
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 2nd July 2020 by videoconference**

Present:

Sir Mark Boleat – Chairman (*Except Item 25*)
John Gill
Tracey Graham
John Howells
Lord David Hunt
Bill Raynal
David Rigney
Liz Richards

Apologies:

None

In Attendance:

Professor Russel Griggs (*Item 2 only*)
Mike Knight – LINK Scheme Executive (*Except Item 25*)
Graham Mott – LINK Scheme Executive (*Except Item 25*)
Adrian Roberts – LINK Scheme Executive (*Except Item 25*)
Tom Sleight – LINK Scheme Executive (*Except Item 25*)
Ian Vernon – LINK Scheme Executive (*Item 21 only*)
Sue Wallace – LINK Scheme Executive (*Except Item 25*)

1. Welcome and Conflict of Interest Declarations

The Chairman declared that a quorum was present and that the meeting had been duly convened. He welcomed the Directors and those in attendance to the meeting. He highlighted the significant issues affecting LINK which were relevant to the agenda:

- (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).

Bill Raynal declared his position as a consultant to Scottish Building Society which has a contractual relationship with a Network Member.

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

2. Briefing from Professor Russel Griggs on Access to Cash

Professor Russel Griggs joined the meeting.

(Redacted on Confidential Grounds)

On behalf of the Board, the Chairman thanked Professor Griggs for an excellent session.

Professor Russel Griggs left the meeting.

3. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting held on 4th June 2020 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 and Meeting Updates

The approved minutes of the Audit Committee meeting held on 4th June 2020 had been included in the Board papers for this meeting. Liz Richards (Chair of the Audit Committee) noted that most of the matters covered were “business as usual”.

She highlighted two areas covered at the meeting:

- (Redacted on Confidential Grounds)

The approved minutes of the Consumer Council meeting held on 5th June 2020 had been included in the Board papers for this meeting. Tracey Graham (Chair of the Consumer Council) thanked Lord Hunt for attending the meeting to lead the discussion on the public policy response to COVID-19 and the implications for financial inclusion. She also highlighted the presentation from David Fagleman of Enryo, which provided an update on how COVID-19 has affected consumers’ attitudes and behaviour relating to cash.

Lord Hunt (Chair of the Remuneration and Nominations Committee) gave a report on the meeting that had taken place immediately prior to the Board Meeting. (Redacted on Confidential Grounds)

The minutes of the Remuneration and Nominations Committee will be circulated to the Board once finalised. **ACTION: FINANCE DIRECTOR.**

5. CEO’s Report

The Board noted the contents of the CEO’s Report, which summarised the overall position of LINK. The key issues highlighted were:

- (Redacted on Confidential Grounds)

6. Footprint Report

The Board noted the Footprint Report, which outlined LINK's effectiveness in meeting its commitments to consumers and communities through the Protected ATM, Retail Centre, Financial Inclusion, and Community Request initiatives, and the financial impact on Network Members.

The key issues highlighted were:

ATM Footprint

The Board noted that conversions from free-to-use ("FTU") to pay-to-use ("PTU") ATMs have remained at a low level of less than 10 per month during the coronavirus crisis. There are 58 closed Protected ATMs requiring replacement which is manageable. Hence, the footprint and the service to consumers continue to remain in line with LINK's objectives.

Financial Inclusion Programme ("FIP")

The Board noted that the FIP continues to be updated under the guidance of the LINK Consumer Council to ensure that the right areas are continuing to be targeted, and that LINK's resources are used as effectively as possible. Of the 2,763 areas under the scope of the Programme, 2,154 have free access to cash through either a Post Office or an FTU ATM, leaving 609 without. If the Post Office was not included within the Programme, then there would have been 1,816 areas with an FTU ATM and 947 without.

