



ACCOUNTABILITY REPORT

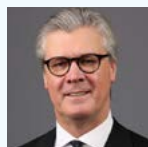
UKEF ministers and board members	109
Governance Statement	111
Statement of Accounting Officer's responsibilities	132
Audit Committee and Risk Committee	133
Our people: Remuneration and staff report	137
Parliamentary accountability and audit	150
The certificate and report of the Comptroller and Auditor General	157

UKEF MINISTERS AND BOARD MEMBERS

UKEF ministers



Rt Hon Kemi Badenoch MP
Secretary of State for Business
and Trade, President of the
Board of Trade, and Minister
for Women and Equalities
(to July 2024)



Lord Offord of Garvel CVO
Minister for Exports
(to July 2024)

Register of interests

A register of interests is kept up to date to identify any potential conflicts of interest involving the senior executive directors and, if necessary, address them. At the start of departmental board meetings, members are asked to declare any potential conflicts of interest. Appropriate arrangements are in place to manage any conflicts identified, in line with departmental and Cabinet Office policy. This could, for example, include recusal from board discussions relating to those interests.

No conflicts of interest or potential conflicts of interest have been identified this year. A register of Board directors, directorships and shareholdings is available at:
www.gov.uk/government/organisations/uk-export-finance/about/our-governance



Members of the UKEF Board and its sub-committees



Robert Gillespie

Chair of the UKEF Board and Remuneration Committee (from 1 March 2024)



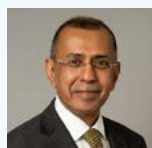
Tim Reid

Chief Executive Officer



Cameron Fox

Chief Finance and Operating Officer



Samir Parkash

Chief Risk Officer



Jackie Keogh

Member of the UKEF Board, member of Audit, Risk and Remuneration Committees



Tim Frost

Member of the UKEF Board, Chair of the Risk Committee, member of the Audit and Remuneration committees



Charlotte Morgan

Member of the UKEF Board, member of the Risk and Remuneration committees, Chair of the Audit Committee



Kimberley Wiehl

Member of the UKEF Board, member of the Audit, Risk and Remuneration committees



Vanessa Havard-Williams

Ex-officio member of the UKEF Board, Chair of the Export Guarantees Advisory Council, member of the Audit committee

Andrew Mitchell

Ex-officio member of UKEF Board, Director General for Exports and UK Trade at the Department for Business and Trade (to 31 October 2023)

Niall Mackenzie

Interim ex-officio member of UKEF Board, Director of Consumer and Competition Policy, Department for Business and Trade (From 1 December 2023 to 31st March 2024)

Candida Morley

Ex-officio member of UKEF Board and UK Government Investments, member of Audit, Risk and Remuneration committees (to May 2024)

GOVERNANCE STATEMENT

As Accounting Officer for UKEF, I am responsible to ministers and Parliament for its management, including the stewardship of financial resources and assets. This Governance Statement sets out how I have discharged this responsibility for the period 1 April 2023 to 31 March 2024.



Tim Reid
Chief Executive and Accounting Officer

29 July 2024

The areas I cover below are:

- the organisational arrangements for managing operations, constituting our corporate governance framework
- my statement on the nature of UKEF's business and its vulnerabilities and resilience to challenges, requiring risk management and controls

Background

UKEF's mission is to advance prosperity by ensuring no viable UK export fails for lack of finance and insurance, doing that sustainably and at no net cost to the taxpayer. We work with a wide range of private credit insurers and lenders to help UK companies access export finance using three underlying financial instruments: guarantees, insurance and loans. We complement rather than compete with the private sector and are strongly aligned with wider government strategy and policies.

In providing support, we seek to:

- maximise the impact we achieve in the UK and overseas, delivering value for money for the taxpayer in accordance with our statutory purpose
- deliver exceptional service for our customers – exporters, overseas buyers and delivery partners such as banks
- respond to meet the needs of customers, delivering solutions within the bounds of acceptable risk
- maintain the confidence of ministers, Parliament and our customers
- effectively communicate what we do to a broad group of stakeholders across the UK and overseas

Our strategy remains one of ambitious evolution, building on over a century's experience and success to support businesses to invest, grow and export. In April 2024, UKEF published its new business plan covering the period from 2024-29. This will see UKEF step up its ambition to deliver impact for the UK taxpayer, helping to grow UK exports, including by supporting a greater number of SMEs in all regions of the UK. Our new Sustainability Strategy, published at the same time, sets out how we will put UK exporters at the heart of the global low carbon transition and increase the impact of our support overseas. The strategy is underpinned by five strategic enablers: governance and accountability, risk management, digital and data, customer centricity, and our people.

Corporate governance framework

UKEF was set up in 1919, with its original statute introduced in 1920, and its legal name is the Export Credits Guarantee Department. It is a ministerial department of state exercising statutory powers under the Export and Investments Guarantees Act 1991 (as amended) (EIGA).

UKEF is strategically aligned with the Department for Business and Trade (DBT) but is a separate ministerial government department. Both departments report to the Secretary of State for Business and Trade. I am the Chief Executive and Principal Accounting Officer of UKEF. The Secretary of State or Minister for Exports writes to me every year to outline the government's priorities for UKEF for the coming year.¹⁹

Statutory powers

UKEF's statutory powers are derived from the EIGA, which provides that they may only be exercised with the consent of HM Treasury ('the Consent'). HM Treasury sets a financial framework, comprising financial objectives and reporting requirements, within which UKEF operates.

Department for Business and Trade

DBT provides a single, coherent voice for business inside government, focused on growing the economy with better regulation, new trade deals abroad, and a renewed culture of enterprise at home. I am a member of DBT's Executive Committee, and the UKEF Chair is a member of DBT's Board. UKEF has a MoU with DBT to achieve shared objectives around economic growth, increasing UK exports, and contributing to the government's wider trade agenda. More details are on page 121.

Ministers

Over the past financial year, UKEF officials briefed the former Minister for Exports and Secretary of State both verbally and through written submissions on high-priority transactions and issues including: our new business plan and Sustainability Strategy, our continued support for Ukraine following Russia's illegal invasion, our international frameworks and business engagement, and activities to promote the UKEF offer to businesses at home and overseas.

¹⁹ This letter is available online: www.gov.uk/government/publications/letter-from-the-minister-for-exports-on-ukefs-annual-priorities

HM Treasury

UKEF officials, including myself, meet regularly with officials from HM Treasury to advise them on matters related to the Consent, business planning and performance. Throughout the year, and at least monthly, we supply HM Treasury with in-depth reports on significant business metrics, including our financial performance. A representative from HM Treasury also attends UKEF Board meetings as an observer.

HM Treasury seeks to protect the taxpayer from excessive loss resulting from our lending or contingent liabilities, and the UK economy from economic disbenefit. It exercises this role primarily by monitoring our performance against spending plans, the financial objectives agreed by ministers and policy parameters they set for us.

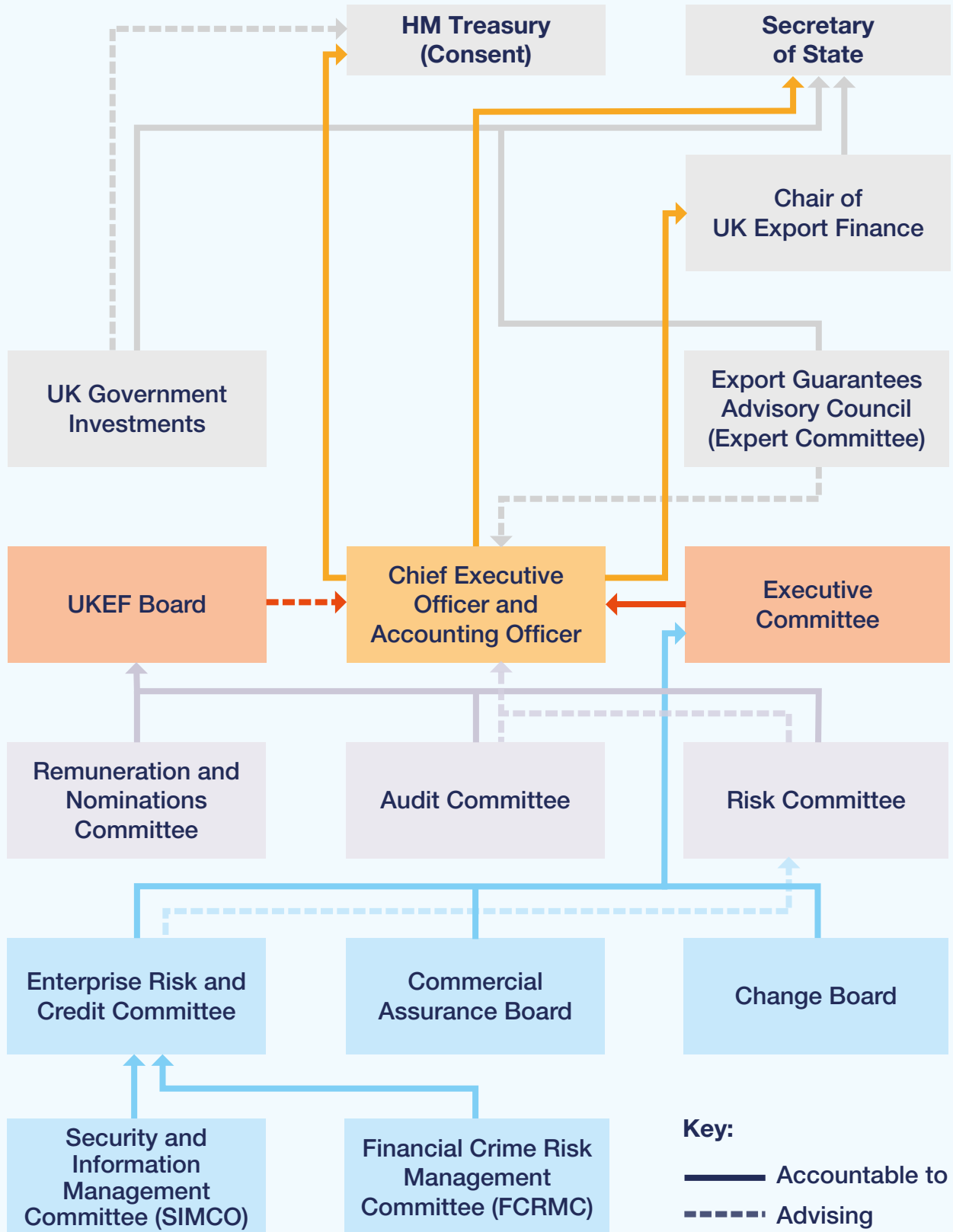
UK Government Investments

UK Government Investments (UKGI) provides advice to the Secretary of State with responsibility for UKEF on the exercise of ministerial responsibility for UKEF. A UKGI representative is an ex-officio member of UKEF's Board.

In accordance with the concordat, particular areas of focus are to:

- advise and support on corporate governance (including the appointment and remuneration of UKEF's Chairman, Non-Executive Directors and Chief Executive)
- review UKEF's financial and operating performance and key performance indicators
- review UKEF's risk management function and processes
- input into business planning and strategic direction
- provide support in certain instances to HM Treasury on HMG's exposure to risk

UKEF's governance structure



Note: UKEF governance: Ministers and the Accounting Officer are each directly accountable to Parliament.

