
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Friday 5th March 2021 by videoconference**

Present:

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

Apologies:

None

In Attendance:

LINK Scheme Executive
Kate Blades (Item 17 only)
Deanne Clifton
Mike Knight
Graham Mott
Adrian Roberts
Tom Sleight
Sue Wallace

1. Welcome and Conflict of Interest Declarations

The Chairman declared that a quorum was present and that the meeting had been duly convened.

The Chairman welcomed the Directors and those in attendance to the meeting. He highlighted the significant topics 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. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting held on 4th February 2021 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. Committee and Meeting Updates

The approved minutes of the Risk Committee meeting held on 4th February 2021 had been included in the Board papers for this meeting. John Gill (Chair of the Risk Committee) highlighted the main areas covered at the meeting:

(Redacted on Confidential Grounds)

4. CEO's Report

The Board discussed in detail the CEO's Report, which summarised the overall position of LINK. (Redacted on Confidential Grounds)

5. Roundtable Update

The Board was updated on the Access to Cash Roundtable held on 23rd February 2021 and its key stakeholder outputs, including the status of a longer-term commitment to LINK, POLR, cashback without purchase and a Post Office commitment.

6. Developing LINK's Strategic Options

The Board reviewed the developing analysis of LINK's strategic options which is intended to inform thinking in the run up to the Board Strategy Event.

(Redacted on Confidential Grounds)

7. Approach to LINK's Board Strategy Event

In light of the Government's latest Coronavirus guidance, the Board reviewed the approach and logistics for the Board Strategy Event.

Considering positive feedback from Board members who recently took part in some other external strategy virtual events, it was agreed that the Board Strategy Event would still take place on 4th May 2021 but that the format will be via videoconference. Dinner would be postponed until later in the year. **ACTION: CCO.**

8. Updated ATM Number Analysis

The Board was presented with the latest analysis of ATM numbers as part of the LINK Strategic Plan, with additional results to be considered at the Board Strategy Event.

9. Footprint Report

The Board noted the Footprint Report, which outlined LINK's effectiveness in meeting its commitments to consumers.

(Redacted on Confidential Grounds)

ATM Footprint

The Board noted that:

- Overall coverage continues to be satisfactory and the various LINK programmes are proving effective. LINK remains reliant on the support of a small number of deployers for Direct Commissioning to work and average prices have increased significantly between January 2020 (£26K) and January 2021 (£32K).
(Redacted on Confidential Grounds)
- The third national lockdown has once again led to ATMs inside shops, leisure and entertainment venues closing. In many cases, these are the same ATMs that closed in the spring and winter 2020 lockdowns when, at the peak, 4,000 free-to-use and 3,000 pay-to-use ATMs were temporarily closed. Of those 7,000 ATMs, 40% are currently open (55% before Christmas). A number of bank branches have also temporarily closed or are operating on reduced hours. In response, the FCA has reconvened the industry coordination group that it led last year to manage access to financial services. This includes LINK, the Post Office, retail banks and larger building societies, UK Finance and the regulators. Retail banks are also continuing to close branches permanently. The FCA has issued new guidance asking that banks reconsider these closures until the pandemic is over but the closures that have already been announced appear to be going ahead. Given the branches are in retail areas, the ATM closures that accompany them are unlikely to affect the overall footprint.
- In December, there were 45 publicly accessible Protected ATMs that were temporarily closed. LINK is monitoring these closely and receives regular updates from Members. If any of these ATMs permanently closes, then LINK will seek to replace them using Direct Commissioning. Given that there are only 54 Protected ATMs that are confirmed to have permanently closed and require replacement (55 last month), ATM coverage continues to be broadly satisfactory. Small numbers of ATMs are continuing to switch between free and pay-to-use as operators optimise their ATM fleets to maximise income. In January, nine ATMs converted to pay-to-use and 40 converted to free-to-use.
- (Redacted on Confidential Grounds)

Direct Commissioning

The Board noted that:

- In line with Government advice, LINK's field-based activities continue to be suspended and Direct Commissioning visits have been paused. LINK is monitoring the situation carefully and will resume this activity as soon as conditions allow. This is currently expected to be when non-essential retail reopens. Contractor resource is on standby to clear any backlog in the shortest possible timeframe. LINK has briefed the PSR on the detail of these plans.
- (Redacted on Confidential Grounds)

Financial Inclusion Programme

The Board noted that The Financial Inclusion Programme focuses on improving access to cash for the most vulnerable and deprived communities by paying premiums to ATM operators that provide free-to-use ATMs in these areas.

Of the 2,763 areas under the scope of the Programme, 2,182 have free access to cash through either a Post Office or a free-to-use ATM, leaving 581 without. If the Post Office was not included within the Programme, then there would have been 1,873 areas with access via a free-to-use ATM and 890 without.

Community Requests for an ATM

The Board noted that new Community Requests for an ATM have slowed to fewer than ten per month. LINK has visited 250 communities and 48 new free-to-use ATMs are now live with a further 50 sites in the pipeline for Direct Commissioning.

10. Stakeholder and Communications Update

The Board noted the update on LINK's stakeholder engagement and communication strategy, including latest developments in the IAD marketplace.

11. Operational Summary

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

(Redacted on Confidential Grounds)

12. Intended Response to the PSR's Consultation on the New Payments Architecture

The Board considered the proposed response to the Consultation and provided additional feedback to be incorporated in the final submission. **ACTION: STRATEGY DIRECTOR.**

Directors noted that the response was an appropriately strong and robust input to the Consultation.

13. Response to the PSR's Annual Consultation on Specific Direction 8

The Board noted LINK's submitted response to the PSR's Annual Consultation on Specific Direction 8.

14. Executive Risk Summary

The Board considered the overview of the Key Risks Report, including the management of risks and the actions undertaken to mitigate them.

(Redacted on Confidential Grounds)

15. Approach to 2021 Board and Committee Effectiveness Reviews

The Chairman and the Board, as part of their annual Review of Board Effectiveness, carefully considered the Financial Reporting Council's Guidance on Board Effectiveness principles, requirements and conditions to determine if an external review is required. It was proposed and agreed that an internal review only should be completed and that the format for the review should be as in previous years.

16. Finance Report

The Board considered the Scheme's Finances (Redacted on Confidential Grounds)

HR Report

Kate Blades, Head of HR joined the meeting.

The Board welcomed Kate Blades for her bi-annual presentation of the HR Report to the Board who were updated that the overall position with regards to HR is satisfactory despite the challenging environment and continued significant expansion of the team. (Redacted on Confidential Grounds)

The Board thanked the Head of HR for her helpful and comprehensive presentation.

Kate Blades, Head of HR left the meeting.

17. Risk Management Framework Annual Review

The Board considered the Risk Committee's recommendation to approve the changes to the core Risk Management Framework documents noted below, as part of the Risk Committee's Annual Programme of Work:

- Appendix 1: Enterprise Risk Management Framework ("ERMF").
- Appendix 2 & 2b: Risk Appetite and Impact Tolerances.
- Appendix 3: Risk Taxonomy.

Risk Committee had debated these changes at its 4th February 2021 meeting. It had considered them to be an appropriate evolution of the Framework and recommended them for Board approval.

The Board approved the proposed Risk Management Framework documents.

18. Consideration of the Proposed Operational Resilience Important Business Services

Sue Wallace presented the paper on behalf of Mike McFarland, Head of Operational Assurance.

The Board considered the recommended proposals, following the Risk Committee's consideration and support of the material, at its meeting on 4th February 2021. The Board noted that the Risk Committee's review has included a thorough debate on what constitutes an Important Business Service:

- Access to Cash in a safe, convenient and rapid manner through the LINK Network, and within this, the Important Business Services Sub-Services:
 - Transaction Processing.
 - Link Settlement.

The Board approved the proposed Operational Resilience Important Business Services.

19. Review and Approval of Updated Information Security Policies

The Board considered the Risk Committee 4th February 2021 recommendations to approve the proposed routine changes to the following Information Security Policies:

- Appendix 1: LINK Information Security Policy.
- Appendix 2: LINK Access Control Policy.
- Appendix 3: LINK End User Policy.
- Appendix 4: LINK Information Asset Classification Policy.
- Appendix 5: LINK Incident Management Policy, including the LINK Information Security Incident Report Template.

The Board approved the proposed Information Security Policies.

20. Noting of any e-mail Approvals

The Board noted there were no e-mail approvals for review.

21. Director Only Session

Deanne Clifton, Mike Knight, Graham Mott, Adrian Roberts, Tom Sleight and Sue Wallace left the meeting.

The Directors (including the CEO) held one of their scheduled sessions without the senior management team present. The discussion is recorded in a private minute.

ACTION: CHAIRMAN.

22. Any Other Business

There was no other business for the meeting.

23. Next Meeting

The next meeting will be held on Tuesday 4th May 2021 at 2:00pm by videoconference.