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Agenda for Shareholder Executive Board Meeting

Wednesday 27 January 2016 (9:00 – 12:00)

Item	Start	Duration	Agenda item	Papers
1.	-	-	Apologies for absence, Chairman's welcome and introduction, minutes from last meeting, declarations	-
2.	<div>GRO</div>			
3.				
4.				
5.				
6.				
7.				
8.	<div>GRO</div>			

[3h 00 mins total]

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Minutes of Shareholder Executive Board

Wednesday 25 November 2015 at 15.00

Members present:	Robert Swannell (Chair) (RS) Claudia Arney (CA) Robin Lawther (RLa) Mark Russell (MR) Ceri Smith (CS) Roger Lowe (RLo) Caroline Thomson (CT) Justin Manson (JM)	Attendees:	Rachel James (RJ) James Leigh-Pemberton (JLP)
		Secretary:	Alex Lamond (in lieu of Jeremy Ankers)
		Apologies:	Anthony Odgers (AO) Susan Acland-Hood (SAH) Ruth Curtice (RC) Gerry Grimstone (GG)

1. Chairman's introduction and minutes from the last meeting

GRO

2. CEO Report

IRRELEVANT

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Matters arising

GRO

ShEx Board Secretary

[END]

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Chief Executive's Report – ShEx Board 27 January 2016 (16)01

IRRELEVANT

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IRRELEVANT

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2 ICR Student Loans

IRRELEVANT

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3 British Business Bank

IRRELEVANT

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4 Network Rail

IRRELEVANT

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5 Channel 4

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UKFI Headlines – ShEx Board 27 January 2016 (16)02

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[END]

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Special Situations – ShEx Board 27 January 2016 (16)03

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UKGI Transition Update – ShEx Board 27 January 2016 (16)04

ShEx Dashboard

Asset	Corporate Finance Project	Assessment	Lead
UK Government Investments Start: 05/15 End: 04/16	Project Description: Create a new organisation (UKGI) merging the functions of ShEx with UK Financial Investments (UKFI), managing all people, budget, governance, IT, and other corporate issues in time to formally launch on 1 st April 2016, with minimal impact on delivery of business as usual.	<div> <div>S</div><div>R</div><div>A</div><div>T</div><div>C</div> <div>NC</div><div>NC</div><div>NC</div><div>NC</div><div></div> <div></div><div></div><div></div><div></div><div></div> </div>	Mark
CF Project key: <div> <div>S</div> ShEx role agreed <div>R</div> Resources Secured: team, budget, etc. <div>A</div> Stakeholder Alignment: on key objectives and project plan <div>T</div> On Track: assessment of progress against plan <div>C</div> Completed: Project concluded, including close-out review </div>			

Background

- 1.1 Following the announcement by the Chancellor in May 2015 to create the new Government-owned company UK Government Investments, a Transition Team was created to manage the transition for the Shareholder Executive and UK Financial Investments. This team, led by ShEx Chief Operating Officer Rachel James, and co-led by Elisabeth Cuthbertson and Nike Kojakovic, encompasses workstream leads from across ShEx, UKFI and HMT.
- 1.2 The Transition Team has made good progress on the different strands of work to enable a smooth transition of ShEx into UKGI. Key highlights are drawn out below.

Project Area/ Workstream	Update	Next Steps
Governance	<p>UKGI is established as a legal entity, incorporated on 11th September 2015. Discussions are reaching conclusion on the governance architecture. It is agreed that the Company will have a Board and three subcommittees – the Audit and Risk Committee, the Nominations Committee and a Remuneration Committee.</p> <p>The Board will meet eight times per year; with four meetings including dedicated in depth project discussions, in addition to the ordinary course of business. These four meetings covering in-depth discussions will replicate some of role carried out by the ShEx Advisory Board.</p> <p>The Company's overarching purpose is to be the UK Government's centre of excellence in corporate finance and corporate governance.</p> <p>The Company will deliver against the</p>	<p>UKGI will need to produce its first Annual Report and Account covering the period up to 31st March 2016. Finalise and sign off governance structure and Terms of Reference. A submission is due to go to HMT ministers shortly requesting sign off.</p> <p>UKGI Board will meet formally on 27 January 2016. A read out from the HMT submission will be critical to this meeting.</p>

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	<p>following objectives ("Objectives"):</p> <ul style="list-style-type: none"> i) to prepare and execute all significant corporate asset sales by the UK Government; ii) to advise on all major UK Government financial interventions into corporate structures; iii) to act as shareholder for those arm's length bodies of the UK Government that are structured to allow a meaningful shareholder function and for other UK Government assets facing complex transformations (especially if governance is at the heart of a model change); and iv) to advise on major UK Government negotiations with corporates. 	
People	<p>Staff have been informed that TUPE applies to the transfer and will apply to the majority of them. Recent events and surveys have demonstrated that staff are broadly content with the level of messaging and information provided on the transition, and are generally satisfied with the transition itself. We have officially written to the BIS DTUS informing them that TUPE applies.</p> <p>We have developed a new Remuneration and People framework which will be key to recruiting and retaining the right people in UKGI.</p>	<p>Circulate staff FAQs for information.</p> <p>Continue discussions with TUs to inform them of key developments, and engaging on discussions regarding HR measures and policies.</p> <p>The first RemCo discussion will be held on 27 January followed by a submission to HMT in February.</p>