Export Guarantees Advisory Council

Export Guarantees Advisory Council (EGAC) is a statutory body under the EIGA. It was designated an Expert Committee in 2016 and its role is to provide advice to ministers and senior officials as needed on the environmental and social impact of UKEF's operations including the effectiveness of its policies on:

- climate change and sustainability
- social impact and human rights
- anti-bribery and corruption
- sustainable lending
- transparency and disclosure

The council independently publishes a report of its business in the year, which is available on page 103 and also from the council's website.²⁰

The council does not hold any independent budget or spending authority. The Chair of the council sits on the UKEF Board as an ex-officio member.

UKEF Board

In discharging my responsibilities, I am advised by the UKEF Board, of which I am a member. The board is led by a non-executive Chair to whom I report. Its membership consists of three executive directors (the Chief Executive, the Chief Risk Officer and the Chief Finance and Operating Officer) and eight non-executive board members, including ex-officio representatives from DBT, UKGI and EGAC. There is also an observer from HM Treasury. Its terms of reference require there to be a majority of non-executive and ex-officio members.

The board's role is an advisory one, supporting the Accounting Officer in the management of UKEF through operational oversight and by providing advice and challenge.

The non-executive members are appointed by ministers through open competition based on relevant expertise and merit. They provide the Secretary of State with an independent source of scrutiny and provide me with guidance on strategic and operational issues, UKEF's financial performance and our arrangements for financial reporting, risk management and control. A register of board members' directorships and major shareholdings is published on UKEF's website.²¹

The board has three sub-committees: the Audit Committee, the Risk Committee and the Remuneration and Nominations Committee. Membership of these sub-committees comprises non-executive board members and ex-officio board members agreed by the UKEF Board.

²⁰ www.gov.uk/government/organisations/export-guarantees-advisory-council

²¹ www.gov.uk/government/organisations/uk-export-finance/about/our-governance#management-structure

UKEF is committed to ensuring that the board and its committees operate effectively and are continually improving. During the spring of 2023, an internal board effectiveness review was undertaken. Overall, the review concluded that the board and its committees operated effectively. It noted that the executive was sufficiently challenged. It suggested improvements could be made including spending more time on development of products and on operational risk, particularly with regard to organisational growth and senior succession planning. A report detailing findings and suggested improvements was accepted by the board, and an action plan established and significant recommendations implemented. An external Board Effectiveness Review will take place in the autumn of 2024. The minutes of board meetings are published on UKEF's website.

Subjects considered by the board

The UKEF board meetings covered a variety of topics to support the running of the department and meet our objectives, including:

- UKEF's vision and values
- UKEF's impact framework
- the new business plan for 2024-29 and the sustainability strategy
- the People Strategy
- operational planning and business performance
- strategic risks including reputational risk
- the portfolio of products that UKEF offers
- Business forecasting
- Financial performance
- The Change Programme

The Information Management and Governance Team provided a comprehensive secretariat service to the board and its committees to ensure the

effective and efficient administration of the board and its activities. The board was provided with high-quality board papers prior to each meeting to aid informed discussion and decision making.

Audit and Risk committees

The annual reports of the Audit and Risk committees can be found on page 133. Their respective chairs formally report on their activities to the board.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises at least three non-executive directors and is chaired by the Chair of the UKEF Board. This committee considers and agrees on proposals from the Chief Executive on individual pay decisions in accordance with the criteria outlined in guidance from the Cabinet Office about the remuneration of its Senior Civil Service (SCS) members; and determining any change to the Chief Executive Officer's salary and the value of any performance bonus. See page 137 for more detail on the remuneration of SCS members.

It also ensures that these recommendations consider any requirements or guidance from Cabinet Office, including that the average increase to the SCS pay bill is within any centrally determined budget. The Remuneration Committee also advises the board on the effectiveness of systems for identifying and developing leadership and high-potential staff, scrutinising the incentive structure and succession planning for the board and the senior leadership of the department.

Executive Committee

In the summer of 2023, an external review was undertaken of UKEF's internal governance. This review recommended that committee objectives and purpose were clarified, and a piece of work was completed during the year that reviewed, and revised where necessary, internal committee structure, terms of reference, reporting lines and membership. As part of this review, the Commercial Assurance Board (CAB) was formed (more details about the CAB are below).

I am supported in the management of UKEF by the Executive Committee, which I chair. Its membership is composed of senior executives who are all members of the SCS:

- Julia Beck, Chief Strategy and Impact Officer: responsible for the department's strategic and operational planning, policy and product development, international relations and negotiations, sustainability, policy and risk management, governance and information management.
- Dan Bowden, Director for Digital, Data and Technology: responsible for technology, change management, data and digital services, business insight and analytics. Dan was appointed in June 2023.
- Esi Eshun was Director of Business Group until leaving UKEF in October 2023.
- Cameron Fox, Chief Finance and Operating Officer: responsible for finance, accounting, and middle office operations. Cameron is also a member of the UKEF Board.
- Adam Harris, Interim Co-Director of Business Group: responsible for large corporate and overseas buyer financing, and international origination, including our overseas network. Adam was previously Head of Civil, Infrastructure and Energy underwriting. Adam was appointed on a joint interim basis in October 2023 to fill the vacancy left by Esi Eshun.
- Shane Lynch, Director of Resources: responsible for all workforce-related issues, staff administrative functions, strategic workforce planning, commercial functions, facilities and security.
- Samir Parkash, Chief Risk Officer: responsible for leading the organisation's overall approach to risk management by managing enterprise, financial and credit risk, country risk, operational risk, and related management systems and practices. Samir is also a member of the UKEF Board.
- Jayne Whymark, Director of Legal and Compliance: responsible for legal and financial crime compliance matters and supporting the department in managing legal and compliance risks. Jayne took over the role on an interim basis from Esi Eshun in January 2023 when Esi became Director of Business Group, and Jayne was appointed to the role of Director in November 2023.
- Carl Williamson, Interim Co-Director of Business Group: responsible for our support for SME exporters, our domestic Export Finance Manager network and marketing and communications. Carl was previously Head of Trade Finance. Carl was appointed on a joint interim basis in October 2023 to fill the vacancy left by Esi Eshun.

The minutes of Executive Committee meetings are published on UKEF's website.

There are three sub-committees of the Executive Committee, each of which is chaired by a member of the Executive Committee and whose membership is drawn from senior staff in UKEF:

- ERiCC, chaired by the Chief Risk Officer, is responsible for advising the Chief Executive on the effective management of credit risk exposures at the case specific and portfolio levels, and operational and enterprise-wide risks across UKEF. Following the internal governance review, the Security and Information Management Committee (SIMCo) and the Financial Crime Risk Management Committee became sub-committees of ERiCC.
- The Change Board, chaired by the Chief Finance and Operating Officer, advises on whether UKEF's investment in maintaining and improving its infrastructure, systems and processes is appropriately and effectively targeted and managed, and represents value for money.
- The Commercial Assurance Board, chaired by the Director of Resources, is responsible for assuring the delivery of commercial activity above £1 million. The Commercial Assurance Board reviews submissions in line with UKEF strategy, vision, processes and guidelines and provides a forum to assess risk and escalate submissions for further discussion where required. A sub-committee of the Commercial Assurance Board, 'Commercial Assurance Board lite', assures delivery of commercial activity between £100,000 and £1 million.

A register of interests is kept up-to-date to identify and address any potential conflicts of interest involving senior executives. No conflicts of interest were raised this year.

UKEF has robust policies and supporting processes in place governing the declaration and management of outside business activities, financial interests and conflicts of interest. The relevant policies and procedures are published on the UKEF intranet and regular reminders are sent to staff throughout the year regarding their obligations in this area. All staff are required to make an annual return covering the declaration of in-scope financial interests. Staff are required to disclose potential conflicts of interest as they arise, and to seek permission to undertake any outside business activities prior to taking them up. Staff joining UKEF are required to make relevant declarations as part of the pre-employment checking process and it is also covered in the new joiner induction.

Governance in 2023/24

As Accounting Officer, I state that in the financial year:

- all instructions given to me by ministers were in accordance with the EIGA, the Consent and applicable international agreements
- UKEF suffered no material operational losses
- UKEF had no major security breaches, data thefts or losses
- I met ministers regularly to brief them on issues related to UKEF, and along with other UKEF officials also briefed as necessary UKGI, HM Treasury and DBT officials so that they could provide informed advice to ministers if and when required
- the appropriate balance of non-executive directors and ex-officio members on the UKEF Board was maintained
- the Executive Committee met at least twice a month throughout the year
- the UKEF Board met 10 times in the year, the Audit Committee met five times, the Risk Committee met five times and the Remuneration Committee met two times, all consistent with their terms of reference

Ministerial Directions

In May 2023, Cabinet ministers reconfirmed the direction for UKEF to maintain its £3.5 billion cover for Ukraine and the terms under which the department could provide support. UKEF originally had to withdraw all cover for Ukraine in the aftermath of Russia's illegal invasion as the country fell below normal underwriting standards and risk frameworks. For further information on UKEF's support for Ukraine refer to the National Interest Account on page 43. No new Ministerial Directions were issued in 2023/24.

Our board composition



Members of the UKEF Board and its sub-committees (with attendance figures)

Directors	Role	UKEF Board	Audit Committee	Risk Committee	Remuneration and Nominations Committee
Average attendance (members only)		93%	100%	100%	
Individual attendance					
Cameron Fox	Executive Board member	10/10	5/5*	5/5*	-
Tim Frost	Non-executive Board Member	9/10	5/5	5/5	2/2
Robert Gillespie	Non-executive Chair from 1 March 2024	1/1	-	-	-
Vanessa Havard-Williams	Interim Ex-officio Board member, Export Guarantees Advisory Council (from January 2023)	10/10	4/4	-	-
Noel Harwerth	Non-executive Chair to 29 February 2024	9/9	4/4*	2/4*	2/2
Jackie Keogh	Non-executive Board Member	9/10	5/5	5/5	1/2
Niall Mackenzie	Ex-officio Board member, Department for International Trade from December 2023-April 2024	3/3	-	-	-
Andrew Mitchell	Ex-officio Board member, Department for International Trade to November 2023	4/6	-	-	-
Charlotte Morgan	Non-executive Board Member	9/10	5/5	5/5	1/2
Candida Morley	Ex-officio Board member, UK Government Investments	9/10	5/5	5/5	2/2
Samir Parkash	Executive Board member	8/10	5/5*	5/5*	-
Tim Reid	Executive Board member	10/10	5/5*	4/5*	2/2*
Kim Wiehl	Non-executive Board member	10/10	5/5	5/5	2/2

* Not a member of the committee but attends its meetings (except in relation to matters presenting a conflict of interest)

Memorandum of Understanding between UKEF and DBT

The Memorandum of Understanding (MoU) is a strategic agreement that sets out how UKEF and DBT work together to achieve shared objectives around economic growth, increasing UK exports, and contributing to the government's wider trade agenda. The MoU was initially signed with the then-Department for International Trade in 2021, following the recommendation of the Public Accounts Committee who emphasised the need for greater collaboration between the departments. The MoU was then re-signed in 2023 to reflect the creation of DBT, alongside an additional Partnership Agreement that aimed to further strengthen our collaboration. The Partnership Agreement, which sits within the governance framework of the MoU, articulates the overall ambition to provide more joined-up support to businesses and drive increased impact, focusing on a set of ambitious objectives and targeted areas for collaboration.

