
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 5th November 2020 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:

Lynne Foreman – LINK Scheme Executive (*Item 12 only*)
Mike Knight – LINK Scheme Executive
Graham Mott – 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 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. Minutes of the Previous Board Meetings and Matters Arising

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

3. Committee and Meeting Updates

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.**

4. CEO's Report

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

In response to questions from individual Directors, the Board noted that:

(Redacted on Confidential Grounds)

5. Roundtable Update

The Board was updated on the progress of the Access to Cash Roundtable and its Working Groups.

The Board noted that the regulators, led by HM Treasury, continue to work closely together following the Access to Cash Roundtable held over the Summer where the Chief Executives of the banks and LINK met and committed to support cash. Discussions now cover access to cash, acceptance of cash, the role of LINK and the Post Office, and the transition to digital payments. (Redacted on Confidential Grounds)

6. Agenda item Redacted on Confidential Grounds

7. Footprint Report

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

ATM Footprint

The Board noted that:

- Despite the ongoing restrictions, ATMs that had been temporarily closed due to the coronavirus crisis have been continuing to re-open. Over 54% (52% last month) of the 4,000 free-to-use (FTU) and 3,000 pay-to-use (PTU) ATMs that

temporarily closed are now transacting. There are around 40 publicly accessible Protected ATMs that are still temporarily closed (48 last month), and LINK is monitoring these closely and receiving regular updates from Members. If any of these ATMs do not re-open, then LINK is ready to replace them using Direct Commissioning. Given that there are currently 57 Protected ATMs that are confirmed to have permanently closed and require replacement (58 last month), ATM coverage continues to be broadly satisfactory.

- Small numbers of ATMs are continuing to switch between FTU and PTU with eight ATMs converting to PTU and 19 converting to FTU in September.
- (Redacted on Confidential Grounds)

Financial Inclusion Programme (“FIP”)

The Board noted that, of the 2,763 areas under the scope of the FIP, 2,166 have free access to cash through either a Post Office or an FTU ATM, leaving 597 without. The sites without access typically have no or very limited retail activity and lack premises for an ATM. This month, two areas have been resolved as a result of community requests from an MP. The sites, in Hareleeshill and Ashgill, Scotland, have both had FTU ATMs installed.

Community Requests for an ATM

The Board noted that:

- The Community “Request an ATM” initiative, launched in October 2019, has now received over 3,700 requests for ATMs from communities relating to 2,700 unique locations. There have been very few new requests in recent months and almost 99% of locations have now been formally reviewed and either progressed to a site visit or removed from the process. LINK has visited 240 communities, and 31 new FTU ATMs are now live (26 last month) with a further 64 sites in the pipeline for Direct Commissioning (the pipeline has reduced by 14 since last month because five ATMs have been installed and LINK has found that there are no suitable premises or no willing retailers in another nine locations).

(Redacted on Confidential Grounds)

8. Stakeholder and Communications Update

The Board considered the update on LINK’s stakeholder engagement and communication strategy.

The Board noted that Pay.UK had appointed a new Chair, Mark Hoban. The Chairman has already made contact and a meeting has been arranged to discuss common issues within the next few weeks.

(Redacted on Confidential Grounds)

9. LINK’s Proposed Response to the Treasury’s Call for Evidence on Access to Cash

The Board considered LINK's draft response to HM Treasury's call for evidence on Access to Cash published in October 2020 which was included in the Board pack.

The Board noted that the LINK Consumer Council is preparing its own response which is consistent with LINK's. It will highlight the risk to the counter terminal pilot sites, should appropriate legislation not be in place at the end of the trial.

Individual Directors made the following points:

John Gill and David Rigney each declared a potential conflict of interest in the context of this discussion because of their positions as Non-Executive Directors of retail banks.

(Redacted on Confidential Grounds)

The Board agreed to delegate preparation and submission of the final text, taking account of the points raised at the meeting, to the CEO. **ACTION: STRATEGY DIRECTOR.**

10. 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)

11. Agenda Item Redacted on Confidential Grounds

12. Executive Risk Summary

Lynne Foreman joined the meeting.

The Board considered the overview of key risks contained in the Board paper and the attached Key Risks Report, including the management of these risks and the actions undertaken to mitigate them.

(Redacted on Confidential Grounds)

Lynne Foreman, Head of Compliance, made a presentation on the work of the compliance team and how this work supports LINK's role as a systemic risk manager and in support of the IOSCO Principles. (Redacted on Confidential Grounds)

The Chairman thanked Lynne Foreman for her presentation.

Lynne Foreman left the meeting.

13. Finance Report

The Board considered the Scheme's Finances.

(Redacted on Confidential Grounds)

14. Update on how Consumers' Use of Cash and ATMs is Changing as the Coronavirus Crisis Continues

The Board noted the paper outlining how consumers' use of and attitudes to cash is changing both in the UK and across Europe as the coronavirus crisis continues.

Directors made the following observations:

- Although the current week was unusual in that there had been relatively high activity prior to the new lockdown, the decline in transaction volumes had plateaued at approximately 35%-36% compared with 2019.
- The differences between UK regions had now evened out.

15. Noting of Proposed Rate Card Amendments

The Board noted that, following its approval of a number of changes to the Members' Agreement, Appendix 3 Rate Card at its October meeting, one further change, specifically in relation to the repayment of the IOSCO reserve, was applied prior to submitting to the LSL Board for its approval. This change was marked in the "*Rate Card (Last Version Sent to LINK)*" included in the Supplementary Papers to the Board pack. The LSL Board had duly approved all changes, including the additional change, and preparations are in progress to issue to Members for approval.

The Board approved the changes as shown in the "*Rate Card (Last Version Sent to LINK)*" that were made after the last LSHL Board meeting and as had been approved by LSL.

16. Noting of any e-mail Approvals

There were no e-mail approvals to note.

17. Any Other Business

There was no other business for the meeting.

18. Next Meeting

The next meeting will be held on Thursday 10th December 2020 at 10.30 am by videoconference.