
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 3rd October 2019 at (Redacted on Confidential Grounds)**

Present:

Sir Mark Boleat – Chairman
John Gill
Tracey Graham
John Howells (except Item 19)
Lord David Hunt
Bill Raynal
Liz Richards
David Rigney

Apologies:

None

In Attendance (except Item 19):

Mike Knight – LINK Scheme Executive
Adrian Roberts – 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 significant issues affecting LINK which were relevant to the agenda:

- There had been no real change to the Brexit situation since the last meeting and the direct implications on LINK remain minimal.
- The infrastructure tender had concluded successfully, which is a major achievement.

(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.

2. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting held on 5th September 2019 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.

For future meetings, a table will be included in the Board papers providing a brief update on the status of actions from previous meetings. **ACTION: COO.**

There were no matters arising.

3. Committee and Meeting Updates

The approved minutes of the Audit Committee meeting held on 5th September 2019 had been included in the Board papers for this meeting.

Liz Richards (Chair of the Audit Committee) highlighted the main areas covered at the meeting:

- (Redacted on Confidential Grounds)
- An update from BDO and agreement to their workplan for the remainder of 2019.
- (Redacted on Confidential Grounds)
- Review of the Audit Committee Terms of Reference and Annual Agenda and Meeting Cycle.
- Consideration of the services and continued appointment of PwC as external auditor.

The approved minutes of the Consumer Council meeting held on 6th September 2019 had been included in the Board papers for this meeting.

Tracey Graham (Chair of the Consumer Council) highlighted the main areas covered at the meeting:

- Presentation from CACI including a review of data utilised and conclusions reached in relation to the access to cash work.
- Review of the Financial Inclusion Programme and discussion on how to take it forward given the other LINK access to cash initiatives.
- An update on the Post Office's agreement to join the Consumer Council.

She thanked John Gill for attending the meeting as observer. (Redacted on Confidential Grounds)

4. 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)
- The successful conclusion of the mandated tender (see Item 7).

The Board reviewed the latest data on ATMs and LINK transactions, noting the continued decline in each, and noted the information provided on the Vocalink Minimum Commitment Analysis, Operational Key Performance Indicators, Network Outages, Notifiable Incidents and the Financial Inclusion Programme.

5. Footprint Update

The Board considered the current status of the ATM footprint and developments within the broader areas of consumer, PR and public affairs.

ATM Footprint

The Board noted that the number of Free-to-Use (“FTU”) ATMs continues to fall, with the total number now below 48,000. However, with only 48 closed Protected ATMs requiring replacement, the network footprint, and hence service to consumers, continues to remain satisfactory. (Redacted on Confidential Grounds)

Premiums and Direct Commissioning

(Redacted on Confidential Grounds)

Consumer Activity and Media Coverage

The Board was updated on recent coverage of the Access to Cash Commitment, the Which? report on access to cash published on 18th September 2019 and the British Retail Consortium report published the following day which reported that credit card spending had overtaken cash for the first time.

UK Finance Activity

The Board was briefed on the UK Finance Community Access to Cash Initiative which aims to help local communities to identify and secure appropriate free access to cash for customers.

(Redacted on Confidential Grounds)

Update on the PSR

In addition to the points covered in Item 4 above, the Board noted that LINK had been invited to a PSR roundtable discussion on 9th October 2019 which is closely aligned to LINK’s community engagement approach and support for multi-channel.

Post Office Banking Framework

(Redacted on Confidential Grounds)

Update on the Terminal Trial

The Board noted that, whilst the concept of cash withdrawals at retailer terminals remains widely supported by stakeholders in principle, it continues to face significant regulatory hurdles. (Redacted on Confidential Grounds)

Other Matters

Directors made the following points:

- (i) The Board agenda should be restructured for future meetings to align with the discussion that had taken place on Access to Cash, the Network Footprint and other matters. **ACTION: CCO.**
- (ii) The Board paper would benefit from the inclusion of a table reconciling the total numbers of Protected ATMs, including number closed, number resolved by the market, etc. **ACTION: CCO.**

(Redacted on Confidential Grounds)

The Board agreed that it would be useful to commission an academic paper covering the correlation, or lack thereof, between notes and coin in circulation versus number of cash transactions. **ACTION: CEO.**

6. Footprint Data Summary

The Board discussed the information provided in the Board paper on the different kinds of footprint data that are available to assess ATM coverage.

(Redacted on Confidential Grounds)

The Board noted the conclusion that the existing footprint data demonstrates that ATMs are largely concentrated in locations where there is significant retail activity. This is as expected, given that retailers provide both suitable premises to host ATMs and an opportunity for consumers to spend cash. As LINK is committed to maintaining the existing footprint of FTU ATMs rather than enhancing it (except in unresolved financial inclusion areas) this data confirms that it is appropriate to focus access to cash commitments on retail centre locations.

7. Tender Update

The Board considered the progress of the infrastructure tender, noting that:

- The project status has been set to Green to reflect the successful Member vote and the execution of the new Switching and Settlement Agreement (“SSA”) with Vocalink on 30th September 2019. The Members, Vocalink, the Bank of England, the PSR and the Treasury have all been notified of the successful vote.
- (Redacted on Confidential Grounds)
- (Redacted on Confidential Grounds)

The Board wished to record its thanks to the COO and the tender team for the great job they had performed in bringing this process to a successful conclusion. Credit was also given to the Operations team who had managed the business as usual activities effectively whilst this project was going on.

The Board noted that a project close-down review was currently being performed which would cover the big issues and lessons learned. The report and a brief presentation will be provided to the Board at the November meeting. **ACTION: COO.**

8. Finance Report

The Board considered the Scheme's Finances.

(Redacted on Confidential Grounds)

9. Executive Risk Summary

The Board considered:

- (i) The key risks currently facing LINK and the actions underway to mitigate these.
- (ii) Progress in strengthening LINK's approach to managing risk.

(Redacted on Confidential Grounds)

10. Agenda Item Redacted on Confidential Grounds

11. Website Update

The Board was updated on recent changes to the LINK website. The Board noted that the main change is the introduction of a new "Publications" section on the main navigation which contains four sub-pages:

- Access to Cash, which includes details of LINK's Financial Inclusion Programme, Natalie Ceeney's Access to Cash Review, and the Professor Russel Grigg Report on Access to Cash in Rural Communities.
- Reports, which brings together LINK's new Monthly Reports, Annual Reports, the Consumer Council Reports and the recent Report on Preserving Cash Access.
- Policies and Regulation, which contains details of LINK's Policies and the January 2018 Interchange Decision.
- LINK Consultation Responses, which has links to recent responses to consultations from the PSR and HMT.

The Board further noted that new pages covering the LINK Community Access to Cash Initiative will soon be added.

The Board agreed that website hit data will be added to future COO reports. **ACTION: COO.**

12. Approval of the Internal Audit Plan for 2019/2020

The Board reviewed the approach to Internal Audit for the remainder of 2019/early 2020, (Redacted on Confidential Grounds)

The Board approved the approach to Internal Audit for the remainder of 2019/early 2020.

13. Approval of the Contents of the LINK Annual Release

The Board reviewed the contents of the LINK 2020 Release that were included in the Board papers, noting that the material is unchanged from the information presented at the July Board Meeting, other than the addition of the Member request to add (Redacted on Confidential Grounds).

The Board approved the contents of the LINK 2020 Release and authorised the Scheme Executive to initiate the Network Member vote to approve the above changes. ACTION: COO.

14. Consider Amendment to Rate Card to Support Use of the Issuer Only SD8 Funding for Broader Financial Inclusion Initiatives

The Board considered certain changes to the Rate Card to the Members Agreement in support of the funding arrangements for LINK's Access to Cash Objectives (as defined in the Members Agreement).

(Redacted on Confidential Grounds)

The Board approved the Amendment and the circulation of the Amendment to Network Members for approval. The Board further approved that the Amendment will come into force and effect in accordance with the above. ACTION: COO.

15. Approval of the PSR Annual Compliance Report

The Board considered the Scheme's draft response to the PSR's annual General Direction 3 and 4 return on access and governance "LINK 2019 Annual Compliance Report" which was included with the Board papers. The Board noted that it needs to be finalised and provided to the PSR by 31st October each year.

The Board approved the PSR Annual Compliance Report and authorised the Scheme Executive to issue to the PSR. ACTION: COO.

16. Noting of any e-mail Approvals

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

- 14th September 2019 – Approval of the final tender documents.

17. Any Other Business

There was one item of AOB:

- The Board was informed that it was proving a challenge to find a suitable date later in the month than the usual first Thursday for the December 2020 Board Meeting. This had been the intention as there will be a Board call only in January 2021. The Board will be advised of the final date once agreed. **ACTION: COO.**

18. Next Meeting

The next meeting will be held on Thursday 7th November 2019 at 9.30 am (Redacted on Confidential Grounds)

John Howells, Mike Knight, Adrian Roberts and Sue Wallace left the meeting.

19. Regular Non-Executive Director Only Session

The 2019 Governance Effectiveness Review led to a decision to follow best practice, by the NEDs meeting regularly without any executives present. These meetings have been scheduled so they are part of “business as usual” and have no sinister implications for the executives. The NEDs held the first such meeting. The discussion is recorded in a private minute.