

MINUTES OF EXECUTIVE COMMITTEE MEETING

1 August 2022

Present: Louis Taylor
Samir Parkash (Chair)
[REDACTED]
Esi Eshun
Cameron Fox
Shane Lynch
Paul Neville
Tim Reid
Richard Smith Morgan

Attendees: [REDACTED]
Secretary: [REDACTED]

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

- 1.1 The minutes of 27th June, 4th July and 11th July were reviewed and approved, with some minor amendments requested and incorporated.
- 1.2 The CEO and Interim CEO had recently met with Minister for Exports, Minister Griffiths, who was supportive of UKEF's work.
- 1.3 The Committee discussed UKEF activity in relation to Ukraine. Members discussed HMG's priorities, operational and legal processes and constraints, and possible impacts on UKEF of providing support. The meeting noted the potential impacts on year-end financials of support to Ukraine as well as ongoing and emerging sovereign debt issues.
- 1.4 The meeting discussed an upcoming weekend-long electrical power down of UKEF's main offices. The Chair asked all members to ensure their Directorates' Business Continuity Plans (BCPs) were up to date, and asked the Director of Digital, Data and Technology (DDaT) to ensure communications are sent to all staff about the outage to remind them to review their BCP.

ACTION: Director of DDaT to ensure communications go to all staff.

- 1.5 The Director of Legal and Compliance Group asked that potential projects for the EC Taskforce be discussed at a future EC meeting. The committee agreed that the taskforce should consider one issue initially, before EC evaluates its

contribution and gives it further projects. The Chair requested a watching brief at EC.

ACTION: Secretariat to add EC Taskforce projects discussion to a future agenda, and schedule routine briefs on its progress.

2 Financial Reporting Changes (FRC): Programme Business Case Update

2.1 The Head of Transformation and Change (Programme SRO) updated the committee on the progress of the FRC programme business case. HM Treasury had approved the delivery element of the business case (after some delay); other pressures on HM Treasury and political uncertainties have delayed confirmed support for the budgetary changes. Without this approval, continuing the programme would be at UKEF's risk.

2.2 The committee discussed the risks and options. There was agreement that the programme could not be paused and would need to continue as it is a mandatory project with clear timescales.

2.3 EC noted the time pressures related to this work. EC therefore agreed with the recommendation to progress with the programme on a risk-on basis, given there was underspend that could be moved to the project. Procurement would be accelerated, noting that any delays would increase costs due to inflation. The Accounting Officer would write to the Treasury outlining concerns and explaining the decision to continue. It was agreed that there was not a need to bring this to Secretary of State's attention at this time.

ACTION: Letter to be written from Accounting Officer to HMT.

3 Q1 2022-23 Forecast

3.1 The Head of Financial Planning (FP) presented the forecast for Q1 2022-23 departmental expenditure limits (DEL) operating and capital costs. The Financial Planning Division requested approval to produce a revised 2022-23 budget based on an underspend, budget transfers, and the creation of a resource DEL (RDEL) contingency pot.

- 3.2 The meeting discussed the reasons for the underspend and the recommendation to set up a contingency pot which can be called upon following the usual process of a business case to EC. It was clarified that £1.3m is available for the contingency fund of which £1m was given back by the FRC programme.
- 3.3 Members discussed uncertainties that may affect the forecast. These included *inter alia* the new commercial function, contractor costs in DDaT, staff turnover and recruitment rates, and delays in procurement.
- 3.4 The Head of FP highlighted that changes to UKEF's depreciation budget 22-23 have not been included in Q1 Forecast; Treasury have just commissioned a government wide depreciation exercise on Friday 29th July and the impact will be picked up as part of the Supplementary Estimate 22-23. The impact of government headcount review (CS2025) was also excluded from Q1 Forecast.
- 3.5 EC members noted the forecast, supported a revised budget and approved the creation of a contingency pot and virements.

