

UKGI OVERVIEW

2022/23



UK Government
Investments



Foreword



UK Government Investments (UKGI) marks its 20th year of operation in 2023. Our performance and delivery this past year demonstrate how the organisation has developed since its early foundations, especially since the combination of The Shareholder Executive (ShEx) and UK Financial Investments Ltd (UKFI) in 2016. Some things have remained the same; such as the blending of high-calibre public with private sector skills and experience enabling colleagues to offer quality advice to multiple departments, and the core values that bring our people together and drive them to deliver. What has changed is the enormous breadth of advice we are able to offer to deliver our purpose: “To create value for society from government’s most complex commercial interests.”

Vindi Banga, Chairman



For UKGI, this past year has been one of strengthening our proposition. We deliberately set out to focus on our core capabilities as an organisation and further professionalise across our four objectives so we can continue to offer attractive development opportunities for our people and expert advice to government departments.

Charles Donald, Chief Executive

Overview

Our purpose

UK Government Investments (UKGI) creates value for society from government’s most complex commercial interests

UKGI is the government’s centre of excellence in corporate governance and corporate finance. We provide expert advice and leading solutions that inform and translate government’s decisions into effective outcomes in the national interest.

UKGI is tasked with promoting good governance of publicly owned businesses, supporting government’s private sector interventions, providing a central capability for contingent liabilities and delivering orderly transactions that generate value for money.



Delivering our Objectives

UKGI is entrusted by HM Treasury to undertake the following objectives:

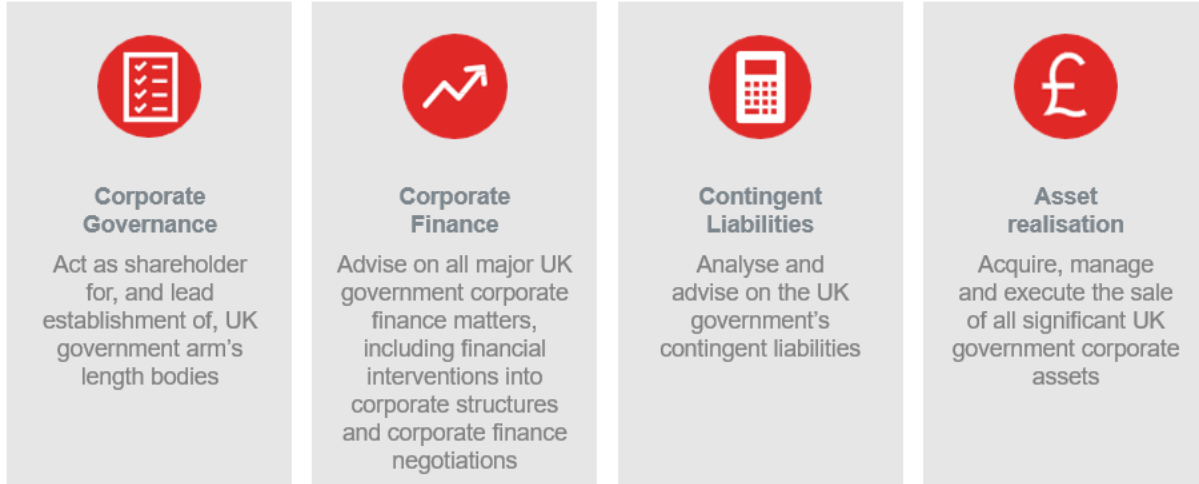
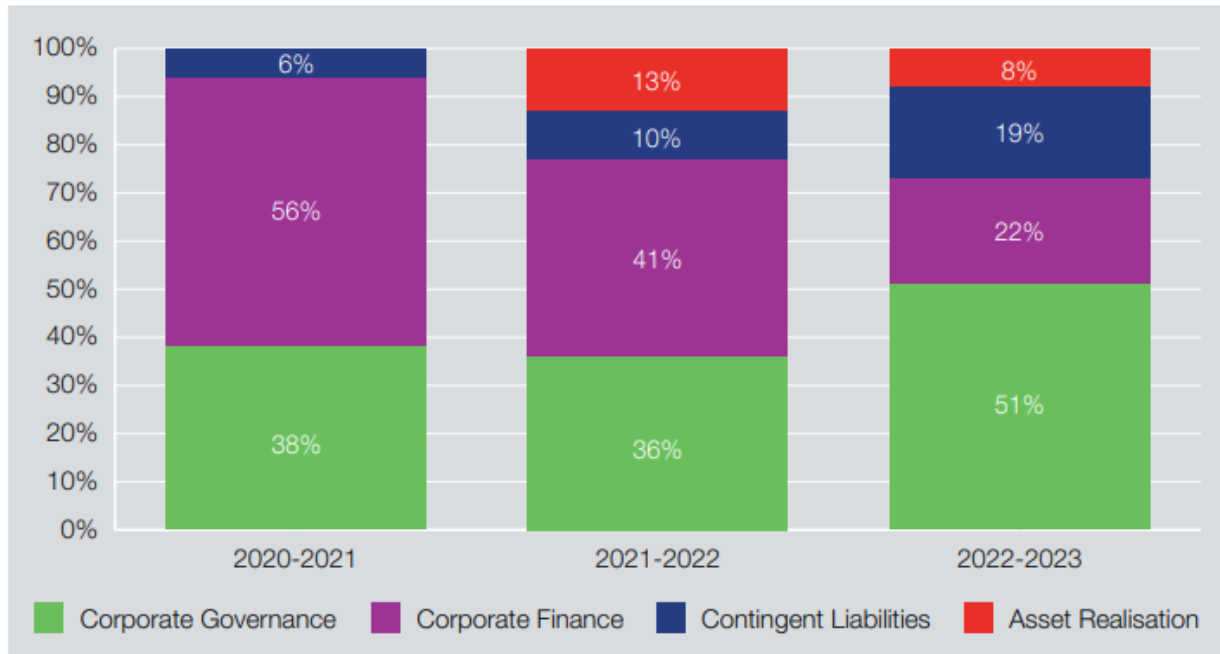