Since the introduction of the MoU, there has been a step change in collaboration between UKEF and DBT, with relevant teams across the departments working together closely as a matter of routine to support UK business and trade. In 2023/24, this included joint delivery of significant marketing campaigns and events, targeted engagement with DBT international trade advisers to promote understanding of our offer for business referrals, and contributions to the development of cross-government strategies like the Advanced Manufacturing Plan.

Having made significant progress in our relationship with DBT, we are now working hard to deliver against the longer-term, strategic objectives set out in the Partnership Agreement – whether that be supporting UK supply chains to drive up UK content in deals, enhancing our customer facing operations, or embedding a greater understanding of UKEF into all areas of DBT.

Third-party delivery partners

UKEF works with a network of partners, including commercial lenders, insurance brokers, other export credit agencies, other government departments, industry bodies and intermediaries. More information about our partners and operations can be found on our website.

UKEF will continue to extend and enhance its delivery partner relationships to improve levels of support to its customers.

Major contracts and outsourced services

UKEF's in-house Commercial Function went live on 31 July 2023. Prior to this, procurement activity had been outsourced to DBT.

UKEF has developed its own Commercial Policy to align with the Public Contracts Regulations 2015 legislation. This legislation requires authorities to observe the principles of equal treatment, non-discrimination, transparency, and proportionality. UKEF's Commercial Policy also complies with Cabinet Office and Government Commercial Functional Standards as well as internal UKEF policy.

UKEF has implemented a new commercial policy which details governance and process for all procurement activity. The process is streamlined for all requirements under £10,000, though no procurement activity is commenced without confirmation from the business requirement owner and relevant budget holder. Commercial assurance boards are in place for requirements with a total contract value of more than £100,000. Governance at these boards is proportionate to the value of the requirement, for example requiring CEO approval for any procurement requirements over £10 million. Assurance also incorporates any necessary external approvals such as HM Treasury or Cabinet Office.

UKEF's contract management approach ensures an effective live running of contracts, including named operational contract managers, key performance indicators in all contracts we put in place, and exit/transition plans where appropriate. All operational contract managers are required to complete the Contract Management Capability Programme. Our more complex or higher-value contracts have a Contract Management Plan and a dedicated Commercial Contract Manager in addition to the OCM.

Finally, UKEF demonstrates compliance with transparency requirements and obligations, such as:

- UKEF's external reporting obligations – including Cabinet Office Pipeline, SME spend data, and key performance indicators reporting, as at 1st of April 2024
- All contracts above the £10,000 reporting threshold are published on Contracts Finder

Risk management and assurance

UKEF is committed to following best practice and public sector standards in areas of governance, accountability, transparency and risk management. Our approach to risk management is described in detail in the Chief Risk Officer's report on page 56.

UKEF's Enterprise Risk Framework provides senior management with a consistent structure and documented approach to identifying, assessing, evaluating and reporting known and emerging risks across UKEF. The framework fosters continuous monitoring, promotes good risk awareness across the organisation and encourages sound operational and strategic decision-making.

Risk culture

A strong risk culture is central to good risk management, starting with the 'tone from the top'. Senior leaders within UKEF are important influencers in inculcating the high standards of behaviour and conduct expected in all our teams. To ensure that the board is kept apprised of UKEF's primary risks and the effectiveness of UKEF's risk management, it receives a monthly report from the Chief Risk Officer covering credit, enterprise and operational risks.

Our risk culture is reinforced by the Civil Service Code and its core values of integrity, honesty, objectivity and impartiality. It forms part of our decision-making process for strategy setting, business planning, product governance, change management, customer service, resourcing and third-party suppliers and partners.

Three lines of defence

All employees are responsible for identifying and managing risk within the scope of their role. UKEF has embedded a ‘three lines of defence’ framework across the organisation which defines clear responsibilities and accountabilities for decision-making and independent oversight and assurance.



Strategic risk

UKEF maintains a strategic risk register that identifies risks and issues with the potential to materially impact the realisation of our business plan objectives. The register builds on UKEF’s broader risk taxonomy framework, which sets the organisation’s risk appetite for the risks it faces.

The register captures risks that may arise across any of our six primary enterprise risk categories (as detailed on page 60 in the Chief Risk Officer’s Report) and sets out controls, mitigations, and contingency plans for these risks, with clear ownership and accountability. The register highlights the specific risks UKEF faces as a government department as well as a commercial entity, and outlines clear controls and ownership of strategic risks within the department. The strategic risk register is reviewed at a minimum bi-annually by the Executive Committee and annually by the board.

Operational risk

Operational risk management is an integral part of the Enterprise Risk Framework. UKEF’s Operational Risk Policy details the minimum requirements for managing the department’s operational risk. This in turn enables staff to make informed decisions based on a sound understanding of our operational risks.

UKEF’s approach to operational risk management is designed to:

- embed risk management, process, control and risk ownership into the first line of defence
- ensure current and emerging operational risks are continually identified, assessed, monitored, managed and reported in a consistent manner
- ensure potential and crystallising risks and incidents are reported and escalated
- ensure appropriate risk management action is prioritised and completed
- provide the Enterprise Risk and Credit Committee and the Risk Committee with regular information in respect of the control environment

There is a programme of continuous improvement regarding risk management, control identification and developing and regularly reviewing process maps and procedure documentation across the department.

UKEF's operational risks primarily arise from our business-as-usual activities. These risks typically involve the possibility of error or oversight leading to a financial loss (other than as a result of properly managed exposure to credit risk), a failure to properly discharge our obligations, or controls not being designed and/or applied appropriately. Examples of such failures could include:

- credit decisions being made on the basis of incorrect data
- a breach of our reporting requirements to HM Treasury
- a data breach due to a successful cyber attack
- a failure to obtain requisite authority to enter into a commitment
- a failure to recognise a fraudulent application or request for payment

The Enterprise Risk Division actively works with the other second and third line assurance functions and all heads of division across UKEF to reinforce ownership and accountability for risk management, and to ensure the appropriate design, implementation and monitoring of controls is undertaken. Risk is considered in significant strategic decisions by the Executive Committee and the board, in major new projects by Change Board and Executive Committee, and in other prioritisation and resource allocation commitments throughout the business.

A programme of assurance testing is undertaken by the Enterprise Risk Division to provide senior management with assurance that essential controls are in place and operating in accordance with defined procedures.

Orange Book compliance

The Orange Book lays out the principles for managing risk that departments are expected to comply with or explain reasons for non-compliance. In May 2023, the Risk Centre of Excellence within HM Treasury distilled this into a comprehensive bank of questions. This identified the key principles set out in the Orange Book, and each department was asked to consider their risk management practices against these questions and note their compliance in their annual report and accounts.

Using the question bank, an internal review was undertaken in collaboration with senior stakeholders across UKEF. It found that with the exception of the following three items, UKEF's policies, procedures and practice comply with the Orange Book Principles.

Governance and Management

Framework – Boards is not fully complied with as the board is not chaired by the Secretary of State or minister. Given UKEF is engaged with financial services activities, good risk management is instead achieved with the independent appointment of a non-executive Chair with relevant professional experience, as agreed with ministers.

Portfolio Risk Management Guidance²² is not complied with in two areas:

- » UKEF does not profile chances of degrees of variation in intended outcomes relating to cost, time, benefits and other objectives using appropriate qualitative and quantitative techniques across the whole of its change portfolio.
- » The assurance question relating to the effectiveness of interventions in managing risk is partially complied with. Risks are regularly tracked, monitored and escalated as appropriate, and reporting is available on the changes in risk as a result of interventions. However, these are not actively tracked across the whole of the portfolio.

The partial compliance on the change portfolio risk management guidelines is due to the resourcing constraints on the portfolio as a whole and the small size of the majority of portfolio projects. The Financial Reporting Changes programme (which constitutes 63% of the forecast change portfolio spend for 2024/25) complies with both and further interventions across the rest of the portfolio will take place if required and resources allow.

UKEF has a continual improvement process in relation to risk management and the approach to compliance with Orange Book principles will be reviewed in 2024/25.

Governance assurance processes

Each director in UKEF identifies and manages their operational risks using the risk and control assessment process which is reviewed and updated quarterly as a minimum. A bi-annual control environment attestation is also completed by all Executive Committee members and submitted to me.

This has given us a more robust understanding of our risk and control environment, and greater confidence in its assurance.

In addition, at year-end, supported by a non-executive member of the board, I chaired a panel which challenged executive directors on their control and assurance responsibilities, informed by the risk and control assessments, the bi-annual control environment attestation and any reported incidents.

Functional standards

Since the end of September 2021, the Cabinet Office has required all government departments to implement mandatory elements of each functional standard. During the year, the Executive Committee received an update on progress in the implementation and maintenance of the functional standards regime within UKEF. A plan for each function is maintained, incorporated into the relevant Divisional Plan, monitored and reported against and updated at least annually. Ongoing, proportionate and co-ordinated assurance activity is performed to ensure the Functional Standards are being embedded and comply, or will comply, with all the defined requirements (as appropriate) in 2024/25.

²² The term 'portfolio' refers to the range of change projects under management within UKEF. It is separate to our portfolio of deals.

Financial crime compliance

UKEF recognises the risks that financial crime poses to communities, individuals, and to business integrity. It also recognises that UKEF faces risks of financial loss, and damage to its integrity and reputation, from becoming the victim of financial crime, or from providing support, and therefore putting taxpayer money at risk, for transactions involving financial crime of any kind.

Although, given its role and remit, UKEF cannot guarantee that it will never support such a transaction (UKEF is not an investigatory authority with the powers necessary to detect crime), UKEF is committed to having in place, and operating, reasonable and proportionate processes, systems and controls to mitigate the risk of supporting such transactions. It aims to implement identified elements of financial crime compliance best practice from the regulated financial services sector.

UKEF is also committed to transparency in this area, to the extent appropriate and possible, and includes an explanation of its approach on GOV.UK

UKEF is also committed to complying with the cross-Government Functional Standard GovS 013: Counter Fraud, and engages closely with the Public Sector Fraud Authority. UKEF regularly discusses risks and mitigations internally, with other government departments, with overseas ECA counterparts, and with law enforcement agencies.

UKEF's Compliance Function is dedicated to professional excellence, with staff holding or working towards, professionally recognised compliance qualifications, including at post-graduate level.

UKEF has an ongoing relationship with UK law enforcement agencies, and continues to refer transactions to law enforcement where there are grounds to do so.

