

Power of 10

10 Year Impact Report

10
years of
impact

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Foreword





The British Business Bank’s mission is to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses.

That mission has evolved over time, reflecting our growth as an organisation over the last decade, but at its heart has always been the same overall aim – to provide ‘long term support for long term investment and growth in the UK’. These words, taken directly from Sir Vince Cable’s foreword to 2013’s Building the Business Bank, show that unlocking growth for the UK has been our focus from the very start.

Over the last ten years, we’ve turned this focus into action, supporting more than 200,000 businesses to prosper and grow. Through their growth we estimate they will boost UK economic output by around £43bn over the lifetime of their finance.

Importantly, this impact is shared across all parts of the UK, with each of the 12 constituent Nations and regions expected to benefit from a boost to economic output of at least £1bn in gross value added. Alongside the impact we have had on economic output, we have also supported more than two million jobs, and expect around a quarter of a million additional jobs to be created in addition to those already supported.

Importantly, we have delivered this impact while producing a positive financial return over the decade, demonstrating that we are capable of

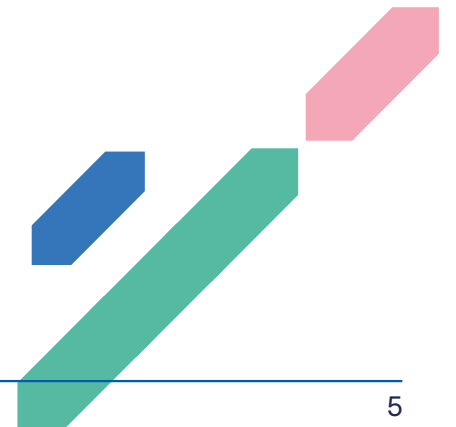


delivering an economic and financial impact at the same time. This capability will be vital to our next decade as an organisation.

With our commercial programmes now on a permanent footing and the recent announcement that we will establish the British Growth Partnership, subject to regulatory approval, many more UK businesses will be able to benefit from the transformative impact of external finance. Through drawing in more UK pension fund investment into the UK's fastest growing, most innovative businesses and flexibly re-investing returns over the long term, we will be able to increase our scale in line with our international peers and deliver an even greater impact for the UK.

I am proud to be part of an organisation that has supported so many thriving businesses over the last decade but am even more excited for what we can help them achieve through the capabilities we will bring to bear over the coming years.

Louis Taylor CBE
Chief Executive Officer







Introducing the British Business Bank





The British Business Bank, established in 2014, is the UK Government's economic development bank. The Bank has the mission to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses.

The availability of capital to smaller businesses drives economic growth because it enables business investment, innovation, and expansion, leading to increased productivity, job creation, and overall economic development.

We design, deliver and manage access to finance programmes for smaller businesses across the UK that address gaps in the market. As well as increasing the supply and diversity of finance, we raise awareness of the finance options available to smaller businesses but they don't obtain finance directly from us, instead we work through more than 200 delivery partners:

- To help get new smaller businesses off the ground, providing start-up finance and mentoring to help them succeed
- To help smaller businesses thrive, unlocking lending from banks and alternative finance providers, to help them grow, create new jobs and improve productivity
- To help the UK's most innovative companies get the capital they need to be able to scale up and stay in the UK, making investments through angels, venture and venture growth capital funds and companies across R&D intensive industries such as deeptech and life sciences.

The Bank is the largest domestic investor in UK venture and venture growth funds. The British Business Bank's role is catalytic to UK private markets over time and encourages growth companies to stay in the UK as they scale, since companies with material UK ownership are more likely to stay in the UK.

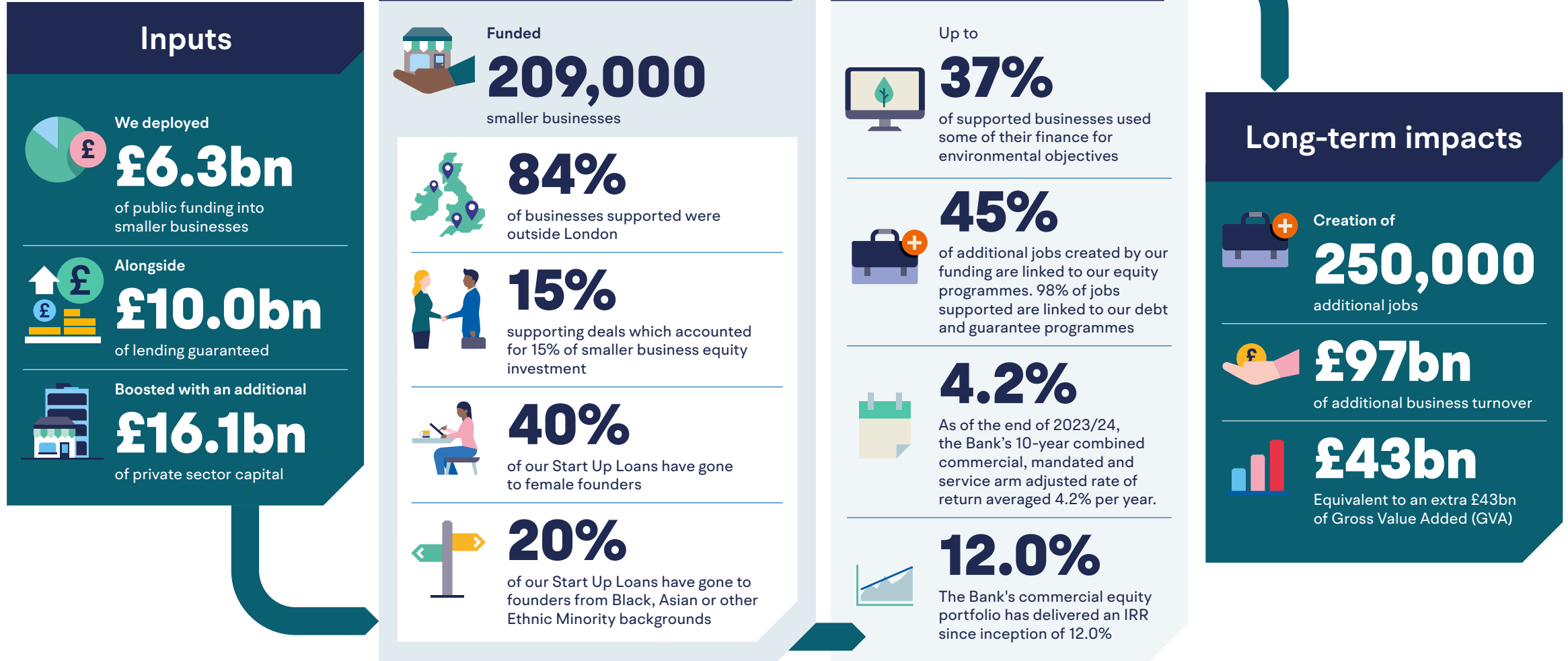


Our impact





British Business Bank activities and their expected impact, 2014/15 to 2023/24





The Bank’s capabilities and scale have increased over time

Since our formation in November 2014, the British Business Bank has played an important role in making finance markets work better so that more businesses in the UK can survive, thrive, and grow. This has required us to grow – quickly, utilising the creative mindset that we’ve had from the beginning.

