



Business and Trade Committee
7 Millbank
London
SW1P 3JA

29th January 2026

Dear Business and Trade Committee members,

SUPPLEMENTARY ESTIMATE MEMORANDUM 2025-26

1. Overview

The UK Export Finance (UKEF – the trading name of the Export Credits Guarantee Department) Supplementary Estimate for 2025-26 seeks the necessary resources and cash to support the operations of the Department. This ensures the ongoing function of UKEF to support the private market by assisting exporters and investors, principally in the form of insurance and guarantees to banks, but also direct lending, to support exports.

The purpose of this memorandum is to explain to the Business and Trade Committee the drivers of this Supplementary Estimate and any impact on the delivery of the [UKEF Business Plan 2024-2029](#).

The UK continues to face many global challenges, from geopolitical tensions and conflict to climate change and an uncertain economic environment. In this context, UKEF is not only positioned to fill a market gap, but also to support the government's wider domestic and international policy objectives.

1.1 Objectives

This is the second year of delivery against UKEF's [Business Plan for 2024-2029](#). This is also the first year of the new Spending Review 2025 (SR25) period. [UKEF's new Business Plan](#) sets out five key delivery objectives:

1. Catalyse growth in UK trade through UKEF's world-leading export finance offer.
2. Significantly increase the number of SMEs that benefit from UKEF's support.
3. Help a broad range of businesses to export, driving local growth across all regions of the United Kingdom.
4. Position UK exporters and suppliers at the heart of the global low-carbon transition.
5. Use our finance in developing markets to create a positive impact on communities in the UK and overseas.

This approach recognises the strength of the UKEF offer and the role we play as a catalyst for the UK economy – whether supporting the low-carbon transition, increasing our financing for social infrastructure in developing countries, or using our deep sectoral understanding and global relationships to get more UK businesses involved in large international projects.

1.2 Spending controls

The spending totals which Parliament votes includes:

- **Departmental Expenditure Limit (DEL)** – covers spending as set out and agreed in the Spending Review (SR25) -
 - **Resource DEL (RDEL)**¹ – represents the administrative cost associated with running the department (known as Administration RDEL). This covers costs such as staff, estates, and other costs involved with running and delivering UKEF's services.
 - **Capital DEL (CDEL)** – this typically represents IT hardware and software-related costs, including internally developed software, and costs in relation to transformation and change projects delivery, including Financial Reporting Changes and FinTech.
- **Annually Managed Expenditure (AME)** – covers net spending which is more difficult to control and forecast (it is therefore set annually via the Supply Estimates process, rather than for the Spending Review period) –

Typically, UKEF faces several challenges when preparing its Supply Estimates, such as:

- general economic conditions which impact UKEF's portfolio
- volatility of the business volumes, with demand being customer led
- the exposure to unhedged foreign currency denominated assets
- the level and predictability of Direct Lending activity, particularly drawings

The following downside risks must be considered when determining a Supply Estimate:

- business demand and volumes
 - budgetary impacts of any ministerial directions
 - changes in credit conditions
 - claims activity
 - foreign currency movements²
- **Resource AME (RAME)** – represents the income and expenditure related to UKEF's underwriting and export finance activities. The Supplementary Estimates memorandum outlines some of key components for this year.
 - **Capital AME (CAME)** – represents lending activity (Direct Lending).
- **Net Cash Requirement (NCR)** – although the cash generated during UKEF's business activity is significant, the department requires cash to fund lending activity and to pay claims.

All **DEL** and **AME** amounts are Voted net.

UKEF continues to operate on a net zero cost to the taxpayer basis and as agreed with HM Treasury, it offsets its operational costs (RDEL) with income.

1.3 Comparison of spending totals sought -

The table below shows the net spending totals sought for UKEF compared with last year.