UKEF's Business Group, along with the Compliance Function have continued to undertake due diligence screening of parties in UKEF transactions. During the course of 2023/24, this has included the screening of around 483 transactions, which have together involved over 1,336 corporate and sovereign entities and almost 6,172 individuals. In all, over 268 transactions were escalated for enhanced due diligence. This level of escalation reflects the inherently high risk of UKEF's operations, (given its remit), which includes; greater volumes of SME business; work in emerging markets on green and sustainable infrastructure; and the ever-increasing complexity within the transactions it is asked to support.

Some UKEF customers and transactions remain challenging from a compliance perspective, either as a result of recent or ongoing law enforcement investigations or as a result of issues that have been brought to light by UKEF's own due diligence. UKEF is dealing with such customers and transactions with appropriate rigour and is applying enhanced and proportionate due diligence processes designed to ensure that the risk of supporting a transaction tainted by financial crime is appropriately managed. UKEF has declined support, or implemented additional controls, as appropriate in light of the findings of its due diligence. The Financial Crime Risk Management Committee meets on an ad-hoc basis to consider complex cases, where senior review and approval is required.

UKEF has declined any attempt to negotiate its financial crime-related documentation.

UKEF has continued to take an active role in the OECD Working Group on Export Credits. In 2023/24 this has included taking a lead role in the ongoing development of a guidance note for OECD ECAs on ways in which cross-OECD approaches to financial crime might be improved.

Legal risks

The remit of UKEF's dedicated in-house legal function is to understand, identify and mitigate legal risks to the department associated with its various activities. Legal Division is staffed by highly qualified legal advisers (a mix of solicitors and barristers) and paralegals with a broad range of professional experience and expertise, primarily obtained in the private sector but also from elsewhere in the Civil Service. Advising throughout the cycle of UKEF support, legal advisers assist on all aspects of transactional work, from structuring to the negotiation of documentation, post-issue management, including claims and recoveries, as well as new products, projects, information law, procurement and any contentious matters or litigation. Legal advisers collaborate widely with UKEF's Business Group and with other internal teams across UKEF and maintain strong links with legal teams in other government departments, external law firms and counsel.

Cyber security and information risks

Information is a critical business asset that is fundamental to the continued delivery and operation of any government service. Departments must have confidence in the confidentiality, integrity and availability of their data. Any personal data collected, stored and processed by public bodies are also subject to specific legal and regulatory requirements.

Cyber incidents pose an increasing threat to all public bodies' management of their information, with hacking, ransomware, cyber fraud and accidental information losses all evident throughout the public sector.

Each government department is required to have a nominated board member or executive director to discharge oversight and responsibility for security risk management. For UKEF, this is the Director of Resources, who is also the Senior Information Risk Owner. The Senior Information Risk Owner has Executive Committee-level responsibility for information risks, including cyber security risks. They also chair the Security and Information Management Committee.

UKEF's security framework provides an overview of our approach to ensuring the information assurance of our people, processes and technology aligns with security objectives. These include background checks on recruitment, resilience training and empowerment of line managers to raise concerns about threats posed by staff. The framework includes a description of the pan-government security environment, overarching principles, and a commentary on UKEF's approach to the mandatory security outcomes set out by the Cabinet Secretary.

UKEF focuses on outcomes required to achieve a proportionate and risk-managed approach to security that enables UKEF's business to operate effectively, safely and securely. To enhance the department's cyber security capability, UKEF has a dedicated protective monitoring function to identify vulnerabilities and threats to our people and IT infrastructure.

UKEF works very closely with the Foreign, Commonwealth and Development Office, who manage vetting services on our behalf. The FCDO also support UKEF in upskilling staff in security essentials, including mandated modules on cyber security and information risks.

The department has benefited from developing closer working relationships with government stakeholders including the National Protective Security Authority, Cyber Security Information Sharing Partnership, Government Security Centres (GseC), police, National Authority for Counter-Eavesdropping and the National Cyber Security Centre's (NCSC) Active Cyber Defence programme.

The department has worked with external partners (GseC cyber) to test our cyber security defence capabilities through red and purple team exercises and we continue to enhance our security posture in response to those results. UKEF is working with NCSC and GseC to develop a proportionate, risk-based policy in respect of supply chain cyber security policy.

UKEF has in place appropriate staff training, awareness-raising and disciplinary processes with regard to cyber resilience for staff at all organisational levels.

In July 2023 UKEF was assessed by the Government Security Group as having achieved 100% compliance in Cyber mandatory controls and Incident management controls. Personnel Security was scored at 99.2% and Physical Security 97.4%. The scores have been independently assessed through the Government Security Group. The next assessment is due to be completed in December 2024.

UKEF's Knowledge and Information Management function promotes good information governance and compliance with statutory obligations. The Knowledge and Information Management team has produced an Information Management Strategy, which sets out how the department will manage its information more effectively to improve efficiency and comply with relevant legislation. We are currently undertaking a project to migrate all the department's information to SharePoint Online. This will bring about significant improvements to the department's management of its documents and reduce information risks. The Knowledge and Information Management team also operates an Assurance Framework to ensure that all staff who process personal data do so in accordance with the UK General Data Protection Regulation.

The Knowledge and Information Management team maintains UKEF's Information Asset Register, which is available on the staff intranet, and helps to protect important information. All staff with responsibilities for information management are required to undertake relevant training as part of continuous improvement. Procedures are in place to respond to requests for information from the public under information legislation that gives the public rights of access.

Reputational Risk

For a complex organisation with as large and diverse a portfolio as UKEF, reputational risk can originate from a wide range of sources and sometimes be unpredictable. This can arise from any intentional action, such as a decision to support a particular transaction, where a wide range of factors will be relevant, or an unintentional action, such as an information breach. It can also arise from inaction, such as a failure to apply government policy.

Other types of risks, including environmental, social and human rights, legal, financial crime, governance and sustainability, can also have a reputational impact. If they materialise, reputational risk issues can cause real damage to UKEF's reputation and affect credibility with stakeholders. They can also call into question our wider purpose as an organisation and our commitment to our mission statement.

For this reason, reputational risk is relevant to every team in UKEF and is taken seriously at senior levels. Issues identified at any level are investigated and escalated where appropriate to be considered by members of the Executive Committee, for a steer about how to proceed. The Board are kept regularly informed of reputational risk discussions.

Records and information management

Section 3(4) of the Public Records Act 1958 requires departments to transfer records which have been selected for permanent preservation to the National Archives by the time the records are 20 years old. UKEF currently has records covering 2003 which are beyond their due date for transfer. We are putting in place steps to ensure we transfer records in compliance with the 20-year-rule in future.

UKEF has a dedicated team to ensure it complies with the Freedom of Information Act 2000 and other information-related legislation. In 2023/24, two FOI responses were referred to the Information Commissioner's Office. Within this period, UKEF scored a 99% timeliness record for responding to information requests.

Business continuity plan

UKEF has continued to develop its ability to respond to an actual or threatened disruption of service delivery with incident management and business continuity planning, training and simulation, including quarterly strategic training and tabletop exercises. New loggists have been trained to support the Incident Management Team, and a wider group of staff are being trained to support incident management in the department.

Data modelling and quality assurance

We perform appropriate quality assurance on our analytical and modelling work in accordance with the Aqua book. Senior responsible officers are accountable for reviewing business-critical models annually to ensure the best modelling and quality assurance practices are followed. Our modelling policy, which we review annually, sets out how we undertake all modelling work, and in 2023/24 we have worked to embed this policy and modelling best practice across the business, through presentations and workshops. A list of UKEF's business-critical models is published on GOV.UK

Internal audit

The Internal Audit and Assurance Division (IAAD) undertakes audit assignments in accordance with the Public Sector Internal Audit Standards and with the Government Functional Standard GovS 009: Internal Audit, which details five principles:

- Audit objectives are aligned to government policy, and organisational objectives and risks.
- There is appropriate access for internal auditors to discharge their duties, including the ability to communicate findings without hindrance.
- Work is assigned to people with the required capability, capacity, proficiency and due professional care.
- Internal audit findings are captured, shared and used to promote improvement in the efficiency and effectiveness of the organisation and value for money.
- Public service codes of conduct and ethics and those of associated professions are upheld.

The overall opinion for 2023/24 is one of 'Moderate Assurance'. This is the same opinion as 2022/23. Overall, risk owners have been conscientious and continue to improve their control frameworks, raising self-identified issues, documenting controls and having open risk and control discussions as part of their daily work. This is supported by a 'tone from the top' which fosters a strong focus on identifying and managing both risks and opportunities. Management is committed to fully remediate governance issues highlighted in several divisional audits during the year.

The processes and controls in operation with regard to our transactions are central to ensuring that our exporters receive the support that they need. IAAD has again undertaken an end-to-end audit this year, reviewing the controls across the department which support the processing of transactions. The audit has confirmed a number of areas where we can enhance our control environment to be more effective and streamline existing processes. Separately, a deep dive audit of our Civil, Infrastructure and Energy Division was performed, highlighting a need to enhance the documentation of the control framework in operation. Management is applying governance learnings from this audit across the Business Group.

IAAD has leveraged data analytics to provide significant positive independent assurance over payroll calculations, while also recommending further enhancements to the governance, oversight and monitoring in this area. Management is taking measures to embed preventative controls.

IAAD has also increased the coverage of the Cyber, Business Continuity and Digital, Data and Technology areas this year. Management is aware of and working towards enhancing completeness of Business Continuity and IT Disaster Recovery strategy, planning and testing, as well as fully documenting the systems and technology architecture.

Significant risks and mitigating measures

Data governance, quality and accuracy remain an area of weakness. The department fully acknowledges the areas of improvement and the need to ensure our data is complete, accurate and valid. There is an ongoing programme, with Executive Committee sponsorship, to embed robust data governance and a strong data quality culture to deliver improved accuracy of data and enhanced insights. Elements of this programme which support other ongoing change programmes are being prioritised.

Attracting and retaining the right talent has been identified as an ongoing strategic risk the department faces. To help address this the Business Group and Risk Management Group have piloted a new model by changing the grade mix, creating career pathways, developing a new learning curriculum and a targeted entry level recruitment programme.

While staff turnover has improved over this period, challenges remain. HR is developing a UKEF Employee Value Proposition to aid recruitment and retention. As UKEF develops and implements its People Strategy for 2024 to 2027, it will further articulate a clear vision on how HR will build and develop the workforce. I am committed to ensuring all these areas are addressed during the coming year.

Whistleblowing policy

UKEF has a whistleblowing and raising-a-concern policy in place. The policy is based on guidance provided by Civil Service HR and was last reviewed by the Executive Committee in March 2024. The policy will be reviewed by the board in 2024/25. Two disclosures were made under the policy in 2023/24.

Complaints

UKEF aims to provide all our customers with the highest standards of service. If things go wrong, we aim to put them right as soon as we can. Our complaints policy is designed to provide a swift and effective remedy when something has gone wrong and to help us identify the steps to take so that the problem does not occur again. We aim to investigate and provide a full explanation within 20 working days of receiving a complaint. In 2023/24, UKEF logged one complaint, it was not subsequently escalated to the Parliamentary Ombudsman.