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Budget	UKGI has submitted a bid for its 2016-17 operating budget. Negotiations on the baseline transfer between BIS and HMT have concluded with BIS agreeing to transfer the majority of the BIS budget for ShEx transferring to UKGI. John Kingman is sighted and involved in UKGI budget discussions. At the time of drafting this paper, a submission is being drafted for HMT Ministers to sign off – a read out from the submission in advance of the UKGI Board meeting on 27 January will be critical to the progress of the transition.	We expect final confirmation of the forward budget following business planning rounds at HMT. Likely scenario is that UKGI will need to manage budget cuts over the five year spending period from the initial settlement level, in line with the rest of the wider public sector.
Accommodation	The team is working to the assumption that UKGI ShEx will remain in 1VS with ShEx and UKFI co-locating in a suitable space as soon as possible after 1 April to facilitate budget and IT progress. Co-location in 1VS will minimise disruption, minimise costs of moving and potentially furnishing new accommodation and enable UKGI to retain close working contact with its major Departmental client. Co-location in BIS will need to be consistent with BIS's wider space planning objectives.	Continue discussions with BIS Estates team to organise re-branding, signage, re-decoration of existing space and continued support from BIS facilities.
IT	A detailed options analysis has resulted on a decision to adopt HMT IT systems. A Steering Group has been established to lead the IT transition with members from ShEx and HMT. In addition, there is a working level group meeting with a dedicated HMT project manager and officials from ShEx, HMT and BIS.	Organise a planned transition on to HMT IT systems.
Departmental Arrangements	Process of documenting UKGI's arrangements with customer departments is underway. Focus has been on the relationship with BIS, which has served as a test case for other departmental arrangements.	Commence engagement with departments including DECC, DfT and other customer departments to agree future relationship arrangements. Continue bilateral engagement at director level and at official level through transition project governance.

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Shared Services	<p>The use of HMT shared services has been agreed and the operational details of the service required are being worked through with HR and Finance operations, procurement and health and safety. We are continuing to identify suitable persons in HMT to ensure corporate support functions are available from the first day of UKGI. The amendments to Oracle and the new payroll hosted by CGI has been commissioned and is in the process of being built.</p> <p>Procurement: Kavalneer Walia from HMT Commercial is working with BIS UKSBS team on the current ShEx contracts to ensure a smooth and robust handover of existing contracts.</p>	Run parallel payroll run in January.
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Green Investment Bank – ShEx Board 27 January 2016 (16)05

Following the Secretary of State's announcement on 25 June 2015 that it is Government's intention to move the Green Investment Bank (GIB) into private ownership, ShEx has been working with GIB towards launching a sale process as soon as possible, whilst meeting the key objectives of value for money and declassification.

We received advice from the Office of National Statistics (ONS) that the current legislation on GIB (in the Enterprise & Regulatory Reform Act (ERRA) 2013, which enshrines GIB's green purpose) amounts to state control and prevents declassification. We are therefore seeking to remove GIB from legislation and thus ensure declassification of GIB post sale.

ShEx Dashboard

Asset	Governance and accompanying Corporate Finance Project	Assessment	Lead																		
<div>Green Investment Bank</div> <div>BIS</div> <div>LR = 3 Nov 15</div>	<ul style="list-style-type: none">Ensure GIB continues to make successful and profitable green investments in the market which comply with its policy and state aid remit.Maintain an effective working relationship with GIB at all levels of the organisation, to ensure we are both responsive to our respective requests, comply with BIS processes and procedures, and exhibit governance best practicePut in place a Chair's letter, prior to launch of a transaction, which clearly sets out our objectives for the Chair.	<table><tr><td>R</td><td>M</td><td>T</td><td>S</td><td>F</td><td>B</td></tr><tr><td>NC</td><td>NC</td><td>NC</td><td>NC</td><td>NC</td><td>NC</td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td><td><div></div></td><td><div></div></td><td><div></div></td></tr></table>	R	M	T	S	F	B	NC	NC	NC	NC	NC	NC	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	Anthony
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<div>Green Investment Bank</div> <div>Start: 06/15</div> <div>End: 03/17</div>	<ul style="list-style-type: none">Project Description: Attract private capital in to the ownership structure of GIB by September 2016Achieve successful privatisation by September 2016 that achieves the key objectives (value for money and declassification).Consider and prepare a clear set of alternative actions should legislation fail (by March 2016), or should a transaction sale fail (by July 2016).	<table><tr><td>S</td><td>R</td><td>A</td><td>T</td><td>C</td></tr><tr><td>NC</td><td>NC</td><td>NC</td><td>NC</td><td></td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td><td><div></div></td><td><div></div></td></tr></table>	S	R	A	T	C	NC	NC	NC	NC		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	Roger			
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Governance key

R

Stakeholder Relationship

M

Implementation of Shareholder Model

T

Quality of Management Team & Board

S

Strategy

F

Financial Performance

B

Balance Sheet & Risk

CF Project key:

S

ShEx role agreed

R

Resources Secured: team, budget, etc.

A

Stakeholder Alignment: on key objectives and project plan

T

On Track: assessment of progress against plan

C

Completed: Project concluded, including close-out review

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Current Status

Legislation

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Transaction timing

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Forward Agenda - ShEx Board 27 January 2016

Forward Agenda

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Standing papers – ShEx Board 27 January 2016

ShEx Dashboard

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Advisors Contracts

Project/Programme title	Supplier Name	Type of Service Provided	Contract Start Date	Contract End Date	Contract Value £
IRRELEVANT					
Post Office Network	Freshfields	Legal Advice	23/05/13	22/05/2016 (Note - option for 1 year extension has been exercised)	250,000 (plus 100,000 for 1 year extension)
Post Office Network	KPMG	Financial Advice	13/06/13	31/05/2016 (Note, option for 1 year extension has been exercised)	300,000 (plus 100,000 for 1 year extension)
Post Office Network	YouGov	Market Research	01/12/14	05/10/15	
					139,000
IRRELEVANT					

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