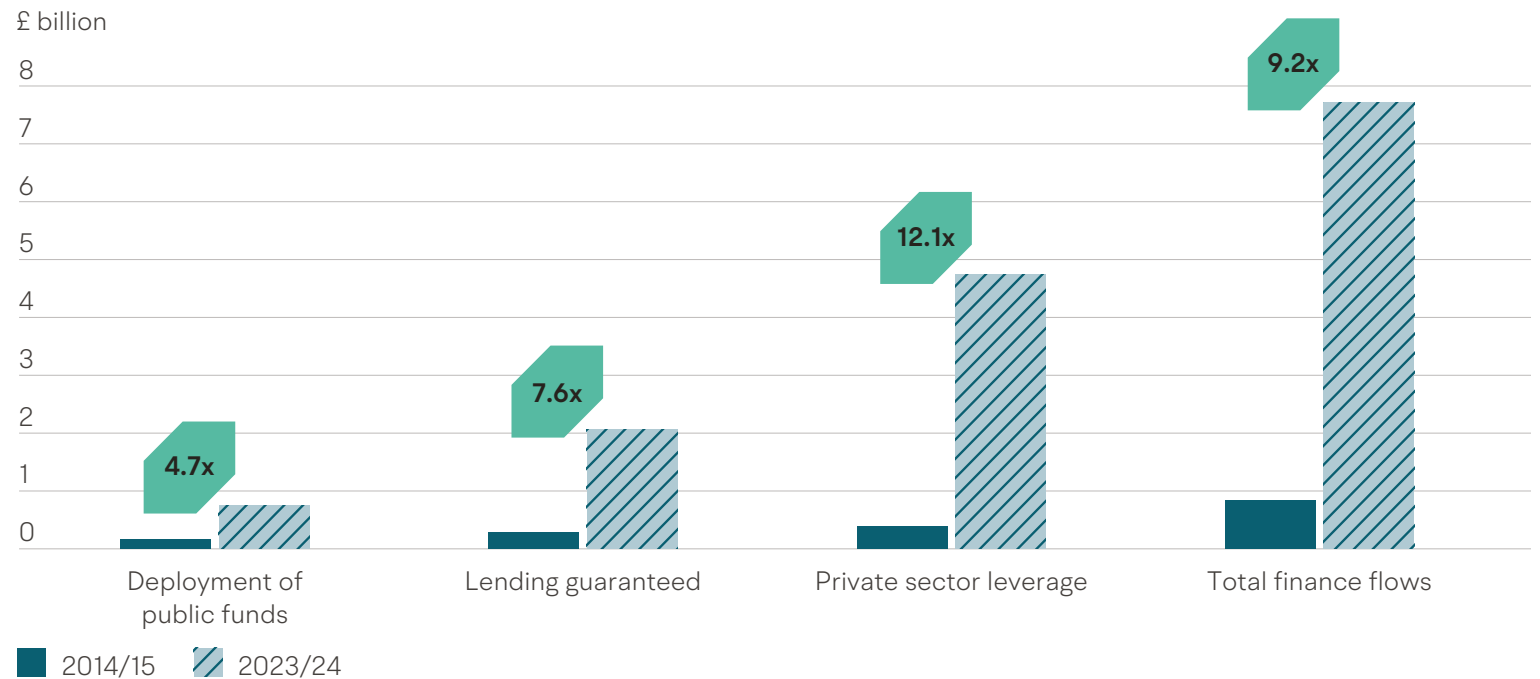
This growth is plain to see in the finance we have helped into the market over our first decade. 2023/24 saw the Bank deploy just over £0.7bn of public funding, around five times the amount deployed in our first year of existence.

Alongside the public money we deploy, the Bank also facilitates lending through guarantees and leverages in significant private capital meaning the overall flows of finance that reach smaller businesses are far greater than could be achieved through our funds alone.

Figure 1

Deployment of public funds and total finance flows – selected Bank programmes

Source: British Business Bank Management Information



Note: Programmes included are: Angel Co-Investment Fund, BFP Small Cap, BPC Co-Investment, BPC Growth, BPC Venture, CIOSIF, EFG, ENABLE Funding, ENABLE Guarantees, Enterprise Capital Fund, Future Fund Breakthrough, IFNI, IFS, IFW, Investment Programme - Debt Funds, LSIP, Managed Funds, MEIF, MEIF II, NPIF, NSSIF Direct, Regional Angels Programme, RLS, SUL, SWIF, UK Innovation Investment Fund. This coverage applies to all subsequent charts.



The Bank’s success in stimulating lending through guarantees and attracting private capital to benefit UK smaller businesses has also increased dramatically during our first decade. In 2023/24 around £4.7bn of private capital was deployed alongside the Bank’s funds and £2.1bn of lending was facilitated through our guarantees, bringing the total flow into UK businesses up to £7.5bn, a 9.2 multiple on the flow in our first year.

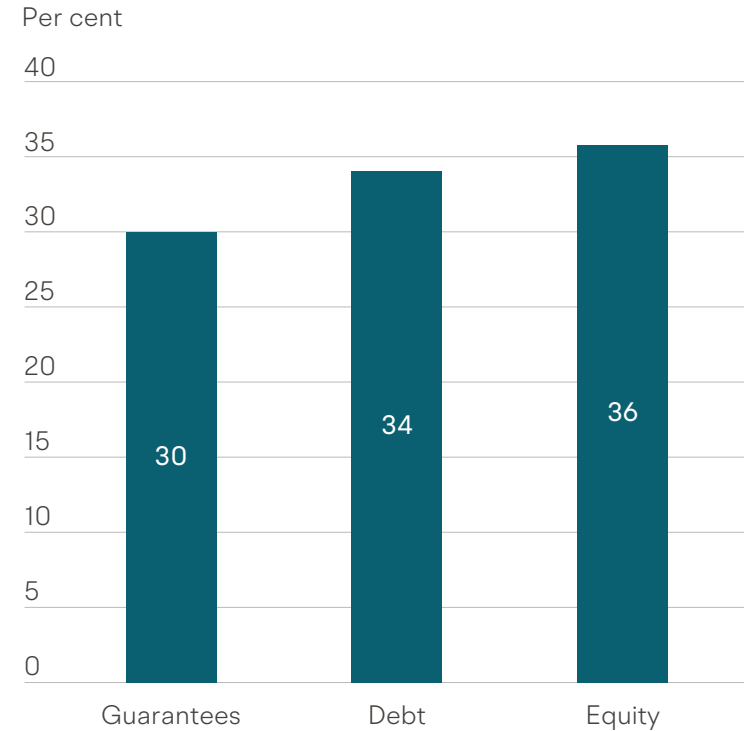
Looking over the entire period, the total finance flow of £32bn is relatively evenly distributed between debt, equity and guarantees. Around 34% of the flow has stemmed from the Bank’s debt programmes, with around 36% coming from our equity programmes and the remaining 30% from our guarantee schemes.

Within the equity space, around £8bn of the total £12bn flow has been delivered across the last three years covered. This increase in the rate of our equity activity follows the launch of British Patient Capital (BPC) in June 2018, as we implemented the conclusion of the Government’s Patient Capital Review. BPC was initially endowed with £2.5bn of capital to deploy and has subsequently added to this, including through the launch of Future Fund: Breakthrough and the Life Sciences Investment Programme in 2021/22.

Figure 2

Proportion of total finance flows by funding type, 2014/15 to 2023/24 - selected Bank programmes

Source: British Business Bank Management Information





The Bank has also expanded its capabilities for providing debt finance and guarantees over the period. This has included 2021's launch of the Recovery Loan Scheme, the predecessor to our current Growth Guarantee Scheme, and the establishment of ENABLE Build in 2019. On the debt side, the Bank has helped diversify the finance options available to smaller businesses through committing to a range of debt funds, asset finance providers, challenger banks and FinTech companies over the decade while also continuing to run the successful Start Up Loans Programme.

These broadening capabilities have driven growth in the Bank's number and range of delivery partners. In 2014/15 the Bank worked with around 80 delivery partners. Now this group numbers more than 200 and includes institutions ranging from banks to leasing companies through to venture capital funds and web-based platforms.