4 **Any other business**

- 4.1 Director of Business Group (BG) noted the time and resource involved in recent discussions of transactions in latter stages that could be exempt under the fossil fuel (FF) policy. He suggested that a sub-group of EC members be set up to have discussions on any such transactions at an early stage, in order to take early informed decisions. Members discussed the political capital involved in having late stage discussions across government, reputation risks, and demonstrating an organisational culture that promotes and supports high environmental standards. The committee was supportive of this suggestion.

ACTION: Secretariat to liaise with the Chair and BG to arrange sub-group meetings. Director of BG to instruct teams to raise any potential FF exemption transactions at the first opportunity.

- 4.2 A member raised the reputational risk of a potential project. The Chair noted that an MoU is an agreement to look at a potential project, not a commitment to support it. The committee heard that there had been a change in human rights aspects of the project. The Chair underlined that UKEF has a role in raising human rights

standards on projects that it supports and asked for more information on the situation.

ACTION: Director of BG to arrange a brief for the CEO and interim CEO on human rights issues on the project.

[REDACTED]

Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

8 August 2022

Present: Samir Parkash (Chair)
Julia Beck
Esi Eshun
Shane Lynch
Tim Reid

Attendees: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Apologies: Louis Taylor
Paul Neville
Cameron Fox
Richard Smith-Morgan

Secretary: [REDACTED]

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

5.1 The minutes of 1st August were reviewed and approved. The amendments made to minutes from 27th June 4th July and 18th July were reviewed and approved.

5.2 In discussion on the actions, the committee discussed business continuity plans (BCPs) and requested a review and refresh of directorate and divisional BCPs.

ACTION: Secretariat to liaise with Head of Security on BCP to ensure that UKEF-wide BCP plans are current.

5.3 The Director for Legal and Compliance Group (LCG) was attending Ukraine project meetings with DIT's legal group which had led to improved coordination and understanding.

5.4 The Environment & Social and Climate & Sustainability teams have moved back under SPoCC leadership after the interim period between Directors. Director of LCG will continue to oversee the TCFD project and some complex transactions for another month.

6 Birthday Honours 2023

6.1 The Head of Honours and Public Appointments from DIT talked to EC and SLT about the commission for the Birthday 2023 Honours.

6.2 The Secretary of State's priorities for recognition were broadly people who had overseen growth in sectors that support green trade, net zero and science and technology ambitions, creating high-value jobs across the UK economy; and those who have made a significant contribution to UK's assistance to Ukraine and response to Russian aggression, particularly in the area of defence and security.

6.3 It was emphasised that proposed nominations must include details of significant voluntary and charity involvement.

6.4 The Chair asked EC and SLT to consider potential nominees and send them to SPoCC Office.

7 EXIP Private Market Refusal Eligibility Criteria

7.1 The Underwriting Division set out recommendations to replace the existing private market refusal criteria for an EXIP, in favour of an option that would encourage prospective applicants to explore the private market options and may require evidence of a private market rejection when a G7 UKEF underwriter deems it necessary.

7.2 The meeting discussed the current difficulties for businesses and the prospective benefits of removing the rejection criteria, which would make the product more accessible. Members asked about marketable risk countries, subsidies, comparisons to other ECAs. It was noted it is good practice to regularly review products to ensure we are effectively supporting exporters.

7.3 EC was supportive of the proposal, on the condition that objective criteria are set out for underwriters to evaluate each proposal, to ensure consistency and minimise subjectivity. Members also requested that the points discussed around legality/ subsidies be made clearer in the paper so that there is no risk of challenge for competing with the private sector. The committee will review how it is working in six months' time.

ACTION: Underwriting Division to draft objective guidelines for refusal criteria and clarify legality/ subsidies points. These should be presented to EC in a brief marked-up paper for review in due course.

ACTION: Secretariat to arrange a review in January / February.

8 Any other business

8.1 The Committee heard about preparations that are being made for potential upcoming fiscal events including Civil Service 25 (headcount exercise), a spending review and or an emergency budget.

8.2 The Director of BG will meet with the US ECA, EXIM Bank, in Washington, DC, this week and asked for any information on ongoing collaborative work with them.

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Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

15 August 2022

Present: Samir Parkash (Chair)
Julia Beck
Esi Eshun
Cameron Fox
Shane Lynch
Paul Neville
Richard Smith-Morgan

Apologies: Louis Taylor
Tim Reid

Secretary: [REDACTED]

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

9.1 The minutes of 8th August were reviewed and approved. The committee discussed arrangements for senior leadership cover during upcoming leave periods.

9.2 Director of Legal and Compliance updated the meeting on cross-government discussions on legal issues of UK and WTO subsidy control obligations in relation to credit facilities for Ukraine reconstruction. Members discussed the importance of alignment across departments, and for clarity and specifics in the submission to ministers to ensure full understanding and awareness of the risks, and to limit surprises. The Chief Finance and Operating Officer would inform the National Audit Office of the possible financial consequences for UKEF of various courses of action.

10 Climate Change and Sustainability division

10.1 The Chief Strategy and Impact Officer proposed elevating the Climate Change and Sustainability team into a SCS1-led division to ensure sufficient organisational profile and impact to deliver the major departmental change programmes the team is responsible for. Furthermore it would improve senior-level resilience within the SPoCC management team, would help mitigate a key person risk within the climate change team, and provide a talent pipeline within the climate change function.

10.2 The Director of Resourcing talked more broadly about the need to re-evaluate structures and roles in other divisions to ensure they are fit for purpose and to address key person risks. Some roles had not been reviewed in many years and needed to be reviewed to better reflect the current working environment. There was a need to create clear career pathways and review gradings, recognising leadership roles are different to technical roles.

10.3 The Chair noted the scope and profile of the climate change and sustainability role. He commented that roles should be re-evaluated routinely to ensure they meet the changing needs of the department.

10.4 The committee supported the proposal and approved the creation of the SCS-1 role.

11 **Any other business**

11.1 The Committee discussed governance and ways of working of the Executive Committee and agreed steps to improve its efficiency.

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Strategy, Policy and Climate Change Division

MINUTES OF EXECUTIVE COMMITTEE MEETING

22 August 2022

Present: Cameron Fox (Chair)
Julia Beck
Esi Eshun
Paul Neville
Richard Smith-Morgan

Apologies: Louis Taylor
Samir Parkash
Shane Lynch
Tim Reid

Secretary: [REDACTED]

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

12.1 The minutes of 15th August were reviewed and approved.

12.2 The committee heard an update on cross-government legal discussions around UK and WTO subsidy matters in relation to Ukraine. Members discussed wider issues of support for Ukraine, including concerns about delays in making tangible progress, noting the urgency as humanitarian conditions will worsen over the autumn and winter.

12.3 Members discussed the responsibilities and ownership of processes to mitigate strategic risks.

12.4 EC asked for an update on the Home Shipbuilding Credit Guarantee Scheme (HSCGS).

13 July RDEL Operating Costs

13.1 The meeting discussed the operating costs analysis and update from July. The committee heard that there were funds left in the contingency pot and discussed spending needs in the commercial function, TCFD data work, recruitment, and Change programmes. Members noted the need to act in a timely manner and agreed to make plans immediately to ensure funds were spent on the highest priority requirements.

13.2 Committee members discussed the use of a current supplier. Director of Resourcing confirmed that the supplier had been selected by standard competition that had been through the usual DIT procurement and selection process, without UKEF's involvement.

14 **Any other business**

14.1 The Departmental Operational Plan had been reviewed by Written Procedure. It was noted that the Board and UKGI will also review the plan, following the normal process.

14.2 The Short Term Business team gave an overview of a GEF application where there is disagreement whether it should be exempt from the fossil fuel policy. Further to agreement of EC at the 1st August meeting to arrange a sub-group to consider potential exempt transactions, the case will be considered by the EC sub-committee on 1st September.

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Strategy, Policy and Climate Change Division