

MINUTES OF EXECUTIVE COMMITTEE MEETING

Tuesday 3 May 2022

Present: Louis Taylor (Chair)
Samir Parkash
Esi Eshun
Cameron Fox
Shane Lynch
Davinder Mann
Tim Reid
Richard Simon-Lewis (for item 1 only)

Attendees: [REDACTED], Head of Strategy - Government and Parliamentary Engagement (item 2)
[REDACTED], Head of Transformation and Change (item 3)
[REDACTED], Strategy team

Apologies: None received

Secretary: [REDACTED]

1 Review of Minutes & Actions, and DIT, HMT, x-WH and General Updates

- 1.1 The Chair welcomed all to the meeting.
- 1.2 The minutes for the EC meeting on 19 April were reviewed and approved, with some minor amendments suggested and incorporated.
- 1.3 The actions were reviewed and updates provided. An update was provided on the EKF loan to Ghana for the hospital project. The Chair asked to meet with the International team to discuss sustainable lending principles (SLPs).

Action: CEO to meet with International team to discuss SLPs.

Action: UKEF to meet with FCDO to discuss international alignment on SLPs.

- 1.4 The Chair provided general updates, including on clean growth products, strategic risk registers, the industrial strategy and critical minerals strategy. It was noted

that the Secretary of State for International Trade had been appointed Special Trade Envoy for Ukraine and that there was a focus on HMG supporting the reconstruction.

Action: Business Group and Origination teams to engage with industry contacts to understand appetite for and intent to support rebuilding of Ukraine.

1.5 The Chair noted that progress had been made on the Annual Report and Accounts (ARA) and asked that EC be made aware of key dates to review the document.

Action: Communications to send schedule of key ARA review dates to EC.

1.6 The Chair provided an update on the joint Board and EGAC meeting held the previous week. EC were informed that the Board meeting had reviewed and discussed the Task Force on Climate-Related Financial Disclosures (TCFD) report, mission statement, draft impact framework, and strategic risk register.

2 Cross Government Strategy Team Quarterly Update

2.1 [REDACTED] presented this quarterly update paper covering the progress made in cross-government strategic engagement.

2.2 The meeting recognised the clear progress that had been made, noting the impressive scope and scale of the team's work which had improved UKEF's ability to influence across HMG on an ongoing basis. Members noted that while UKEF's name appeared in relevant cross-government documents, this needed to be followed up to drive outcomes.

2.3 In the context of engagement, the Director of Business Group mentioned a meeting with the Association of Foreign Banks with the purpose of exploring opportunities to onboard UK branches of foreign banks. He asked whether the Cabinet Office should be invited to the meeting.

Action: Director of BG to discuss with Trade Finance colleagues whether Cabinet Office should be invited to Association of Foreign Banks meeting.

3 Financial Reporting Changes Programme – outline business case

3.1 [REDACTED] presented the outline business case for the Financial Reporting Changes programme. This paper requested that EC noted endorsement of Change Board and approve the Outline Business Case (OBC) which requested

spend of £4.5m on payroll and £24m of further Change Board funding. The meeting were informed of the expected costs, risks, opportunities and benefits for the 3-year delivery of the changes that were required to meet the new International Financial Reporting Standards (IFRS) 9 (Financial Instruments) and 17 (Insurance Contracts) that are required to be used in public sector from 1st April 2025.

3.2 The CFOO gave introductory remarks, setting out background and work completed to date and then moving onto outlining the significant scale, cost, and governance of the programme as well as additional controls and sign offs required, HMT, CDDO and Cabinet office. He noted that the delay in implementing the programme had given UKEF an advantage in learning lessons from banks, other government departments, and particularly the Canadian ECA, EDC, which had all shared lessons from their experiences over the last two years. The meeting was told that costs have been benchmarked both against similar sized UK companies currently implementing the new reporting standards, and with EDC. The CFOO also outlined the need for HMT to approve various budget changes alongside the business case including support for a revenue to capital switch (however this will not be formally signed off until supplementary estimates so there is an element of risk which was highlighted) and being able to move underspends between financial years within the SR(21) period. Finally the CFOO highlighted some of the uncertainties with regards this programme, both generic and specific to the programme.