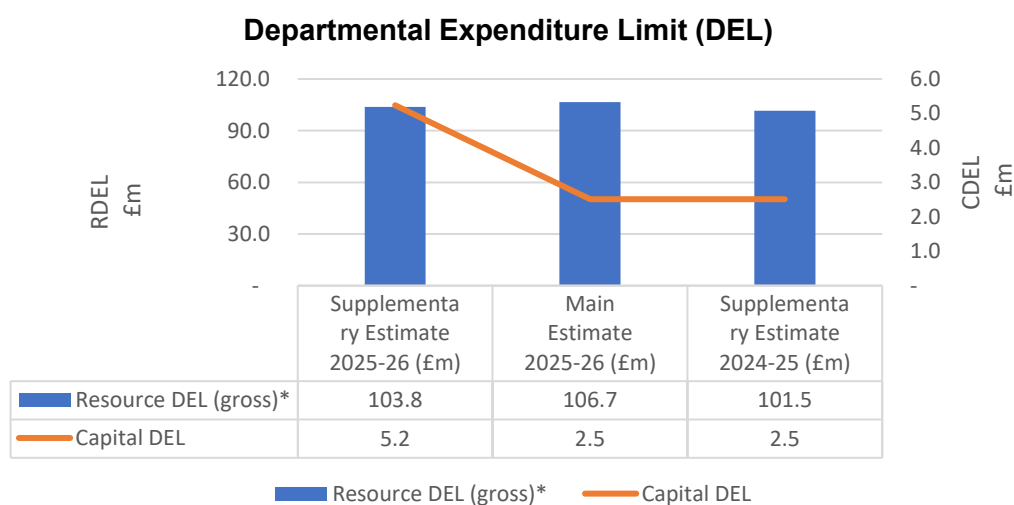
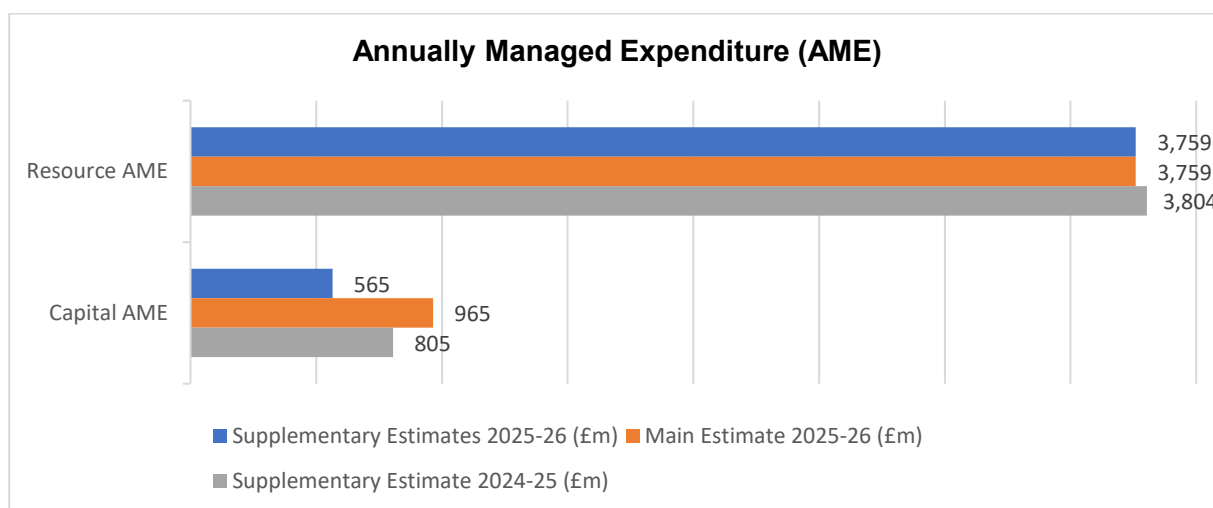
¹ Also included in RDEL is the budget for the administration of the Shipbuilding Credit Guarantee Scheme; [Shipbuilding Credit Guarantee Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/shipbuilding-credit-guarantee-scheme)

² UKEF cannot hedge its exposure to foreign exchange fluctuations, as determined by HMT

	Net Spending total	Compared to the initial budget		Compared to the Supplementary Estimate last year	
		Main Estimate 2025-26		Supplementary Estimate 2024-25	
	£m	£m	%	£m	%
Resource DEL*	(2.8)	0.0	-	0.0	-
Capital DEL	5.2	2.5	108%	2.5	108%
Resource AME	3,759.3	3,759.3	0%	3,803.6	(1%)
Capital AME	565.1	965.1	(41%)	805.4	(30%)
Net Cash Requirement	1,714.0	1,714.0	(0%)	1,451.9	18%

* Negative figure represents net RDEL income; this is a result of CDEL reserve claim funded through RDEL budget surrender.