Chart showing FTE time split across UKGI objectives, 3-year comparison





Corporate Governance

Act as shareholder for, and lead establishment of, UK government arm's length bodies (ALBs)

Introduction

At UKGI we perform the shareholder function for a portfolio of 24 ALBs (each, an Asset and collectively, our Portfolio) on behalf of nine government departments which:

Employ over
158,000
people

Generate around
£30bn
of gross income

Manage over
£1trillion
of assets

The Portfolio includes ministerial departments through to private limited companies and covers a broad and diverse range of sectors, including:

Defence

Nuclear

Property and Land

Transport



Managing our Portfolio

UKGI has continued to operate proactively as shareholder representative for our Portfolio. Whilst not actively seeking to expand, we responded to government requirements and increased our Portfolio to 24 Assets with new roles on Sizewell C and a monitoring role on BBC Commercial. We also successfully completed our role with the UK Green Investment Platform, with the corporate vehicle being liquidated following the successful disposal of its remaining entities.

As an organisation focused on continuous improvement, we enhanced our Portfolio management through a new Management Information (MI) pack. Through this more robust data driven approach our shareholder teams and Executive are able to understand and improve effective stewardship. It has enabled us to identify key trends, outliers, and areas for improvement – highlighting diversity, organisational culture, and cyber security as the key areas of focus in the new financial year.

Case study: Managing risk – Portfolio stress testing

We conducted Portfolio stress testing across the following five areas to assess preparations for macroeconomic and geopolitical risks, including from the ongoing war in Ukraine. This showed areas of good practice and some opportunities for improvement, which was expected due to the diversity of Assets within our Portfolio. Teams have been using the information to enable improvements through sharing best practice and engaging with their Assets on the areas identified.



Promoting effective stewardship

Promoting our model

We have continued to strengthen UKGI as a centre of excellence for corporate governance across government. For a second consecutive year, we successfully became signatories to the Financial Reporting Council's Stewardship Code which continues to evidence our effective stewardship practices. Signing up to the Code is a way in which we can challenge ourselves on our standards and be transparent about how we support the long-term, sustainable success of government-sponsored, taxpayer-funded organisations, in the national interest. To further strengthen our Shareholder Model, we additionally engaged with private sector asset managers to understand best practice and are building in reflections from lessons learned across our shareholder roles. Over the year, UKGI's Corporate Governance and Portfolio Management Programme has continued to embed stewardship best practice across our Portfolio and engage across Whitehall to promote effective governance.