3.3 The meeting noted the enormous amount of good work that had gone into the business case. The Committee agreed that this was an historic opportunity to fix the basics and that this narrative of the benefits should be better communicated. It was noted that while the business case centred on risk, the programme was an opportunity to comprehensively overhaul data issues, systems and processes, and integrate Salesforce and so requires a whole strategic vision for transformation. The Chair requested a paper on the wider vision for the programme that addressed the opportunities. The paper should also explicitly consider the opportunity cost to Change resource and other programmes.

Action: [REDACTED] and [REDACTED] to provide a paper by August 2022 on the overall strategic vision of all transformation to help to communicate the projects and programmes across the wider UKEF portfolio. [REDACTED]

to ensure this narrative is included in the Full Business Case (likely September 2022).

3.4 The meeting agreed that the name and framing of the project should be reconsidered to more explicitly articulate the expected multiple benefits for staff.

Action: [REDACTED] and Director of Resources to consider ways to rebrand the project to include enhanced detail of the benefits to the department, staff and customers.

3.5 Members discussed the scoring system, and whether it was standardised. It was noted that it followed Green Book guidance, with a slight change that UKEF classified a benefit score rather than a pure cash transaction score. The meeting were informed that Treasury were content with this.

3.6 Governance and assurance was discussed and it was agreed that the Board, Audit Committee and Accounting Officer would be kept up-to-date with progress to ensure monitoring, value for money and transparency with stakeholders. It was noted that there was one dependency with the Task Force on Climate Related Financial Disclosures. The Committee requested that any issues that required cooperation or escalation were brought to EC.

3.7 The Chief Risk Officer requested that for closer tracking of the project, good governance and to ensure EC and Board are regularly updated, monthly reporting be instituted.

Action: [REDACTED] to provide monthly dashboard to track the project. [REDACTED] to confirm the reporting structure in the Highlight Report pack and to agree the Audit Committee reporting requirements with the Chair of AC. Secretariat to add monthly dashboard to EC, AC and Board meetings from June 2022.

3.8 There was discussion about about financial incentives in the payment structure within the framework.

3.9 It was noted that the procurement process would take 3-4 months and that DDaT raised no issues when reviewing the business case.

3.10 The meeting discussed the incremental spend that was requested beyond the SR21 settlement. It was agreed that a breakdown of the increased spend would be provided to the CEO as part of his briefing session.

ACTION: [REDACTED] to provide a briefing to the CEO on the detail of costs.

3.11 The Committee endorsed and noted the requests of the Change Board. The Committee noted the ongoing running costs and approved the outline business case in principle, noting that it would now go to procurement but that the final decision to go ahead was subject to value for money considerations and the tenders received.

Action: [REDACTED] to return to EC with the Full Business Case for approval once procurement actions are complete (likely September 2022).

4 Any other business

4.1 There was no other business.

[REDACTED]

Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

16 May 2022

Present: Louis Taylor (Chair)
Samir Parkash
Esi Eshun
Cameron Fox
Shane Lynch
Davinder Mann
Tim Reid
Richard Simon Lewis
Paul Neville (new Director of Digital and Technology) joined during item 2

Attendees: Head of Climate Change (items 2 and 3)
[REDACTED], Climate Change team (items 2 and 3)
[REDACTED], Climate Change team (items 2 and 3)
[REDACTED], Climate Change team (items 2 and 3)
Commercial Director (item 4)
Chief Technology Officer (item 5)
[REDACTED], Strategy team (all items)

Apologies: None received

Secretary: [REDACTED]

1 Review of Minutes & Actions, and DIT, HMT, x-WH and General Updates

4.2 The Chair welcomed all to the meeting.

4.3 The minutes for the EC meeting on 3 May and actions were not yet available so will be reviewed at the next meeting.

4.4 The Committee was updated on DIT, FCDO, cross-Whitehall and general Civil Service activity. There was discussion about reducing the size of the Civil Service and possible scenarios for UKEF.

Action: Director of Resources to develop narrative of the options and impacts if UKEF needed to reduce staff numbers.

5 UKEF's financed emissions and decarbonisation targets

5.1 The Head of Climate Change set out recommendations for disclosure of UKEF's financed emissions and interim decarbonisation targets in the 21/22 Annual Report and Accounts (ARA). The paper recommended that UKEF disclose emissions on the basis of Expected Loss and Amount at Risk, set initial sectoral

emissions reduction targets for 2030 and work towards including other sectoral targets including aviation and/or setting portfolio-wide targets.

5.2 The Committee agreed the need for the two bases for disclosure, and discussed adding a third sub-category of Expected Loss whereby aero-secured guarantees are considered on a Probability of Default basis. There was discussion around sector and portfolio targets, messaging about adopting new technologies, and signalling to the market what carbon-intensive activity UKEF will and will not finance in future. Improving data quality and ensuring clarity about methodologies and assumptions were also discussed.

5.3 The CFOO highlighted the need for assurance around emissions numbers. The Committee gave agreement in principle for attributions on both bases. Members agreed to explore adding a third classification within the Expected Loss attribution and committed to making a commitment to set an aviation target within the year.

6 Glasgow Financial Alliance for Net Zero (GFANZ)

6.1 The Head of Climate Change explained the purpose and structure of the GFANZ. The request was for approval for UKEF to agree to commitment text to co-found an ECA alliance within the GFANZ.

6.2 There was discussion about the longevity and international credibility of the Alliance, the resourcing requirements on UKEF, and the prospect of other ECAs joining. The Head of Climate Change gave assurance that the text aligns with commitments that UKEF has already made, do not go beyond HMG commitments to the Paris Agreement and directly delivers on a pillar of the Climate Change strategy for international leadership.

6.3 The Committee also discussed the approval process and governance, legal standing of the commitment, and engagement with Treasury and the COP unit.

6.4 There was concern raised that the Committee needed clarity and more understanding on the terms just transition, sustainability, sustainable development goals.

Action: In partnership with OCCMC, develop a dedicated marcomms plan for the TCFD report to an ARA publication timeline.

Action: Secretariat to arrange offsite away day for EC to get common understanding of just transition, sustainability and sustainable development goals.

Action: Secretariat to include GFANZ on agenda for the next EGAC meeting in June 2022.

Action: Climate team to engage on climate-related decisions with the SoS, Board and EGAC to an ARA publication timeline.

7 Setting up Commercial function

7.1 The Commercial Director presented the planning for the transition from DIT Procurement to a permanent, self-sufficient UKEF Commercial team from 1st April 2023. The paper requested a steer on the initial operating goals and associated workstreams as part of a phased delivery, and the resourcing plan.

7.2 The discussion centred on resourcing scenarios, cost, and timing of recruitment. The Committee commented on the need for a narrative about the development of the function and pre-emptively consider how the future team can bring benefits to the wider department. There was a question raised about governance and alignment/ integration with other programmes. The business case will require Cabinet Office and Ministerial approval.

Action: Commercial Director to speak to Head of Transformation and Change about the governance process and communication of the development narrative.

Action: Director of Resources to clarify the Ministerial/CO/HMT sign off required on this case.

7.3 The Chair asked for an element of mixed economy in the proposed Commercial Transition Team with some Civil Servant staff as well as consultants to set up the function. The format of the permanent UKEF Commercial team was also discussed with the Commercial Director confirming that it will be fully staffed by permanent civil servants.

Action: Commercial Director to detail the options for a mixed economy resourcing plan for the Transition Team, a comprehensive business case (including clarity on sourcing route), and ways to address the issue of

timing for recruitment of the permanent UKEF Commercial Team as it forms.

Action: Director of Resources to detail costs with the CFOO.