UKEF budget comparison for Supplementary Estimate 2025-26 –



Note - RDEL is gross before premium income offset. Depreciation has reduced by £0.1m.

Historic estimate changes:

Budget type	2021-22		2022-23		2023-24		2024-25		2025-26	2025-26	2025-26
	Main Est, £m	Supp Est, £m	Main Est, £m	Supp Est, £m	Main Est, £m	Supp Est, £m	Main Est, £m	Supp Est, £m	Main Est, £m	Voted Change, £m	Supp Est, £m
Resource DEL (gross)	75.1	75.1	91.1	84.9	98.4	89.3	101.5	101.5	106.7	- 2.8	103.8
Capital CDEL	1.6	1.6	3.7	2.2	3.5	2.3	2.5	2.5	2.5	2.7	5.2
Resource AME	748.4	648.4	717.4	1,109.4	1,633.3	1,433.3	1,703.6	3,803.6	3,759.3		3,759.3
Capital AME	1,881.1	1,601.1	2,099.0	799.0	2,036.0	1,036.0	1,005.4	805.4	965.1	- 400.0	565.1

1.4 Key drivers of spending changes since the Main Estimate 2025-26

Capital AME – reflects the 2025-26 Direct Lending forecast which is based on the judgements of UKEF underwriters who draw on available transaction pipeline information, market intelligence and the estimated likelihood of transactions materialising within the financial year. Customer demand can vary due to external market conditions making the forecasting challenging and therefore subject to variability.

Under the Direct Lending Facility³, UK Export Finance provides loans to overseas buyers to finance the purchase of capital goods and services, from exporters carrying on business in the UK. Loans can be made in sterling, US dollars, Euros, Japanese yen, Australian, Canadian or New Zealand dollars and Swiss Francs.

UKEF ended its participation from the large Mozambique LNG deal, which accounts for **£200.0m** of the reduction in Capital AME budget in 2025-26.

CDEL reserve claim with accompanying surrender of RDEL –

A CDEL reserve claim was approved with an accompanying surrender of RDEL to support the delivery of UKEF's Fintech programme which is developing a new system (to replace a legacy system) to manage UKEF's loans and guarantees. This was supported by a repayable Contingency Funding Advance which allowed UKEF to ensure timely Fintech support pending the completion of the Supplementary Estimate in February 2026.

RDEL Depreciation (Ring-fenced) –

UKEF assessed its RDEL ring-fenced depreciation budget requirement in 2025-26 resulting in RDEL reduction of **£0.1m** compared to the Main Estimate.

Net Cash Requirement –

To support its Contingencies Fund Advance, the department has included a nominal £1k increase in its NCR control total, reflecting changes to the resource and capital budgets as outlined above.

³ [Direct Lending Facility - GOV.UK](https://gov.uk/direct-lending-facility)

2. Spending detail

2.1 Explanation of changes in spending

Resource DEL – Operating budget

Reduction in the annual budget, **£2.728m**, due to the increased requirement for capital CDEL budget, see below, to support the delivery of the multi-year Fintech Programme; reduction in RDEL ring-fenced depreciation budget, **£0.1m**, based on the latest departmental assessment.

Capital DEL – Capital budget

Increase in the annual budget, **£2.728m**, funded⁴ via reserve claim with accompanying surrender of RDEL budget, see above, to support the delivery of multi-year Fintech Programme.

Capital AME – Direct Lending activity

Reduction in the annual budget, **£400.0m**, compared to the Main Estimate 2025-26 based on the latest forecast of the net lending activity (direct lending), based on the underwriters' assessment.

