

The Big Society Trust

Meeting of the Directors (Members)
 21 November 2019 at 8.30 - 10.30am
 New Fetter Place, 8-10 New Fetter Lane, London EC4A 1AZ
BOARD AGENDA

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| 1. | <i>NED – only + AB</i> Introduction, Apologies for Absence, Approval of Minutes, Conflicts, Matters Arising | Chair | <i>Documents(timing)</i> Draft Minutes (5 mins) |
| 2. | <i>Bates Wells joins</i> Discussion of TopCo <i>Bates Wells leaves</i> | Chair/RB BatesWells | Update Note & Background BST Articles OpCo Articles Governance Agreements Funding Agreements Side Letters Board Resolution (30 mins) |
| 3. | BST Operational Issues | Chair/RB | Operational Considerations (30 mins) |
| 4. | Update from Noms Committee Chair | SHoward | Note on Chair Recruitment Process (10 mins) |
| 5. | <i>SE and CP join</i> BSC CEO Update | CPrior | CEO Notes Activity Review 2020 Expense Budget (10 mins) |
| 6. | Access CEO Update | SElsworth | Quarterly Update and Dashboard (10 mins) |
| 7. | BSC Social Impact Presentation | JRogers PEssl | Presentation (15 mins) |
| 8. | Formal Handover of Chair | Chair/RB | (5 mins) |
| 9. | AOB | Chair | |

Next BST Board meeting: 20 February 2020 at 8:30-10:30am

**Minutes of the meeting of the Board of the Big Society Trust
8:30-10:30am 21 November 2019**

In attendance:

Dame Clare Tickell (CT) Chair
 Robin Budenberg (RB)
 John Kingston (JK)
 Peter Holbrook (PH) (for Items 1-2 by phone)
 Sir Harvey McGrath (HM)
 Sir Stuart Etherington (SEt) (for Items 1-4 by phone)
 Stephen Howard (SH)
 Jo Fox (JF)
 Nicola Pollock (NP)

Other attendees

Cliff Prior (CP) BSC CEO (for Items 5-9)
 Seb Elsworth (SEI) Access CEO (for Items 5-9)
 Alastair Ballantyne (AB) Company Secretary

Bates Wells

Oliver Hunt (OH) Associate (for Item 2)

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| 0 | NED only Discussion | |
| 1 | <p>Introduction</p> <p>The Chair confirmed that there were no Apologies to record. However, PH and SEt were in transit and would need to leave the meeting early.</p> <p>The minutes of the previous Board meeting were approved without alteration, no additional conflicts (beyond those recorded) were declared, apart from the potential conflict of the Chairs of Access and BSC detailed in the note on the proposed Resolutions document circulated to the Board).</p> | <p>AB to publish agenda and minutes of the September Board meeting on the BST website. [DONE]</p> |
| 2 | <p>Discussion of TopCo</p> <p>AB had been asked to produce a note for the record detailing the negotiations of documentation with DCMS, NLCF and the OpCos. This also provided an update on developments and issues that had arisen since the last BST Board meeting.</p> <p>He noted that, while the main body of the Governance Agreements was substantially the same, there were some differences between the Schedules of the different OpCos' agreements. The document presented to the Board detailed these differences which (in large part) reflected that DCMS had negotiated parts of the new OpCos' (Fair4All Finance (F4AF) and Youth Futures Foundation (YFF) agreements separately and the different legal and regulatory status of the companies (eg Access and (potentially) YFF being charities and unlike the other OpCos, BSC is a company limited by shares).</p> | <p>Circulate Members' written resolution to change BST Articles - AB [DONE]</p> <p>Circulate Directors' written resolution to approve changes to BST/BSC Governance Agreement. - AB [DONE]</p> |

