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**Secretary of State for Business,
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28 October 2026

Dear David,

This government has set a clear ambition to: **1) deliver growth in every postcode; 2) support reindustrialisation; and 3) strengthen Britain's security and strategic capabilities**. A strong economy must be a secure and resilient one, able to develop and retain the technologies, capabilities and businesses critical to our future prosperity and national security.

Delivering this ambition will require a significant increase in finance, with the UK's Public Finance Institutions playing a central role in mobilising private capital and directing investment and lending towards the government's priorities.

The British Business Bank (BBB) has already established itself as a key partner in this mission. In line with the strategic priorities set by government, the Bank is supporting businesses in the eight Industrial Strategy sectors to start, scale and succeed. Through its funds, direct investments, lending and guarantee programmes, the Bank is strengthening the UK's finance ecosystems and supporting promising businesses through different stages of their development.

At Budget, we are providing a £2 billion uplift to the BBB, including a new venture debt capability, increased support for Community Development Finance Institutions (CDFIs) and increased commercial fund investment. Within this envelope, we expect up to £900 million will support defence and dual-use technologies, nearly doubling the BBB's capacity to back businesses critical to Britain's security and strategic capabilities over the next five years.

In line with this expectation, we would like to support you to further sharpen the focus of your activity, particularly your direct investments, so that it best supports strategically important technologies and capabilities. This should strengthen the UK's economic

resilience, build strategic advantage and help ensure that businesses critical to our future security and prosperity can access the capital they need to grow.

Government is undertaking work to identify the technologies, capabilities and sub-sectors where BBB investment would have the greatest impact in supporting HMG to realise these objectives, in partnership with other public financial institutions, the National Security Strategic Investment Fund and SovereignAI. We would like the BBB to collaborate with us on this work, bringing its market, sector and investment expertise to bear and helping translate the government's strategic priorities into an investable and commercially robust approach.

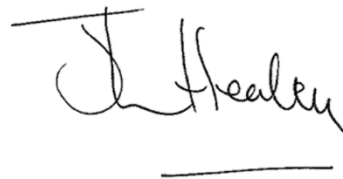
In taking this approach forward, the BBB must continue to invest on a commercial basis and retain responsibility for individual investment decisions. The government's role is to provide clearer strategic direction, foster greater collaboration, strengthen the alignment between investment and wider policy levers, while ensuring the Bank retains its operational independence.

Thank you for your leadership and continued partnership in delivering the government's ambitions. We look forward to working with you on this next phase.

Best wishes,



Rt Hon Jonathan Reynolds MP
Secretary of State for Business, Innovation,
Science & Trade and President of the
Board of Trade



Rt Hon John Healy MP
Chancellor of the Exchequer