Corporate Governance Code for Central Government Departments

In preparing this statement, I have taken into account the Corporate Governance in Central Government Departments Code of Practice, 2017. With the exception of the board structure discussed earlier as part of our compliance with the Orange Book, I am satisfied that UKEF is able to demonstrate compliance with this code where it applies to UKEF for the relevant period.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed UKEF to prepare for each financial year accounts detailing the resources acquired, held or disposed of during the year and the use of resources by UKEF during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UKEF and of its net resource outturn, changes in taxpayers' equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual and in particular:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Chief Executive as Principal Accounting Officer of UKEF. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding UKEF's assets, are set out in *Managing Public Money*, published by HM Treasury. As the Principal Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UKEF's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I believe that this annual report and accounts is a fair, balanced and understandable account of UKEF's performance in the year, and I take personal responsibility for it and the judgements required for determining that it is fair, balanced and understandable.

Tim Reid

Chief Executive and Accounting Officer

29 July 2024

AUDIT COMMITTEE AND RISK COMMITTEE

The Audit and Risk Committee reports should be read in conjunction with the Governance Statement which can be found on page 111.

On behalf of the committees, we are pleased to present the Audit and Risk Committee reports, providing details of the significant topics we considered in the year. We would like to thank the committee members and management for their continued support in helping us fulfil our roles.

UK Export Finance's Audit and Risk Committee Terms of Reference require the committees to consist of at least three non-executive board members or other independent representatives agreed by the UKEF Board. For 2023/24, Charlotte Morgan (Chair of the Audit Committee), Jackie Keogh, Tim Frost (Chair of the Risk Committee) and Kim Wiehl, all of whom meet the relevant requirements for independence, serve on these committees. Candida Morley is a member of both Committees, representing UK Government Investments (UKGI). It is a requirement in both committees' Terms of Reference that at least one member sits on the other committee to help facilitate co-ordination between the two bodies. Vanessa Havard-Williams (Chair of EGAC and ex-officio Member of the board) is also a Member of the Audit Committee.

Although not members of the Audit or Risk Committees, the Accounting Officer, Chief Finance and Operating Officer, Chief Risk Officer, Head of Internal Audit, and a representative of External Audit normally attend meetings. The Audit and Risk Committees may ask any or all of those who normally attend but who are not members to withdraw, to facilitate open and frank discussion of particular matters. The Chair of the UK Export Finance Board regularly participates in both the Audit and Risk Committees meetings as an observer.

The Audit Committee Terms of Reference also provide that at least one member of the committee should have significant, recent and relevant financial experience.

Audit Committee

The attendees discuss auditors' reports, review and assess the auditing concept and examination process, and assess the activities of both external and internal auditors.

Important tasks and responsibilities

In general, the Audit Committee:

- serves as a focal point for communication and oversight regarding financial accounting and reporting, internal control, actuarial practice, and financial and regulatory compliance
- reviews and approves the Internal Audit and Assurance Department (IAAD) Charter and annual audit plan
- considers the adequacy of the policies for the prevention and detection of fraud, and the policies for ensuring compliance with relevant regulatory and legal requirements on whistleblowing
- reviews the draft annual report and accounts including both financial and non-financial reporting and the narrative disclosures

Activities 2023/24

The Audit Committee focused on a range of topics in 2023/24, they included:

Annual report and accounts

The committee recommended that the Chief Executive sign the final draft of the 2022/23 annual report and accounts in June 2023.

For the 2023/24 annual report and accounts, the Committee discussed the:

- timetable and process for the 2023/24 annual report and accounts
- significant judgments and estimates in financial statements
- adequacy of the provisions made
- performance and accountability report
- NAO external audit plan and conclusions

Financial Reporting Changes programme

The Financial Reporting Changes programme is an extensive project to change the way UKEF reports its finances to align with International Finance Reporting Standards (IFRS) 9 and 17.

The committee discussed the status of the FRC programme, resourcing on the project, and its impact on other UKEF change programmes. The committee also considered the proposed modelling solutions for IFRS 9 and IFRS 17.

Internal audit

The Committee noted the 'Moderate' Annual Internal Audit Opinion for 2022/23 and 2023/24, and discussed changes required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The committee approved the revised IAAD Audit Charter; Audit Plans for 2023/24 and 2024/25; and reviewed indicative audit plans for the periods 2025/26 and 2026/27. The Head of Internal Audit routinely updated members on the progress with strengthening the function and the outcomes of the internal audit work plan and provided the committee with an assessment of compliance against significant internal audit professional standards. The committee also considered regular updates on remediation of risks identified in internal audits.

Other

In addition, a range of other topics were considered, including:

- post-balance sheets events 2022/23
- compliance function update
- UKEF's fraud risk assessment
- the Change Programme and lessons learned
- the work of the external auditors, the terms of their engagement and the external auditor's findings
- the narrative and assumptions provided in respect of climate reporting, the developments in reporting standards in relation to climate, and the UKEF's financed emissions rebasing

The Audit Committee meets at least four times in each year. In 2023/24 it met five times.

Risk Committee

The committee notes that the organisation has continued to expand as UKEF plays its part in stepping up to a series of unprecedented challenges and opportunities.



Important tasks and responsibilities

The Risk Committee focused on a range of topics in 2023/24, they included:

Active portfolio management

On a quarterly basis, the committee discussed the UKEF's portfolio geographical and sector concentrations.

Strategic overview: Increasing UKEF's UK country limit and refining the Export Development Guarantee (EDG).

As part of UKEF's review of the EDG, the committee discussed how UK country limit considerations differ to those for international markets, the impact that UKEF's domestic product offering delivers, the rationale for a proposed increase to the UK country limit and adjustments to the specification of the Export Development Guarantee product.

Enterprise risk management

The committee were kept up-to-date on the progress in building the Enterprise Risk Division. In addition, reports were provided to the committee on legal and compliance risk appetite, UKEF's operational risk management, and the committee also considered UKEF's reputational risk process.

UK SME business updates

The committee considered two papers that provided high-level updates on the direct support offered to UK SMEs through UKEF's short-term business guarantees products.

Scenario analysis and stress testing

The committee were informed of UKEF's biannual stress testing and scenario analysis exercise which tested UKEF's baseline portfolio against its two financial objectives by applying a range of scenarios and stress tests.

Initial lessons learned from the COVID-19 pandemic and recent case experience

Members discussed the lessons-learned and whether the findings were unique to UKEF or also found in other ECAs.

In addition, a range of other topics were considered, including:

- regional reviews of Africa and the Middle East
- sovereign risk updates
- claims scenario analysis
- portfolio updates
- UKEF Analytical Modelling Controls and Governance
- Exposure Management Framework review
- credit risk mitigation and transfer options
- the Enterprise Risk and Credit Committee Terms of Reference
- pricing and credit methodology statements

The Risk Committee meets at least four times in each year. In 2023/24 it met five times.

OUR PEOPLE: REMUNERATION AND STAFF REPORT

As we reach the end of our 2020-24 People Strategy, we can reflect on another strong business performance delivered by our exceptional workforce.



Shane Lynch
Resources Director

UKEF's headcount has continued to grow and has reached a record of 554 staff (545.8 FTE). Alongside this sits our overseas network of 22 Country Heads whose role is to develop export opportunities for UK companies.

In October 2023, UKEF launched our new UKEF Academy with the ambition to create a conveyor belt of future talent for the department. Nine entry-level staff have commenced their 18-month programme. They will combine work placements across our underwriting and credit risk teams with a structured learning curriculum. In doing, they'll be equipped with the necessary skills and experience to progress their careers at UKEF.

We have put learning and continuous development at the centre of everything we do – delivering a record number of learning hours over the financial year. The department has never been so diverse, and we are committed to creating a culture where everyone is given the opportunity to flourish in a work environment where they feel supported, valued and included.

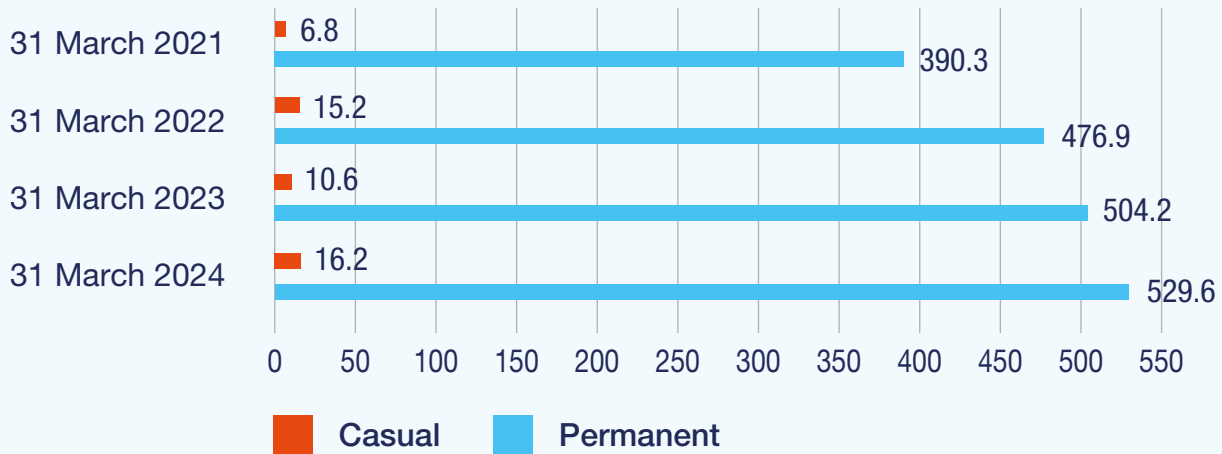
Workforce snapshot

This section is subject to audit.

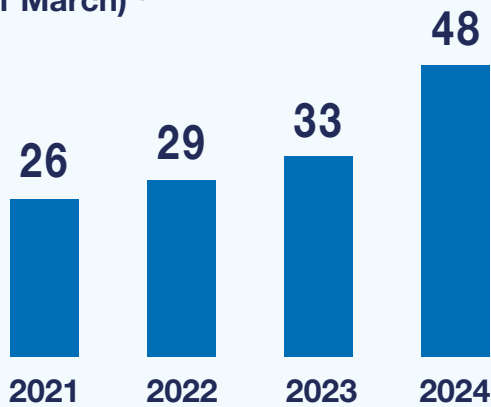
This year, staff turnover has decreased, from 18.1% in 2022/23, to 13.03% by the end of March 2024.

UKEF's total staff costs for 2023/24 were £45.9 million (2022/23-22 £39.7 million) as detailed in the Chief Finance and Operating Officer's report – Summary of Profit and Loss, of which £44.6 million relates to staff with a permanent contract and £1.3 million relates to staff on other contracts.