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| | <p>RB reminded the Board that a major issue it had highlighted had been F4AF wanting to be able to make performance-related bonus payments. Following the last BST Board meeting, Richard Collier-Keywood (RCK – the F4AF Chair) had contacted HM to understand how BSC had operated within this constraint. RCK had subsequently renegotiated the employment contract of the F4AF CEO and agreed to including language in their Governance Agreement prohibiting performance-related bonuses. The Board agreed that it would not be appropriate for BST to get involved in the payment of “de minimis” amounts to staff as this would overly intrude on an OpCos’ operational autonomy. HM commented that the issue of bonuses clearly reflected different approaches taken in different sectors and that RCK had been willing to listen to BST’s concerns. SEt expressed his satisfaction that the issue of bonuses had been effectively addressed.</p> <p>OH outlined the Actions required by the BST Board at this meeting to take the process of forming the new TopCo forward:</p> <ol style="list-style-type: none"> 1. BST Articles – the Board to agree changes to the Objects, Composition of the Board, terms concerning the ability of BST to change Articles of OpCos, and the use of funds distributed by BSC to BST. To revise the Articles Members of BST need to pass a written resolution and this issue required a Consensus Decision. The Board agreed to the circulation of the Resolution to be signed by the Members. [ACTION: AB DONE] 2. BST to apply for membership of F4AF and YFF. 3. BST to agree changes to Access Articles. 4. BST to approve Governance Agreements with OpCos. 5. BST to approve the NLCF “tri-partite funding agreements” with F4AF and YFF. 6. BST to approve its own funding agreement with NLCF (providing up to £500,000 pa for 15 years to cover its costs). 7. BST to agree changes to the BST Board including the reappointment of SEt and PH as Directors (having stepped down in their ex-officio capacity). <p>The Resolutions as presented in the document circulated to the Board were all approved.</p> <p>Amendments to the BSC Governance Agreement require a Consensus Decision of the Board (as the Remuneration Principles are being amended). As PH was no longer available, a written resolution would be circulated to the Board to seek this approval. [AB - DONE.]</p> | |
| 3 | <p>BST Operational Issues</p> <p>RB had circulated his outline paper to IH, RCK and JM for their views and they had all responded.</p> <p>Oversight Teams</p> <p>RB explained his suggestion of having “Oversight Teams” (rather than “Committees”) with two Board members on each Team one with specific domain knowledge and the other acting as a “buddy” or “link person” to each OpCo.</p> | <p>RB to circulate further details on the Oversight Team outline.</p> <p>AB to propose date for additional Board meeting to discuss annual accounts.</p> |

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| | <p>The three areas of oversight would be:</p> <ol style="list-style-type: none"> 1. Impact (including responsibility for Quadrennial reviews) 2. Accounting – including annual review of preparation of OpCo accounts 3. Remuneration – including annual discussion with OpCos about principles of remuneration. <p>The role of the “link person” would be to understand the business of the OpCo and the issues they are facing but not to act as a spokesperson or advocate for them - rather to be able to better understand and represent their views on the BST Board. RB had assured RCK that the Chair of BST would remain his main contact.</p> <p>JK suggested that a rotation of buddies every two years could better facilitate the BST Board getting to know the OpCos. JF agreed with the idea and thought this interaction with OpCos would make the BST NED role more rewarding.</p> <p>HM asked for clarification of who the BSC Audit Chair would be expected to meet on an annual basis – would this be the Oversight Team as a matter delegated by the Chair?</p> <p>RB suggested that he set out his thinking with greater clarity and suggest names for the specific Oversight Teams in a paper to be circulated to the Board. [ACTION – RB]</p> <p>Board Meetings</p> <p>Reflecting comments from the OpCos, RB suggested that two of the BST Board meetings each year could involve all the OpCos. This would enable them to talk about common issues (this was something DCMS had encouraged).</p> <p>The idea would be to have four quarterly meetings with quarterly reporting from each OpCo and a deep-dive into one OpCo at each meeting.</p> <p>There would need to be an extra annual meeting to review accounts well before the annual report is prepared. [ACTION: AB to suggest a date for this meeting after talking to OpCos – possibly around April?]</p> <p>It was suggested that the Board and Team meeting structure could be reviewed after a year.</p> | |
| 4 | <p>Update from Nominations Committee Chair</p> <p>SH updated the Board on the process for selecting Green Park to conduct the search for the new Chair and three NEDs.</p> <p>There was a discussion of the timing and the recommendation of the recruitment process going live in the new year. The Board emphasised the need to start the process of identifying candidates (and there could be “soft conversations”) as soon as possible so that the process would be able to</p> | <p>AB to contact Kai Adams at Green Park to feedback on the Chair recruitment process.</p> |

