Minute of UKEF Board meeting – 16 November 2022

**Present:**

Noel Harwerth (Chair)

Andrew Mitchell (items 1-3)

Lawrence Weiss

Candida Morley

Kim Wiehl

Jackie Keogh

Tim Frost

Cameron Fox

Samir Parkash

Matt Barnes (Observer)

[redacted]

Tim Reid (items 1-2)

[redacted]

[redacted] (UKGI)

**Apologies:**

None

**Secretariat:**

[redacted]

**Attendees**:

N[redacted] (item 4), [redacted], [redacted], [redacted] (item 5), Shane Lynch (item 6)

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 Interim CEO delivered his monthly update to the Board, which outlined his priorities for his period as Interim CEO and provided updates from across the business. The meeting noted that there would be a fuller update on the profile of runoffs at the January meeting. Turkey was discussed in detail, both in terms of country limit, pipeline and possible credit rating downgrade.
	2. Members were given an update on Ukraine. The Board welcomed that a full audit trail of documents were held in a central repository, and discussed ways of providing appropriate assurance in relation to governance for the Ukraine internal process. It was agreed that the Director of Legal and Compliance would lead on this. It was noted that other ECAs were also involved or in discussions over support to Ukraine.

**ACTION: Legal to provide assurance on the governance of UKEF’s internal processes for Ukraine.**

* 1. The Board thanked the CEO for the improved format of the CEO update.
1. Draft Minutes and Actions Log of 19 October 2022 Meeting
	1. The draft minutes were approved, and the actions log discussed.
2. Business performance updates
	1. The Director of Business Group gave a presentation detailing the business performance and outlook for the medium term. The meeting noted the forecast had increased substantially on account of the [redacted] transaction. The Board welcomed news that of the GEF transactions approved, all but one had been via straight through processing.
	2. The meeting noted that UKEF had a team of people at COP27 and held successful events on Francophone Africa and green trade in London and in Newcastle respectively.
	3. Members were given an overview of sustainable deals in the UKEF pipeline and noted that the volume of transactions in this space was likely to be lower than last year.
	4. Cameron Fox, the Chief Finance and Operating Officer updated the meeting on the monthly finance dashboard. The meeting noted the performance figures, the HMT Control totals, performance against financial objectives and the supplementary estimate.
	5. The Chief Risk Officer, Richard Smith-Morgan underlined the increasing prevalence of large, EDGs to UK borrowers which had potential implications on the UK limit which. The meeting also noted that this increasing geographical focus on the UK had positive, unintended, portfolio diversification benefits but that the Board should be aware of this rapidly growing segment. The Board expressed interest in further reviewing the implications of this growth.

**ACTION: Secretariat to add EDGs to Board agenda for January.**

1. Annual Legal update
	1. The Director of Legal and Compliance, Esi Eshun introduced this item and was supported by the [redacted] .
	2. Members were given an update on the judicial review of Moz LNG, noting the substantive judgment would be in December. Members were given a summary of the key legal challenges that the Department had faced over the last year; the themes for the year ahead; and detail of the internal audit carried out of Legal Division in March.
	3. The Board discussed EDGs from a legal perspective and it was agreed that a further discussion on EDGs would be held at the January Board meeting. Members also requested an item on risk tranching to follow at a future Risk Committee meeting.

**ACTION: Secretariat to add risk ‘tranching’ to Risk Committee forward agenda.**

1. SPoCC Initiatives: Decision making on Reputational Risk
	1. [redacted] led a discussion on reputational risk following development of a new process for internal consideration outlined in the paper produced by [redacted]. It was noted that the team had done a lot of work in this area, having consulted with the Board, EGAC and widely across the department before agreeing to implement that process with the Executive Committee.
	2. It was agreed that the process proposed was helpful in terms of documenting and escalating reputational risk. It included referral of significant issues to the Board at an early stage, which would ensure that the Board were appraised about significant reputational concerns and events. However, Members raised concerns about whether UKEF should define a risk appetite in this area and it was agreed that the Board would consider UKEF's risk appetite for reputational risk in the New Year.

**ACTION:      Secretariat to add reputational risk appetite to Board’s forward agenda.**

1. SPoCC Initiatives: Products / Strategic initiatives
	1. [redacted] and [redacted] led on this paper. The meeting noted that it followed the Audit Committee the prior week in which the Committee asked to be made aware of any new products that were in the pipeline for the next year or so. Members were also updated on the prioritisation of products and initiatives that the Strategy Team had for the forthcoming 18 months.
	2. The Board welcomed the prioritisation process, and it was agreed that the principles of prioritisation would be provided to the Board by written procedure.

**ACTION: [redacted] to provide principles of prioritisation by written procedure.**

1. SPoCC Initiatives: HMG climate landscape schematic
	1. The Board commented that the schematic was an excellent piece of work and thanked the team for pulling it together.
2. UKEF commercial function / HR update
	1. Shane Lynch, the Director of Resources provided an update on establishing a commercial function at UKEF. The meeting noted that in government the delivery of procurement services was via a hybrid centralised model, with all procurement staff at G7 and above (mid-senior level) employed by the Government Commercial Organisation (GCO) which was part of the Cabinet Office before being assigned to individual departments.
	2. Members were informed that any department wishing to set up its own procurement team needed permission from the GCO. That was via a “blueprint process”, which included a GCO panel investigation as to whether UKEF was ready.
	3. The meeting heard that Blueprint panel had approved the request. The Board noted that a huge amount of work had gone into this process and congratulated the team on their achievement.
	4. Members discussed when the procurement function would go live and discussed contingency arrangements should recruitment of the team not be completed by January; what success would look like; and the risks inherent in running the procurement function in-house.
3. Any other business
	1. The meeting noted the accountability framework document.
	2. There was no further business.