Minute of UKEF Board meeting – 18 May 2022

**Present:**

Noel Harwerth (Chair)

Alistair Clark

Andrew Mitchell

Cameron Fox

Lawrence Weiss

Louis Taylor

Jackie Keogh

Kim Wiehl

Candida Morley

Samir Parkash

Matt Barnes (observer)

Tim Frost (observer)

Paul Neville (observer)

**Apologies:**

None

**Secretariat:**

[redacted]

**Attendees**:

[redacted], [redacted] (item 2), Shane Lynch (item 7), [redacted] (item 8).

1. Introduction
	1. The Chair welcomed Members and attendees to the meeting and checked whether Members had any interests to declare. There were no interests declared.
2. CEO update
	1. The CEO delivered his monthly update to the Board, which discussed the impact of the Ukrainian conflict, the emissions targets for decarbonisation, and the recent in-person supplier fair for a large water project. The new Board Members were briefly apprised of the difference between tier 1 and tier 2 supported companies and it was agreed that further briefing would be provided to new Members as part of their induction.

**ACTION Secretariat to make sure that a note on the difference between tier 1 and tier 2 companies was provided to new Board Members.**

* 1. Marketing spend was noted and it was agreed that a paper on marketing effectiveness across the various channels that UKEF advertises on would be added to the forward agenda.
1. Draft Minutes and Actions Log of 27 April 2022 Meeting
	1. Subject to an amendment, the draft minutes were approved, and the actions log discussed. The meeting noted the strategic risk assignments and Members agreed to meet with their EC counterparts to provide their views.
2. Measurement of customers supported in the Trade Finance Division
	1. [redacted] that outlined a proposed change to reporting customers supported within Trade Finance Division’s operations to accurately represent the breadth of UKEF’s assistance to exporters.
	2. Members were informed of the context of this proposed change, noting that historically there was greater immediacy and a direct link to all UKEF transactional metrics, (financial and customer numbers), with an insignificant gap between commitment and draw-down. Since the beginning of 2021 / 22, with the flexible utilisation of GEF, as UKEF’s dominant trade product, a lag has been created between commitment and draw-down that was skewing the linkage in the measurement of overall business performance. As a result, the measurement of TFD business between financial and customer metrics has become a hybrid and therefore it was proposed that the customer supported metric should be aligned to the commitment stage for the upcoming F/Y.
	3. The Board was content that measurement of customers supported should be taken at the commitment stage, since it could be evidenced at this point, that UKEF had fully supported the customer in their export endeavours.
3. 2021-22 Financial Highlights
	1. The Chief Finance and Operating Officer, Cameron Fox presented a high-level summary of the financial performance of UKEF for 2021-22. The presentation gave Members early sight of some of the key ‘headline’ numbers and an overview of UKEF’s financial performance for the year.
	2. The meeting were informed that detailed papers on the year end provisions and impairments had gone to Risk Committee earlier in the week and Audit Committee led on the detailed review and scrutiny of the full Annual Report and Accounts, the first draft of which was to go to the Committee meeting on 1st June. It was agreed that the guide to the Annual report and Accounts would be provided to the new Board Members.

**ACTION: ARA guide to be provided to Jackie and Tim.**

* 1. Members noted the historically significant levels of Business Issued and Premium were informed that Risk Management Group had done an analysis of Business and Premium budget versus outturn as well as looking at the business mix by sector over the past 5 years. It was agreed that this analysis would be shared by written procedure.

**ACTION: Risk Management analysis of business and premium budget versus outturn to be provided to the Board by written procedure.**

* 1. The meeting also noted that UKEF reported a net operating gain and that UKEF did not exceed any voted control totals.
1. Business Performance updates
	1. The new Director of Business Group gave the Board an update on the UKEF pipeline, detailing the range of likely total underwriting volumes for the year. The meeting heard that the Business Group were working hard to expand the number of banks that UKEF worked with. It was agreed that Tim would provide an update on onboarding financial institutions to work on the General Export Facility (GEF) at the June meeting.

**ACTION: Director of BG to provide a paper on progress on onboarding financial institutions at the next Board meeting.**

* 1. The meeting discussed the concentration risk inherent in the current pipeline, noting that it was consistent with UKEF’s mission statement. The meeting also discussed the ongoing Government to Government work and it was agreed that an item be listed on this issue at the June Board meeting.

**ACTION: Cat Rosales to present a paper on G2G work at the June Board meeting.**

* 1. Samir Parkash updated the meeting on the current issues around the Risk Management Group, noting that an extensive update on a range of topics had been given at the Risk Committee earlier in the week. It was agreed that the Emerging Markets paper seen by Risk Committee would be provided to Board Members not present at the meeting.

**ACTION: Secretariat to provide Emerging Markets paper to Andrew Michell and Alistair Clark by written procedure.**

1. Human Resources Annual review
	1. Shane Lynch, the Director of Resources provided the annual update on key people related highlights from the past financial year.
	2. The meeting noted the recruitment trends from the last year, which included hiring more female than male staff; that the source of candidates was 45% external; and that the turnover rate had increased. Members heard that the majority of those that resigned went to financial services.
	3. Members noted that disabled staff within UKEF was under the civil service average but this may be due to under-reporting; and that the proportion of ethnic minorities within UKEF was the highest in the civil service.
	4. It was noted that recruitment had become increasingly difficult due to the buoyant private sector and members discussed whether UKEF should consider recruiting outside of London and making use of the regional hubs. Members were informed that the hubs could not be used by UKEF until 2025/26 due to the fact that such usage was not factored into UKEF’s spending review settlement.
2. Digital, Data and Technology Group – Technology Update
	1. The [redacted] presented a short paper detailing his initial impressions of technology infrastructure within UKEF.
	2. It was noted that the directorate was running with a 40% vacancy rate and therefore delivering needed changes was a challenge. The performance of the contractor providing the IT service desk for the Department was discussed and it was suggested that better value could be obtained through switching from a 24 hour desk to something more focussed on the working day.
	3. Generally, Members noted that there needed to be a cultural shift within the department on how technology was used; including that products should be designed with digital in mind. Members agreed that a digital startegy focus would be useful at the Board Strategy Day in September.

**Action: Paul Neville to provide a digital strategy update to the Board Strategy Day in September.**

1. Committee Chairs’ update
	1. Due to timing constraints, the Committee Chairs’ updates were deferred to the June meeting.
2. Any other business
	1. There was no other business