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| | <p>move quickly in the new year. JF referred to the role being rather unusual and needing to sow seeds early to socialise the idea with possible targets. SH emphasised the need for the BST Board to engage with its own networks.</p> <p>SH outlined the approach of a middle ground between launching the search now and waiting until January. RB suggested a “soft sell” before Christmas with a very long list being considered in the second week of December. CT emphasised that the role would be more “intense” in its first year. JK suggested the time commitment required in the first year could be described as roughly two days a month. There was a discussion of the background of potential candidates and the overarching need being for someone with strong experience and understanding of Governance issues.</p> <p>[ACTION: AB to contact Green Park and reflect the Board’s discussion.]</p> <p>SH also outlined progress made on identifying the Lead Reviewer for the first Quadrennial Review of BSC and asked for any further suggestions of names from the Board. AB explained that BST needed clear sight of its NLCF funding before it could commit to hire someone.</p> | |
| 5 | <p>BSC CEO Update</p> <p>CP highlighted the following: BSC’s refreshed vision, narrative and brand had been adopted well;</p> <ul style="list-style-type: none"> • The Budget shows a significant increase in operating expenditure reflecting changes made in 2019 to boost Legal and Compliance, Impact, HR and Finance functions. In the coming years increases in staff costs are only expected to follow inflation. <p>RB asked about benchmarking of the Budget. CP responded that the British Business Bank and CDC were identified as organisations having the closest similarity to BSC, and that BSC’s costs were low by comparison. JK also reflected on the additional costs of the advocacy role of BSC which represents roughly a third of operating expenses.</p> <ul style="list-style-type: none"> • BSC is preparing its 2020 Business Plan and strategy refresh. 2019 had been seen as a year for “getting things done” and 2020 will be the year for “reaching out for more impact”. • The external review of the investment process was positive with further proposals to follow-up; <p>SH asked about the external review as it was encouraging that it was seen as a positive exercise. CP commented on the challenge of managing other people’s money under the Client Investment project which would require a more rigorous approach and a shift in culture.</p> <ul style="list-style-type: none"> • Exco was engaged in a management development process (Inspire). • Major projects for BSC include the Client Investment initiative (with “go/no-go” decisions to be made in the near future) and the first Quadrennial Review (there was reference to SEUK also planning a review of social investment in the autumn). | |

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| | <ul style="list-style-type: none"> • CP provided an update on significant investments: Bristol place-based fund, Local Access, Gymnastics, Child Obesity, three new venture funds and homes for people with learning difficulties. <p>Uncertainties around Brexit and the General Election have caused some slowdown in activity in recent months.</p> <p>JK also pointed to the McArthur £150 million programme being big news – with good prospect that BSC’s intermediaries may receive co-investment from this source.</p> | |
| 6 | <p>Access CEO Report</p> <p>SEI presented the graph showing the annual spend on its programmes plus contributions to Access’s other costs from the endowment (until it is fully spent down in 2026). The Enterprise Development Programme will spike in 2021/22 and the Reach Fund will be managed to last longer with a slower decline. This had all been reviewed by the Access Board at its Away Day in September.</p> <p>Growth Fund Loans now total nearly 400. This represents roughly a third of the market and is a significant part of the social investment ecosystem. It is roughly half-way through its deployment. It will be fully deployed by around 2021. Access is currently building the case with DCMS to build on the achievements of the fund for the future.</p> <p>SH spoke about the support and involvement of others in the sector including Power to Change.</p> <p>Local Access had received 11 proposals of which five would be taken forward to the next co-design stage in January after an assessment process looking at the applicants’ vision, aspiration and partnering approach.</p> <p>SEUK had published its biennial state of the sector update which reported that access to funding had become less of a challenge. Social enterprises looking for amounts around £60,000 are generally able to find funding. Clearly for this to continue to be the case in the future, it would depend on there being supply of blended financing continuing to be available.</p> <p>The Board discussed the consultation exercise with Access’ intermediaries and other key partners on the long-term need for subsidy and the form of the request Access should be making to Government for further funding.</p> <p>JK updated on the recruitment of the new Access Chair which was being led by the Chair of its Audit Committee.</p> | |

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| 6. | <p>BSC Social Impact Presentation</p> <p>The presentation had been circulated but there was insufficient time for it to be discussed. NP referred to the learning and influencing role of BSC in the context of the Community Wealth Fund Alliance. SH asked that the topic be addressed at a future Board meeting.</p> | |
| 7. | <p>Formal Handover</p> <p>CT formally stood down from the Board and RB was approved by the Board to be its Acting Chair.</p> <p>HM thanked RB and AB for their efforts on progressing the TopCo project to the current point. He emphasised the vital role of guardianship entrusted to BST at what was a critical point in the development of the social investment market and delivering the visions of the new OpCos.</p> <p>JK thanked CT for her leadership and commitment to the BST Board. AB added his own personal appreciation for her support and humour.</p> | |
| 8. | <p>AOB</p> <p>AB circulated a revised Signing Authority Mandate. The new signing limits reflected the increased budget and spending of BST.</p> <p>The authorised signatories were revised in light of departures from the Board and new additions to the BSC Finance Team.</p> <p>The revised Signing Authority Resolution was approved and signed by the Acting Chair.</p> | |

Next meeting: 20 February 8:30–10:30am at BSC Offices.