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**Draft Minutes of a Link Scheme Ltd Board Meeting  
Held on Wednesday 2<sup>nd</sup> March 2016**

**Present:**

Dr. Ken Andrew - Chairman  
Jenny Campbell  
Tracey Graham  
John Howells  
Lord David Hunt  
Liz Richards  
Adrian Roberts  
Fiona Walmsley

**In Attendance:**

Mary Buffee – Secretariat  
Graham Mott – LINK Scheme Executive for item 4 on Interchange

**1. Welcome and Minutes and Matters Arising from the Board Meeting on 3<sup>rd</sup> February**

The Chairman welcomed Directors to the meeting and advised that, given difficulties with diaries, the meeting proposed for August would be cancelled. **ACTION: MARY BUFFEE.**

The Chairman restated to the Board the advice from A&O on conflicts of interest. The Member Non-Executive Directors (Jenny Campbell, Adrian Roberts and Fiona Walmsley) reminded the Chairman of their declared potential conflicts relating to decisions on the Independent Economic Review of Interchange.

The Board agreed the revised minutes of the previous meeting. The Chairman then reminded the Board that all future minutes would now be agreed via e-mail in line with the policy already agreed by the previous Board on the publication and redaction of minutes. This would be recirculated to the new Board. **ACTION: MARY BUFFEE.**

The Board agreed that sub-committees should be minuted in line with this and then reported to the Board.

All other actions were completed or on the agenda for the meeting.

**2. Future Scheme Governance**

The Board discussed progress on the implementation of the Independent Governance Review recommendations. At its meeting on the 25<sup>th</sup> February, the NMC had reconfirmed its acceptance of all of the Review's recommendations. NMC had also discussed its intended implementation approach, including the setup of the Scheme as a company limited by guarantee (CLG) as a priority. NMC had previously agreed that a Governance Members Working Group be set up to guide implementation, and has now authorised that this is set up as soon as possible given that restructuring is coming to a conclusion. This Working Group is due to meet for the first time on Friday 11<sup>th</sup> March. The Working Group will look at all implementation matters, including how to establish the CLG as a priority, and questions such as who will be the initial guarantors.

The Board discussed the advice from A&O on of options available for who could act as initial guarantors. The Member Non-Executive Directors agreed that they would seek in-

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house legal advice within their own organisations to understand what would be needed for them to act as guarantors as input to the Working Group meeting on the 11<sup>th</sup> March. **ACTION: JENNY CAMPBELL, FIONA WALMSLEY AND ADRIAN ROBERTS.**

To support this, a paper will be produced by A&O outlining the request, and providing detail around the generic memorandum and articles of association that CLG might initially use. **ACTION: JOHN HOWELLS.**

### **3. Update on the Commercial Workstream including Contract Negotiation and TUPE**

Board was updated on the restructuring vote at NMC on the 25<sup>th</sup> February. This item has been redacted due to its confidential nature.

There was a discussion on RemCom and recommendations from its first meeting. RemCom had discussed a range of items covering when and how it will meet, HR policy and HR risks, and Chairman and CEO's contracts. RemCom also noted that it wishes to operate in a step-by-step manner that supports and develops the Scheme. RemCom agreed to circulate its action points to the Board for confirmation at the next Board meeting. **ACTION: TRACEY GRAHAM.** One of RemCom's proposed actions will be that it will act as its own secretariat for the time being and will hold the records of its meetings. The previously agreed Terms of Reference for RemCom will also be circulated to the Board along with the LSL Memorandum and Articles of Association. **ACTION: MARY BUFFEE.**

### **4. Next Steps on Independent Economic Review of Interchange**

Board discussed the approach to the Review, including the feedback received from NMC at its meeting on the 25<sup>th</sup> February. The NMC had been clear that, whilst it had commissioned LSL to carry out the work and report back to NMC for a decision, there needed to be strong Member input to the Review. Board agreed that Member input was essential to the Review and that the most effective way of starting that would be via interviews conducted by Frontier Economics offered immediately to all Members. The Board also agreed that a monthly report to NMC on progress is needed, starting this month. **ACTION: GRAHAM MOTT.**

The Board discussed how to accelerate the planned work so that interchange proposals could be presented to NMC sooner rather than later. It was agreed to explore how to do this, and what the potential proposals could be, for the next Board. **ACTION: GRAHAM MOTT.**

The phasing of proposals with the results of the Cost Study were discussed and it was agreed to bring back proposals for how to advise NMC to deal with this for the next Board. **ACTION: GRAHAM MOTT.**

Board agreed to commission the work on ATM industry structure by Edgar Dunn for feedback to the next Board. **ACTION: GRAHAM MOTT.**

### **5. Approach to Innovation**

Board discussed the importance of innovation to the future of LSL. Jenny Campbell presented the paper and outlined the difficulties to-date of innovation given the restrictions around governance. The Board discussed the suggestion of including a proof of concept approach to new innovation as a test for a future model. The Board agreed to discuss a proposal at the next Board meeting as an example. This would need to include information on the proposition and commercial drivers for both Members and LSL. **ACTION: JENNY CAMPBELL.**

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The Board then discussed the value of the LINK brand and the need to consider the future of the brand in the commercial strategy for the organisation. It was agreed to include the development of the brand as part of discussions on how to innovate going forward.

#### **6. Scheme Finances**

Board discussed Scheme finances which remain on track. It was agreed that the terms of reference for the Audit and Risk Committee would now be developed and Liz Richards agreed to take this forward in her role as Chair of that Committee. **ACTION: LIZ RICHARDS.**

#### **7. AOB and Dates for Future Meetings**

The Board discussed the approval of new Members. The decision on new Members currently sits with the Scheme Executive. The Board agreed that approval of new Members would now be a decision of the Board and that the decision would exclude the Member Non-Executive Directors.

The Board discussed the latest position on Recognition of the LINK Scheme. John Howells is due to meet with HM Treasury on the 30<sup>th</sup> March and will report back after that.

The Board also discussed the PSR's interim report into the ownership and competitiveness of infrastructure provision published on the 25<sup>th</sup> February. Board then discussed its infrastructure provision, this section has been redacted due to its confidential nature. Board agreed to respond to the interim report and a draft will be prepared for its consideration. **ACTION: JOHN HOWELLS.**

The date for the next meeting is Wednesday 6<sup>th</sup> April at 33 St James's Square, SW1Y 4JS. A dinner will be organised for the evening before in London. **ACTION: MARY BUFFEE.**