Maintaining and sharing our knowledge and expertise

In 2021 our shareholder approach and role within government was anchored through an update to Managing Public Money (MPM) which requires government departments to seek our advice on the set-up of certain types of ALBs and to also consider whether we should carry out the shareholder role for such bodies. In the past year we enhanced our profile and reputation by providing departments with governance advice, for example we assisted the Treasury Officer of Accounts with revisions to Framework Document templates for all ALBs, based upon the updated MPM. Alongside this we maintained core strategic relationships across government including with the BEIS Corporate Governance and Audit Reform Team, Cabinet Office Public Bodies Team, and through participation in the Cabinet Office's Public Bodies Programme Board. This enables us to directly influence ALB governance policy, for example including UKGI best practice and practical know-how in the publication of the May 2022 Cabinet Office Sponsorship Code of Good Practice. In November 2022, we presented to the Cabinet Office Sponsorship Community Group of over 100 corporate governance professionals from across various government Departments.

Across our 18
shareholder
NEDs we have

21

board seats

134

years of board
experience

Average of
7

years of board
experience
each



Our environmental stewardship work continues to enable improvements across our Portfolio and wider government through our regular Cross Government Environmental Considerations Working Group.

Case study: Improving environmental stewardship – UKGI Cross Government Working Group

Since 2021 UKGI have Chaired a Cross-Government Environmental Stewardship Working Group for our Portfolio and other government leads to share information, experiences and best practice on environmental considerations in governance.

In the past year the group heard from colleagues and external speakers on topical items and important regulatory developments including the journey to Taskforce on Climate-related Financial Disclosures.

Continual improvement is core to UKGI. This year we launched the Corporate Governance Development Framework to continue to strengthen our workforce at all stages of their careers and to provide our Portfolio with experts.



All Shareholder non-executive directors (NEDs) are required to undertake the development programme of up to 36 hours of training each year. In 22-23 this included professional development days on topics related to assessing and challenging organisational performance through effective leadership. In February 2023 we launched the “View from the Chair” series, where our Chair, Vindi Banga, hosts a series of conversations with FTSE100 Chairs to share best practice and experiences.

We develop potential through the Aspiring Shareholder NED Development Programme. This runs over two years and includes professional development days, corporate governance workshops and mentorship from Shareholder NEDs, maintaining an effective pipeline of experts for our 21 Board seats.



International work



The UK continues to be seen by the international community as an exemplar of best practice in the corporate governance of state-owned enterprises (SOE), and as such is often approached by international delegations for advice and encouraged to play a proactive role at the Organisation for Economic Co-operation and Development (OECD) to inform, challenge and share best practice.

UKGI has represented the UK at the OECD's Working Party on State Ownership and Privatisation Practices (WPSOPP) since 2012 and has provided expertise and support to the WPSOPP in numerous ways, including fielding UKGI colleagues to participate in speaking and training events as well as sharing SOE governance and privatisation best practice with counterparts in foreign governments, as well as acting as discussants in SOE reviews conducted by the OECD. Since January 2021 our Chief Executive, Charles Donald, has been Chair of the WPSOPP and Lucie Lambert, our General Counsel, sits on the WPSOPP's Bureau which has oversight for the WPSOPP's workstreams, and currently acts as its UK delegate.

In addition to our WPSOPP representation, UKGI continues to engage internationally and share best practice reflections and lessons learnt on a variety of corporate governance topics related to UKGI's shareholder model for state-owned companies and privatisation practices. For example, this year we met with the Azerbaijan Investment Holding, at the request of the World Bank; Saudi Arabia's Public Investment Fund, and the Premier of Sarawak, the largest state of Malaysia.





Corporate Finance

Advise on all major UK government corporate finance matters, including financial interventions into corporate structures and corporate finance negotiations

Mergers and acquisitions (M&A) activity

UKGI provides specialist corporate finance advice and commercial negotiation support across government departments where a particular M&A transaction or corporate event is deemed of national or economic importance to government.

The National Security & Investment Act 2021 came into force in January 2022, which considerably expanded the number and types of transactions subject to UK national security reviews, as well as introducing, for the first time, mandatory notification requirements alongside voluntary filings.

The team has been working closely across Whitehall, focused on the economic and national security assessment of transactions, leveraging our expertise to support negotiations between government and transacting parties.

In the last year the team has undertaken a key advisory role in some of the most high-profile national security transactions facing government, across aerospace, space, telecoms and digital sectors.