2.2 Ring-fenced budgets

Within the totals, the following elements of Resource DEL are ring fenced, i.e. savings in these budgets may not be used to fund pressures on other budgets:

	Supplementary Estimate 2025-26	Main Estimate 2025-26		Supplementary Estimate 2024-25	
		£m	% change		% change
Depreciation, IT	£1.5m*	£1.6m*	-7%	£1.6m*	-7%
IFRS16 Leases	£0.8m*	£0.8m*	0%	£0.8m*	0%
Total	£2.4m*	£2.4m*	-7%	£2.4m*	-7%

*Rounded

From 1st April 2026 depreciation budget will move from RDEL to RAME.

2.3 Contingent Liabilities

There are no contingent liabilities outside of UKEF's normal course of business recorded as part of this Estimate.

3. Performance measures

UKEF's high level objectives (see below for measures of performance) for the current financial year 2025-26 are set out in its [Business Plan 2024-29](#) and are:

Delivery objectives	Performance measures
1. Catalyse growth in UK trade through UKEF's world-leading finance offer.	Value of exports supported (contract specific UK content) Value of support provided to UK exporters (non-contract specific support)

⁴ Supported by the repayable Contingency Funding Advance, by 31st March 2026

2. Significantly increase the number of SMEs that benefit from UKEF's support	Number of SMEs supported
3. Help a broad range of business to export, driving local growth across all regions of the United Kingdom	Proportion of SMEs supported outside of London Measure the number of underserved businesses supported
4. Position UK exporters and suppliers at the heart of the global low carbon transition by providing over £10bn of clean growth finance by 2029.	Value of new clean growth finance issued
5. Use our finance in developing markets to create positive impact on communities in the UK and overseas	Value of finance mobilised to low- and middle-income countries

Financial objectives	Performance measures
Retain the confidence of our ministers by rigorously managing risk, improving efficiency, and operating within the consent of HM Treasury	No breaches to Treasury Consent, Premium to Risk Ratio (PRR) and Pricing Adequacy Index (PAI) above agreed minima. <u>Financial objectives</u> - HM Treasury has set UKEF several key financial objectives as part of the standing consent for its operations. Two of them - PRR and PAI - are designed to ensure, as far as practicable, that the premium rates UKEF charges reflect the risk taken on and are sufficient for it to operate at no net cost to the taxpayer over time. UKEF is compliant with these key objectives and regularly reports on them to HM Treasury.

4. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the [Scrutiny Unit website](#). The memorandum has been prepared in line with the latest Scrutiny Unit guidance for Small Departments which must be followed from 2025-26 onward.

As Departmental Accounting Officer, I have approved the information included in this Estimates Memorandum.

Yours sincerely,



Tim Reid

Chief Executive
UK Export Finance

Export Credits Guarantee Department

INTRODUCTION

This Supplementary Estimate is required for the following purposes:

£			
Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
Budget Regime Changes			
(Section A) The reduction represents surrender of RDEL budget to support the delivery of Fintech change programme, with a corresponding increase in Capital DEL budget.		-2,728,000	
Other Changes			
(Section A) Reduction in ring-fenced depreciation budget.		-107,000	
Total change in Resource DEL (voted)		-2,835,000	-2,835,000
Reserve Claims			
(Section A) The budget increase represents a reserve claim, with corresponding surrender of Resource DEL budget, to support the delivery of Fintech programme, accompanied by a repayable Contingencies Fund advance.	2,728,000		
Total change in Capital DEL (voted)	2,728,000		2,728,000
AME Expenditure Changes			
(Section D) The reduction represents an update to projected net Direct Lending drawings when compared to the Main Estimate where some of the direct lending did not materialise in 2025-26.		-400,000,000	
Total change in Capital AME (voted)		-400,000,000	-400,000,000
Revisions to the Net Cash Requirement reflect changes to resources and capital as set out above. It also takes account of movements in debtors.	1,000		
Total change in Net Cash Requirement	1,000		1,000

