
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 4th June 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:

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:

- LINK’s business as usual operations continue to perform satisfactorily during the coronavirus crisis.
- (Redacted on Confidential Grounds)
- The public debate on the role of cash in the economy is moving on to include how to help individuals overcome barriers to digital payments.
- (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.

Although it was noted unlikely to present a conflict, Lord Hunt informed the Board that he had been appointed as Senior Independent Non-Executive Director for the Covid-19 Support Fund.

John Gill informed the Board that Chetwood Financial Limited, a company of which he holds a position of Non-Executive Director, is planning to enter the credit card market and is therefore intending to join the Mastercard scheme. It was noted that it was unlikely to present a conflict with the interests of the Company.

2. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting held on 7th May 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

The approved minutes of the Risk Committee meeting held on 7th May 2020 had been circulated prior to the meeting. John Gill (Chair of the Risk Committee) noted that Item 11 on the Board agenda, *Planned Approach to the Return to Workplace Strategy*, had been considered by the Committee in the context of discussion on the Risk Dashboard, and that the revised Risk Committee Terms of Reference are included for Board approval under Item 20.

He highlighted the main areas covered at the Risk Committee meeting:

- (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)

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, Financial Inclusion, and Community Request initiatives, and the financial impact on Network Members.

The key issues highlighted were:

ATM Footprint

The Board noted that, although the coronavirus crisis continues to affect the operational ATM footprint, the actual physical footprint has been largely unchanged since March. As lockdown measures are slowly eased, some ATMs located in retail premises/host businesses that have been closed are now re-opening. Conversions from FTU to PTU remain limited at less than ten per month due to the requirement for engineers to attend site to change signage.

LINK has recommenced its Direct Commissioning field-based activities, taking into account Government advice. Additional contract resource has been deployed to deal with the backlog created by the coronavirus crisis lockdown. It is anticipated that this will be cleared by mid-June.

The overall number of FTU ATMs now stands at 44,000, down from 44,900 in February. However, with only 52 closed Protected ATMs requiring replacement, the footprint and hence the service to consumers continues to remain in line with LINK's objectives.

Financial Inclusion Programme ("FIP")

The Board noted that the FIP continues to be updated under the guidance of the LINK Consumer Council to ensure that the right areas are continuing to be targeted, and that LINK's resources are used as effectively as possible. The list of target areas is being refreshed based on the current Index of Multiple Deprivation (IMD) data, and Post Offices are now included as an acceptable channel to access cash and as a means of resolving areas.

Of the 2,763 areas under the scope of the Programme, 2,154 have free access to cash through either a Post Office or an FTU ATM, leaving 609 without. If the Post Office was not included within the Programme, then there would have been 1,816 areas with an FTU ATM and 947 without.

The Board further noted that the next steps are for all outstanding areas to be manually reviewed, newly deprived areas brought into the Programme, and those that are rural with no conurbations and no retail premises that could host an ATM to be removed from the Programme. Research is also being commissioned from Toynbee Hall to identify if and where pockets of financial exclusion exist, and the longer-term impact of the coronavirus crisis on target areas.

Community Requests for an ATM

The Board noted that new requests had slowed down to a trickle, so the total remains at just over 3,500 requests relating to 2,600 unique locations since the launch of this initiative on 2nd October 2019. (Redacted on Confidential Grounds)

Direct Commissioning Pledges

(Redacted on Confidential Grounds)

The Board approved the updated Protected ATM Policy and Financial Inclusion Policy.

6. Communications Update

The Board noted the contents of the update on LINK's communication strategy and its effectiveness. (Redacted on Confidential Grounds)

7. Stakeholder Update

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

(Redacted on Confidential Grounds)

8. Setting Interchange for 2020

(Redacted on Confidential Grounds)

9. Operational Summary

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

(Redacted on Confidential Grounds)

10. Planned Approach to the Return to Workplace Strategy

The Board noted the paper setting out LINK's proposed approach to moving staff back into the workplace as and when Government guidance deems it safe to do so.

11. Agenda Item Redacted on Confidential Grounds

12. Consideration of Members Agreement Changes to Support the Counter Terminal Trial

The Board was provided with an update on the Counter Terminal Trial.

