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**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting  
held on Thursday 6<sup>th</sup> February 2020 at (Redacted on Confidential Grounds)**

**Present:**

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

**Apologies:**

None

**In Attendance:**

Mike Knight – LINK Scheme Executive  
Graham Mott – LINK Scheme Executive  
Adrian Roberts – LINK Scheme Executive  
Tom Sleight – LINK Scheme Executive  
Sue Wallace – LINK Scheme Executive

**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 then highlighted the significant issues affecting LINK which were relevant to the agenda:

- The total number of LINK transactions continues to decline, with a fall of 10.6% over 2019 compared with 2018.
- The various LINK access to cash initiatives continue to go well.
- There may be reference to access to cash in the budget which will take place on 11<sup>th</sup> March 2020.
- (Redacted on Confidential Grounds)
- The Chairman had recently attended the 10<sup>th</sup> Anniversary meeting of the Regulatory Policy Committee. He observed that, in practice, most regulation is informal and that regulators regulate what they can. This partly explains the high requirements placed on LINK in respect of operational resilience as opposed to other key entities in the overall ecosystem (e.g. BT, Post Office) which are currently unregulated with regards to payments.

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 9<sup>th</sup> January 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 two matters arising in connection with the LSHL Board Action Log included in the Board papers:

- (i) Ref 7 (9 Jan) should be marked "In progress" rather than "Completed".
- (ii) (Redacted on Confidential Grounds)

**ACTION: COO.**

## 3. Committee and Meeting Updates

There were no updates from Committees to be provided.

## 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)

## 5. 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 and Community Request Initiatives, and the financial impact on Network Members.

The key issues highlighted were:

### ***ATM Footprint***

The Board noted that the number of FTU ATMs continues to fall. Approximately 4,900 ATMs converted to PTU in 2019 and there are now 45,000 FTU ATMs out of a total of approximately 60,000 ATMs in LINK. Overall coverage of FTU ATMs, measured by the

Protected ATM footprint, remains satisfactory with only 50 of these ATMs requiring replacement under LINK's Direct Commissioning programme.

### ***Financial Inclusion Programme ("FIP")***

The Board noted that the FIP is currently being updated under the guidance of the LINK Consumer Council to ensure the right areas are continuing to be targeted. The key changes were highlighted at a previous Board meeting. Updated data will be provided at the Board meeting and the Consumer Council meeting in March.

### ***Community Requests for an ATM***

The Board noted that there had now been over 3,400 requests under this initiative following the receipt of a further 400 requests from Which? in recent weeks. The Board was informed that LINK had spoken to approximately 900 requestors, visited some 100 communities and approved 40 ATMs. Of these, seven had gone live and a further seven are scheduled for installation within the next month. Details of further opportunities for Directors to attend community sites, including ATM opening events, will be circulated within the next few weeks. **ACTION: CCO.**

(Redacted on Confidential Grounds)

## **6. Communications Update**

The Board noted the contents of the Communications update, in particular:

(Redacted on Confidential Grounds)

## **7. Stakeholder Update**

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

(Redacted on Confidential Grounds)

## **8. Agenda Item Redacted on Confidential Grounds**

## **9. Operational Summary**

The Board considered the report on the overall operational position of LINK which provided updates in the following areas:

### ***Summary of Strengthening Operational Resilience***

(Redacted on Confidential Grounds)

### ***Recovery and Wind Down Planning***

(Redacted on Confidential Grounds)

### ***Summary of Next Steps from the Tender***

The Board noted that work with Vocalink continued on developing the overall implementation plan of the new Switching and Settlement Agreement.

### ***Staffing and Capability Highlights***

The Board noted that the Operations and Support Services teams are still growing with planned strengthening of individual teams in several areas.

### ***Update on Critical Suppliers***

The Board noted that the overall performance of LINK's two Critical Suppliers, Vocalink for infrastructure and the Bank of England as the provider of the Real Time Gross Settlement (RTGS) system for settlement, remains good. (Redacted on Confidential Grounds)

### ***Operations Dashboard***

The Board reviewed the latest data on ATMs, LINK transactions and Cash Usage by Region, noting that the number of free-to-use ATMs had decreased further to 45,014 at the end of December and that reductions in transaction volumes continued to average around 12% in recent weeks.

The Board reviewed the data on LINK Service Performance including the table of Major Incidents.

The Board noted the information provided on the Vocalink Minimum Commitment Analysis, Operational Programmes, LINK Liability and Settlement, Member Assurance, the Financial Inclusion Programme, the Information Security Management System and the LINK website.

In general, the Board welcomed the new Operations Dashboard format. The number of LINK App downloads will be added to the website data. **ACTION: COO.**

## **10. 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)

## **11. Finance Report**

The Board considered the Scheme's Finances.

(Redacted on Confidential Grounds)

## 12. Update on Development of the Strategic Plan

(Redacted on Confidential Grounds)

The Board confirmed its agreement to the approach and timescales proposed.

## 13. Settlement Finality Regulations Assessment

The Board considered the paper regarding the Financial Markets and Insolvency (Settlement Finality) Regulations. The Board noted that the Risk Committee had considered the Regulations carefully at its November meeting and had resolved to recommend that LINK does not seek designation under the Regulations given the controls already in place in respect of settlement finality risk as outlined in the Board paper. The Board further noted that designation was unlikely to be attractive to Network Members, and that LINK is able to demonstrate compliance with IOSCO Principle 8 without designation.

**The Board approved that LINK does not seek designation under the Financial Markets and Insolvency (Settlement Finality) Regulations.**

## 14. Agenda Item Redacted on Confidential Grounds

## 15. Increases in Pay-to-Use (PTU) ATMs

The Board considered the paper outlining developments in the PTU market.

(Redacted on Confidential Grounds)

## 16. Review of the LINK Board and Sub-Committee Minutes Policy

The Board considered the updated LINK Board and Sub-Committee Minutes Policy and the LINK Approach to Minutes and Redaction Public Policy as included in the Board pack.

The Board questioned the value of publishing redacted Board minutes given the level of redaction that needs to take place. The PSR will be contacted to ascertain if this is still required. **ACTION: CRO.**

**The Board approved the updated LINK Board and Sub-Committee Minutes Policy and the LINK Approach to Minutes and Redaction Public Policy.**

## 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 5<sup>th</sup> March at 9.00am (Redacted on Confidential Grounds)