Major cases involving high profile economic interests include:

- Legally binding economic commitments offered by Parker-Hannifin Corporation to protect the future of Meggitt plc in the UK and secure the important role it plays in the UK's world-leading defence sector.
- Undertakings offered to mitigate national security concerns and legally binding economic commitments offered by Cobham Ultra Acquisitions Limited to protect the future of Ultra Electronics Holdings plc in the UK, including increases across engineering research and development expenditure, highly skilled employees and apprentices.
- Sale of Chelsea Football Club to a new consortium of investors, helping protect the integrity of the UK sanctions regime and ongoing investment into grassroots football in the UK



Case Study: Sale of Chelsea FC

Following the invasion of Ukraine, Roman Abramovich announced his intention to sell Chelsea F.C., publicly stating:

1. He would not be asking for any loans to be repaid
2. A charitable foundation would be set up for the benefit of victims of the war in Ukraine
3. All net proceeds from the sale would be donated to the foundation

Government subsequently sanctioned Roman Abramovich, with Chelsea F.C. granted a General Licence allowing the club to complete its fixtures. A further licence from government was therefore required to permit the sale of the club.

The government objectives were:

1. No proceeds from the sale to benefit sanctioned designated persons/entities
2. The proceeds of the sale should ultimately be for the benefit of Ukraine
3. Preservation of Chelsea F.C. as an asset of cultural importance

UKGI provided the Department for Digital, Culture, Media and Sport (DCMS) and the Office for Financial Sanctions Implementation (OFSI) in HM Treasury with advice on the transaction, in the context of an asset sale by a sanctioned entity. We were involved in a number of key workstreams such as document review and negotiation, sanctions leakage and licensing, contingency planning and ongoing operational support.

The sale was subsequently cleared and signed off on 24th May 2022, with the Secretary of State for Digital, Culture, Media and Sport, commenting:

“We are satisfied the proceeds of the sale will not benefit Roman Abramovich or other sanctioned individuals. I want to thank everyone, especially officials who’ve worked tirelessly to keep the club playing and enable this sale, protecting fans and the wider football community”

Government Corporate Finance Profession (GCFP)

Led by Charles Donald, UKGI’s Chief Executive, as Head of Profession, the GCFP has gone from strength to strength over the past 12 months through the promotion of skills development, knowledge-sharing, collaboration, and career development initiatives. In June 2022 the profession held a cross-Whitehall panel event on the growth of the Global M&A market, with panellists from the public and private sector providing their views, and during the year an ongoing programme of seminars provided members with updates on a range of topics and case studies.





Special Situations Group (SSG)

SSG provides expert and practical advice to support effective responses by government to financially stressed corporate situations, as a trusted adviser to stakeholders across government. We can provide our expertise in significant negotiations between the government and the private sector, including, for example, when the government considers its response to corporate distress, where firms are of potential strategic significance to the UK.

The team, which is made up of corporate restructuring practitioners, including qualified insolvency practitioners, experienced restructuring bankers and lawyers and civil servants, helps departments to understand the signs of financial stress and distress, and the implications of these for government. They support government departments to contingency plan for company and sector-wide failures and advise them when they are considering intervention to further policy objectives.

SSG acts as a bridge between the private and public sectors, applying deep understanding of the objectives and workings of both the public and private sectors. SSG's objectives are to:

- Contingency plan: to support stakeholders across government to contingency plan for company and sector-wide failures
- Advise: to advise government departments when they are considering intervention in the private sector to further policy objectives
- Educate: to help stakeholders across government to understand the signs of financial stress and distress and the implications of these for government. SSG also helps to educate private sector partners facing financial stress or distress on government's aims and objectives in such circumstances

The team works extensively with colleagues across government, on specific projects and sectors on a varied portfolio of matters where work is always determined by criticality rather than size. In the last year the team took a lead advisory role in some of the most high-profile situations facing government including:

- continuing to support the Department for Energy Security and Net Zero (DESNZ) and HM Treasury on the first Energy Supply Company Special Administration in respect of Bulb Energy Limited, providing expert restructuring and insolvency advice across a wide range of workstreams;
- supporting the Department for Culture, Media and Sport (DCMS) on distressed situations impacting the DCMS Covid Sport and Cultural Loan Book;
- working with the Department of Health and Social Care (DHSC) on the unprecedented stresses in the Adult Social Care sector;
- supporting Cabinet Office in relation to strategic suppliers to government;
- supporting the Department for Business and Trade (DBT) on the offer made to Britishvolt under the Automotive Transformation Fund and the company's subsequent entry into administration;
- supporting DESNZ, DBT, Department for Environment, Food, and Rural Affairs (DEFRA), HM Treasury and Cabinet Office on the effect of the war in Ukraine; and
- working with the Bank of England, HM Treasury, the Financial Conduct Authority and Ofgem on the launch of the Energy Markets Financing Scheme



Contingent liabilities

Analyse and advise on the UK government's contingent liabilities.

