

MINUTE OF MANAGEMENT BOARD MEETING – 17 JULY 2014

Present:	Guy Beringer (Chair)	Tahir Ahmed	Item 4
	Jon Harding	Doreen Charlton (TNA)	Item 2
	Fiona-Jane MacGregor	Paul Croucher	Item 4
	Amin Mawji	Malcolm Dawson (TNA)	Item 2
	Sir Eric Peacock	Ali Sherwani	Item 4
	David Godfrey	Matt Vale	Item 2
	Cameron Fox	Gareth Waterhouse	Item 4
	Stephen Lawrenson		
	Lucy Wylde		

Apologies: Steve Dodgson
David Havelock

Secretary: Iain Phillips

1. **Draft Minute of 19 June meeting**

1.1. The draft minute was agreed.

2. **Information Assurance and Cyber Security presentation**

2.1. Following on from the cyber security questionnaire completed in May, MB received a presentation by The National Archives on information assurance and cyber security. The purpose of the presentation was to raise awareness of the risks and opportunities, and stimulate action and discussion.

2.2. MB noted the scale of the challenge to government in relation to information security, and the potential cost to organisations resulting from security breaches.

2.3. MB noted the five key steps departments needed to consider when assessing cyber security and information assurance were: i) understanding the threat universe; ii) assessing the threats to the organisation; iii) assessing the vulnerabilities; iv) defining the risks and department's risk appetite; and, v) managing the risks. The key threats and players fell into five categories: i) criminals; ii) hackers; iii) spies/espionage; iv) war/terrorism; and, v) 'innocents'.

2.4. MB noted that cyber security should form part of the department's Business Continuity Plan and that the department considered cyber security risks at the department's Security Assurance Committee (SAC), a sub-committee of the

Executive Committee, which had recently had two dedicated meetings on risk. MB was informed that the SAC terms of reference had recently been reviewed and the committee's scope widened from its previous remit as the Information Security Assurance Committee.

- 2.5. The National Archives suggested that there were five questions that departmental boards should consider which covered assurance, opportunities and threats, risk appetite, risk management and governance. MB asked to consider at a future meeting UKEF's answers to the five questions and some relevant cyber risk scenarios.

Action: Secretariat to schedule for the November meeting.

3. Annual Legal Plan

- 3.1. MB received a presentation on developments in the General Counsel's Office, which included implementing a new operating model and structure to support the organisation. Two team leader roles had been introduced in the division to manage the main business work streams and each of the legal advisers would act as in a 'client manager' for specific divisions in the department.
- 3.2. MB noted the diverse range of work asked of legal advisers, from complex transactional arrangements to legislation changes to advising on the legal aspects of new financial products.

4. Business review

- 4.1. MB received an overview of business supported, the business pipeline and other key business issues.

International business development

- 4.2. MB noted that 16 market visits have been conducted on the past six months, many of them to key UKTI HVO markets, including:
 - 4.2.1. Dubai – regarding a number of significant projects, including the new Al Maktoum International Airport;

- 4.2.2. China – to better understand the Chinese market and the potential need for UKEF products and services. A memorandum of understanding was also signed with Sinosure, the Chinese export credit agency (ECA); and
 - 4.2.3. Azerbaijan, Columbia/Panama, Saudi Arabia, Turkey and Vietnam – key oil & gas, petrochemical, metro and water construction projects with potential UK exporter interest.
- 4.3. A number of African markets had also been targeted for visits in the next six months.
- 4.4. MB discussed how well the UKTI and UKEF teams are collaborating, particularly on the HVO programme, and iterated the importance of ensuring that SMEs in the UK supply chains are made aware of the possible opportunities, to supply into large projects and benefit indirectly from the support UKEF provides.

Aerospace business

- 4.5. MB discussed the year to date business levels and performance against the forecast for aerospace business. It noted that UKEF continued to see a recovery in private market financing of Airbus deliveries which was resulting in less demand for ECA financing. However, current workloads remained high as:
- 4.5.1. there were a number of new customers approaching UKEF for support, for which ‘first time’ credit assessments and due diligence was required;
 - 4.5.2. UKEF was being approached to support more sophisticated structuring for ECA support, such as Renminbi and Islamic financing options; and
 - 4.5.3. there was a large amount of post-issue management work as a result of the preceding financial years where UKEF and the German and French ECAs had provided record levels of support for deliveries as a result of the economic downturn.

- 4.6. MB discussed the model through which the UK, German and French ECAs, provided support to Airbus sales, and the relative quality of the guarantees. It also noted the progress of the US Eximbank reauthorisation.

Civil and defence business

- 4.7. MB noted that issued civil sector business had had a strong start in 2014-15, partly as a result of several significant cases issued at the end of 2013-14, which had now become effective. There was a strong pipeline of forecast business in 2014-15 although MB noted that it was very difficult to predict the flow of large civil and defence cases given the dependency on private market capacity.
- 4.8. MB noted that the Direct Lending Facility (DLF) was likely to have an impact in 2014-15. There had been a significant amount of interest from exporters and there was a growing pipeline of potential export contracts seeking support, some in challenging markets.

Trade finance and insurance

- 4.9. MB was informed that the volume of applications and cases being processed had increased over the past 12 months and that the team was now handling between 30 and 40 cases per month. Over £1 billion worth of export contracts had now been supported since the products' launch in 2011.
- 4.10. There had been positive feedback from the direct marketing campaign, which would continue into August in order to deliver the target number of customer meetings.
- 4.11. Work was ongoing on the divisional structure, which was being adjusted to better manage the different processes that applied to each product. Work was ongoing to streamline these processes, including examining whether it would be possible to delegate some case processing to banks.
- 4.12. The network of export finance advisers (EFAs) was now in place with the three dedicated MSB advisers recruited and due to start in August. An EFA advisory brochure had been developed and was being launch in August. It would be

made available on the UKEF website and distributed to the UKTI international trade adviser network.

4.13. MB discussed the EFA proposition, including the types and number of customer meetings and the EFA transaction pipeline. It was noted that there was now a steady stream of leads flowing in both directions between UKEF's and UKTI's adviser networks.

5. Q1 Financial performance and forecast

5.1. MB reviewed the quarterly financial performance and revised forecasts, noting that the department was now running a rolling 18-month forecast. It noted that the new Management Information project would draw on quarterly forecasting exercises with the aim of delivering a more comprehensive performance report to the Board.

5.2. MB noted the current quarterly performance and that the department was meeting its financial objectives.

Iain Phillips

Chief Executive's Office