

Minute of UKEF Board meeting – 20 May 2019

Present: Noel Harwerth (Chair) [REDACTED] Item 1 – [REDACTED]
Oliver Peterken (Observer) [REDACTED]
John Mahon Gordon Welsh Item 2 – [REDACTED]
Amin Mawji (Observer) [REDACTED]
Justin Manson Maddy McTernan Item 5 – Helen Meekings, [REDACTED]
Lawrence Weiss (Observer) [REDACTED]
Louis Taylor [REDACTED] Item 7 – [REDACTED]
Samir Parkash (Observer) [REDACTED]
Kim Wiehl Item 8 – Campbell Keir
John Mahon
Shalini Khemka
Cameron Fox

Apologies: None

Secretariat: [REDACTED]

1. Draft Minutes and Actions Log of 11 March 2019 Meeting

1.1. Subject to a minor amendment, the draft minutes were approved. The meeting discussed the actions arising from the prior meeting.

2. Defence annual review

2.1. The Board were provided with an annual summary of UKEF activity within the defence and security sector. The meeting discussed the criteria under which defence equipment and services were supported including the recent Qatar Typhoon transaction. It was noted that UKEF were not restricted by the OECD arrangement with regard to defence transactions.

2.2. The meeting agreed that some additional flexibility to provide support to defence transactions could be useful and that [REDACTED] would seek to prepare proposals for HM Treasury which would include a business case and contingent liability framework for such changes. After HM Treasury had seen the draft Business Case, UKEF would return to the Board with the proposals for an update.

ACTION: [REDACTED] to prepare a proposal for HM Treasury and to return to the Board with these proposals following HM Treasury assessment.

2.3. The Board was given a presentation by [REDACTED] from the Department of International Trade which described the export licensing process. The meeting discussed what type of products required licenses and how companies were made aware of this fact.

3. International Strategy

3.1. [REDACTED] gave a presentation to the Board covering the key strategic issues in the international export credits arena, including Brexit and the broader evolving landscape that could make the OECD Arrangement less relevant.

3.2. The Board asked for a presentation to be added to the forward agenda on the broader financing landscape (export credits, aid, the 'middle ground').

ACTION: Secretariat to add item on broader financing landscape to forward agenda

4. Committee Chairs' updates

4.1. Members received an update from the Risk and Audit Committee Chairs which noted the forthcoming Audit and Risk Committee meetings.

5. SR19 Update

5.1. Helen Meekings and [REDACTED] updated the Board on progress with business planning and SR19, including SR19 timings.

5.2. The Board discussed the ongoing work and noted that, in practice, the formal launch of SR19 was likely to be in late June or early July, with returns due at the beginning of September and the settlement due to coincide with the Autumn Budget in November. Although in previous Spending Reviews, the process for UKEF and other small departments had run in advance of larger departments', this was not expected this time, as the timing is based around EU exit arrangements.

5.3. The meeting heard that in the event that the EU exit did not happen before the summer, it was likely that SR19 was to be either delayed or a one-year settlement,

with a further spending review to follow next year. It was agreed a further update would be provided to the Board once it was available.

ACTION: [REDACTED] and Helen Meekings to provide an update to the Board on SR19 once available.

5.4. Members discussed the work on the Target operating Model (TOM) and it was agreed that the consultancy work on the TOM would be given to the Board at the end of June once completed.

ACTION: [REDACTED] and Helen Meekings to provide the Board with the consultancy work on the TOM at the end of June.

6. Business Performance Update

6.1. The Director of Business Group updated the meeting on his trip to the G12 meeting in China. The meeting noted the deal pipeline, and that the scale of difficulty had increased in comparison with last year.

6.2. The meeting noted the paper provided by the Chief Risk Officer which discussed claims and recoveries and Active Portfolio Management. The meeting were informed that the credit portfolio had been stable and discussed the few distressed credit exposures in the UKEF portfolio.

6.3. The Chief Finance and Operating Officer informed the meeting of the full year's unaudited position. The Board noted the performance against UKEF's financial objectives and the position on employee turnover and current vacancies.

7. Risk Management – overview of UKEF's exposure in Africa

7.1. In response to a request made at the January Board meeting, [REDACTED] provided an overview of UKEF's current exposure and potential business in Africa, as well as the overall direction of risk.

7.2. The Board welcomed the report and commended the team for their paper. The meeting heard that rapid economic and population growth in Africa presented considerable trade and investment opportunities for the UK. Members discussed

the concentration of UKEF's exposure in Africa, both in terms of countries and sectors.

8. Share fairs

8.1. John Mahon and Campbell Keir introduced a paper covering the collaboration between DIT Sector Teams and UKEF. The meeting noted that despite a lot of effort, the interaction between UKEF and Sectors was patchy and needed to be improved. Members heard that in some areas the interaction was strong such as Oil & Gas but in others there was room for closer working for example in Financial & Professional Services and Food & Drink.

8.2. The meeting discussed opportunities for future collaboration and how the UKEF offer could be more widely communicated within DIT Sector Teams.

9. Any other business

9.1. There was no other business.