Community Requests for an ATM

(Redacted on Confidential Grounds)

Direct Commissioning Pledge

(Redacted on Confidential Grounds)

7. Communications Update

The Board noted the contents of the update on LINK's communication strategy and its effectiveness. (Redacted on Confidential Grounds)

8. Stakeholder Update

The Board considered the update on LINK's engagement with key stakeholders including regulators and Network Members.

(Redacted on Confidential Grounds)

9. Update on the UKF Community Access to Cash Pilots Initiative

The Board noted the update on the Community Access to Cash Pilots, in particular that:

(Redacted on Confidential Grounds)

10. LINK Volume Forecast Following the Coronavirus Crisis

The Board considered the paper setting out the latest forecasts for LINK ATM usage in the light of the coronavirus crisis. (Redacted on Confidential Grounds)

11. Board Governance Effectiveness Review

The Chairman introduced the discussion on Board governance effectiveness by observing that it had once again been a valuable exercise. The comments in the Governance Questionnaire summary included in the supplementary papers in the Board pack were particularly useful, although in future it would be better to separate the Directors' comments from those of the Senior Management Team. As last year, it was good to see close alignment in the scoring on the questions between the Board and the Senior Management Team.

The Board considered the paper which, in addition to the results of the Board questionnaire, contained a summary of points which have emerged from the Chairman's review meetings with individual Directors. It also summarised the results of the Effectiveness Reviews completed by the Audit Committee, Remuneration and Nominations Committee, and the Risk Committee.

The Board noted the succession planning arrangements, where the current position is:

John Gill:	Three-year term of office expires 31 st May 2021.
Bill Raynal:	Three-year term of office expires 31 st July 2021.
David Rigney:	Three-year term of office expires 31 st July 2021.
Tracey Graham:	Second three-year term of office expires 31 st December 2021.
Lord Hunt:	Second three-year term of office expires 31 st December 2021.
Liz Richards:	Second three-year term of office expires 31 st December 2021.
Sir Mark Boleat:	Second three-year term of office expires 12 th February 2023.

It is company practice that Directors serve for two terms. Tracey Graham, Lord Hunt and Liz Richards complete their second terms at the end of 2021. As has previously been noted, arrangements are in hand to secure an orderly succession. John Gill, Bill Raynal and David Rigney have indicated that they are willing to serve for a second three-year term.

The Board noted the updated LINK Board and Skills Matrix, including the conclusions and next steps as follows:

- As planned, there has been a general strengthening in most areas of expertise.
- In particular, Public Policy, and Risk Management skills have improved in line with the Board Development Plan and experience. This is to support LINK's Strategic Plan which calls for a strong capability in these areas.
- Industry-Specific skills and Board Experience have improved, partly as a result of a general increase in experience. This has been propagated across the Director team by effective collaboration and experience-sharing across Directors, which is strongly encouraged by the Chairman and Senior NED.
- Maintaining these areas of capability, with a continued focus on Risk Management, remains a priority for the immediate future.

- This analysis will be fed into the development planning for the Board along with the results of the Board Effectiveness Review. The proposed Board Development Plan will be considered by the Board separately.

After discussion, the Board agreed the following recommendations arising from its review of governance and effectiveness:

- Board packs should be restructured so matters for discussion by the Board are emphasised. Use of summaries and supplementary papers should be introduced.
- Executives not on the Board should make presentations to the Board on appropriate matters at the majority of Board meetings.
- The Audit Committee's review of its effectiveness should be restructured in future years to highlight the views of Committee members. The Chair of the Audit Committee noted that the Audit Committee effectiveness review scoring had been deconstructed after the event and that there was no significant difference in the scoring of the members of the Committee compared with the other attendees.
- Consideration should be given to the balance of face-to-face and virtual meetings, together with the prospect of decoupling Board and Committee meetings. This should be led by the Committee Chairs. **ACTION: CHAIRS OF AUDIT, REMUNERATION AND NOMINATIONS, AND RISK COMMITTEES.**

The Board approved the appointment of David Rigney to the Audit Committee and the Remuneration and Nominations Committee.

