
Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting held on Thursday 7th June 2018 at The Institute of Directors, Pall Mall, SW1Y 5ED.

Present:

Sir Mark Boleat - Chairman
Tracey Graham
John Howells
Lord David Hunt
Liz Richards
Adrian Roberts
Fiona Walmsley

Apologies:

None

In Attendance:

Mary Buffee – LINK Scheme Executive
Mike Knight – The FDCentre
Graham Mott – LINK Scheme Executive
Sue Wallace – LINK Scheme Executive

1. Welcome and Conflict of Interest Declarations

The Chairman welcomed the Directors and those in attendance to the meeting. He highlighted the main items that were on the Agenda for Board consideration:

- (Redacted under Confidential Grounds)
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- Progress on the mandated tender.

The Chairman reminded the Directors of their obligations under the Companies Act 2006 and the Articles of Association of the Company to declare the nature and extent of their interests (whether direct or indirect) in a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

As required by section 175 of the Act and the Articles, each Director (as applicable) confirmed and declared the nature and extent of his/her interest (whether direct or indirect) in accordance with section 175 of the Act and the Articles (the Conflicted Directors).

In particular:

- (i) Adrian Roberts declared his existing relationship with Bank of Ireland, being a Network Member and a shareholder of Vocalink.
- (ii) Fiona Walmsley declared her existing relationship with RBS, being a Network Member and a shareholder of Vocalink.

2. Minutes of the Previous Board Meeting and Matters Arising

The Chairman stated that the minutes of the meeting on 3rd May 2018 had already been approved.

All actions from the previous meetings of the Company have been completed or were on the agenda for this or future meetings.

There were no matters arising.

3. CEO's Report

The Board noted the contents of the CEO Report and that the key matters,

(Redacted under Confidential Grounds)

The Board was informed that UK Payments' annual forecast for cash usage was due to be released within the next few weeks. It is expected to project a decline in the proportion of cash payments from the current 44% to 16% by 2027. An analysis will be circulated to the Board in due course. **ACTION : HEAD OF STRATEGY.**

The Board agreed that the Board meeting scheduled for 1st November will be held in Harrogate, but with an earlier start time. There will be a Board dinner the previous evening. **ACTION : COO.**

4. Bank of England Update on Expectations

The Board noted that the Chairman has agreed the request from the Bank of England to attend the July Board meeting to provide LINK with its Expectations for 2018/19.

(Redacted under Confidential Grounds)

5. Access to Cash

The Board was provided with an update on the independent Access to Cash Review which is being chaired by (Name redacted under Confidential Grounds). The Board was informed that the first full meeting is being held on 12th June 2018 with a draft Call for Evidence and detailed communication and PR plans. An update will be circulated to the Board for information when available. **ACTION : HEAD OF STRATEGY.**

The Board noted that, whilst the Review's Terms of Reference could not be changed without going back to the Board, it is in all other respects completely independent of LINK.

6. People Update

The Board noted the progress with senior staff and director recruitment:

(Redacted under Confidential Grounds)

The Board approved the delegation of the final selection and appointment of the two new Independent Non-Executive Directors to a panel consisting of the Chairman, Lord Hunt, and the CEO.

The Board agreed that a comprehensive overview of the organisation and people issues should be presented and reviewed at a Board meeting at least annually. **ACTION : CEO.**

7. Review of the Board's Effectiveness

The Board discussed the results of the questionnaire completed by members on the Board's effectiveness together with a summary of points which have emerged from the Chairman's review meetings with individual Directors.

The Board agreed the following recommendations:

- The need to include HR issues on the agenda.
- The need to spend more time on strategic issues.
- The Board should consider seeking to reappoint all three Non-Executive Independent Directors when their terms expire in January 2019 with the expectation that this would be a final three-year term. Formal discussions will take place in October 2018 to address this. **ACTION : CHAIRMAN.**
- RemCom should be asked to address the strengthening of succession planning given that managing the new Executive Team and a significantly changed Board are major tasks for the next year.
- There should be a Board meeting in Harrogate every year and this should be formally built into the meeting calendar. **ACTION : COO.**
- Following the well-received training from BDO for the Audit Committee similar sessions should be organised for other topics. In particular, cyber risk is an area that needs more focus and a cyber-awareness session will be arranged for the Board. After that a corporate governance development session should be considered. **ACTION : COO.**
- The Board should consider asking the new Board Risk Committee how a better understanding of the risk of cyber-attack can be achieved given the increasing threat.
- More informal engagement between Directors between meetings would be welcome.

The Board noted that a programme of continuous professional development for Directors was desirable. The Board further noted that attendance and speaking engagements at events such as the Westminster Forum would be beneficial in terms of further raising LINK's profile. **ACTION : CEO.**

The Board agreed that the comments provided in the responses were most useful. After discussion on the timing and format of future reviews, the Board further agreed that:

- (i) The 2019 Board Effectiveness review should follow a similar format to 2018, maintaining the ability to provide comments, but with some modifications and extensions by reference to the PwC questionnaire that was included in the Board papers.
- (ii) An external review should be considered in principle for 2020.

ACTION : CHAIRMAN/CEO.

8. Update on the Financial Inclusion Programme and the Approach for Protected ATMs

The Board was provided with an update on the new Financial Inclusion Programme (FIP) which is due to go live from 1st July 2018, including the data on protected ATMs and the approach to reporting. The Board noted that the first Dashboard given to the PSR and put on the website in July will show the baseline number of protected ATMs as at 1st July. In August, LINK will need to report on lost Protected ATMs from the baseline list and provide an action plan on what is being done by the end of August.

(Redacted under Confidential Grounds)

The Board agreed that LINK should broaden its reporting beyond that required by the PSR by including its work in relation to the FIP. It should also provide a supporting commentary on the website. Given that there are two programmes in operation, ie FIP and Protected ATMs, the Board requested information on the degree of overlap of machines between the two. **ACTION : HEAD OF CONSUMER AFFAIRS.**

In general, the Board agreed that LINK should ensure positive PR messages whenever possible, eg by announcing numbers of new machines in super output areas.

9. Update on Reviewing Interchange for 2018

In preparation for a review of interchange at the July Board meeting, the Board was provided with the provisional results of the KPMG Cost Study. The Board then had a general discussion regarding the potential options for interchange that it should consider, noting that the KPMG Cost Study will provide a mechanism to support its ultimate decision.

(Redacted under Confidential Grounds)

10. Agenda Item Redacted under Confidential Grounds

11. Interchange PR Update -Scotland

The Board was updated on the latest PR and public affairs position in Scotland in relation to interchange, noting that the LINK Chairman is due to give evidence to the Economy, Jobs and Fair Work Committee of the Scottish Parliament at Holyrood on 12th June 2018.

The Board also noted that Which? had launched an ATM tool for consumers to report when machines had been lost.

The Board agreed to maintain its proactive PR stance of maintaining its commitment to a free-to-use ATM network.

12. Progress of the Mandated Tender and the next PSR Report

(Redacted under Confidential Grounds)

The Board agreed that LINK had run a positive and compliant process. The Board further agreed that the papers presented should form the basis of the next statutory update to the PSR, and also the update to the Bank of England for information. **ACTION : COO.**

13. Scheme Risk Management

The Board reviewed and discussed the risk position as shown in the Risk Management Dashboard which consisted of the following reports, noting that a consideration of risk is now embedded in all the topics on the Board agenda:

- Overview on Risk Management.
- Risk Summary.
- Risk Register Overview.
- Operational Risk Management.
- Member Risk Management.
- LSHL Cyber Resilience.
- GDPR 12 Step Plan.

(Redacted under Confidential Grounds)

The Board noted that the revised Data Protection Policy incorporating the requirements of GDPR had been drafted for approval at Audit Committee and that satisfactory progress had been made prior to the go live date of 25th May 2018.

14. Scheme Finances

The Board was updated on the Scheme's Finances.

(Redacted under Confidential Grounds)

15. Treasury Call for Evidence

The Board noted LINK's final response to the Treasury's Call for Evidence on Cash and Digital Payments in the New Economy made on 1st June 2018 and which will be published on the LINK website.

16. Noting of any Email Approvals

The results of the Exceptional Release vote and the approval of the purchase order for the Exceptional Release were noted.

17. Any Other Business**(i) RemCom**

Lord Hunt (Remuneration Committee Chairman) provided an update of the meeting that had taken place immediately prior to the Board Meeting.

(Redacted under Confidential Grounds)

The Board duly approved the merger of the Nominations and Remuneration Committees, noting that a new Terms of Reference would need to be prepared.
ACTION : COO.

The Board also noted that the composition of each of the Board committees will need to be finalised once the new Non-Executive Directors have been appointed.
ACTION : CHAIRMAN.

18. Next Meeting

The next meeting will be held on Thursday 5th July 2018 at 10.30 am (Redacted under Confidential Grounds)