

# The Oversight Trust

Meeting of the Directors (also Members)

14 June 2021 at 8.30 - 11.00am

## BOARD AGENDA

		<b>Presenter</b>	<b>Documents</b>	<b>Timing</b>
<b>1.</b>	<b>Introduction, Apologies for Absence, Conflicts, Approval of Minutes, Matters Arising</b>	SE	Draft 25 February Minutes	<b>5 mins</b>
<b>2.</b>	<b>Access Quadrennial Review</b>	<b>NP/KD/SH KL</b>	Access Quad Review Report Access Response OT Statement	<b>25 mins</b>
<b>3.</b>	<b>Access Deep Dive</b>	<b>NH/SE</b>	Access Materials	<b>50 mins</b>
<b>4.</b>	<b>Quarterly OpCo Updates (Including Governance Meetings)</b>	<b>SE/ Link Directors</b>	Letters to OpCo Chairs Separate Board Packs for each OpCo	<b>30 mins</b>
<b>5.</b>	<b>Risk Register</b> <ul style="list-style-type: none"> <li>• Reputational Risk</li> <li>• Dormant Assets Bill</li> </ul>	SE	Key Risks Full Risk Register	<b>20 mins</b>
<b>6.</b>	<b>Confidential Item</b>		Paper	<b>15 mins</b>
<b>7.</b>	<b>AOB (authorise Chair to vote on behalf of the Board at BSC AGM)</b>	SE		<b>5 mins</b>

Next OT Board meeting: 30 June at 1:00-5:00pm (AwayDay) followed by dinner  
OT Extraordinary Board Meeting (approval of annual accounts): 19 July at 8:30am

BSC AGM (including adoption of annual accounts): 23 June at 1:30pm

**Minutes of the meeting of the Board of Oversight Trust  
8:30-11:00am 14 June 2021**

**In attendance, Board:**

Sir Stuart Etherington (SE) Chair  
 Stephen Howard (SH)  
 Ian Hughes (IH)  
 Jo Fox (JF)  
 Nicola Pollock (NP)  
 Kevin Davis (KD)  
 Helen England (HE)  
 Andrew Rose (AR)  
 Clara Barby (CB)

**Access Quadrennial Review Lead**

Keith Leslie (KL) (Item 2)

**Access**

Nick Hurd, Chair (NH) (Item 3)  
 Seb Elsworth, CEO (SEI) (Item 3)

**Other attendees**

Alastair Ballantyne, COO OT (AB)

		<b>ACTION</b>
1	<p><b>Introduction</b></p> <p>The Chair confirmed there were no Apologies.</p> <p>Conflicts highlighted to the meeting: SH declared that he is a Trustee of Big Issue Invest (disclosed on the Register of Interests) and KD declared that he had recently facilitated organising meetings for Youth Futures with the West Midlands Combined Authority.</p> <p>The minutes of the OT Board meeting on 25 February were approved.</p>	<p>Feb 25 Board minutes to be published on the OT website – AB</p>
2	<p><b>Access Quadrennial Review</b></p> <p>NP commented on the Review process which had run very smoothly with good co-operation and responsiveness from the Access Board and Executive Team. It was helpful that lessons on process had been learned from the first review process last year.</p> <p>The Review was, overall, very positive about Access’ impact and the role of blended finance – by needing to explain Access’ programmes, it reflected its complexity.</p> <p>Queries from the Review included: the issue of complexity both in relation to the Growth Fund and more generally; the model of running a lean organisation meaning there are costs absorbed by its partners; EDI is covered in a programmatic sense rather than as an institution; and its approach to advocacy through network leadership.</p>	

	<p>Considerations for OT include:</p> <ol style="list-style-type: none"> <li>1. what is the role for OT in supporting blended finance?;</li> <li>2. what is the Legacy of Access given its 10 year life? - and should OT support the call for an independent assessment or leave this to DCMS to consider?</li> </ol> <p>KL provided an overview of the Review findings which were very positive overall and in particular around three key areas: the impact of Access; the efficiency of what they do; and the fact they are anchored in the sector they serve.</p> <p>While they had the right approach, the Panel saw risks concerning complexity; breadth vs depth; and their outsourced model. The overarching issue that needs to be addressed is the future of blended capital – vital in current circumstances. He pointed to the compelling evidence around Access’ engagement with areas of deprivation.</p> <p>Given its standing in the CSE sector, the Panel felt that Access could play more of a leadership role than it currently does by promoting EDI (Equality Diversity and Inclusion), their legacy and their advocacy role.</p> <p>He saw OT’s role to be to ask questions about the issues NP had outlined: around the outsourced model, legacy and advocacy.</p> <p>In terms of process for the Review, lessons had been learned from last year – in particular starting the planning early with Access and the revised Secretariat arrangements. In contrast to last year, the Review conclusions had been welcomed by the OpCo. Which made the tone of conversations with the OpCo easier and it had been helpful to have conversations with the Access Board.</p> <p>SH and KD highlighted the fact that the OpCos that had been reviewed to date had tended to deflect concerns expressed by the Reviews as a “question of communication” rather than substance. KD saw the process as particularly helpful in developing his in-depth understanding of the OpCo for his role as Link Director.</p> <p>The Board approved the publication on the OT website of the Review Report, Access’ Response and OT’s statement. A press release (circulated to the Board for comment) will also be published on 15 June. [ACTION: AB]</p>	<p>Publish Report and related documents and issue press release - AB DONE</p>
<p>3</p>	<p><b>Access Deep Dive</b></p> <p>SEI presented an update on Access’ programmes.</p> <p>He reminded the Board of the mission of Access and the various stages of their interventions, the sources of its funding and use of its endowment and outlined the network leadership approach.</p> <p><b>Programmes</b></p> <p><b>Enterprise Development Programme</b> – Access works in partnership with a range of intermediaries over a period of time (roughly three years) devising</p>	

and implementing programmes, with SIB providing operational support. As EDP has developed, it has led more with the idea of the engagement with a programme rather than being seen as just a source grant funding. Developing finance capability has been an important element.