PART I: EXPENDITURE AND AMBIT

£

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	-2,835,000	-	-2,835,000
Capital †	2,728,000	-	2,728,000
Annually Managed Expenditure			
Resource	-	-	-
Capital	-400,000,000	-	-400,000,000
Total Net Budget			
Resource	-2,835,000	-	-2,835,000
Capital	-397,272,000	-	-397,272,000
Non-Budget Expenditure	-		
Net Cash Requirement †	1,000		

Supplementary amounts required in the year ending 31 March 2026 for expenditure by Export Credits Guarantee Department on:

Departmental Expenditure Limit:

Expenditure arising from:

The running of ECGD's operational activity (operating costs of the Department), including Governmental response to the coronavirus Covid-19 pandemic.

Services provided on behalf of other government departments including payment for services incurred on behalf of other government departments.

Income arising from:

Some underwriting activity, notional income in respect of the Apprenticeship Levy and sponsorship income raised to defray specific marketing costs.

Services provided on behalf of other government departments including recoveries of income from other government departments and third parties.

Annually Managed Expenditure:

Expenditure arising from:

Arrangements made by ECGD for supporting or developing UK exports, for insuring UK investments overseas and for transaction and portfolio management, and expenditure arising from the creation and increase in provisions related to ECGD's operational activities.

Services provided on behalf of other government departments including payment for services incurred on behalf of other government departments.

Income arising from:

Arrangements made by ECGD for supporting or developing UK exports, for insuring UK investments overseas for transaction and portfolio management, and income arising from the release of and decrease in provisions related to ECGD's operational activities.

Services provided on behalf of other government departments including recoveries of income from other government departments and third parties.

Export Credits Guarantee Department will account for this Estimate.

† £ 2,728,000 has been advanced from the Contingencies Fund to provide cash in respect of £2,728,000 capital DEL spending supporting the service provided for under section A of this Estimate. A corresponding cash amount is required to enable repayment to be made to the Fund by 31 March 2026.

PART II: CHANGES PROPOSED

£'000									
	Net Resources						Net Capital		
	Present		Changes		Revised		Present	Changes	Revised
	Admin	Prog	Admin	Prog	Admin	Prog			
	1	2	3	4	5	6	7	8	9
Departmental Expenditure Limit (DEL)									
Voted expenditure									
A Export Credit Guarantees and Investments	1	-	-2,835	-	-2,834	-	2,510	2,728	5,238
Total voted DEL	1	-	-2,835	-	-2,834	-	2,510	2,728	5,238
Total DEL			-2,835	-				2,728	
Annually Managed Expenditure (AME)									
Voted expenditure									
D Direct Lending	-	526,440	-	-	-	526,440	965,082	-400,000	565,082
Total voted AME	-	526,440	-	-	-	526,440	965,082	-400,000	565,082
Total AME			-	-				-400,000	
Voted expenditure			-2,835	-				-397,272	
Non-voted expenditure			-	-				-	
Total for Estimate			-2,835	-				-397,272	

£'000			
	Present Plans	Changes	Revised Plans
Net Cash Requirement	1,713,993	1	1,713,994

PART II: REVISED SUBHEAD DETAIL INCLUDING ADDITIONAL PROVISION

£'000

Revised Plans										
	Resources							Capital		
	Administration			Programme			Total	Gross	Income	Net
	Gross	Income	Net	Gross	Income	Net	Net			
	1	2	3	4	5	6	7	8	9	10
Departmental Expenditure Limit (DEL)										
Voted expenditure										
A Export Credit Guarantees and Investments	103,816	-106,650	-2,834	-	-	-	-2,834	5,238	-	5,238
B Shipbuilding credit guarantee scheme	50	-49	1	-	-	-	1	-	-	-
Total voted DEL	103,866	-106,699	-2,833	-	-	-	-2,833	5,238	-	5,238
Total DEL	103,866	-106,699	-2,833	-	-	-	-2,833	5,238	-	5,238
Annually Managed Expenditure (AME)										
Voted expenditure										
C Export Credits	-	-	-	3,764,954	-532,107	3,232,847	3,232,847	-	-	-
D Direct Lending	-	-	-	632,311	-105,871	526,440	526,440	841,423	-276,341	565,082
Total voted AME	-	-	-	4,397,265	-637,978	3,759,287	3,759,287	841,423	-276,341	565,082
Total AME	-	-	-	4,397,265	-637,978	3,759,287	3,759,287	841,423	-276,341	565,082
Voted expenditure	103,866	-106,699	-2,833	4,397,265	-637,978	3,759,287	3,756,454	846,661	-276,341	570,320
Non-voted expenditure	-	-	-	-	-	-	-	-	-	-
Total for Estimate	103,866	-106,699	-2,833	4,397,265	-637,978	3,759,287	3,756,454	846,661	-276,341	570,320

