UKGI00045952

OFFICIAL-SENSITIVE

DRAFT

UK Government Investments

UK Government Investments Limited
(the "Company")

27-28 Eastcastle Street, London W1W 8DH

Minutes of a meeting of the Board of Directors

Held via a video and conference call

On 20 May 2020 at 14.00

Present:	Robert Swannell (in the Chair) Charles Donald Andrew Duff Jitesh Gadhia Jane Guyett Clare Hollingsworth Robin Lawther James Leigh-Pemberton Charles Roxburgh (from item 9) Caroline Thomson
In attendance:	Sam Beckett (until item 7) Elliot Brinkworth (item 2) Richard Callard (items 9 and 10) Jamie Carter (item 2) Alex Chisholm (until item 7) Alex Cole (item 7) Tom Cooper (item 7) Meet Desai (item 7) Josh Fleming (until item 9) Zoe Gillis Henry Lloyd (items 9 and 10) Candida Morley (item 7) James Pfeffer (items 9 and 10) Robert Razzell Ceri Smith (item 2) Susie Timlin (item 6) Siddharth Varma Richard Watson

UKGI00045952

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20 21. 22

---

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.

The Chair introduced Sam Beckett, acting permanent secretary of BEIS, to the meeting, who will be an observer pending ministerial appointment to the Board.

2. Project Review – British Business Bank

The Board noted that since mid-March the Bank has now launched four new market intervention schemes. The company is currently operating outside of its risk appetite, highlighted by its board's decision to submit a reservation notice in relation to the Future Funding scheme, designed to support high potential, innovative firms, and thus necessitating a ministerial direction. This is likely to put a strain on the relationship between the Bank and the department, although relations between UKGI and BEIS, and UKGI and BBB, remain excellent. The Board queried how the board of BBB ensured a balance is struck between the need to retain operational independence, and the need to deliver on ministers' priorities; the team were clear that this goes to the heart of UKGI's role, and that this is partly ensured via the use of various subsidiaries or segments of the Bank to deliver different schemes, but that fundamentally all of the COVID-19 response measures have been schemes that are core to BBB's mandate.

The Board discussed the future role of the Bank, noting that it is an institution in transition and that its role in the economy will come under increasing scrutiny. The Board expressed the view that the need for BBB to set out how it will support the various pillars of the Industrial Strategy (best place to start a business, net zero, and supporting innovation), and the 'levelling up' agenda, given that the government may need a much larger development and business bank along the lines of KFW, and that BBB will need to help shape this agenda; its policy development capabilities have historically been weak.

The Board also discussed the issues around appointments, specifically on the recruitment of a new CEO, due to the current CEO's term expiring in December 2020. A recruitment process has taken place, and a recommendation has been put to the SoS, however there is growing concern that the SoS may wish to re-run the recruitment process later in the year. The Board also noted that the Bank currently has an interim CFO, no approved appointment for the new audit chair, and that the Chairman's term expires in July.

3. Minutes of the previous meeting

The minutes of the meeting of 25 March 2020, 7 April 2020, 28 April 2020 were approved, subject to a minor amendment of the 7 April 2020 minutes.

4. Action log

No matters arising.

UKGI00045952

5. CEO update

It was noted that the workforce is currently working at full capacity with demand for UKGI's support increasing. GRO

GRO

The CEO expressed his gratitude to the people of UKGI who have come together and worked tirelessly offering support to projects and workstreams since the crisis begun. Whilst the recent staff pulse survey results showed that there a slight downward trend, a strong emphasis on communication helps to mitigate this risk. The senior team continue to discuss support mechanisms for staff.

6. People

GRO

7. Governance, Portfolio and Risk update

The Board noted the update on governance activities. The three key themes arising from the portfolio reviews were increasing stresses around remuneration, appointments and flight risk; deteriorating cash positions; and year-end issues around audit, going concern and accounts preparation.

GRO

UKGI00045952

GRO

GRO The Board was briefly updated on the on-going challenges for the Post Office and will discuss in further detail at the next meeting. GRO

GRO

8. CFO Report

GRO

9. UKGI Defence

GRO

10. Project GRO

GRO

11. Strategy update

The CEO introduced UKGI's proposed strategy paper for 20/21, taking into account the impact of the COVID-19 crisis. He explained that defining UKGI's mission and having clear objectives should be prioritised, as these will be key on how UKGI resource and manage over the next 24 months. A key part of the process will be supporting HMT on dealing with the management of special situations that will result from the crisis. Notwithsanding this, there is also a business as

UKGI00045952

usual delivery aspect that should not be stalled whilst the immediacy of the crisis is dealt with. This includes the delivery of the people plan, which needs to be developed, with a greater focus on people development, diversity will play a part in that.

It was agreed that during the process UKGI should consider its existing portfolio and whether they should remain within UKGI's remit.

The Board agreed to continue their discussion on UKGI's strategy at the upcoming Board/ExCo session on the 9 June.

12. Board Effectiveness review

The Board were thanked for their input into the recent internal board effectiveness review. Overall there were no material issues identified. The Board discussed its composition and agreed that the feedback from the review is timely with the upcoming refresh of NED's. They agreed that the future composition of the Board should be considered in parallel with UKGI's future, which will again be discussed at the upcoming Board/ExCo strategy session.

The outcome of the review led to some proposed recommendations. The Board agreed with all of the recommendations, the Chairman and Company Secretary agreed to implement these and will revert back to the Board on their progress in due course.

13. Forward look

The Board duly noted the updated forward look.

There being no other business, the meeting duly closed at 16:30.

....

Chair of the meeting