

MINUTES OF EXECUTIVE COMMITTEE MEETING

6 June 2022

Present: Louis Taylor (Chair)
Shane Lynch
Tim Reid
Richard Simon Lewis

Attendees: [REDACTED] (item 2)
[REDACTED] (item 2)
[REDACTED] (item 2)
[REDACTED] (item 3)
[REDACTED] (item 3)
[REDACTED] (item 3)
[REDACTED] (item 3)

Apologies: Esi Eshun
Cameron Fox
Davinder Mann
Paul Neville
Samir Parkash

Secretary: [REDACTED]

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

- 1.1 The Chair congratulated Esi Eshun and [REDACTED] on them being recognised with OBEs.
- 1.2 The Chair gave a brief update on his and the Director of Business Group's recent trip to Saudi Arabia. The committee discussed other recent and upcoming meetings overseas.
- 1.3 The minutes and actions for the EC meeting on 23 May were reviewed and approved.

2 **Economic Impacts**

- 2.1 The Head of Economic Analysis, [REDACTED], presented the latest estimates of UKEF's economic impacts (jobs and GVA supported) which will feature in the upcoming Annual Report and Accounts (ARA). In particular, he highlighted changes to the methodology (updated inputs and evidence-based assumption for UK content supported by short-term deals), and next steps for the ongoing development of the methodology and process. The intent of these changes is to have a better understanding of the value of UKEF's support.

2.2 The Chair commended the significant analysis behind the work and transparency of methodology. The Chair noted that the input-output analysis is used by the US EXIM Bank and asked that a reference be made to this in the methodology document that will be published on the gov.uk website. The committee discussed various challenges in discerning specific impacts of UKEF support, such as to geographic areas, but agreed the value of the insights provided. The Chair noted that the Board was interested in seeing the paper.

Action: Secretariat to send the paper to the Board for their reference.

Action: Head of Economic Analysis to ensure reference is made to US EXIM calculations in the online methodology document.

3 Home Shipbuilding Credit Guarantee Scheme (HSCGS) – [REDACTED] reviewing

3.1 Deputy Head of Policy and Products, [REDACTED], provided an update on the proposed arrangements for the HSCGS. The business case assumed that UKEF will be the service provider, using UKEF credit and underwriting expertise. BEIS would fund the scheme, provide the Accounting Officer and be accountable from a governance and risk/ balance sheet perspective. The committee was advised that HM Treasury will not consent to the scheme unless the Secretary of State for International Trade gives permission for UKEF to be service provider.

3.2 The Chair noted the many concerns of committee members. The expected volume of deals, reporting systems, resourcing plans and responsibilities, ESHR standards, and timeframes for UKEF to withdraw from the scheme were discussed.

3.3 The committee noted that UKEF's role would be to give expertise and advice to BEIS rather than to make decisions. It was agreed that UKEF would advise BEIS when additional headcount was required to work on the scheme, that the scheme would have to operate to the same ESHR standards as OECD's shipbuilding rules.

3.4 The Chair noted that the initiative was unconventional and that he was not convinced of the need for it, but that UKEF had a skillset that could be applied to support it. Taking account of government interests across the whole of government, the committee was content for a submission to be made to the Secretary of State, and for work to continue on a formal contract with BEIS.

Action: Deputy Head of Policy and Products to return to EC with a draft of the formal document by 27th June 2022.

4 Any other business

4.1 There was no other business.

[REDACTED]

Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

13 June 2022

Present: Samir Parkash (Chair)
Esi Eshun
Shane Lynch
Paul Neville
Tim Reid
Cameron Fox

Attendees: [REDACTED] (item 2)
[REDACTED] (item 3)
[REDACTED] (items 4 & 5)

Apologies: Louis Taylor
Davinder Mann
Richard Simon-Lewis

Secretary: [REDACTED]

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

4.2 The minutes and actions for the EC meeting on 06 June were reviewed and approved, subject to clarifications around responsibility for the actions relating to the Home Shipbuilding Credit Guarantee Scheme (3.3-3.4).

Action: Secretariat to clarify who in UKEF will have responsibility for pursuing the contract with BEIS

5 **EC Pay Award Proposals**

5.1 The Deputy Director for Resourcing and Reward delivered a paper setting out the EC pay award proposals. The Committee was informed that a 3% uplift average would be implemented across the department. This would be split between a 2% uplift for all staff and 1% for pay anomalies to address potential attrition and the gender pay gap.

5.2 EC discussed the details of how the 1% would be used to address disparities as well as issues around affordability and the next steps in the process.