ACTION: CHAIRS AND CEO.

The Board agreed that it was content with the way the review was carried out but would consider whether an external review should be performed in 2021 nearer the time.

A copy of the review, including the compete skills matrix, will be provided to the Bank.
ACTION: CHAIRMAN AND CEO.

12. Operational Summary

The Board considered the report on the overall operational position of LINK, including the latest Operations Dashboard included in the supplementary papers pack for the Board meeting, which provided updates in the following areas:

(Redacted on Confidential Grounds)

13. Update on the Recovery and Wind Down Plan

The Board considered the draft LINK Wind Down and Recovery Plan included in the Board papers, noting that it would be reviewed in more detail by the Risk Committee at the meeting immediately following the Board meeting.

(Redacted on Confidential Grounds)

14. Executive Risk Summary

The Board considered the overview of Key Risks contained in the Board paper and the Key Risk Summary included in the supplementary papers pack.

(Redacted on Confidential Grounds)

15. Finance Report and Setting of the General Budget for 2021

The Board considered the Scheme's Finances.

(Redacted on Confidential Grounds)

16. Setting Interchange Fees for the Next Calendar Year

(Redacted on Confidential Grounds)

17. Letter from the Bank of England on the Distribution of Profits by FMI's

The Board noted the letter dated 4th June 2020 to LINK's CEO, along with the CEOs of all of the other regulated FMI's, received from Sir Jon Cunliffe, Deputy Governor Financial Stability at the Bank of England on the subject of "*The Distribution of Profits Given Demands Arising from COVID-19*" and LINK's response. The Board further noted that there is no difficulty in LINK complying with the requirements of the letter.

18. Consideration of the Updated Non-Audit Services Policy

The Board considered the updated Non-Audit Services Policy which was included in the supplementary papers pack for the Board meeting. The Board noted that there were no material changes to the Policy and that it had been reviewed at the Audit Committee meeting on 4th June 2020 and recommended to the Board for approval.

The Board approved the updated Non-Audit Services Policy, noting that this will now be rolled out across the business and supported by appropriate training and communications.

19. Consideration of the Updated Audit Committee Terms of Reference

The Board reviewed the proposed updated Audit Committee Terms of Reference ("ToR") v7 which were included in the supplementary papers pack for the Board meeting. The Board noted that the ToR incorporated changes following the Board and Sub-Committee effectiveness reviews, to maintain alignment with the Risk Committee and to note that the Audit Committee would review the Whistleblowing Policy and ABC Policy annually. The Audit Committee had reviewed the current Terms of Reference at its meeting on 4th June 2020 and had resolved to recommend the changes now incorporated in the v7 document to the Board for approval.

The Board approved the updated Audit Committee Terms of Reference.

20. Noting of the Initial Proposal for the LINK 2021 Annual Release

(Redacted on Confidential Grounds)

21. Agenda item redacted on Confidential Grounds

22. Noting of any e-mail Approvals

The Board noted the following approvals which had previously been given by e-mail:

- 15th June 2020 – Approval of the LINK Policy on Protected ATMs.

23. Any Other Business

There was one item of AOB:

- Directors will shortly be invited to take part in a forecasting activity. **ACTION: STRATEGY DIRECTOR.**
- The LSHL Annual General Meeting is being scheduled to take place on 18th November, immediately after the NMAG meeting. It will have a similar agenda to previous years (Redacted on Confidential Grounds) **ACTION: COO.**

24. Next Meeting

The next meeting will be held on Thursday 3rd September 2020 at 10.30am (Redacted on Confidential Grounds)

Sir Mark Boleat, Mike Knight, Graham Mott, Adrian Roberts, Tom Sleight and Sue Wallace left the meeting.

25. Annual Review of Chairman Performance

As required by the UK Corporate Governance Code, the Board discussed the performance of the Chairman since the last annual review. The discussion is recorded in a private minute.