capital constraints, and the external market. *[The Executive Directors left the room.]*

- 5.4 The Non-executive Directors further debated the recommendation from PRC and after discussion agreed to support it. The Board **approved** a CP factor of 82.5% for 2023-24. The Chair asked that the new Remuneration Adviser, once appointed, undertake a calibration exercise to review how the corporate performance factor is evaluated. **DH**

5.5 Impact Report

The Board complimented the Report highlighting the valuable insights and the relative performance of different parts of the Bank. Directors noted the value of a predictive econometric model in decision making on programmes and allocations, which would be balanced with directions from government. The Board noted the caveats with any model and the Director (Economics) confirmed the model would be refined using older cohorts and their outcomes. The Chair asked for a separate session on the Impact Report in advance of the Board Strategy Day, and for a meeting with the Permanent Secretary and Secretary of State DBT at which it could be discussed. **CoSec PW**

5.6 Centre of Excellence Report

The Board discussed the report and noted it was limited in input as it did not cover customers and other stakeholders. It was agreed that next year, in place of the report, the Chair would meet seniors at HMT and DBT to seek their views on performance. **DH**

- 5.7 The Board discussed the levels of awareness of the Bank among various stakeholders and which were the primary focus groups. It asked for a review of the website that would clarify

the remit of the Bank in relation to the customer groups on which it wanted to focus, and the desired relative levels of awareness to be raised. **AW**

- 5.8 Disputes update - **legally privileged and confidential**

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The CGGS provided an update on four disputes at pre-claim stage: a SUL case in relation to non-repayment, a second SUL case related to adjustments for disability, and another case that concerned an HR matter. The fourth was Greensill which she noted was not on the Bank's balance sheet.

5.9 Annual Report and Accounts

The Board thanked all involved and complimented the final document and the achievement of the accelerated timeline. The Chair of Audit Committee confirmed the recommendation from the Committee, and noted she had spent time with the team, had confidence in the accounts and admired the maturity of the quality and tone. She noted the lesson learned regarding HMG's decision not to hedge against foreign currency and that this should be tested again next year as to whether it is the right decision. The Board **approved** the Annual Report and Accounts, 2023-24.

6 People Strategy

6.1 The **Content Removed** summarised the People Strategy. The Board complimented the plan noting inter alia, the executive succession plans, new core People processes, leadership training, mandatory development plans, horizontal as well as vertical promotion, and the impact champions can have on culture in business areas. The Board requested the training be further developed to support leadership's understanding of bullying and harassment.

6.2 The SRD suggested the wording on senior pay controls could be strengthened and noted that pay for investment staff was 15% adrift of the Bank's lower quartile target and a 2-3 year strategy should be implemented to address this.

6.3 Pulse Survey

The Board discussed the survey scores both in general and across business areas and noted the data on bullying had neither improved nor worsened. Directors were reminded that the bullying message had been underlined at the One Team event, and it was confirmed that Colleague Forum would establish engagement groups, with a separation from line managers, to support a safer environment. It was noted the engagement score had increased by 2% on top of the previous 3% indicating movement was in the right direction.

7 Growth Fund update

7.1 The MD Growth Fund confirmed the Regulatory Business Plan would shortly be presented to the Secretary of State, DBT who had confirmed that he wanted the Bank to progress with the Growth Fund and seek regulatory approval. The Board discussed the Chancellor's forthcoming pension review noting the possibility of a mandate in certain sectors and persuasion in others.

8 Spending Review

8.1 The CSO summarised what was currently known about the forthcoming Spending Review. She highlighted the priority to align with what was anticipated to be in government's Industrial Strategy, to identify deliverable projects, provide a menu of options with and without costings, and what could be achieved with permanent capital; she also noted that consideration should be given to current activities that could be stopped. Board reiterated its desire to be allowed to recycle returns on investment.

8.2 The SRD underlined that the Impact Report was crucial particularly given its basis in economic analysis and modelling. In relation to the Industrial Strategy, he noted the Bank had been largely sector agnostic and it could be worth reviewing this approach noting the Bank would want to be contributing to government's priorities. The Board noted the value of researching other potential sources of funding across government.

