

## Minute of UKEF Board meeting – 24 May 2018

Present: Noel Harwerth (Chair) [REDACTED] Item 2 – Davinder Mann,  
Amin Mawji (Observer) [REDACTED]  
Oliver Peterken Gordon Welsh Item 5 – [REDACTED]  
Lawrence Weiss (Observer) [REDACTED], Pat Cauthery  
Shalini Khemka Samir Parkash Item 8 – [REDACTED]  
Louis Taylor (Observer)  
Richard Smith-Morgan  
Cameron Fox  
Justin Manson

Apologies: John Mahon (DIT)

Secretary: [REDACTED]

### **1. Draft Minutes and Actions Log of 27 April 2018 Meeting**

1.1. The draft minutes were approved. The meeting discussed the actions arising from the last meeting. It was agreed that Richard Smith-Morgan would update the Chair privately on the externalisation paper. Attendees discussed when the Board strategy day would take place and possible venues. It was agreed that Board members would get in touch with Secretariat with any suggestions. Members also considered having Non-executive leads for key projects and it was agreed that Secretariat would provide the list of key projects by correspondence.

**Action: Richard Smith-Morgan to provide an update to the Chair on the externalisation paper.**

**Action: Board members to provide Secretariat with any ideas for strategy day venues.**

**Action: Secretariat to provide list of key projects to Board members by correspondence.**

1.2. The meeting noted and approved the proposed marketing evaluation strategy and quarterly report which was included in the April Board papers pack but not discussed.

## **2. Iran Sanctions Update**

2.1. The Board received an update on sanctions on Iran and their impact on UKEF from the Head of Legal Division, Davinder Mann and Legal Division Team Leader, [REDACTED]. The meeting noted that there was no net impact of the recent announcements on current business, and future business was also unlikely to be affected.

## **3. Business Performance Update**

3.1. The Board received an update on Credit Risk from the Acting Chief Risk Officer covering the key risk indicators and the current credit environment. The meeting discussed the macro-economic situation and noted that the overall picture of the UKEF portfolio was one of continuing stability

3.2. The Director of Business Group gave an update on the deal pipeline, taking time to discuss completed deals, the deals that were expected to be completed and also projects that were still in development. The Board agreed that the metrics proposed in the Business Group paper were those that they wanted to see and that they would like to see a quarterly breakdown of expressions of interest.

3.3. The meeting discussed how the Department for International Trade (DFID) were consulted on projects and the types of challenges posed if there was a disagreement between DFID and UKEF.

**Action: Head of Business Group to provide quarterly breakdown of expressions of interest.**

3.4. Members were also given an update by the Chief Finance and Operations Officer.

## **4. Aerospace Annual Report**

4.1. The Head of Aerospace and Defence, Pat Cauthery, the Head of Aerospace Risk, [REDACTED] and Underwriter, [REDACTED] gave the Board an overview of the credit risk and outlook for the Airline industry.

4.2. The Board discussed a range of topics on this subject, covering premium and credit ratings, exposures on particular airlines, aircraft models, ECA

financing for the sector and new entrants to the market. The meeting noted the strength of the portfolio and positive outlook given by the team.

4.3. The Board noted the comprehensive nature of the presentation, which commented on the strength of the UKEF portfolio.

## **5. Digital Programme Update**

5.1. The Board received an update on the Digital Programme from the Chief Finance and Operations Officer. This covered the key workstreams that included eStore, Bank Delegation. Workflow, the digital portal and Salesforce.

5.2. The meeting were given an update on the website workstream and discussed the impact that it might have on UKEF's business.

5.3. Attendees noted the ambitious plan for the forthcoming year and that the focus was on getting priority projects right first time.

## **6. Financial Highlights**

6.1. The Chief Finance and Operating Officer provided the Board with a presentation covering the financial highlights for 2017/18. This included comparisons with last year on business written, premium received, operating costs and operating surplus.

6.2. The meeting discussed the likely impact of IFRS9 and noted that there would be a discussion at the June Board meeting regarding the 2019 Spending Review.

## **7. Operational Plan 2018/19**

7.1. The Board received a presentation on a new draft of the Operational Plan for 2018/19 from the Chief Finance and Operating Officer and the Internal Communications Manager, [REDACTED].

7.2. The meeting noted that this operational plan was the second in the current business planning cycle and that there were a number of lessons learned from last year's exercise, both in terms of the planning process but also the plan itself. This was flagged in an Internal Audit Report. Members heard that the draft provided to the Board in March did not fully address these issues.

7.3. The meeting noted that the revised draft was a great improvement on the earlier version and that quarterly progress updates would be provided to UKEF staff via Town Hall meeting. It was agreed that members would be invited to the Town Hall meetings discussing the Operations Plan.

**Action:** [REDACTED] to invite Board members to Town Hall on 5 June.

## **8. Any other business**

8.1. The Chief Executive informed the meeting that a workshop on short-term business was taking place shortly after the Board meeting and gave a high-level summary on what would be discussed. It was agreed that the subject should be considered at Board level at the Strategy Day in September.

**Action:** Secretariat to add Short Term Business to September forward agenda.