5.3 The Chair confirmed that the proposals had unanimous support from the EC members present.

6 **Internal Audit Update – June 2022**

- 6.1 The Head of Internal Audit presented an update of progress against the approved audit plan.
- 6.2 EC members heard that progress was going well, particularly in context of resource challenges within the auditing team.
- 6.3 The Head of Internal Audit outlined the audits in progress. Director of Digital, Data and Technology (DDaT) agreed that Audit would conduct a DDaT maturity review in place of two audits as this would be a large piece of work.
- 6.4 Members discussed resolving overdue actions and the details of the Embedded Assurance Reviews in the 2022/23 audit plan.

7 RDEL Operating Cost 2021-22 – Underspend Analysis

- 7.1 The Head of Financial Planning presented an analysis of the 2021-22 RDEL (Resource Departmental Expenditure Limit) focusing on the areas of underspend in the year gone by and the quality of forecasting carried out across the department by budget-holders.
- 7.2 The Committee noted that there was a significant underspend against the original RDEL budget, and that this would need to be addressed going forward. Finance has responded by providing more training to budget-holders and more guidance including a forecasting methodology which has been developed by the financial planning team and should be followed by all budget holders when completing their RDEL quarterly forecasts. Group directors need to challenge any culture of holding onto budgets when it is known spend is unlikely and also address any optimism bias in plan.
- 7.3 EC members discussed the variance between different divisions within the department as well as some of the challenges of forecasting effectively. EC noted the lost opportunity involved in underspends as they cannot be used on other strategic priorities. A quarterly analysis will be prepared moving forward to help focus on areas of controllable underspend by Group.

8 RDEL Operating Cost 2022-23 – April 2022 Operating Costs

8.1 The Head of Financial Planning presented the analysis for April 2022 RDEL as part of a monthly update outlining spend to date against budget for significant expenditure categories.

8.2 EC noted that there was an underspend, at least half of which was caused by challenges in achieving planned recruitment targets, and agreed it would be sensible to reuse underspend as early as possible to deliver strategic business change which could make underspend less of a problem in future.

8.3 EC agreed that early actions was needed to tackle the underspend and agreed that, while RDEL underspend would not be reallocated at this stage, it would be reviewed again when the May figures are presented in 2-3 weeks. The CFOO noted that we are coming up to the end of quarter so a good opportunity to align with overall operational planning and headcount updates.

9 **Any other business**

9.1 The Director of Digital, Data and Technology raised the issue of upcoming transport strikes and their potential effect on staff attendance. The Director of Resources confirmed that a communication would be issued to all staff informing them that mandatory attendance at 1 Horse Guards Road would be suspended over the period of the strike.

[REDACTED]

Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

27 June 2022

Present: Samir Parkash (Chair)
Esi Eshun
Shane Lynch
Paul Neville
Tim Reid
Cameron Fox
Davinder Mann
Richard Simon-Lewis

Attendees: [REDACTED] (item 2 and item 4)
[REDACTED] (item 3)
[REDACTED] (item 5)
[REDACTED] (item 5)
[REDACTED] (item 5)

Apologies: Louis Taylor (travel)

Secretary: [REDACTED]

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

1.1 The minutes and actions for the EC meeting on 13 June were reviewed and approved, subject to clarifications.

Action: Secretariat to clarify who in UKEF will have responsibility for pursuing the contract with BEIS

Secretariat to change 6 June minutes to reflect that UKEF is not allowed to have a contract with another government department.

1.2 There was an update on CEO recruitment and discussion on xWH engagement and activity.

4 **Initiation paper for the 2024-2028 Business Plan**

4.1 The Deputy Director for Strategy set out the proposed project plan for the next Business Plan cycle, targeted for publication in early 2024 depending on the timing of a General Election and Spending Review.

4.2 The level of ambition for the Business Plan will be determined by the outcome of the Cabinet Office headcount review, and the economic and geopolitical context in the coming months.

- 4.3 The Committee discussed metrics for success, and learning from best practice in the private and public sector. EDC and the British International Investment were suggested as good benchmarks.
- 4.4 Members discussed the need to link the Business Plan to the Transformation and Change Plan, and to integrate Digital, Data and Technology (DDaT) into the process. Director of Digital, Data and Technology (DDaT) asked for a clearer explanation of how the Business Plan leads to change.
- 2.5 The Committee discussed the need for external resources. It was noted that a lot of staff time was spent with consultants during the last Business Plan cycle. The Deputy Director for Strategy clarified that a contractor model would be used whereby expertise would be seconded into the team. She agreed that while the context and resources have changed in the last 3 years, the principles had not, so insights and expertise developed then should be reused.
- 2.6 EC agreed with the plan, noting that the multiple upcoming changes at Board and Executive level, along with political and financial uncertainty, would necessitate the plan being resilient.