8 Directorate for Digital and Technology (DDaT) Technology Structure

8.1 The Chief Technology Officer presented a paper on the functional structure and staffing of the Technology Group. The Committee was asked to note the request to prioritise recruitment for key roles, proposed changes to the overall team structure, and alignment with third-party services, all to ensure sustainable and scalable delivery of IT capacity and future capability.

8.2 The Committee discussed staffing, recruitment, and contract management. The Chair noted the unconventional role that the Security Operations Centre (SOC) currently provides as an assurance function for the department and asked whether that would be lost. That would not change as SOC would coordinate with IT Operations which provides a second line of defence.

8.3 The Committee noted the changes and requested that the recruitment and retention of civil servants was prioritised over contractors where possible.

9 Any other business

9.1 There was no other business.

[REDACTED]

Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

23 May 2022

Present: Louis Taylor (Chair)
Samir Parkash
Cameron Fox
Shane Lynch
Davinder Mann
Tim Reid
Paul Neville

Attendees: [REDACTED] (item 2)
[REDACTED] (item 3)
[REDACTED], Internal Audit
[REDACTED], Strategy team

Apologies: Esi Eshun
Richard Simon Lewis

Secretary: [REDACTED]

2 Review of Minutes & Actions, and DIT, HMT, x-WH and General Updates

9.2 The Chair welcomed all to the meeting.

9.3 The minutes and actions for the EC meeting on 3 May and 16 May were reviewed. The CFOO requested some amendments which were agreed to.

9.4 Members discussed Civil Service business, Board discussions, the previous week's supplier fair and a recent Heads of Mission meeting.

10 Group for Ethnic Minorities (GEMs) network annual update

10.1 GEMs sponsor, the Director of RMG, introduced the item. [REDACTED], Chair of the GEMs network and Senior Adviser on the Strategy team, highlighted the activities and achievements from June 2021 to date. [REDACTED] outlined five challenges facing the department and requested a steer from EC on overcoming these. The challenges were allyship, measurability, recruitment, performance ratings, and customers.

10.2 The Chair commented on the quality of GEMs' work over the year and agreed that the five challenges identified should be focused on.

10.3 Members discussed allyship and the need to promote it; measuring equalities data; and liaising with other UKEF networks and across departments. The

Committee discussed potential unconscious bias in performance ratings that have remained lower for ethnic minority staff over a number of years, and a need for deeper understanding of underlying causes.

Action: Director of Resources to arrange a session to investigate the underlying causes of ratings discrepancies in detail and consider ways to address them.

10.4 Members agreed with exploring ways UKEF could do more to support businesses run by ethnic minorities, and the Chair noted that an item agenda for June's in-person meeting with US ECA, EXIM, is on doing more business with women and ethnic minority-run businesses. The Director of Business Group suggested learning from banks' activity in reaching women and ethnic minority-run businesses.

10.5 **Action: [REDACTED] to discuss options for developing work on reaching ethnic minority-run businesses with Strategy team.**

10.6 It was noted that [REDACTED] would provide an update to the Board in June, and that the current committee leadership was approaching the end of its term and a new committee would be formed over the summer.

11 Berne Union event update

11.1 Head of Active Portfolio Management, Claims & Recoveries, [REDACTED], presented an update on the 2022 Berne Union Claims and Recoveries Specialist Meeting that UKEF is hosting in London on 9-11th June 2022. [REDACTED] outlined the plans, registrant details, and budget.

11.2 The Chair noted the importance of the event as an opportunity to learn best practice from experts and demonstrate international leadership. The Committee noted the update.

12 Any other business

12.1 [REDACTED], informed EC about a strategy forum for Grade 6 staff. The forum would present an opportunity to deepen and broaden G6s' engagement on UKEF's strategy work. The Chair praised the initiative, noting the utility of having G6 perspectives on strategy in both formal and informal formats.

12.2 Head of Audit, [REDACTED], made himself available for comments or questions on the audit reports that had been circulated by Written Procedure the previous week. There were no immediate questions but members noted the deadline to provide comment.

[REDACTED]

Strategy, Policy and Climate Change Division