PART II: RESOURCE TO CASH RECONCILIATION

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	3,759,289	-2,835	3,756,454
Net Capital Requirement	967,592	-397,272	570,320
Accruals to cash adjustments	-3,012,888	400,108	-2,612,780
<i>Of which:</i>			
<i>Adjustment for ALBs:</i>			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-2,397	107	-2,290
New provisions and adjustments to previous provisions	-3,721,110	-	-3,721,110
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-677,391	-	-677,391
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	1,269,960	400,001	1,669,961
Increase (-) / Decrease (+) in creditors	118,050	-	118,050
Use of provisions	-	-	-
Removal of non-voted budget items	-	-	-
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
Net Cash Requirement	1,713,993	1	1,713,994

PART III: NOTE A - STATEMENT OF COMPREHENSIVE NET EXPENDITURE & RECONCILIATION TABLE

	£'000
	Revised Plans
Gross Administration Costs	103,866
<i>Less:</i>	
Administration DEL Income	-106,699
Net Administration Costs	-2,833
Gross Programme Costs	4,397,265
<i>Less:</i>	
Programme DEL Income	-
Programme AME Income	-637,978
Non-budget income	-
Net Programme Costs	3,759,287
Total Net Operating Costs	3,756,454
<i>Of which:</i>	
Resource DEL	-2,833
Capital DEL	-
Resource AME	3,759,287
Capital AME	-
Non-budget	-
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
<i>Adjustments to remove:</i>	
Capital in the SoCNE	-
Grants to devolved administrations	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	-
Other adjustments	-
Total Resource Budget	3,756,454
<i>Of which:</i>	
Resource DEL	-2,833
Resource AME	3,759,287
<i>Adjustments to include:</i>	
Grants to devolved administrations	-
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	3,756,454

PART III: NOTE B - ANALYSIS OF DEPARTMENTAL INCOME

£'000

Revised Plans

Voted Resource DEL

Administration

A Export Credit Guarantees and Investments

Sales of Goods and Services -106,578

Other Income -72

B Shipbuilding credit guarantee scheme

Sales of Goods and Services -49

Total Sales of Goods and Services -106,627

Total Other Income -72

Total Administration -106,699

Total Voted Resource DEL -106,699

Voted Resource AME

Programme

C Export Credits

Sales of Goods and Services -496,467

Interest and Dividends -35,640

D Direct Lending

Interest and Dividends -105,871

Total Sales of Goods and Services -496,467

Total Interest and Dividends -141,511

Total Programme -637,978

Total Voted Resource AME -637,978

Total Voted Resource Income -744,677

Voted Capital AME

Programme

D Direct Lending

Repayments -276,341

Total Repayments -276,341

Total Programme -276,341

Total Voted Capital AME -276,341

Total Voted Capital Income -276,341

PART III: NOTE C - ANALYSIS OF CONSOLIDATED FUND EXTRA RECEIPTS

No CFER income or receipts are expected in 2025-26.

PART III: NOTE D - EXPLANATION OF ACCOUNTING OFFICER RESPONSIBILITIES

The Accounting Officer prepares resource accounts for each financial year. See Section 2, Part III - Other statements and notes of Main Estimates 2025-26 for further details of Accounting Officer responsibilities.

Accounting Officer:

Tim Reid