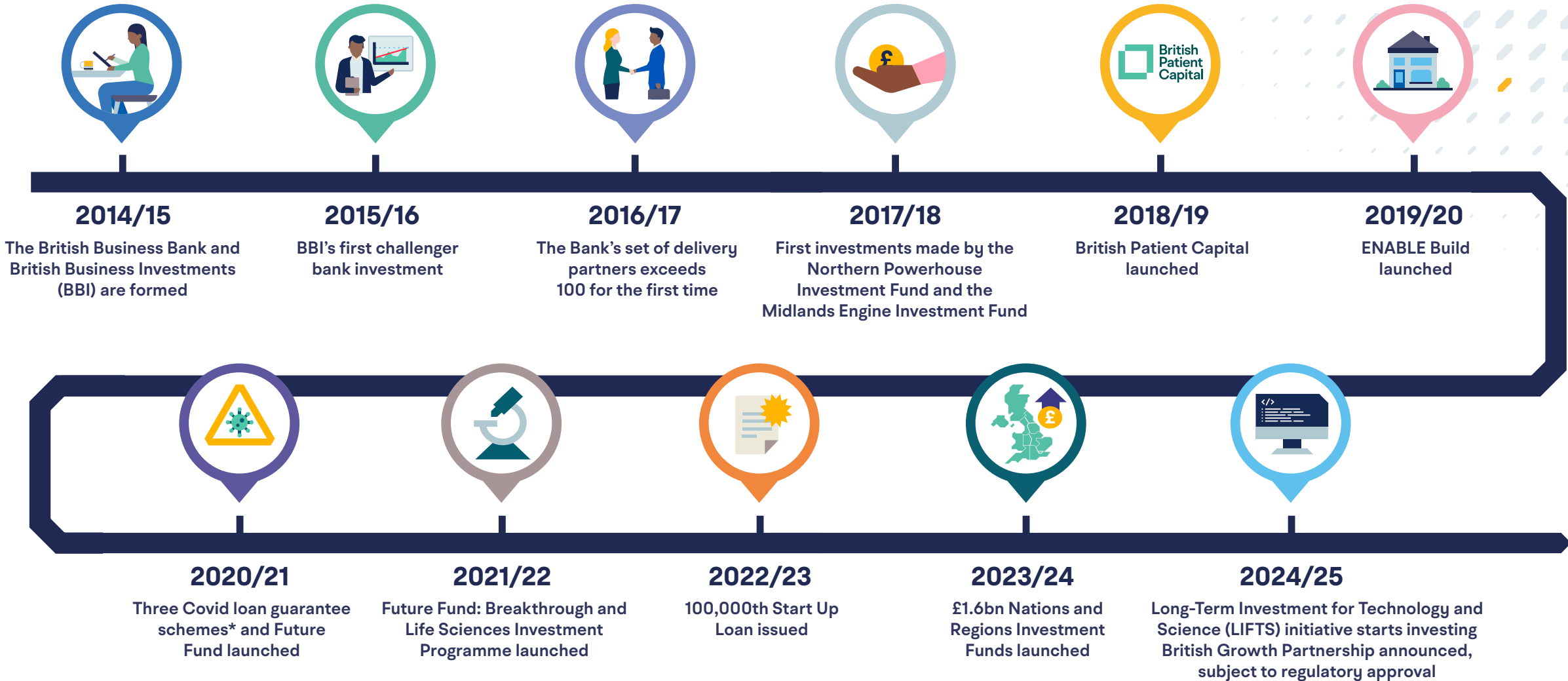
We have expanded our scale and network of delivery partners both through analysing and tackling structural market failures and from responding to cyclical challenges. The Covid-19 pandemic was a clear example of the latter and led to the creation of the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme and Future Fund. These schemes are not modelled as part of this ten-year impact analysis but have demonstrably made an important impact in their own right,¹ and represent key developments in the history of the Bank.





Figure 3

British Business Bank timeline – selected developments from 2014/15



*Bounce Back Loan Scheme (BBLs), Coronavirus Business Interruption Loan Scheme (CBILs, launched in 2019/20) and Coronavirus Large Business Interruption Loan Scheme (CLBILs).



Our growth has allowed us to support hundreds of thousands of businesses during our first ten years

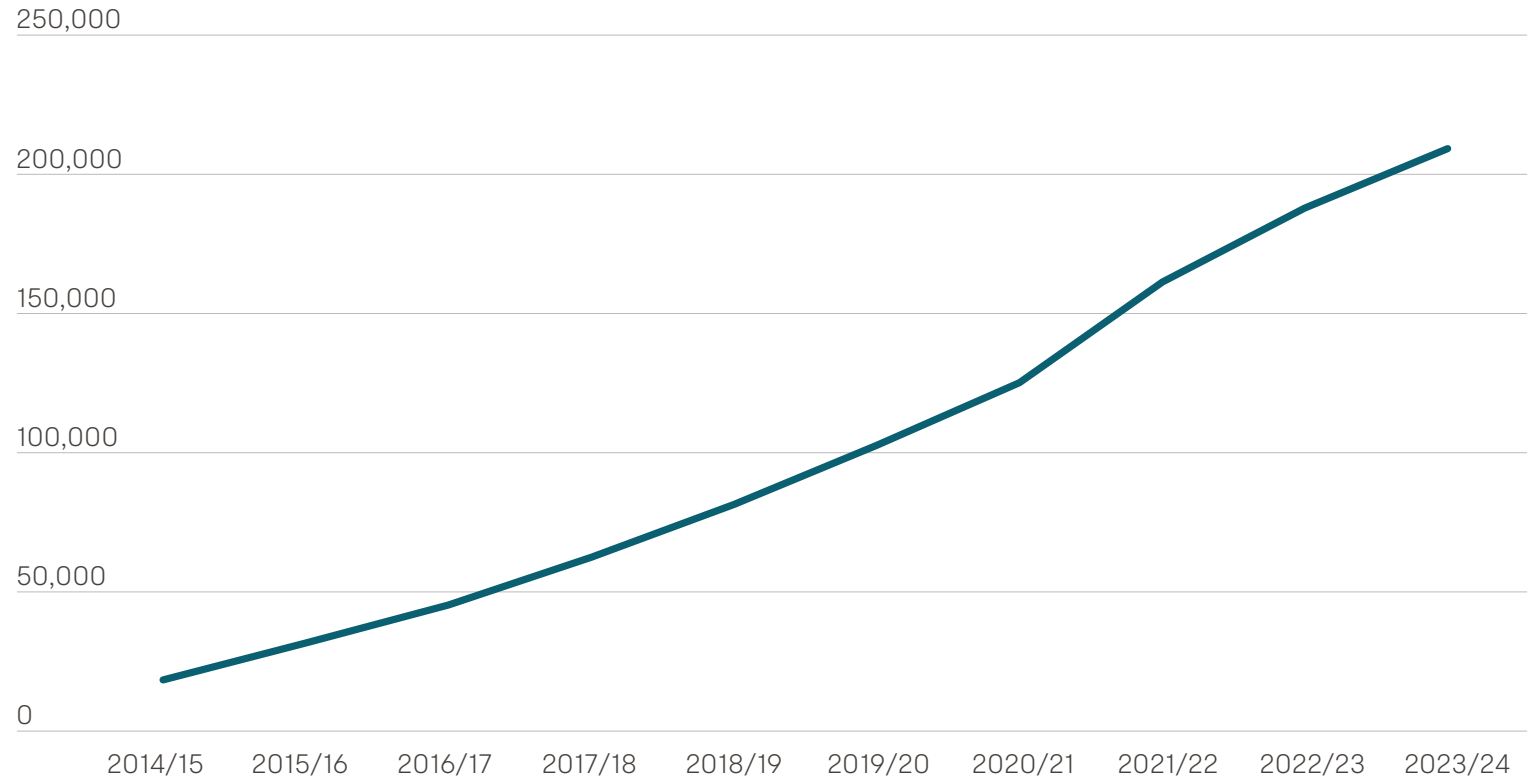
As a result of the broadening and deepening of the Bank’s capabilities over the decade, we’ve been able to support around 209,000 businesses through the programmes covered in this impact report. This total rises to nearly 300,000 if we include the beneficiaries of programmes we have been unable to directly impact model. These include the fintech and structured capital solutions components of our Investment Programme as well as the ENABLE Build programme. Added to this, our Covid loan guarantee schemes collectively backed more than 1.7m businesses meaning the true scale of the Bank’s impact is even greater than the figures presented in this report.

Figure 4

Cumulative number of businesses supported – selected Bank programmes

Source: British Business Bank Management Information

Number of businesses





Focusing on the programmes covered by this impact report, their collective reach has meant that on average each year around 21,000 businesses have newly received support from the Bank. Given the UK business population is currently estimated at around 5.5 million, this equates to around 1 in every 260 UK businesses newly receiving Bank support in a typical year over the last decade.

Many businesses receive backing from multiple Bank programmes. Looking at the programme that provided the largest share of backing for each business suggests that the Bank's debt and guarantee programmes are the principal form of support for the largest shares of businesses over the decade. Around 170,000 businesses primarily benefitted from the debt programmes included in this report and around 36,000 were primarily backed by the guarantee programmes covered. Our equity programmes complete the cohort of beneficiaries having provided support to around 3,000 UK businesses over the period.

