



UK Government
Investments

OFFICIAL-SENSITIVE

FINAL

Company No. 9774296

**UK Government Investments Limited
(the “Company”)**

27-28 Eastcastle Street, London W1W 8DH

Minutes of a meeting of the Board of Directors held in

Room 4K, 1 Victoria Street, London, SW1H 0ET

On 29 November 2018 at 13.30pm

Present: Robert Swannell (in the Chair)
Alex Chisholm (until item 7)
Jitesh Gadhia
Jane Guyett
Robin Lawther
James Leigh-Pemberton
Simon Palley
Charles Roxburgh (until item 8)
Mark Russell
Caroline Thomson

In attendance: Carolyn Battersby (item 12)
Jamie Carter (items 7 and 9)
Tom Cooper (item 7 onwards)
Zoe Gillis
Michael Harrison (item 7 onwards)
Alex Howell (item 9 and 13)
Lowri Khan (Item 7)
Justin Manson (Item 7 onwards)
Madelaine McTernan (item 11)
Candida Morley (item 7 onwards)
Anthony Odgers
Daniel Okubo (item 7)
Anna Payton (item 12)
Robert Razzell
David Sandford
Louise Tilbury
Richard Watson (item 7 onwards)

1. Declarations of interest, introductions

Each Director of the Company who had an interest under sections 177 and/or 182 of the Companies Act 2006 declared such an interest and it was noted that, in accordance with article 7 of the Company's Articles of Association, each such Director was entitled to vote in respect of any proposed matter in which he/she was interested and that each such Director was entitled to be (and was) taken into account in ascertaining whether a quorum was present.

OFFICIAL-SENSITIVE

FINAL

2. Minutes from previous meetings

The minutes of the 13 September 2018 meeting were approved.

3. Action Log

It was agreed that the executive would submit draft KPIs for 2019/20 to the Board ahead of the year end.

4. CEO's update

The Board considered how UKGI might respond to various Brexit scenarios; key areas would be the special situations team's response to possible economic shocks, inward M&A in response to any adjustment to sterling, and possible expanded use of the BBB. UKGI's model of senior advisers was felt to be both scalable and flexible, which alongside an enhanced secondment programme, would give UKGI additional capacity to respond should these risks crystallise.

UKGI's input into new nuclear was noted; notwithstanding the current uncertainty around Hitachi's investment into Wylfa, there would be an ongoing role for UKGI in assessing the regulated asset base model, and on Sizewell C. It was noted that the key person risk relating to David Long which had been raised at previous meetings is being mitigated by David working very closely alongside Emma Christian and Jonathan Gorrie, two EDs who also have a background in the energy sector.

It was agreed that the likely conclusions of the Magnox Inquiry would necessitate an increased focus on defining UKGI's governance and shareholder role, providing thought leadership, and disseminating best practice across Whitehall; the Board agreed that given Roger's departure in January, Candida would be best placed to lead this, although noting the constraints on her time imposed by her workload on NDA. On the subject of Roger's departure, the Board noted that it was not the intention to recruit a direct replacement, as it was felt that with over 30 EDs and Ds, there is adequate senior capacity.

There was a brief discussion on the matter of appointments to public bodies, noting the recently issued guidance by BEIS on this matter, the GIAA report on the Ordnance CEO appointment, and the general complexity of making appointments to public bodies. It was agreed that there should be a discussion of the appointments process, in particular focusing on best practice, in the new year.

Action: board to consider best practice in making executive and non-executive appointments to public bodies at the May board meeting.

5. People

It was generally felt that the Board's employee engagement session immediately prior to the board meeting had been worthwhile and that this initiative would be continued. Various suggestions for building on the current employment engagement initiatives were considered, including establishing director groupings, a shadow board on the BEIS model, and creating more forums in which staff can engage with NEDs. The plans to conduct a skills gap analysis were discussed. It was agreed that this would be brought to the March meeting.

Action: update on the skills gap analysis to be brought to the March 2018 board meeting

OFFICIAL-SENSITIVE

FINAL

6. CFO report

The current year financial position was noted. Looking ahead to the spending review, there was strong encouragement from HMT to not dismiss the possibility of levying a transaction fee or finding other forms of charging for UKGI's services. There was due consideration of the challenges associated with these charging models.

7. HMT departmental relationship review

The Board noted that the UKGI-HMT relationship is considerably stronger and deeper than at the time of UKGI's creation, and that HMT is deploying UKGI's expertise in a broader capacity beyond the sphere of its assets managed by UKGI, such as in the balance sheet review. The reliance of the HMT financial stability team on the FIG team in particular was noted. HMT's perspective was that it would like to try and increase the flow of people from UKGI into HMT, and to further broaden an understanding of UKGI amongst the other directors with whom UKGI doesn't necessarily do business on a day-to-day basis. Overall there was positive feedback on UKGI's work from HMT.

IRRELEVANT

OFFICIAL-SENSITIVE

FINAL

IRRELEVANT

14. Board effectiveness review

Having given due consideration, the Board ENDORSED the appointment of Alice Perkins to facilitate an external board effectiveness review and asked the CFO to issue a letter of engagement accordingly.

IRRELEVANT

OFFICIAL-SENSITIVE

FINAL

IRRELEVANT

There being no other business, the meeting duly closed at 17.15

GRO

.....
Chair of the meeting