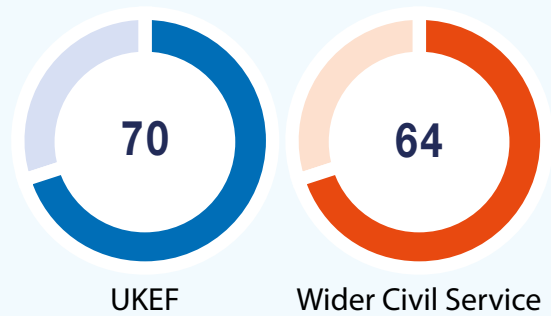
Number of full-time equivalent UKEF staff



Senior Civil Servants in numbers (31 March)²³



Staff engagement (%)



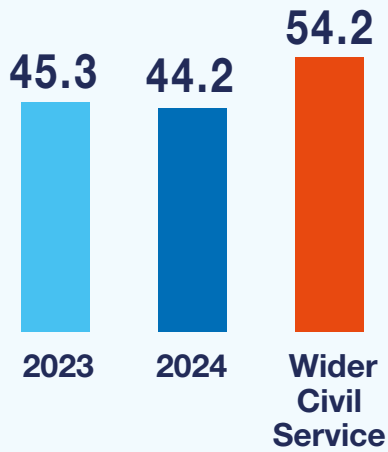
Pay bands



²³ The increase in Senior Civil Servant numbers in the last year was driven by a significant restructure of our Risk and Business Group directorates.

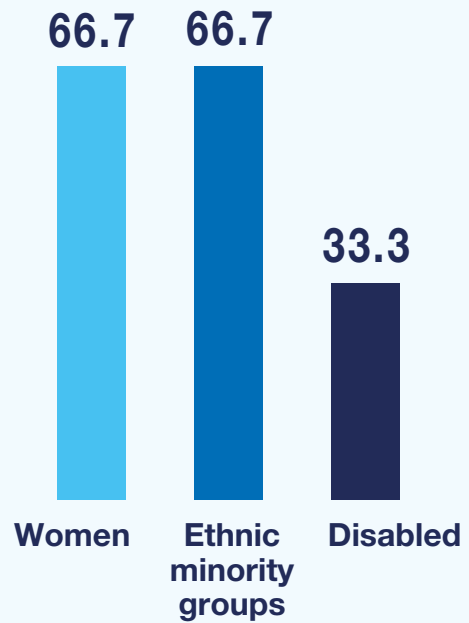
Diversity and inclusion

Women in UKEF's workforce (%)

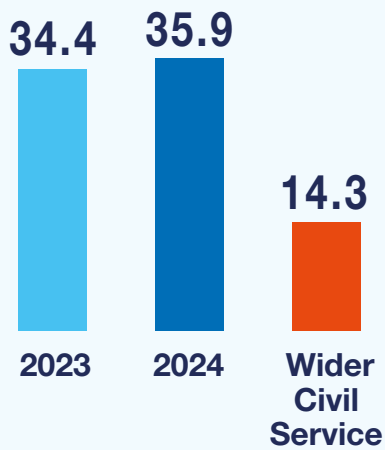


UKEF staff diversity as of 31 March 2024

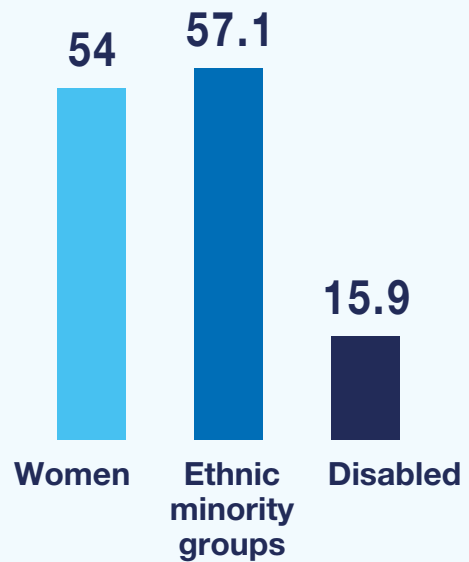
Administrative Assistants and Officers (%)



Staff belonging to ethnic minority groups (%)



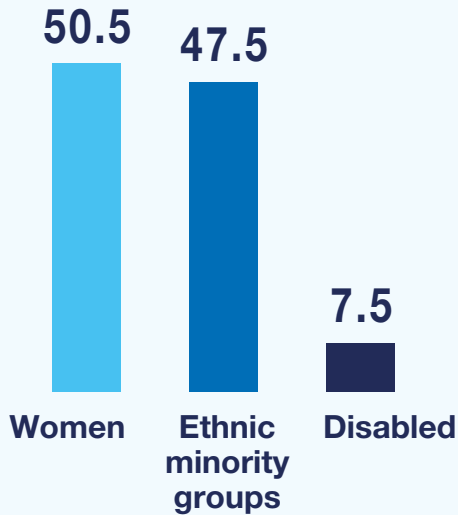
Executive Officers



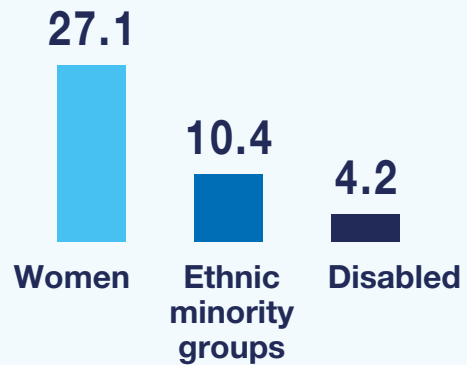
UKEF staff declaring disability (%)



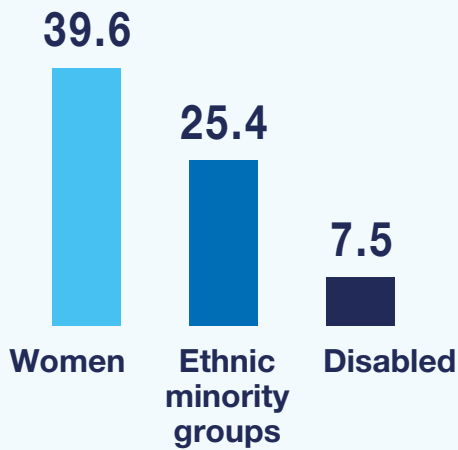
Higher and Senior Executive Officers



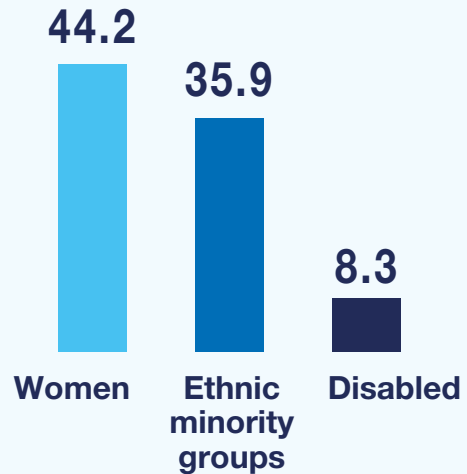
Senior Civil Servants



Grade 6/7s



Total

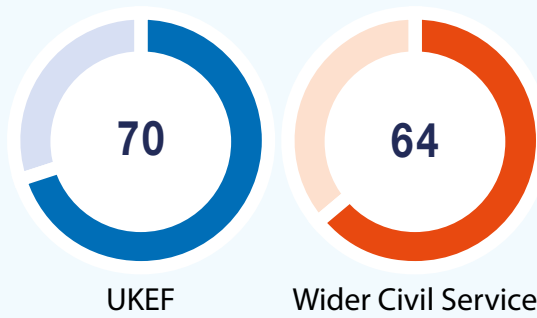


Our People Strategy continues to include an ambition to improve the diversity of our workforce. UKEF still leads the way among government departments with the most ethnically diverse workforce in the Civil Service.

We continue to ensure equal opportunities at all levels of the department, in line with the ambitions in the People Strategy.

Staff engagement

Staff engagement 2024



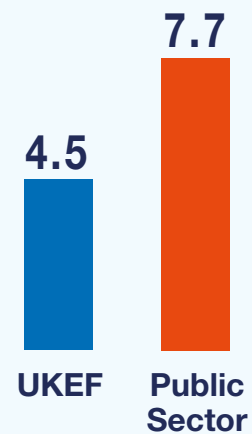
Health, safety and wellbeing

UKEF has a range of supports in place to proactively manage the health, safety and wellbeing of staff. These include our employee assistance programme, a trained network of mental health first aiders, training programmes to support resilience, a health and safety induction for all staff and organised activities targeting physical wellbeing.

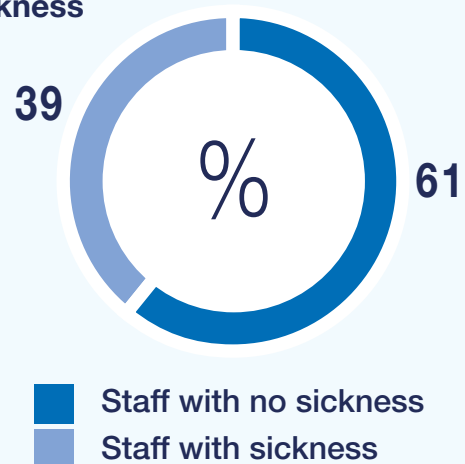
UKEF also remains committed to recruiting, supporting and retaining staff with disabilities or long-term health conditions. To help disabled staff, we ask all staff to complete a workplace adjustment form and have an 'adjustment passport' to ensure they have the tools they need to do their job. We also have a Disability and Carers Network to further support staff.

Our sickness absence levels have remained low, albeit with a very slight increase year on year, in the past couple of years. The level is still well below the average for the public sector.

Average working days lost



Sickness



Trade union relationships and trade union facility time

Relationships with UKEF trade unions continue to be productive and span a range of areas including pay and reward, HR policy development, diversity and inclusion, wellbeing and formal cases.

Our recognised trade unions are the Public and Commercial Services Union (PCS) and the Association of First Division Civil Servants (FDA). There are 5 union representatives among UKEF's workforce, with one individual being responsible for matters relating to Health and Safety.

A number of nominated representatives attend monthly meetings with HR colleagues and bi-annual meetings with UKEF's Chief Executive. This year, these meetings equated to an estimated 187 hours of facility time between the five representatives, for an estimated cost of £5,054 during the year.

Each trade union representative spent less than 1% of their working hours on facility time. We estimate the time spent on paid trade union activities as a percentage of total paid facility time hours to be 100%.

Number of employees who were relevant union officials during the relevant period	5
Number of employees who were relevant union officials by percentage of working hours spent on facility time:	
0%	0
1-50%	5
51-99%	0
100%	0
Percentage of the total pay bill spent on facility time	0.01%
Time spent on paid trade union activities as a percentage of total paid facility time hours	187 hours

Pay multiples/fair pay disclosures

This section is subject to external audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in UKEF in the financial year 2023/24 was £260,000-£265,000, a 14.63% decrease on the mid-point of the banding from last year (2022/23: £305,000-£310,000). 2023/24 was the first full year for our Chief Executive Officer – last year's remuneration related to the outgoing CEO. The highest-paid director's remuneration was 4.59 times (2022/23: 5.96) the median remuneration of the workforce, which was £57,173 (2022/23: £52,000, an increase of 9.95% compared with last year).

The average percentage change from 2022/23 to 2023/24, in respect of employees of UKEF (excluding the highest-paid director), is +8.84% for salaries and allowances and +9.40% for performance pay/bonuses.