8.3 National Wealth Fund (NWF)

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The **Content Removed** noted the Global Investment Summit to be held in the UK in October at which it was anticipated more detail about the NWF would be announced. The Board noted the Bank's likely important role in the NWF and that the Bank was now working in close collaboration with HMT and DBT on emerging models.

9 CEO Report

- 9.1 The CEO summarised his report. The Board discussed the delay with LIFTS, Venture Solutions, options around the Covid portfolios including Future Fund and the need for government decisions on future directions. The report also provided updates on senior recruitment, the Target Operating Model, and Change priorities.

10 CFO Report

- 10.1 The CFO summarised his report highlighting the Business Plan (BP) had not yet been approved but that a decision was being progressed through UKGI. He noted Q1 results were in line with the BP and updated Board on the investment pipeline, net capital movements, and valuations. The CFO highlighted the Bank's significant change agenda, covering six areas of priority which would be tracked against budgeted costs and benefits. He discussed the significant investment in developing data capabilities and would revert to Board with further details.

- 10.2 The Chair of Audit raised a concern about the involvement of brokers in the Bank's Guarantee programmes and Board asked for appropriate wording on our website to guide customers.

**AW, CG
RdM**

11 CRO Report

- 11.1 The CRO summarised her report. She highlighted the period of change associated with the new government and noted that the Bank would continue to consider fully the risks around delivery and implementation of potential new initiatives. Given the significant level of Change being undertaken by the Bank this year, she noted the heightened risk around delivery, the need for clear scoping of programmes, and options around multi-year phasing in some areas. The Board asked for an update on the Change delivery agenda and management priorities.

DH / CG

- 11.2 She noted that a gap analysis on the FCA's Fraud & Financial Crime requirements set out in the Dear CEO Letter had been completed with no additional items identified for action. The arrival of the new MLRO was welcomed. The Board complimented the financial risk report and raised the question of whether the Bank might want to introduce concentration limits.

- 11.3 The CRO noted the Health and Safety policy and framework had undergone its annual review at Policy Review Group and was found to be fit for purpose with no material changes.

12 Covid Inquiry update (legally privileged & confidential)

- 12.1 The CGCS summarised the paper noting that external legal advice had recommended the Bank apply for Core Participant (CP) status at the Inquiry, and outlined the proposed roles of the Board and Executive. The Director, Legal summarised the grounds for designation as a CP and potential benefits, however she underlined that the precise focus of the Module had not yet been confirmed and that this could influence designation of CP status. The Board

EE

asked for further information on any operational implications of being a CP. The CEO noted a lessons learned submission had been made to the Public Accounts Committee in November 2022.

- 12.1 The Board agreed with the recommendations in the paper:
- the Board would set strategic direction, including thoughts on our appetite for reputational risk and any internal lessons learned;

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- the Accounting Officer (supported by the General Counsel) would make the operational decisions in relation to the Bank's participation in the COVID Inquiry, including on whether to apply to be a Core Participant.

13 Code of Conduct

- 13.1 The CRO presented the new Code of Conduct confirming it was replacing the existing Standards of Conduct. She noted it drew heavily on the FCA Conduct Rules and Civil Service Standards, and that the CEO would replace the CPO as owner. The Board noted the recommendation from Board Risk Committee and **approved** the Code of Conduct.

14 Terms of Reference annual reviews:

- **Board Audit Committee**
- **Board Risk Committee**

- 14.1 The Board noted the recommendations from the Board Audit and Risk committees and **approved** the annual reviews of both Terms of Reference.

15 Notification of AGM (12 September 2024)

- 15.1 The Board **approved** the resolutions to be presented at the Bank's Annual General Meeting on 12 September 2024, for approval by the Shareholder.

16 Project P

16.1 **Content Removed**

16.2 **Content Removed**

17 Any other business

- 17.1 There was no other business, and the meeting closed.

NED-only meeting