We've crowded in significant private capital to support smaller businesses and have made a positive financial return over the decade

It is not just public money that we help direct towards the businesses who benefit from our programmes, we also crowd in significant private sector capital. Over the ten years covered by this report, the £6.3bn of public funding we have deployed has been accompanied by private capital and lending guaranteed which amounts to £26.2bn, a ratio of more than £4 for every £1 of public funds deployed. Focusing purely on private sector leverage relative to the deployment of public funds, the £16.1bn of private capital leveraged over the period represents a 2.6 multiple on our £6.3bn deployment of public funds.

Our private sector leverage over the decade is relatively evenly distributed between finance types. Around 54% has come alongside investments through the Bank's equity programmes and around 46% has been drawn in by our debt schemes.

In addition to crowding in significant private sector funding alongside our deployment of public funding, the Bank also achieves a positive rate of financial return. As of the end of 2023/24, the Bank's 10-year combined commercial, mandated and service arm adjusted rate of return averaged 4.2% per year. This is well above the Government's medium-term cost of capital (as captured by the DMO rate) which has been our returns threshold during this time and averaged 1.3% over the same period.

Looking specifically at our commercial equity programmes, their combined IRR since inception was 12.0% as of March 2024, further demonstrating our ability to deliver financial and economic impact at the same time.



The Bank’s support is expected to create around 250,000 additional jobs and sustain almost 2.3m more

On top of the financial return achieved by the Bank, our activities, coupled with the expertise of our delivery partners, have unlocked significant long-term economic impacts during our first decade.

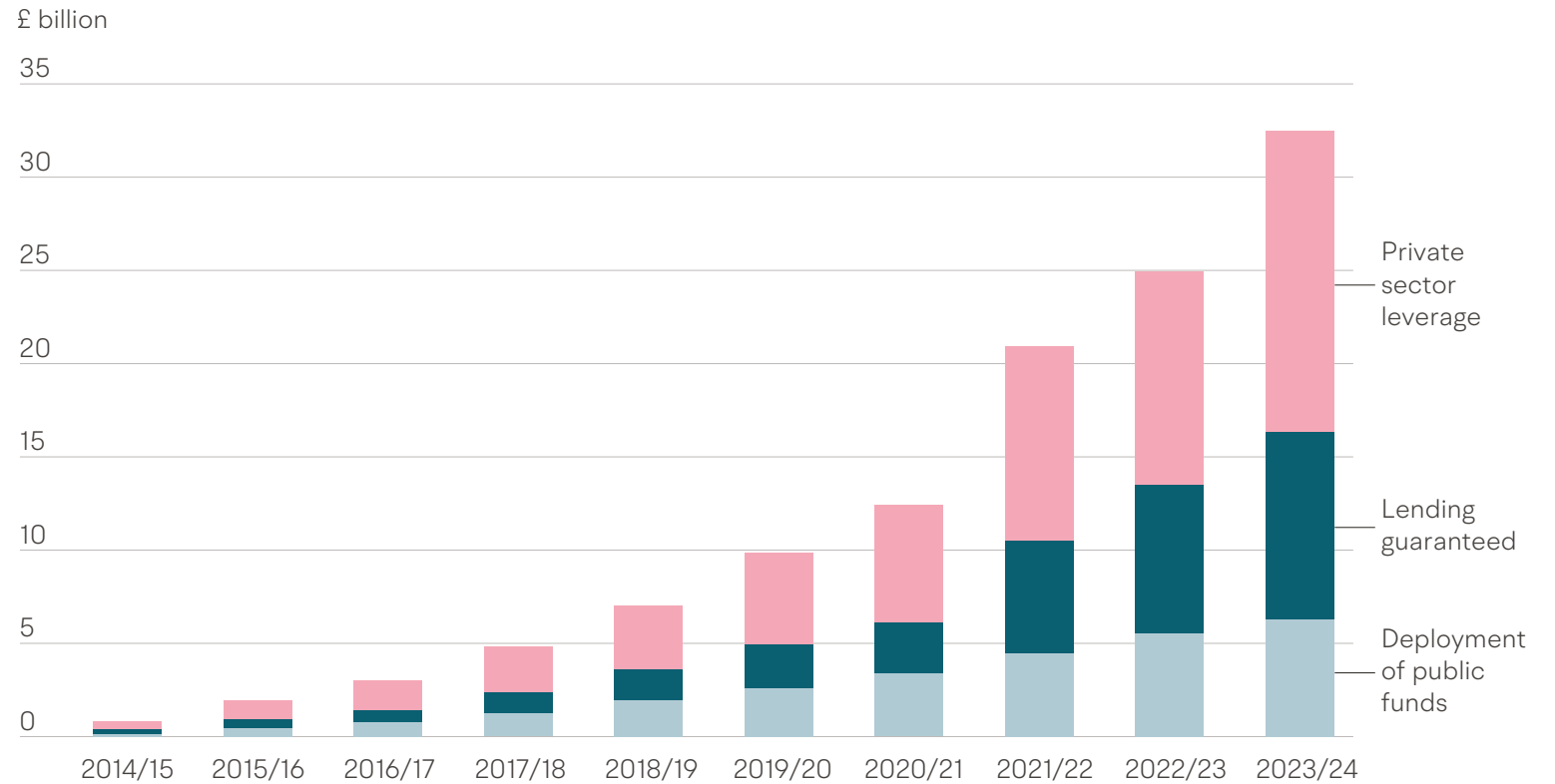
Among the approximately 209,000 businesses funded by the programmes covered in this report, it is expected that 250,000 additional jobs have already been created or will be created over the lifetime of their finance. These are new jobs to the economy that would not have been created without the finance we have helped businesses to obtain.

Finance flows driven by the Bank have also supported just under 2.3m existing jobs among the beneficiary businesses. Evaluation evidence suggests that many of these new and existing jobs

Figure 5

Cumulative deployment of public funds, lending guaranteed and private sector leverage – selected Bank programmes

Source: British Business Bank Management Information





are likely to be high quality, high productivity roles paying salaries in the upper end of the wage distribution.²

The Bank’s equity programmes are expected to account for around 45% of the additional jobs created, despite only accounting for around 1% of the businesses supported. This reflects both the fast rates of growth that are typically seen in young equity backed businesses³ and the longer expected holding period for equity investments, which means we assess job creation over a longer time period for equity-backed businesses.

The Bank’s debt and guarantee products typically involve finance facilities that run for around five years, meaning benefits are measured over a shorter period than for equity, where the expected holding period is ten years. Despite having a shorter benefits measurement period, our debt and guarantee programmes also deliver significant job creation impacts and are expected to stimulate the establishment of around 90,000 and around 50,000 additional jobs respectively.

Beyond creating tens of thousands of new jobs, our debt and guarantee programmes have also supported hundreds of thousands of existing jobs. More than 1.6m jobs are estimated to have been supported by our debt programmes and almost 600,000 by our guarantee programmes. These figures are significantly higher than our equity programmes reflecting that our guarantee and debt programmes support significantly higher volumes of businesses than our equity programmes.