In 2023/24, no employees (2022/23: 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £27,000 to £263,000 (2022/23: £24,500 to £310,000).

	2023/24	2022/23
Band of highest paid director's total remuneration (£'000)	260-265	305-310
Range of staff total remuneration (£)	27,000 – 263,000	24,500 – 310,000
Median staff total remuneration (£)	57,173	52,000
Remuneration ratio	4.59	5.96

Reasons for the decrease in ratio: Primarily, level of salary increases for all staff other than the high-paid Director.

For performance management, UKEF set aside 3.2% of its paybill to fund a non-consolidated performance pot for staff below the SCS pay band. A small element of this pot is used for in-year recognition awards, while the majority of the pot is used to fund year-end performance awards, based on employees' performance during 2022/23. Awards were paid to individuals in June 2023.

The criteria for performance awards were based on how individuals performed against their objectives (what they delivered) and the extent to which they demonstrated the department's values (how they delivered).

All employees will have a year-end appraisal and any performance awards are subject to a validation process which includes final approval by UKEF's Executive Committee.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

For all SCS staff, 3.3% of the paybill is set aside to fund performance award – again, a small part of this is set aside for in-year awards, with the majority being used for year-end awards. Following year-end assessments, one of three performance ratings will be assigned. Only those receiving a 'Top' rating were eligible for an award. Any performance awards are subject to final ratification by UKEF's Remuneration Committee (UKEF's non-executive directors). Year-end performance awards for SCS staff were paid in June 2023.

The Chief Executive's contract now allows for a quarterly pivotal role allowance, based on business objectives. The Chief Executive's first quarterly award was paid in March 2024.

We examined pay multiples in the lower quartile, mid-point and higher quartile.

The mid-point of the band for the highest-paid director for 2023/24 is:

- » £262,500 (total remuneration)
- » £252,500 (salary/allowances component only)

25th percentile: total remuneration for all staff except the highest-paid director:

- » 2023/24: £41,836 (a ratio of: 6.27:1) (2022/23: 7.93:1)

Salary/allowances component only:

- » 2023/24: £39,100 (a ratio of 6.46:1) (2022/23: 6.93:1)

50th percentile: total remuneration:

- » 2023/24: £57,173 (a ratio of 4.59:1) (2022/23: 5.96:1)

Salary/allowances component:

- » 2023/24: £54,340 (a ratio of 4.65:1) (2022/23: 5.27:1)

75th percentile: total remuneration:

- » 2023/24: £75,449 (a ratio of 3.48:1) (2022/23: 4.70:1)

Salary/allowances component:

- » 2023/24: £70,363 (a ratio of: 3.59:1) (2022/23: 4.24:1)

Directors' salaries and pension entitlements

Subject to external audit.

Director	Salary £'000		Bonus payments £'000		Pension benefits £'000		Total £'000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Tim Reid Chief Executive Officer	250-255	230-235	10-15	n/a	n/a	n/a	260-265	230-235
Cameron Fox Chief Finance and Operating Officer	150-155	140-145	5-10	5-10	59	52	215-220	200-205
Samir Parkash Chief Risk Officer	210-215	220-225	5-10	5-10	84	n/a	305-310	230-235

UKEF directors have salary, bonus and pension growth figures in their pay calculations and do not benefit from any allowances, overtime, or reserved rights to London.

This report is based on accrued payments made by the department and so is recorded in these accounts.

Bonuses are based on attained performance levels and are made as part of the appraisal process. Cabinet Office sets the parameters for Senior Civil Servants' performance awards. Owing to the nature of the performance appraisal cycle, end-of-year bonuses are paid in the year following that for which the performance has been assessed, so the bonuses reported in 2023/24 relate to performance in 2022/23.

None of the directors received any benefits-in-kind during the year.

Civil Service Pensions

Subject to external audit

Official	Accrued pension as at 31 March 2024 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2024 £'000	CETV at 31 March 2023 £'000	Real increase in CETV £'000	Employer Contribution to partnership pension account Nearest £100
Cameron Fox Chief Finance and Operating Officer	30-35	2.5-5	465	315	38	0
Samir Parkash Chief Risk Officer	0-5	2.5-5	77	0	62	4,900
Tim Reid Chief Executive Officer	0	0	0	0	0	34,200

Notes

Any members affected by the Public Service Pensions Remedy were reported in the 2015 (Alpha) scheme for the period between 1 April 2015 and 31 March 2022 in 2022/23, but are reported in the legacy scheme (Classic, Classic Plus, Premium or Nuvos) for the same period in 2023/24.

Pensions shall be calculated using:

- » a. Rolled back opening balance
- » b. Rolled back closing balance

Accrued pension: the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Cash equivalent transfer value (CETV): the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued due to their total membership of the pension scheme, not just their service in the senior capacity to which the disclosure requirement applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member because they have bought additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV: the increase in CETV that is funded by the employer. It does not include the increase in accrued pension owing to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

Business Appointment Rules (BARs)

Business Appointment rules apply to all UK Export Finance staff or Advisers leaving the Civil Service, considering appointments or employment taken up by former members of our department, and applications are scrutinised by UK Export Finance’s Audit Committee.

During 2023/24:

BAR Process 2023/24	Outcomes SCS1	Outcomes SCS2	Outcomes Delegated Grades
Number of exits from SCS	2	1	n/a
Number of BAR applications submitted over the year	1	0	0
Number of BAR approved applications submitted over the year	1	0	0
Number of BAR where conditions were set by the department over the year	0	0	0
Number of BAR applications that were found unsuitable by the department over the year	0	0	0
Number of breaches of the rules in the preceding year.	0	0	0

In compliance with Business Appointment Rules (BARs), the department is transparent in the advice given to individual applications for senior staff, including special advisers.²⁴

²⁴ Please note: although UK Export Finance is a ministerial department, Ministers and Special Advisers to the department will appear in the accounts of the Department for Business and Trade (DBT).

Fees paid to non-executive directors and council members

Non-executive directors are paid a fee for their attendance at UKEF Board, Audit Committee, Risk Committee, Remuneration Committee and other ad hoc meetings, and the performance of other duties as required. They are also paid travel and subsistence expenses. Members of the Export Guarantees Advisory Council (EGAC) are also paid a fee for their meeting attendance.

The total payments to non-executive directors and EGAC members for the year were in the following ranges. These disclosures have been subject to external audit.

Non-executive member	Fees for 2023/24 £'000	Fees for 2022/23 £'000
Noël Harwerth Chair of UKEF Board, member of Remuneration and Nominations Committee (left 31/03/2024)	45-50	45-50
Robert Gillespie Chair of UKEF Board, member of Remuneration and Nominations Committee (started 1/03/2024)	5-10 (75-80 FYE)	n/a
Charlotte Morgan Member of UKEF Board, member of Risk and Remuneration and Nominations Committees, Chair of Audit Committee	20-25	n/a
Kimberley Wiehl Member of UKEF Board, member of Audit, Risk and Remuneration and Nominations Committees	10-15	10-15
Tim Frost Member of UKEF Board, Chair of Risk Committee	15-20	15-20
Jackie Keogh Member of UKEF Board	10-15	10-15
Vanessa Havard-Williams Chair of EGAC and member of UKEF Board (started 1/09/2023)	5-10 (10-15 FYE)	n/a
Ben Caldecott Member of EGAC	0-5	0-5
Harold Freeman Member of EGAC	0-5	0-5
Sarah Steele Member of EGAC	0-5	0-5
John Morrison Member of EGAC	0-5	0-5
Stephen Prior Member of EGAC	0-5	0-5
Roseline Wanjiru Member of EGAC	0-5	0-5
Belinda Howell Member of EGAC	0-5	n/a

Civil servants and public servants employed by other departments and government companies do not receive fees for their attendance at UKEF Board meetings.

Off-payroll engagements

Departments publish annual information on their highly paid and/or senior off-payroll engagements. The following tables provide information on those off-payroll engagements paid more than £245 per day during the financial year 2023/24.

Highly paid off-payroll worker engagements as at 31 March 2024

Number of existing engagements at 31 March 2024	42
Of which, had existed for:	
Less than 1 year	28
Between 1 and 2 years	10
Between 2 and 3 years	2
Between 3 and 4 years	1
4 years or more	1
Total	42

All highly paid off payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

Tax assurance for new off-payroll engagements

No. of temporary off-payroll workers engaged in 2023-2024	58
Of which:	
Not subject to off-payroll legislation	1
Subject to off-payroll legislation and determined as in-scope of IR35	50
Subject to off-payroll legislation and determined as out-of-scope of IR35	7
No. of engagements reassessed for compliance or assurance purposes during the year	26
Of which: No. of engagements that saw a change to IR35 status following review	1

Off-payroll engagements of board members and/or senior officials with significant financial responsibility

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the year ²⁵	3
Of the three members quoted above, one member has been with UK Export Finance since December 2020; another appointed in July 2022 left the Board in November 2023 and was replaced by another member in that month. A concordat is in place which gives provision for an ex-officio member if the Board from each of UK Government Investments (UKGI) and Department of Business and Trade (DBT).	
No. of individuals that have been deemed 'board members and or senior officials with significant financial responsibility' during the year	13

²⁵ Senior Officials within other government bodies and unpaid by UK Export Finance: one in post since 2020 and one person replaced another in Nov 2023.

Cost of off-payroll engagements

The total cost for the year 2023/24, including engagements of individuals whose daily cost was less than £245 per day, was £7,888,351 (2022/23: £4,585,911). Following last year's consultancy spend on the Financial Reporting Changes programme (see paragraph on 'Expenditure on consultancy'), contractors were engaged to undertake some of the tasks identified, others engaged in other change projects including further digitisation.

Expenditure on consultancy

Total expenditure on consultancy in 2023/24 amounted to £1,900,845 (2022/23: £6,072,206).

Compensation for loss of office

This section is subject to external audit.

UKEF made one exit payment under Civil Service Compensation Scheme terms during 2023/24.

Exit package cost band	2023/24				2022/23	
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	1	1	-	1	1
£50,000 - £100,000	-	-	-	-	1	1
Total no. of exit packages	-	1	1	-	2	2
Total cost /£k	-	49	49	-	104	104

PARLIAMENTARY ACCOUNTABILITY AND AUDIT



Tim Reid
Chief Executive and
Accounting Officer

All information in this chapter is subject to external audit.

Statement of Outturn against Parliamentary Supply

For the year ended 31 March 2024

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires UKEF to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their supply estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their supply estimate, called control limits, their accounts will receive a qualified audit opinion.