The Contingent Liability Central Capability (CLCC) was formed in UKGI in April 2021 to improve the management of the government's portfolio of contingent liabilities and enhance taxpayers' value for money.

Contingent liabilities can be an important tool in delivering the most appropriate and / or cost-effective solution to a policy problem. Government takes on the role of the insurer of last resort, additionally, government is in a unique position to strategically use contingent liabilities to meet policy objectives and take on risk which the private sector and general public cannot.

The CLCC's analysis and advice focusses on the use of contingent liabilities in relation to guarantees and indemnities.

- **Guarantees** – When the government agrees to pay the debts of a third party if they default
- **Indemnities** – When the government agrees to cover costs if a certain event occurs

Contingent liabilities, although presenting potential future expenditure to government, often do not impact departmental budgets at the point of use, this means that rigorous analysis is required to understand this risk. The CLCC as well as advising on individual contingent liabilities is working to build a portfolio view of government's exposure to different forms of risk and improve how these are managed.

The team comprises people with a diverse set of skills and expertise including actuaries seconded from the Government Actuary's Department (GAD), credit risk experts, and Civil Service policy and analysis professionals.

The CLCC's three overarching objectives are to:

1. Review and report on existing contingent liabilities
2. Provide advice and analysis on departmental policies which give rise to contingent liabilities
3. Promote and share best practice across government

Case Study: UK Space Agency

The CLCC works with the UK Space Agency to develop insurance and liability requirement policies, providing views on structuring liabilities, insurance requirements, and analysis of risk to maximise value for money.

The CLCC provided expert advice to explore alternatives to traditional third-party liability insurance for spaceflight related risks. This included reviewing the impacts of these alternatives on government, the space sector and the insurance market.



Review and reporting

The CLCC published its first report in July 2022, [Exploring the UK governments contingent liabilities](#), setting out the importance of contingent liability management.

The CLCC has worked with departments to develop a new, cross-government data collection exercise specifically relating to contingent liabilities, with a view to:

- summarising and analysing the existing stock of contingent liabilities across government
- better understanding the expected spend and the impact of crystallisations that could potentially be incurred from contingent liabilities; and
- collating on-balance sheet guarantee and indemnity data to build a comprehensive picture of where risk lies across government.



The importance of the work being done by the CLCC has been highlighted in Public Accounts Committee meetings and in HM Treasury's 2022 Autumn Statement. Additionally, the Office for Budget Responsibility, the Organisation for Economic Co-operation and Development and the International Monetary Fund have all expressed interest in the CLCC's publications.

Working with other departments, the CLCC also identifies and conducts thematic and strategic reviews in discreet areas. To date, the CLCC has conducted reviews on specific areas of government focus and concern, with the CLCC work resulting in better articulation of the size and likelihood of fiscal risk which can be used to inform future policy.

Provide advice and analysis on departmental policies which give rise to contingent liabilities

The CLCC fulfils a key analytical function to government, providing advice and analysis on contingent liabilities. The CLCC's credit and insurance experts regularly advise policy teams across government on structuring, managing, and charging for contingent liabilities.

Through the 2022/23 financial year, the CLCC has been commissioned by 11 departments and three ALBs. The CLCC provided detailed tailored guidance having:

- advised on 46 new cases for multiple departments across-government;
- of which, seven contingent liabilities have an exposure between £100m and £1bn, and five contingent liabilities have exposures over £1bn; and
- provided continued advice on a further 11 cases commissioned in the 2021/22 financial year.



The CLCC has improved value for money for existing and new contingent liabilities, some examples include:

Case Study: Nuclear related incidents

In the highly unlikely event of a nuclear related incident, government has responsibility for third party liabilities. There is insufficient commercial capacity to insure this risk completely. Therefore, the government has agreed to provide an indemnity until a market led solution becomes viable.

The CLCC provided expert advice, using loss estimates provided by GAD, advised BEIS and HM Treasury on practical ways of dealing with these contingent liabilities, including fair allocation of risk and reward between private sector insurers and the government.

Case Study: Mortgage Guarantee Scheme

The CLCC supported HM Treasury with advice on the extension to the Mortgage Guarantee Scheme. The team has since been supporting HM Treasury (and GAD) with maintaining their Mortgage Guarantee Scheme models and keeping them up to date. The CLCC has additionally supported HM Treasury's oversight and risk management of the scheme with specialist advice on the potential impact of higher interest rates, inflation and movements in house prices.

HM Treasury approves, monitors, and manages contingent liabilities through the Contingent Liability Approval Framework (CLAF) process. Any contingent liabilities with maximum exposure of £3m or more and which are novel, contentious or repercussive are required to complete assurance on costs and risks associated with contingent liabilities via the CLAF. The CLCC supports departments by reviewing and challenging CLAF checklists, providing further analysis and advice if required to departments and HM Treasury accordingly.

Over the past year, the CLCC has advised on and/or reviewed 27 checklists. This involves assisting departments to quantify risk, exposure, and probability of crystallisation. The CLCC continues to help departments improve the accuracy of information provided in checklists and ensure due consideration to charging for risk.

Promote and share best practice across government

The CLCC promotes best practice for contingent liability management across government. The team aims to drive standardisation, reducing inconsistencies and inefficiencies in monitoring and reporting of contingent liabilities. During 2022/23, CLCC has published guidance notes for use across-government on topics such as contingent liabilities in procurement and estimating losses for guarantees and indemnities.

A key part of the CLCC's remit is connecting professionals across government and sharing best practice. As part of this, the CLCC has established the Contingent Liability Advisory Network. This network seeks to connect finance, policy, and specialist colleagues from across government who are working with contingent liabilities.



Asset Realisation

Acquire, manage and execute the sale of all significant UK government corporate assets.

UKGI works across government to support departments on asset sales, advising ministers and senior officials on the best strategies and structures for a sale, carrying out market testing, and devising and managing the sale execution process to achieve value for money for the taxpayer. UKGI has a well-established reputation for selling assets where there is no policy reason for the government to hold the asset, and where the sale can achieve value for money. The UKGI Financial Institutions Group (FIG) is responsible for the NatWest Group plc (NWG) and UK Asset Resolution Limited (UKAR) portfolios.

NatWest Group

Over the past year, the government has continued to make progress in its policy to return NWG to the private sector. Following a successful transaction in March 2022 which took HM Treasury's ownership below 50% for the first time, and the successful launch of a 12-month Trading Plan in August 2021, the Trading Plan was extended for a further 12-month period starting from August 2022. Since launch, the Trading Plan has delivered over £3.7bn for the taxpayer, and government's ownership stands at around 42% as at 31 March 2023¹. FIG continue to actively seek opportunities for further disposal options when market conditions permit. In parallel, FIG has continued to engage closely with the NWG Board and Executive team on stewardship issues throughout the year. Over the past 12 months, UKGI has constructively engaged with NWG in a shareholder role on topics such as purpose, values and culture; climate transition plans; remuneration; and technology and innovation, while continuing to manage the government's shareholding at arm's length and on a commercial basis.



UKAR

Following completion of the sale of all remaining mortgage assets and the corporate entities of Bradford & Bingley plc (B&B) and NRAM Ltd (NRAM), formerly Northern Rock, to a consortium led by Davidson Kempner in October 2021, HM Treasury continues to be the sole shareholder of UKAR residual company (ResiCo). ResiCo's purpose is to manage and resolve certain legacy liabilities until UKAR Ltd can be fully wound up. The FIG Director continues to perform the Shareholder NED role on the board of UKAR and FIG provide the UKAR Company Secretariat function. Over the first year of ResiCo operations, FIG's focus has been on embedding and optimising the new governance arrangements, ensuring effective oversight of the management of remaining contingent liabilities, including contractual obligations to the buyer, and timely preparations for the successful transfer of the NRAM and B&B pension plans into public sector schemes.