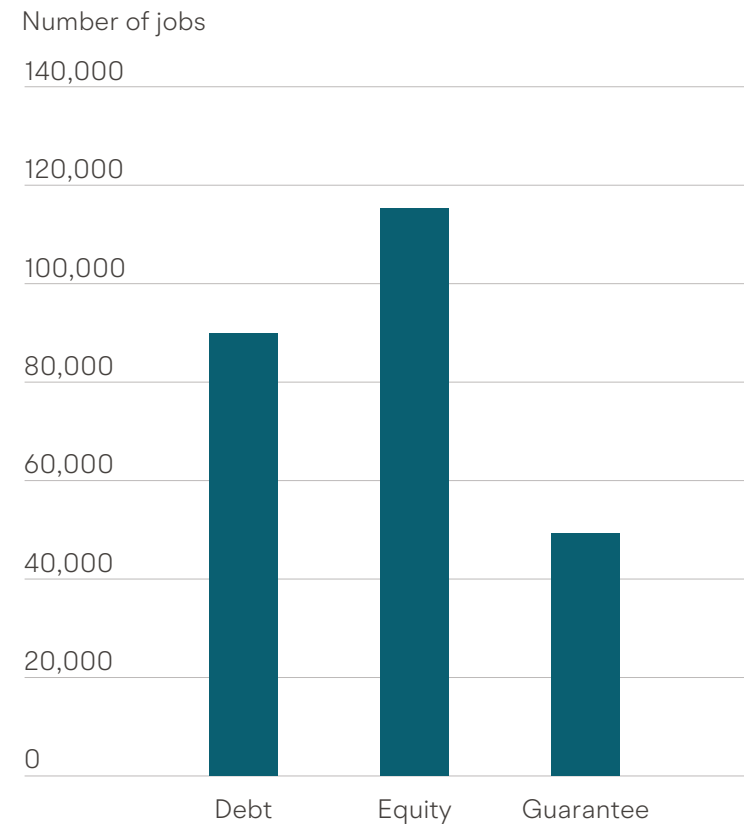
The growing businesses we support are expected to earn around £97bn of additional turnover, equivalent to £43bn of GVA

Businesses supported by the Bank don’t just create new jobs, they also expand their commercial revenues. Collectively, the 209,000 businesses covered by this report are expected to bring in £97bn of additional turnover

Figure 6

Estimated job creation impacts by finance type

Source: British Business Bank estimates





throughout the lifetime of the finance provided to them. This boost to turnover represents earnings that are additional from an economy-wide perspective as they build in a range of adjustments to strip out earnings that would have been accrued anyway or earnings that come from displacing existing economic activity.⁴

As with job creation, the Bank’s equity programmes drive a large share of the additional turnover generated. Around £41bn of the estimated additional turnover stems from businesses backed by equity programmes, a figure that equates to an average of around £15m per business.⁵

For the guarantee and debt programmes, the average business-level turnover impacts are lower reflecting both a shorter holding period and the slightly lower growth rates expected. Taken together, businesses primarily backed by these finance types over the last ten years are expected to bring in more than £55bn of additional turnover over the lifetime of their finance.

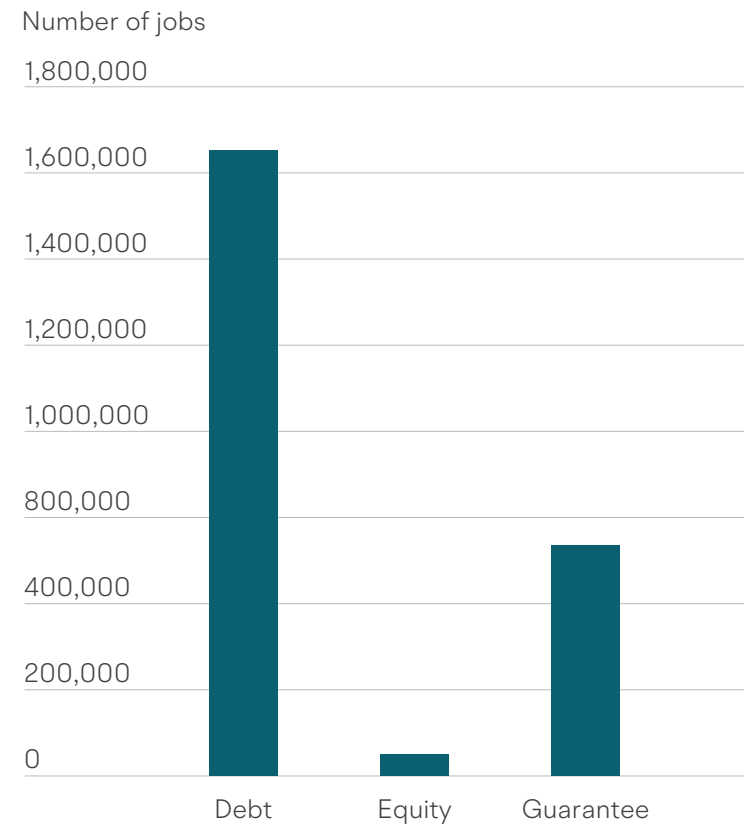
Taking all finance forms together, £97bn of additional turnover is equivalent to around £43bn of gross value added (GVA). This GVA figure is the difference between the value of goods and services produced, as reflected in turnover, and the costs of the range of inputs used to produce them. GVA is important as employee compensation and business profits come from within GVA. As with the turnover impact described above, we build in a range of adjustments to strip out GVA that would have been accrued anyway or would result from displacing existing economic activity.

Our equity programmes again make an out-sized contribution to this metric, accounting for 48% of the estimated additional GVA from just 1% of the businesses backed. The equity-backed business share of GVA is even higher than that of turnover, as our equity programmes typically back businesses in sectors where GVA makes up a larger proportion of turnover.

Figure 7

Estimates of jobs supported by finance type

Source: British Business Bank estimates





The Bank’s impact has benefitted all of the UK’s Nations and regions

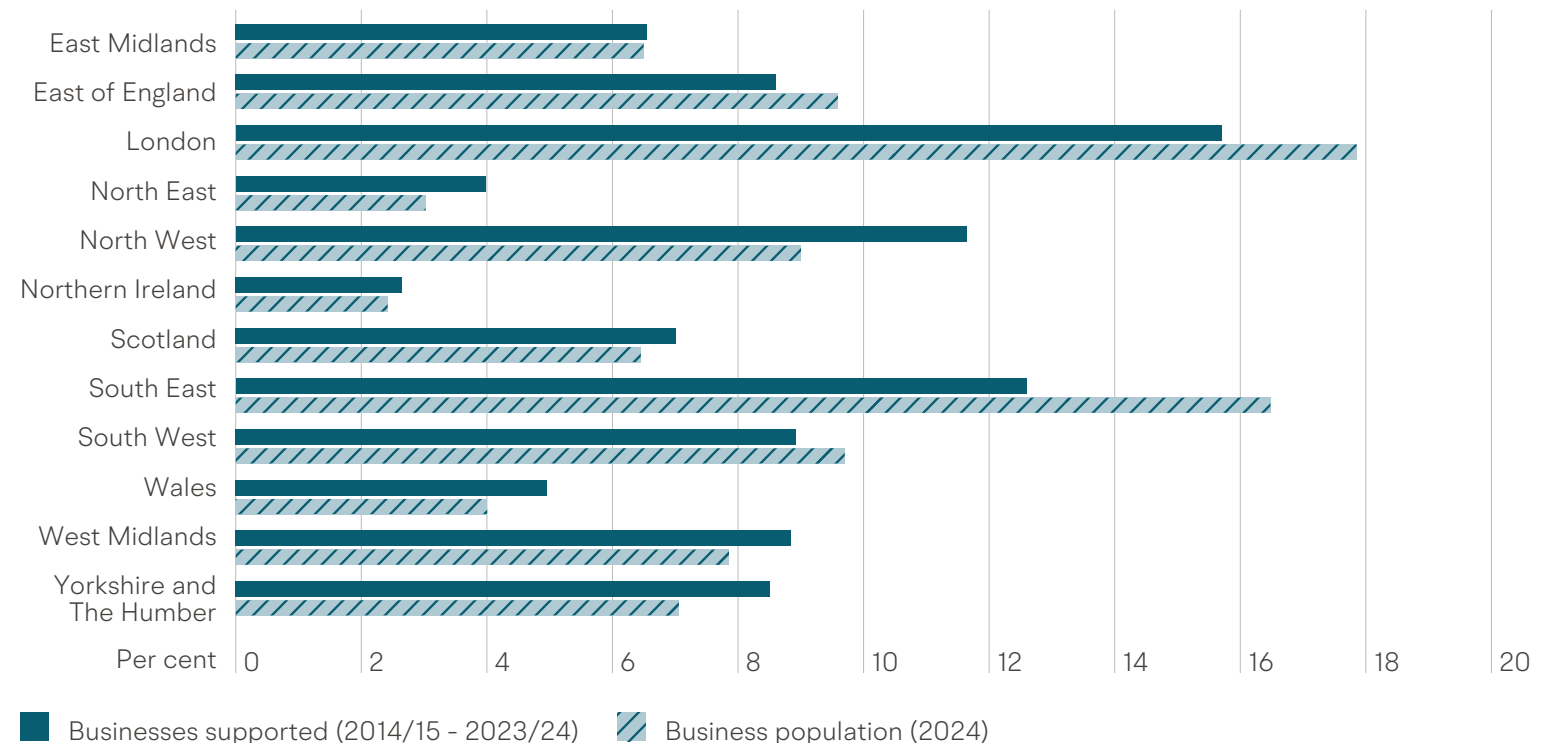
Over the last ten years, the Bank has backed businesses in all Nations and regions of the UK, helping to deliver significant economic impacts far and wide. The profile of investments is relatively similar to the overall business population indicating that across all programmes, there have been broadly comparable levels of support to different Nations and regions. Across the whole period covered, 84% of the supported businesses have been based outside of London.