(Redacted on Confidential Grounds)

The Board noted that a separate resolution to approve the Counter Terminal Trial Documents would be requested from the LSL Board by e-mail immediately after the meeting. **ACTION: COO.**

13. Consideration of Members Agreement Changes to Require Notice of a Switch from Free to Pay

The Board considered the Rules changes in the Members Agreement as set out in the appendix to the Board paper "*Operating Rule Changes*" dated 20/05/20. The Board

noted that these changes require, where appropriate, Acquirers to give notice of closure of any Protected, FIP or DC ATM in addition to any conversion from Free-to-Use to Pay-to-Use ATMs.

The Board approved the Rules changes in the Members Agreement as set out in the appendix “*Operating Rule Changes*”.

The Board noted that a separate resolution to approve the Rule changes would be requested from the LSL Board by e-mail immediately after the meeting. **ACTION: COO.**

The Board authorised the Scheme Executive to seek Member approval on a Simple Majority (50%) basis.

14. Executive Risk Summary

The Board considered the Key Risks Report attached as an appendix to the paper which set out the key risks currently facing LINK and the actions underway to mitigate these.

(Redacted on Confidential Grounds)

15. Finance Report

The Board considered the Scheme’s Finances.

(Redacted on Confidential Grounds)

16. Update of LINK Cash Usage Research

The Board noted the latest LINK research on consumers’ use of cash, as summarised in the appendix to the Board paper “*LINK Cash Usage Research*”.

The Board noted that the key findings included:

- Only a small number of consumers are frequent cash users, but they account for a disproportionately large share of cash use, and a large number of people are now rarely using cash.
- While there is a range of scenarios, this forecast has cash use falling by 31% in 2020 which is close to LINK’s current forecast of ATM use falling by 34%.
- Habit, ubiquity and budgeting are the prime reasons for using cash.
- The biggest factor preventing cash use in the future would be cash acceptance (which is now being discouraged because of coronavirus) followed closely by having to pay for cash.
- The profound changes in consumers’ behaviour caused by the coronavirus crisis will not necessarily be reversed in future.

17. Update on Business Rates

The Board was updated on the Supreme Court's ruling relating to business rates for ATMs. The Board noted that, following a seven-year legal process and a two-day hearing at the Supreme Court, on 20th May 2020 it was ruled that ATMs cannot be taxed separately to retail premises for business rates.

(Redacted on Confidential Grounds)

18. Consideration of Updated Data Protection, Supplier Management, Conflicts of Interest and Gifts and Hospitality Policies

The Board considered the updated Data Protection Policy (29th April 2020), Supplier Management Policy (27th April 2020), Conflicts of Interest Policy (3rd February 2020) and Gifts and Hospitality Policy (30th April 2020), together the "Policies", which were included in the Board pack reflecting the changes that were summarized in the Board paper. The Board noted these updated Policies had been reviewed at the May Risk Committee meeting and recommended to the Board for approval.

The Board approved the updated Policies, noting that these will now be rolled out across the business and supported by appropriate training and communications.

19. Approval of Updated Risk Committee Terms of Reference

The Board reviewed the updated Risk Committee Terms of Reference v2.0 which were included as an appendix to the Board paper. The Board noted that the changes incorporated feedback from the Risk Committee and reflected current industry good practice. The Risk Committee had reviewed the current Terms of Reference at its meeting on 7th May 2020 and had resolved to recommend the changes now incorporated in the v2.0 document to the Board for approval.

The Board approved the update Risk Committee Terms of Reference.

20. Annual Approval of the Exit Plan

The Board reviewed the updated Exit Plan v6.0 which was included in the Board pack following the annual review by the Scheme Executive in conjunction with Vocalink. The Board noted that it contained two non-material changes from the previous year reflecting minor operational changes made during 2019.

The Board approved the updated Exit Plan.

21. Board and Committee Meeting Dates for 2021

The Board reviewed the proposed Board and Sub-Committee dates for 2021 that were included in the Board pack. The final meeting schedule and diary invitations will be sent to Directors once agreed. **ACTION: COO.**

22. Noting of any e-mail Approvals

The Board noted the following approvals which had previously been given by e-mail:
(Redacted on Confidential Grounds)

23. Any Other Business

There was one item of AOB:

- LINK's Policies would be added to Diligent by the end of June and the Internal Audit reports by the end of July. **ACTION: COO.**

24. Next Meeting

The next meeting will be held on Thursday 2nd July 2020 at 10.30am by videoconference (or, if possible at that point, face-to-face in London).