¹ In April 2023 the Trading Plan arrangement was extended to 11 August 2025. In May, HMG successfully sold just under 5% of the company back to NatWest via a Directed Buyback, raising c. £1.26bn. As a result, as at 24 May the shareholding stood at 38.5%



Chief Operating Officer's Statement

In UKGI our people are our most important asset. During the year we continued to secure the best talent available from the private sector and the Civil Service by hiring 42 new people into UKGI, bringing us to a total of 163 people or 154 FT. We have now bedded in our post-pandemic operating model for over 150 staff. We continue to see benefits from our secondment model and have seen an overall a reduction in staff turnover.

We successfully delivered the People Action Plan, which was in response to the 2021 People Survey results. Excellent progress was made against the key themes of connectivity, reward/recognition, work-life balance, hybrid working, leadership and culture.

The results from the annual people survey in October 2022 were extremely positive and discussed at Director Group meetings, ExCo, and the Board. There was a direct read across between the focus of last year's People Plan and the improved survey results, which shows that we have acted on feedback and successfully driven improvement where needed. Our engagement rate increased by 8% points to 79% and was representative of the organisation with an 83% response rate.

Culture

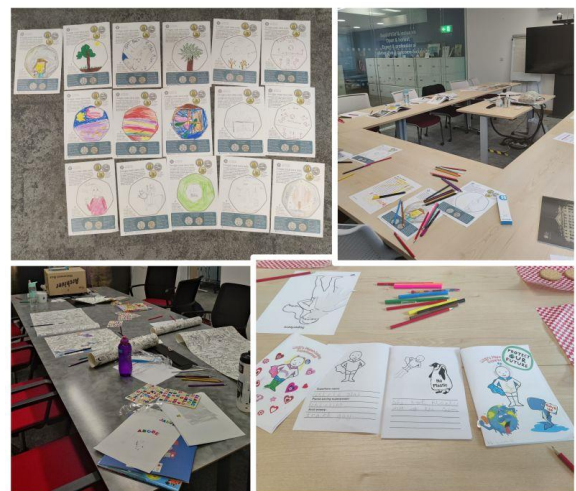
The organisational culture in UKGI continues to go from strength to strength, with 85% of colleagues agreeing in the latest People Survey which is an improvement of 7% from last year. When describing UKGI, the most used adjectives were “friendly”, “inclusive” and “collaborative”.

We continue to embed the UKGI Values. The website, workspace and intranet have been revamped to communicate our values internally and externally. The values have been incorporated in the induction and feedback process as well as recruitment and progression processes. During the year we developed our purpose statement and refreshed our mission statement with wide input from across the organisation.

Hybrid working model

Through our hybrid working model we give colleagues the flexibility to balance the benefits of home and office working, with over 90% of colleagues in the People Survey agreeing that it works well for them personally.

We held a series of events to enable connectivity after remote working, including the “Know our Business” Strategy Day, “Bring your kids to work” Day, and “Inspiration” Day.





Volunteering

This year, UKGI has refreshed its corporate volunteering programme to encourage and support opportunities for staff to maximise the use of their three days paid volunteering leave.



As a small, Westminster-based organisation, we can provide a significant impact on a charity in our local community and we intend to nominate a new local charity each year, who we can support through regular, tailored activities. At UKGI's Strategy Day in September 2022, a shortlist of prospective charities was presented to staff and Young Westminster Foundation (YWF), a local charity for young people which supports youth clubs and organisations through grants, training and networking opportunities, was voted for as our chosen charity for the next twelve months.

Since partnering with YWF, UKGI has assisted a Winter foodbank collection at The Abbey Centre in Westminster, united with local reading charity Doorstep Library, identified UKGI mentors to support YWF's 'Mastering My Future' programme in collaboration with partner organisations 2-3 Degrees and Unfold, and attended two YWF-run events at the Lord Mayor's Parlour at Westminster City Hall.

Mental health and Wellbeing

2022-23 saw the continued evolution of the UKGI Mental Health and Wellbeing (MHW) group.

The group has now formalised a structure set up to deliver 3 primary workstreams:

1. Inform – focused on sharing MHW information and best practice as it pertains to UKGI;
2. Inspire – focused on encouraging UKGI colleagues to get involved with activities, encourage open discussion and help build a culture that supports positive MHW outcomes; and
3. Improve – focused on making tangible improvements to how we monitor and measure staff wellbeing as well as potential optimisations to organisational policy and practice.

As ever, the group delivered a number of events and awareness raising initiatives within the year in support of these core objectives. These included a suite of informational and interactive events around Mental Health Awareness week, highlighting the specific theme of loneliness and providing a number of practical options to help connect colleagues; several huddle and blog updates covering themes such as anxiety in response to change and eating disorders and a substantial slot on building resilience and overcoming MHW challenges at the UKGI September Strategy Day.



Embedding D&I work

In the last 18 to 24 months UKGI has changed materially and now has an even more diverse staff from a variety of backgrounds who bring a broad range of perspectives. In the recent staff survey we scored highly on inclusivity at 88%, which was an increase of 8% from last year, and the feedback shows that our people enjoy being part of UKGI.

We have exceeded our formal gender diversity target with 46% of senior management (Executive Director and above) now female, against the Women in Finance target of 40%. We also met our target to have 10% of the senior management cadre identifying from an ethnically diverse background, which doubled from 5% in the last financial year. Whilst not a formal target, we continue to enable diversity of thought with a significant proportion of staff from an international background.

We have successfully piloted our graduate programme, recruiting from socio-economic tiers that have been under-represented in UKGI to date. We are now moving to full launch with a second cohort of graduates to join shortly. We have launched our apprentice scheme, also part of our social mobility focus, and this too will be developed further.

D&I is an ongoing journey, and whilst we have made good progress, there remains more to do.



Gender Pay

As an organisation with only 163 employees, UKGI is not required to publish the gender pay data required for companies with over 250 employees under the provisions of the Equality Act 2010 and associated regulations. We are, however, committed to the highest standards of transparency and have therefore elected to disclose our gender pay data, setting out the difference in average hourly pay between men and women.

As at 31 March 2023, our mean gender pay gap was 6.6% (31 March 2022: 19%), and our median gender pay gap was 16.7% (31 March 2022 22.5%). Our mean and median bonus gap was 19% and 34% respectively (31 March 2021: 32% and 37.6%).

UKGI's mean gender pay gap composition over the past five years has gradually shifted from 27.2% (31 March 2018) through our commitment to diversity and inclusion and the initiatives outlined above; and we are pleased to have made a significant change from 19% to 6.6% over the past year.

Civil servants in UKGI

Lorna Gratton, UKGI Civil Service Champion, and the Working in Government Network (WiGN) have continued their mission to attract excellent civil servants to UKGI with 16 joining during the year, and 17 completing their set time with us and returning to their home employer. The group have strengthened collaboration and understanding of government within UKGI via engagement across grades and professional backgrounds. Highlights this year include new 'working in government' inductions, rich discussions on the implications of topical political and government



changes; as well as ongoing delivery of government-focused Sharing Excellence Seminars, development of corporate finance L&D for colleagues with a civil service background, and the imminent roll-out of line management training for managers of civil servants.

Importance of continuous L&D to UKGI

Continuous improvement continues to be core to UKGI and our new Head of L&D has enabled a more strategic focus on L&D across UKGI. This included the development and delivery of the Corporate Governance Development Framework

Since 2020 we have set and met a target for all our staff to have completed at least 16 hours of continuous professional development (CPD) during the year. In 2022-23 we have maintained excellent focus on continuous improvement with an average of 27.5 hours of CPD completed by our staff, enabled through access to over 300 hours of training across 170 courses and seminars. Training was delivered in a mixture of online and in person to support hybrid working and continues to enable a high uptake.



UKGI net zero 2050 agenda

UKGI's own contribution to the 2050 net zero agenda is limited by our current tenancy situation. However, passionate colleagues have led a series of events throughout the year to make a difference where we can. This included "UKGI Environmental Week" in March 2022 where colleagues were encouraged to make a pledge for the environment, picked litter at the Queen's Park Community Council, and regular communications such as a blog on "24 simple steps that we can all take to make more sustainable choices at Christmas".

Alumni

Our Alumni activities have continued throughout the year, and the network has expanded to include 220 members. In addition to issuing our quarterly newsletter, our virtual talks have continued to be well attended and have included interviews with former colleagues who now work in a range of different environments, from departmental director generals, to our ALBs and consultancy firms. Our Alumni mentoring programme has continued to offer current and former colleagues an opportunity to share their experiences for mutual benefit, and the network has played its part in attracting former colleagues back to UKGI.