These levels of support have driven sizeable impacts in all 12 Nations and regions. The estimated GVA impact from the Bank’s support reaches or exceeds £1bn in each and every Nation and region. This is accompanied by tens of thousands of jobs being supported in each Nation and region as well as economically significant job creation in all parts of the UK too.

Figure 8

Geographical distribution of businesses supported by the Bank, 2014/15 to 2023/24 - selected Bank programmes

Source: British Business Bank Management Information and DBT Business Population Estimates



Note: Excludes businesses for which location information is unavailable.

Figure 9

Estimated impacts by Nation and region

Source: British Business Bank estimates

	East Midlands	East of England	London	North East	North West	Northern Ireland	Scotland	South East	South West	Wales	West Midlands	Yorkshire and The Humber
Businesses supported (thousands)	14	18	33	8	24	6	15	26	19	10	18	18
Additional Turnover (£ billion)	5	9	30	3	9	2	5	13	7	3	6	6
Additional GVA (£ billion)	2	4	14	1	4	1	2	6	3	1	3	3
Jobs supported (thousands)	161	215	336	75	259	62	148	316	193	109	202	186
Jobs created (thousands)	13	23	89	7	23	4	11	30	16	6	16	16

Note: Nations and regions impact estimates are derived from UK wide impact estimates. The apportionment is based on programme level data on business location.



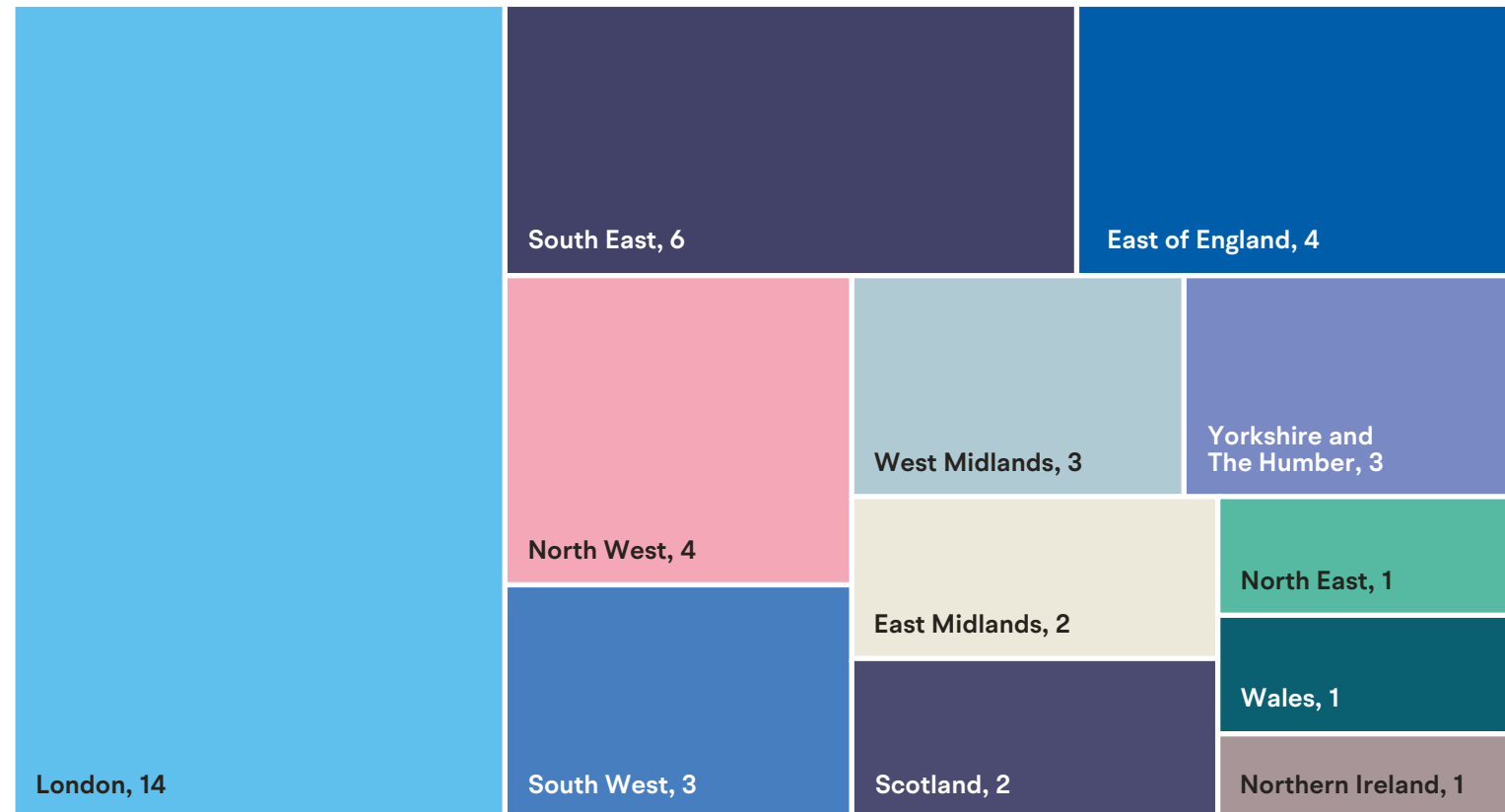
The impacts presented above are based on the primary locations of businesses benefiting from each programme. In reality, the full economic benefits from boosting the growth of a business in any given Nation or region spread beyond just that location, not least through supply networks, commuting patterns, and the tax system. These estimates, therefore, present a relatively simplistic view but should still be a useful guide to first-round impacts given the relative rarity of multi-site enterprises.⁶

The location data used to assess regional impacts is at the business level and is cross-referenced with details of which programme has principally provided support to each business. This means we can account for the different mix of impacts that are expected for beneficiaries of different programmes and add this up across the Nations and regions of the UK.

Figure 10

Estimated GVA impacts by Nation and region, £ billion

Source: British Business Bank estimates





Consequently, Nations and regions that have had relatively high shares of support from the equity programmes, such as London, tend to have relatively high estimated impacts for job creation and GVA when compared to their share of supported businesses. This is because, as mentioned above, our equity programmes deliver per-business GVA and job creation impacts that are particularly high.

Our impact has supported all of the Bank's strategic objectives

The Bank's impact over the last decade does not just benefit each of the Nations and regions of the UK, it also advances the Bank's mission through our four strategic objectives. In line with our approach to business planning, all Bank activity contributes to sustainable growth while different overlapping combinations of activity contribute to backing innovation, unlocking potential and building the modern, green economy.

Across all four objectives, the last decade has seen significant progress made with thousands of businesses using their finance to innovate, benefit the environment, and reach their potential through growth.

To drive sustainable growth, the Bank's activities covered in this report have reached just under 209,000 UK smaller businesses. The £32.4bn total flow of finance to this group is estimated to unlock more than 250,000 additional jobs and generate around £97bn in additional turnover, equivalent to £43bn of GVA.

To back innovation, the Bank took £4.0bn of taxpayer funding and unlocked an extra £14.5bn of lending and investment from the private sector. The Bank's approach to backing innovation has made us the largest domestic investor in the UK equity market. Over the decade we supported 11% of UK equity deals and these deals accounted for 15% of total equity investment during the decade covered.

The leading-edge businesses who benefit from our investments in backing innovation are capable of growing rapidly over a sustained period and consequently generate a disproportionately large economic impact. Through backing around 8,000 high growth businesses (around 4% of the Bank's total) we expect an impact of 150,000 additional jobs created (60% of the total) and £29bn in additional GVA (68% of the total).