The format of the SoPS mirrors the supply estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- outturn by estimate line, providing a more detailed breakdown (note 1)
- a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Income (SOCNI) to tie the SoPS to the financial statements (note 2)
- a reconciliation of outturn to net cash requirement (note 3)

The SoPS and estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 53, in the Chief Finance and Operating Officer's report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK

Summary tables 2023/24

		2023/24			2022/23			Outturn vs Estimates saving/(excess)		Prior Year Outturn
Type of spend	SoPS note	Outturn			Estimate			Outturn vs Estimates saving/(excess)		Total
		Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Total £'000	
Departmental Expenditure Limit										
Resource	SoPS1.1	-	-	-	2	-	2	2	2	-
Capital	SoPS1.2	2,161	-	2,161	2,340	-	2,340	179	179	1,002
Total DEL		2,161	-	2,161	2,342	-	2,342	181	181	1,002
Annually Managed Expenditure										
Resource	SoPS1.1	(48,774)	-	(48,774)	1,433,343	-	1,433,343	1,482,117	1,482,117	(302,951)
Capital	SoPS1.2	430,049	-	430,049	1,035,967	-	1,035,967	605,918	605,918	129,317
Total AME		381,275	-	381,275	2,469,310	-	2,469,310	2,088,035	2,088,035	(173,634)
Total budget										
Resource	SoPS1.1	(48,774)	-	(48,774)	1,433,345	-	1,433,345	1,482,119	1,482,119	(302,951)
Capital	SoPS1.2	432,210	-	432,210	1,038,307	-	1,038,307	606,097	606,097	130,319
Total Budget Expenditure		383,436	-	383,436	2,471,652	-	2,471,652	2,088,216	2,088,216	(172,632)
Non-Budget Expenditure										
Resource	SoPS1.1	(29,423)	-	(29,423)	-	-	-	-	29,423	-
Total Non-budget Expenditure		(29,423)	-	(29,423)	-	-	-	-	29,423	-
Total Budget and Non budget		354,013	-	354,013	2,471,652	-	2,471,652	2,088,216	2,117,639	(172,632)

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

The Department has a Prior Period Adjustment (PPA) resulting from an adjustment for Direct Lending impairment. In 2023/24, the following such PPA has been made, which have been included within voted Supply in the Estimate. See Note 20 for further details.

PPA Description	Resource / Capital	DEL / AME	Amount £'000
Direct Lending Impairment	Resource	AME	(29,423)

Net cash requirement 2023/24

		2023/24			2022/23
	Note	Outturn	Estimate	Outturn vs Estimate, savings/(excess)	Prior Year Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	SoPS3	190,502	1,672,891	1,482,389	(181,217)

The estimate voted on in the supply procedure also sets an annual ceiling on UKEF's voted net cash requirement. By the provisions of Section 14(2) of the Export and Investment Guarantees Act 1991, UKEF is able to pay claims direct from the Consolidated Fund in the event that sufficient funds have not been voted for the purpose by Parliament.

Administration costs 2023/24

		2023/24			2022/23
	Note	Outturn	Estimate	Outturn vs Estimate, savings/(excess)	Prior Year Outturn
		£'000	£'000	£'000	£'000
Administration costs	SoPS1.1	-	2	2	-

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between the estimate and the outturn are given in the management commentary within the Chief Finance and Operating Officer's report and within SoPS1 below.

The notes on pages 153 to 156 form part of the Statement of Parliamentary Supply.

Notes to the SoPS, 2023/24

SoPS1. Outturn detail, by Estimate Line

SoPS1.1 Analysis of resource outturn by estimate line

Type of spend (Resource)	2023/24							2022/23				
	Resource outturn				Estimate			Total inc. virements ²⁶	Total inc. virements	Outturn vs Estimate, saving/ (excess)	Prior Year Outturn total	
	Administration		Programme		Total	Total	Total					
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Voted spending in DEL												
A Export Credit Guarantees and Investments	80,674	(80,674)	-	-	-	-	-	1	-	1	1	-
B Shipbuilding Guarantee Credit Scheme	21	(21)	-	-	-	-	-	1	-	1	1	-
Total	80,695	(80,695)	-	-	-	-	-	2	-	2	2	-
Voted spending in AME												
C Export credits	-	-	-	262,745	(265,979)	(3,234)	(3,234)	1,016,560	-	1,016,560	1,019,794	(189,599)
D Direct lending	-	-	-	74,199	(119,739)	(45,540)	(45,540)	416,783	-	416,783	462,323	(113,317)
Fixed Rate Export Finance Assistance	-	-	-	-	-	-	-	-	-	-	-	(7)
Loans and interest equalisation	-	-	-	-	-	-	-	-	-	-	-	(28)
Total	-	-	-	336,944	(385,718)	(48,774)	(48,774)	1,433,343	-	1,433,343	1,482,117	(302,951)
D) Non-Budget – Direct Lending	-	-	-	(29,423)	-	(29,423)	(29,423)	-	-	-	29,423	-
Total resource	80,695	(80,695)	-	307,521	(385,718)	(78,197)	(78,197)	1,433,345	-	1,433,345	1,511,542	(302,951)

26 Virements are the reallocation of provision in the estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury).

Explanation of variances between Resource Outturn by Estimate

Voted spending in RDEL – UKEF operates (with HM Treasury approval) a zero net RDEL regime for administration costs, whereby a proportion of UKEF’s trading income is treated as negative RDEL to fund administration costs. As part of the Spending Review 2020 and 2021, UKEF has a maximum amount of income which can be used to fully offset expenditure. Annually, as part of the supply estimates process, HM Treasury approves the maximum amount of UKEF’s trading income that can be treated as negative RDEL based on its expected level of activity and affordability. This arrangement is in place as it reflects the fact that UKEF prices premium written to cover risk and administration costs. In 2023/24 the Shipbuilding Credit Guarantee Scheme was launched by the Department for Business and Trade (DBT), with UKEF as the chosen provider to administer the scheme on their behalf. All costs that UKEF incurs in administration of the scheme are recharged to DBT. As a result, there is no net resource outturn for estimate row B.

C. Export credits £1,020 million – the budget includes underlying scenarios for volatile factors such as foreign exchange movements and credit risk, including expected losses on the portfolio and for provisions that might be required for unrecoverable claims. In the event, the full year outturn was a small gain. In addition, budget was also held, but not fully utilised, for support that UKEF is providing to the government of Ukraine - see National Interest Account note on page 44 of the annual report for more details.

D. Direct lending £462 million – the variance largely relates to foreign exchange movements on expected lending activity for which an exchange loss was budgeted for in the estimate. The full year outturn was a much smaller foreign exchange loss than was budgeted. UKEF is not authorised by HM Treasury to hedge its exposure to foreign currency risk. See note 18 to the financial statements for further information on UKEF’s foreign currency risk. In addition, budget was held for the possibility of impairments that may have been required to the portfolio in the event of unfavourable economic scenarios. Net impairment outturn for the year on the direct lending portfolio was net £30 million (excluding unrealised foreign exchange movements).

SoPS1.2 Analysis of capital outturn by estimate line

Type of spend (Capital)	2023/24						2022/23	
	Outturn			Estimate			Outturn vs Estimate, saving/ (excess) £'000	Prior Year Outturn £'000
	Gross £'000	Income £'000	Net £'000	Total £'000	Virements £'000	Total inc. virements ²⁷ £'000		
Voted spending in DEL								
A Export Credit Guarantees and Investments	2,161	-	2,161	2,340	-	2,340	179	1,002
Total	2,161	-	2,161	2,340	-	2,340	179	1,002
Voted spending in AME								
D Direct lending	741,169	(311,120)	430,049	1,035,967	-	1,035,967	605,918	130,336
Loans and interest equalisation	-	-	-	-	-	-	-	(1,019)
Total	741,169	(311,120)	430,049	1,035,967	-	1,035,967	605,918	129,317
Total capital	743,330	(311,120)	432,210	1,038,307	-	1,038,307	606,097	130,319

Explanation of variances between Capital Outturn and Estimate:

D. Direct lending £606 million – the budget included assumptions for foreign exchange movements as most loans are denominated in currencies other than sterling. Also, an estimate for the value of direct lending deals likely to be done in-year was included to meet possible customer demand forecast by the business. There were overall lower drawings as some of those deals did not materialise or were not finalised by 31 March 2024. More details of UKEF's risks including foreign currency and liquidity risk can be found in the Chief Risk Officer's report in the Performance section of the annual report and note 18 of the financial statements.

SoPS2 Reconciliation of outturn to net operating expenditure

		2023/24	2022/23
	Note	Outturn £'000	Prior Year Outturn £'000
Total resource outturn in Statement of Parliamentary Supply	SoPS 1.1	(78,197)	(302,951)
Less: Direct Lending impairment adjustment		(29,423)	-
Add: Direct Lending impairment adjustment		-	(29,423)
Net Operating Income in Statement of Comprehensive Net Income		(48,774)	(332,374)

²⁷ Virements are the reallocation of provision in the estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on GOV.UK

SoPS3 Reconciliation of net resource outturn to net cash requirement

		Outturn	Estimate	Outturn vs Estimate, saving/ (excess)
	SoPS note	£'000	£'000	£'000
Resource outturn	SoPS1.1	(48,774)	1,433,345	1,482,119
Capital outturn	SoPS1.2	432,210	1,038,307	606,097
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation and amortisation of equipment and intangible assets		(1,678)	(2,265)	(587)
Net foreign exchange differences and other non-cash items		65,977	(582,389)	(648,366)
New provisions and adjustments to previous provisions		(269,187)	(1,351,798)	(1,082,611)
Adjustments to reflect movements in working balances:				
Increase/(Decrease) in receivables		(129,515)	917,475	1,046,990
(Increase)/Decrease in payables		140,905	220,216	79,311
Other adjustments		564	-	(564)
Net cash requirement		190,502	1,672,891	1,482,389

As noted in the introduction to the SOPS above, outturn and the estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

Parliamentary Accountability Disclosures

These disclosures are subject to audit.

Regularity

I can confirm that, for the financial year ended 31 March 2024, neither I, nor my staff, authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money and UKEF's Treasury Consent, and that HM Treasury approval was obtained for all novel, contentious or repercussive transactions relating to 2023/24.

Other Parliamentary Accountability Disclosures

In 2023/24 UKEF has not made any special payments or gifts and does not have any remote contingent liabilities requiring disclosure per Managing Public Money.

There are also no losses, individually or in aggregate in excess of £300,000 which would require separate disclosure during the year or that have been recognised since that date.



Tim Reid

Chief Executive and Accounting Officer
29 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

Opinion on financial statements

I certify that I have audited the financial statements of the Export Credits Guarantee Department for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2024 and its net operating income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of Matter – Significant Uncertainty

Without qualifying my opinion, I draw your attention to the disclosures made in Note 1 (C) to the financial statements concerning the significant uncertainty attached to the final outcome of the underwriting activities.

The long-term nature of the risk underwritten means that the ultimate outcome will vary as a result of subsequent information and events and may result in significant adjustments to the amounts included in the accounts in future years. Details of the impact of this on the financial statements are provided in Note 1 (C) to the financial statements.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies, key performance indicators.
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department’s controls relating to the Department’s compliance with the Government Resources and Accounts Act 2000, Managing Public Money, the Export and Investment Guarantees Act 1991 and the HM Treasury consents made thereunder and the UK government sanctions regime;
- inquired of management, the Department’s head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal and external specialists, including Modelling and Credit Risk experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department’s framework of authority and other legal and regulatory frameworks in which the Department operates.

I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, employment law, tax legislation, the Export and Investment Guarantees Act 1991 and the HM Treasury consents made thereunder, and the UK government sanctions regime.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

29 July 2024 Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP