
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 6th December 2018 at (Redacted on Confidential Grounds)**

Present:

Sir Mark Boleat – Chairman
John Gill
Tracey Graham
John Howells
Bill Raynal
Liz Richards
David Rigney

Apologies:

Lord David Hunt

In Attendance:

Mary Buffee – LINK Scheme Executive
Gary Henshaw – LINK Scheme Executive
Mike Knight – LINK Scheme Executive
Graham Mott – LINK Scheme Executive
Adrian Roberts – LINK Scheme Executive
Sue Wallace – LINK Scheme Executive

Natalie Ceeney CBE – Independent Chair of the Access to Cash Review (*Item 2 only*)

Charles Buckworth – RPC (*Items 10 and 11 only*)

1. Welcome and Conflict of Interest Declarations

The Chairman welcomed the Directors and those in attendance to the meeting. He summarised what had been a good year for LINK by highlighting the main achievements of the Scheme against a backdrop of an accelerating decline in cash usage volumes:

(Redacted on Confidential Grounds)

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).

David Rigney declared his position as Non-Executive Director of Principality Building Society which has a contractual relationship with a Network Member.

The Chairman advised the Board that although Lord Hunt was unable to attend the Board Meeting, he had provided input on various topics on the agenda and he would feed these into the discussion.

2. Update from the Chair of the Access to Cash Review

Natalie Ceeney joined the meeting.

Natalie Ceeney updated the Board on the progress of the Access to Cash Review. She informed the Board that the output of the Review would be split into two parts:

- (i) The interim report will be published before Christmas and will ask the question “Is Britain Ready to Go Cashless?”, to which the answer will in broad terms be “not yet”. It will highlight that acceptance of cash, and not just access, is a key issue. The aim of the interim report is to get key stakeholders on board and prepare them for the findings of the Review.
- (ii) The final report is scheduled for publication at the end of February 2019 and will contain the Review’s recommendations which will be finalised by the panel over the coming weeks.

Natalie Ceeney responded to questions from Directors on a number of issues, particularly regarding the experience in Sweden where the move to a completely cashless economy is well-advanced.

The Chairman thanked Natalie Ceeney for her informative briefing.

Natalie Ceeney left the meeting.

3. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting on 1st November 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.

4. Committee Updates

There were no committee meetings to update the Board on.

5. CEO’s Report

The Board noted the contents of the CEO’s Report and that the key matters were covered by separate agenda items.

(Redacted on Confidential Grounds)

The Board considered the latest data presented in the COO’s Report, noting that a consistent pattern of acceleration in the declining use of cash was now evident. The reduction in year-on-year weekly LINK ATM withdrawals had been 8-9% over recent weeks, up from 5% earlier in the year. The Board noted that an average of 7% decline had been used in the Interchange Impact Assessment for the PSR.

6. Update on Network Footprint and Financial Inclusion

The Board was updated on the Network Footprint Reporting and the Financial Inclusion Programme.

(Redacted on Confidential Grounds)

7. Update on the PSR's Specific Direction and LINK's Potential Commercial Development

The Board was updated on LINK's delivery of the requirements laid out in Specific Direction 8 (SD8), including direct commissioning and the revised premium structure for low volume ATMs.

(Redacted on Confidential Grounds)

8. Treasury Committee Inquiry into Consumers' Access to Financial Services

The Board was briefed on the Treasury Select Committee inquiry into consumers' access to financial services which was launched on 9th November 2018. The Board reviewed the draft response from LINK to the call for evidence and delegated authority to the Chairman and CEO to finalise LINK's evidence. **ACTION : HEAD OF CONSUMER AFFAIRS.**

9. Implications of the Court of Appeal's Decision on Business Rates

The Board was updated on the recent Court of Appeal decision relating to business rates on ATMs. The Board noted that leave to appeal to the Supreme Court had been sought, a process which in itself could take up to six months, with any subsequent Appeal itself potentially taking a further two years.

(Redacted on Confidential Grounds)

The Board reviewed the proposed draft communication to Members and agreed that it should be sent, subject to amendment to reflect the status of the Appeal. **ACTION : HEAD OF INNOVATION.**

10. Update on the Mandated Tender

Charles Buckworth from RPC joined the meeting.

(Redacted on Confidential Grounds)

ACTION : COO.

The Board approved the Supplier Evaluation Framework as presented.

11. Changes to the Members Agreement to Support the Mandated Tender

The Board considered the memorandum from RPC which sets out the proposed approach to governance to enable the Board to proceed through the tender process. (Redacted on Confidential Grounds)

The Board thanked RPC for its continued support through the tender process.

Charles Buckworth left the meeting.

12. Executive Risk Summary

The Board reviewed the update on the key risks currently facing LINK and the action being taken to mitigate these. (Redacted on Confidential Grounds)

The Board noted the approach on recording and notifying the Risk function of meetings with regulators by Directors and staff.

The Board approved the revised Enterprise Risk Management Framework (ERMF) which incorporated the changes requested by the Risk Committee at its meeting in October.

13. Scheme Finances

The Board was updated on the Scheme's Finances.

(Redacted on Confidential Grounds)

14. Development of the Senior Management Team and Keyman Risk Mitigation

The Board noted the proposed approach for Senior Management Team development and keyman risk mitigation, as developed and agreed with the Remuneration and Nominations Committee.

15. Approval of the Annual Scorecard Assessment for 2018 and the Scorecard for 2019

The Board considered the annual Scorecard which reviews performances against the objectives for the previous year. The Board reviewed the detailed assessment of performance against 2018 objectives and approved the overall assessment of "*Amber: Risks relating to infrastructure tender, Interchange and declining cash usage are under active management*".

(Redacted on Confidential Grounds)

The Board approved the Scorecard for 2019, noting that the Head of Innovation is considering how to develop the Scorecard process and better align it to the Board's Strategy. The Scorecard will also be more aligned to the Risk Appetite given LINK's role as a systemic risk manager. This will form part of the Board's Strategy Day in March 2019.
ACTION : HEAD OF INNOVATION.

16. Noting of the Consumer Council's Draft 2018 Annual Report

The Board noted the draft of the Consumer Council's 2018 Annual Report which will be finalised and agreed at the Consumer Council Meeting on 7th December 2018 prior to publication in January.

17. Noting of any E-mail Approvals

There were no e-mail approvals to note.

18. Any Other Business

There was no other business for the meeting.

19. Next Meeting

The next meeting will be held on Thursday 10th January 2019 at 10.30 am (Redacted on Confidential Grounds) The Chairman will consider nearer the time if a call is more appropriate depending on the agenda. **ACTION : CHAIRMAN.**