The Bank put £4.3bn of public funds into unlocking potential and secured an extra £19.5bn of lending guaranteed and capital from the private sector alongside it. This meant that overall, there was £23.9bn of support for the unlocking potential objective. This is expected to generate 164,000 additional jobs and £67bn of additional turnover, which is equivalent to £29bn of GVA over the lifetime of the finance.

84% of the businesses supported by the Bank in the decade have been outside of London, and 65% of the additional jobs are expected to be created by businesses outside of London. Similarly, 69% of the expected additional turnover gains stem from activity under this objective.

The Bank is currently developing proposals to support smaller businesses' transition to net zero, but existing Bank programmes are already helping to support the move to a modern green economy. Based on applying our most recent evaluation evidence over the whole period, we estimate that up to 37% of supported businesses (around 77,000 in total) are expected to have used part of their finance to reduce their environmental impact in some way or support business models focused on environmental objectives. In many cases this may be a small part of the overall funding.

Figure 11

Companies supported by strategic objective

Source: British Business Bank estimates





The Bank will continue to support UK businesses in the coming years

The past decade has seen the Bank transition from start-up to scale-up to an established institution in the UK economic landscape. Along this journey we have worked with hundreds of delivery partners, many of whom have grown alongside us, to help unlock a sizeable economic impact for the UK. These past ten years have seen the Bank help hundreds of thousands of businesses to boost their turnover, expand their employment and contribute more to the UK economy, all while achieving a positive financial return.

Alongside the impacts we've been able to quantify in this report, the Bank has also played a considerable role in changing the finance landscape that smaller businesses face. Our activities have helped diversify the range of debt finance choices on the market and we have also contributed to the increased maturity of UK

equity markets, which are now deeper and better able to support businesses of all stages than in the past. We haven't just helped to expand the range of finance options in the market, we've also helped businesses to understand and navigate through these options with our Finance Hub and have helped to boost connections within regional finance ecosystems through our UK Network.

Looking forward to the next ten years, we anticipate an even greater economic impact as we draw on the package of measures announced by the Government in recent months. This has included the launch of the Community ENABLE Funding (CEF) programme, which is designed to increase the availability of funding to social impact sector lenders, and the smaller businesses they serve in local communities across the UK's Nations and regions.



The Government has also announced further funding for the Growth Guarantee Scheme and set out measures that will establish the British Growth Partnership, subject to regulatory approval, encouraging more UK pension fund investment into the UK's fastest growing, most innovative businesses. The measures also put the Bank's commercial programmes on a permanent footing. This means the Bank can flexibly re-invest its investment returns over the long term to increase growth and prosperity across the UK.





Annex: Our new operating model





In mid-January 2025, the Bank began the implementation period for our new operational model. This new model sees us bring together all our investment activity - including portfolio management, fund investment and direct investment - under our Chief Investment Officer Leandros Kalisperas. We are also bringing together our banking activities - including product development, product operations and relationship management - under our Chief Banking Officers, Reinald de Monchy and Richard Bearman.

This updated structure, with investment activities grouped together and banking activities grouped together, is more closely aligned with what our customers would expect of a Bank or Asset Manager and is designed to make it easier for our customers to interact with us.

The new operating model will put the Bank in a stronger position to offer new products and deliver Government programmes that continue to meet the needs of our customers. Focusing on simplification, scalability and flexibility, it will empower our teams and make it easier for customers to understand and access our services. With a focus on the future, it will position the Bank to deliver sustainable impact in the long-term, while providing a seamless and supportive experience to our customers.



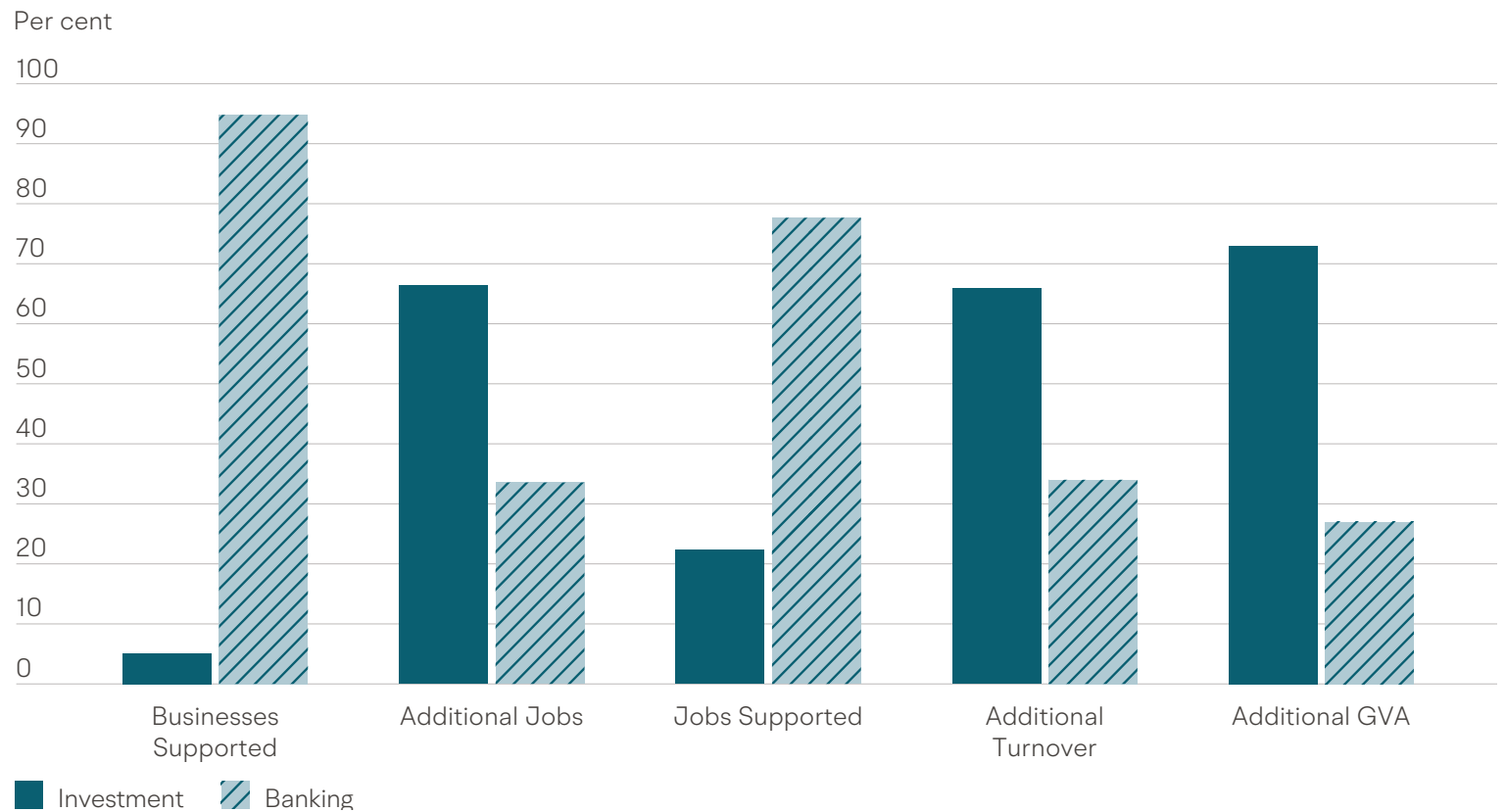


The distribution of estimated impacts between the two strands of the Bank’s operating model reflects their composition. The investment side supports a relatively low proportion of the businesses the Bank collectively backs, but these businesses contribute disproportionately to the job creation, turnover and GVA impacts. Our banking activities account for the clear majority of both businesses and jobs supported while still making meaningful contributions to job creation, additional turnover and additional GVA. For example, our banking activities account for around £12bn of the estimated £43bn GVA impact covered in the report with our investment activities accounting for the remaining £31bn.

Figure 12

Estimated impacts by primary funding type

Source: British Business Bank estimates



Annex: Methodology





Impact Methodology

This report takes a customer-centric approach to analysing the impact of finance facilitated by the Bank for smaller businesses over the period 2014/15 to 2023/24. The analysis involved identifying unique beneficiaries of the Bank's programmes within the Bank's management information warehouse. For each of these businesses we identified the year of the first finance flow they received as a result of one of the Bank's programmes, the programme that provided the largest share of their cumulative finance flow over the period and their location.