Actions: Secretariat to schedule informal verbal updates to EC every 3-4 months. Strategy Team to include a session with EC at the Board strategy day.

5 Proposal for an EC taskforce

- 5.1 The Strategy team presented a paper proposing the creation of an EC taskforce of high performing HEOs to Grade 7s. The taskforce would consider difficult issues that could benefit from diversity of thought at the working level.
- 5.2 Members noted that there are many other requests of this type, and they put a burden on some already fragile teams. The Committee discussed adding to workload and how to manage this. It was agreed that a quarterly taskforce day with regular shorter catch ups in between would be appropriate. Taskforce members should have a professional objective linked to the work.
- 5.3 Members discussed that other initiatives, such as the Lean Agents and Risk Champions, focus on improving processes. They asked how the taskforce would be different to these and to the department's various networks and whether

existing networks are sufficiently empowered. It was agreed that the taskforce should focus on strategic and important workstreams where there can be tangible outcomes.

5.4 EC supported the initiative. They suggested that the taskforce start with taking on one project and seeing it to completion, then review whether it had changed anything.

6 **Any other business**

6.1 **Reputational Risk**

6.2 The Director for Legal and Compliance and Deputy Director for Strategy asked for the Committee to consider the department's overall and formal approach to managing reputational risk.

6.3 The meeting heard that multiple workstreams from across the department were looking at reputational risk. There was concern that the work was not joined up, meaning that risks may not be identified at an early stage as they should be. Members discussed how reputational risk should factor into decision making, both for transactions as well as in staff conduct and other parts of the department.

6.4 The Chair commented that the paper should include references to the fact that reputational risk was one of the nine Risk pillars within UKEFs Risk Taxonomy. It had been a part of the Enterprise Risk Management (ERM) framework for the past three years and reputational risk was a prominent section within the existing ERM policy. He noted that in addition, UKEF RACA templates had a link to evaluate whether there would be reputational risk in case a specific risk within the RACA is triggered. Finally, Enterprise Risk Division (ERD) had presented two papers to EC and the Board Risk Committee (RC) on Risk Appetite (across the nine risk pillars) with RC asking for a final Risk Appetite paper before year end 2022-23. Any work should be in tandem with this workstream.

6.5 Members agreed in concept that there should be a formal record of reputational risks being considered (beyond the ERiCC (Enterprise Risk and Credit Committee)) but stressed that it should not be overly burdensome. It was agreed that EC would discuss it further at the upcoming Away Day.

6.6 **ACTION: Secretariat ask Strategy to include in the EC Away Day agenda.**

7 Procurement for replacement of UKEF's private insurance arrangements

- 7.1 Active Portfolio Management (APM) sought EC guidance on how to proceed with the ongoing procurement process to replace UKEF's private insurance arrangements, already in its 16th month of work. Further to the paper being circulated by Written Procedure, the Committee asked to discuss the matter.
- 7.2 APM outlined the issue, which had been subject to discussions with Cabinet Office, DIT and Legal. It was highly likely that a large majority of tenderers would fail to meet the two climate change commitment requirements: a Carbon NetZero 2050 commitment and a Carbon Reduction Plan.
- 7.3 There was a full and robust discussion among the Committee and APM staff about each of the options and associated risks, considered from a variety of perspectives.
- 7.4 There was broad consensus to amend the Invitation to Tender to remove the requirement for a Carbon Reduction Plan completely on the understanding that it would be revisited when the market was more mature, but that the Carbon NetZero requirement remained in place. It was also agreed to extend the timetable to permit further Tenders. This was considered the pragmatic option.

8 Papers to EC

- 8.1 There was discussion about papers being considered by the Executive Committee: their relevance, timeliness, prior collaboration, and appropriateness to be presented in a meeting or via Written Procedure. The Chair asked to be cited on agenda items that were coming to the Committee in good time. It was agreed that the SPoCC Office and the Chair would meet to discuss the overall purposes, processes, and logistics for EC, the Board and EGAC to ensure joined-up and efficient approaches, appropriateness of topics, and effectiveness of the committee structure and running.

ACTION: SPoCC Office to arrange a meeting with the Chair about the above.

[REDACTED]

Strategy, Policy and Climate Change Division