This process was then repeated for a small number of products where data are captured in separate systems. This includes the Recovery Loan Scheme, ENABLE Guarantees and Start Up Loans.

For each of the beneficiaries identified through this process, we then modelled the expected economic impact of the funding using the Bank's economic appraisal model. This model has been independently verified by a third party to ensure it is fit for purpose.

Using the mapping between beneficiaries and the programme that provided the largest share of their funding, we were able to select the appropriate set of parameters to apply, through the economic appraisal model, to estimate the impact we would expect the company to achieve.

These parameters draw on evidence from the Bank's programme evaluations, monitoring information and also from analysis of business performance using Companies House data. They allow the economic appraisal model to provide an estimate of the expected impacts on business employment and turnover over the lifetime of the loan or equity investment, which can range between four and 10 years depending on the specific programme.

Additionality parameters included in the model cover finance additionality at the business level, fund level additionality if relevant, outcome additionality, and also product market displacement. Additionality parameters have been applied to estimates of jobs created, additional turnover and additional GVA. Jobs supported figures have not been adjusted for additionality. All figures are presented in nominal terms.

The impact metrics presented in this report only consider the **direct** impact on employment and turnover growth of businesses funded by one of the Bank's finance programmes. The Bank also makes a wider impact on finance ecosystems through its activities. This includes the UK Network, which engages with local stakeholders, and the Finance Hub, which provides guidance to businesses about the types of finance options available to them. It is not yet possible to quantify these wider ecosystem impacts with precision, but they are an important part of the Bank's activities.



Coverage

Data on the deployment of public funding cover the funds that our delivery partners draw from us in order to facilitate finance flows to beneficiary businesses. The figures do not include the central running costs of the Bank. The drawdown figures do not include the value of provisions for expected credit losses, nor do they include the value of the economic capital held to facilitate the ENABLE Guarantee programme.

Data on the total flows of finance include both lending offered through the Bank's guarantee schemes and the private capital accompanying the deployment of public funds on our debt and equity schemes. This private capital includes funds leveraged in at both the fund level and the deal level. Lending guaranteed covers the entire value of facilities provided. For example, the Recovery Loan Scheme had a guarantee covering 70% of each facility but we include 100% of the facility value in our lending guaranteed totals.

The programmes covered in the impact analysis are:

- Guarantees – Enterprise Finance Guarantee (EFG), ENABLE Guarantees, Recovery Loan Scheme (RLS)
- Debt – Business Finance Partnership (BFP) Small Cap, ENABLE Funding, Investment Programme - Debt Funds, Start Up Loans (SUL)
- Equity – Angel Co-Investment Fund, British Patient Capital (BPC) Co-Investment, BPC Growth, BPC Venture, Enterprise Capital Fund, Future Fund Breakthrough, Life Sciences Investment Programme (LSIP), Managed Funds, National Security Strategic Investment Fund (NSSIF) Direct, Regional Angels Programme, UK Innovation Investment Fund.

- Programmes including debt and equity – Cornwall and Isles of Scilly Investment Fund (CIOSIF), Investment Fund for Northern Ireland (IFNI), Investment Fund for Scotland (IFS), Investment Fund for Wales (IFW), Midlands Engine Investment Fund (MEIF), MEIF II, Northern Powerhouse Investment Fund (NPIF), South West Investment Fund (SWIF)

It is not currently possible to estimate the economic impact of the following programmes, and these are excluded from both the presented finance flow and economic impact figures:

Investment Programme Fintech and Structured Capital Solutions: There is currently no evaluation evidence for these programmes. The impact of the Bank's funding is difficult to directly measure due to supporting greater competition and diversity of supply in the market. The effectiveness of the Tier 2 capital provided by British Business Investments to a challenger bank is measurable, but it supports the whole bank.



Therefore, it is often not entirely allocated to smaller business lending. Even when it is, it is not possible to know which businesses have benefited from this capital.

ENABLE Build: No evaluation evidence is currently available for ENABLE Build. This programme increases the amount of lending banks can support without the need to raise additional capital and supports non-bank financial institutions in raising larger amounts and cheaper funding. This in turn allows them to lend more and often at lower interest rates. The businesses benefiting from the guarantees are not necessarily the same businesses that are covered by the guarantees, given the fungibility of capital. ENABLE Build also differs from other Bank initiatives in that its target outcomes are increased housing supply rather than growth in company turnover.





Annex: Impact of the Covid loan guarantee schemes and Future Fund





The Covid loan guarantee schemes (the Bounce Back Loan Scheme (BBLs), Coronavirus Business Interruption Loan Scheme (CBILS) and the Coronavirus Large Business Interruption Loan Scheme (CLBILS)) and Future Fund are currently subject to separate external evaluation projects. Both projects have already issued interim findings demonstrating the impact of these programmes and are set to issue final reports in 2025.

Covid loan guarantee schemes

The most recent phase of the evaluation evidences that hundreds of thousands of jobs could have been lost without the £78bn of funding guaranteed under the schemes. This analysis is part of a multi-year evaluation of the three schemes.

As part of the study, borrowers were surveyed about the impact of the schemes on their survival two years on from the pandemic. Analysis of these self-reported impacts suggests that between 175,000 and 618,000 BBLs, and between 4,000 and 25,000 CBILS/CLBILS borrowers could have permanently closed between April 2020 and December 2021 in the absence of the schemes.

A further analysis was undertaken using a different methodology and data set to look at first-year impacts. This used an econometric analysis of secondary data from the Inter Departmental Business Register (IDBR) rather than by directly surveying borrowers.

This suggests that the schemes prevented closures of between 74,000 and 96,000 of BBLs and 3,000-3,500 of CBILS/CLBILS borrowers from April 2020 to March 2021.

For businesses that would have continued trading regardless of the schemes, the analysis found that turnover was between 9.7% and 11.5% greater for BBLs and CBILS/CLBILS borrowers respectively in the first year of the pandemic than it would have been in the schemes' absence.

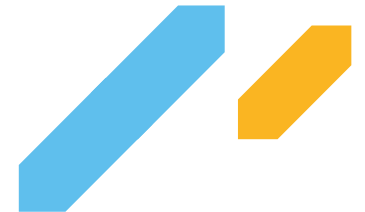
The year three report, expected to be completed in 2025, will provide estimates of the longer-term impacts of the schemes on turnover, employment and business survival. It will explore whether different kinds of borrowers experienced different changes in turnover and employment and examine in more detail why scheme finance was important in preventing business closures. Additionally, it will provide an indication of the value for money of the schemes.



Future Fund

The most recent phase of the Future Fund evaluation found a mixed picture across indicators over 2021 and 2022 - suggesting it was too early to robustly measure the impact of Future Fund investment. For example, portfolio companies showed higher fundraising growth over 2021 and 2022, with total fundraisings increasing by 97% compared to 54% for the counterfactual. However, only one measure of the growth prospects of the portfolio group in 2022 signalled improved longer-term growth expectations compared to the counterfactual. Other measures gave a more mixed perspective on valuation growth highlighting that more time is needed to form conclusions on impact.

The next phase of the project will explore the impact of Future Fund further using additional data covering the post-support period.





Endnotes

1. Evaluation reports covering the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme and Future Fund can be found on our research and publications page: <https://www.british-business-bank.co.uk/about/research-and-publications>. A short summary of the latest findings from these projects can also be found in the annex.
2. For example see section five of the Midlands Engine Investment Fund evaluation: <https://www.british-business-bank.co.uk/sites/g/files/sovrnj166/files/2023-11/meif-interim-evaluation-report-06-01-2023.pdf?attachment>.
3. For example, see the evaluation of the Enterprise Capital Funds: <https://www.british-business-bank.co.uk/sites/g/files/sovrnj166/files/2023-01/ECF-interim-evaluation-report-2021-accessible.pdf?attachment>.
4. Please see the methodological annex for more details.
5. Outcomes for equity-backed companies display considerable variation so the average figure reflects a mix of businesses that greatly exceed this level of growth as well as businesses that grow more slowly or fail. The modelling used for this report uses evaluation evidence that factors in this pattern of performance which is typical in equity markets.
6. ONS data suggests around 98% of SMEs operate from one site: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/adhocs/15121singleandmultisiteenterprisesbysize>.

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