The programmes are heavily skewed towards areas of multiple deprivation and feedback has been very positive in how effective they have been in developing capacity in those regions.

**Reach Fund** – provides investment readiness support to help social investors make investments. An evaluation of its effectiveness is underway. An important part of the programme has been to empower the CSEs to feel they are in control of the process. This includes not having a closed “approved provider” list of consultants. As a result, the distribution of consultants used has been more geographically diverse.

**Connect Fund** (with BCT) supporting Social Investment infrastructure, it has commissioned project-based interventions such as supporting equality and diversity, and helping the market respond to the pandemic (including through the Flexible Finance Programme). Access is currently working with BCT to broaden, and lengthen the life of, the programme.

### ***Blended Finance Programmes***

**Growth Fund** - lending in areas of deprivation provides strong evidence for Government to see this as part of the solution to the Levelling-up Agenda. Evaluation data has been helpful in demonstrating resilience and reach of impact. It shows the growing importance of blended finance for smaller CSEs and highlights the concern about funding post 2022 when the current programme will be fully committed.

**Local Access** – the programme is bringing the blended capital model to six cities around England – however, Covid has had an impact in slowing the development of the programme. The application process was more about expressing a vision rather than applying to a pre-structured programme. This has frustrated some and also means the timescales are longer – DCMS understands this. Bristol and Hartlepool are progressing well – the other areas at various stages of development.

**Covid Emergency Blending** – comprising 69 emergency loans which have been enabled by the provision of grant alongside, making the loan viable.

**Flexible Finance for the Recovery** – Access is particularly excited about this programme to develop more flexible and patient capital which is particularly needed given the unpredictability of the recovery. The challenges were identified by working with the sector on a process of discovery looking to identify priorities. SEI acknowledged there were lessons to be learned about the demands such a process puts on the sector (as mentioned in the Quad Review). The result will be a broad range of products from the intermediaries involved.

### ***Legacy of Access***

The issue of Legacy was covered in the papers provided to the Board.

KD asked about the NLCF report on the Growth Fund to be published by the evaluators in the summer. SEI outlined the scope of the report including the experience and impact on front line CSEs. Despite the complexity of the

	<p>overall programme, interviews of CSEs suggested that they had been effectively insulated from this by the fund managers.</p> <p>Access, BSC and NLCF are all pursuing slightly different objectives. There is a good working relationship, but lessons need to be learned for any future programmes.</p> <p>The Quadrennial Review has been helpful in highlighting the need for further funding for the Growth Fund. DCMS are very much aware of this as a potential call on dormant accounts monies distributed this year.</p> <p>Complexity in the Growth Fund was discussed. SEI suggested that complexity depends on where the grant funding comes from. The grant arrangement with NLCF presents complexities for Access to manage – but if money comes from dormant accounts the funds flow would be simpler and potentially introduce a more diverse range of co-investors.</p> <p>The Panel’s more general concerns about complexity may also relate to funders looking for successful familiar products rather than for innovation and new models.</p> <p>HE asked about knowledge mobilisation in its network leadership role. SEI saw this as a big area of focus and development for Access – and pointed to the recruitment of a Director of Advocacy and Partnerships – which is now well advanced.</p> <p>CB asked about the split of income between that derived from businesses and consumers Vs Government contacts. SEI responded that given the small scale of investees, most of their activity was not with Government. The primary agenda for the sector with Government related to broader economic impact of the sector and job creation opportunities in particular.</p> <p>NP asked about the Connect Fund and the fragility of intermediaries. SEI said that Access sees the Fund more as supporting projects rather than specific fund managers’ underlying business. It has funded some sector-wide activity such as in relation to EDI and helping local organisations engage with social investment.</p> <p>Strategic issues that had emerging from the Quad Review were discussed including: key individual risks; the operating model; and enhanced areas of activity such as around advocacy.</p> <p>NH saw virtue in Access running a lean model and the Board is aware of the risks. These are mitigated by having very open communication structures (“no surprises”) as well as growing aspects of the team’s activities around Advocacy and Finance. The legacy questions needed to be answered sooner rather than later and Access needs to force the pace with DCMS.</p> <p>SH raised a few observations concerning: the number of issues in the Risk Register labelled Red; [the capacity of partner organisations and whether they were able to deliver all that is promised;] and winding-down an organisation can take longer and be more complicated than expected – with partners beginning to see Access as a potential competitor.</p>	
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	<p>IH confirmed that there will potentially be a distribution of dormant accounts in the current year – but it may be relatively small, an issue related to the cash tied-up in other OpCos. However, he also outlined why dormant accounts could be a more likely source of funding for the Growth Fund going forward than NLCF - given the scale of the latter’s capacity for further social investment funding and the likelihood that any funding would still require an EDA.</p> <p>NH thanked the Board for the Quadrennial Review. He thought the process had worked well and he saw the final Report as having the right blend of support and challenge. He added that it had come at a helpful time for Access.</p>	
<p>4</p>	<p><b>OpCo Updates</b></p> <p><b>Youth Futures</b></p> <p>HE outlined the context of the challenge for youth unemployment with the problem they are addressing significantly worse than before the pandemic. They are very pro-active and focused on the EDI agenda particularly in terms of targeting beneficiaries.</p> <p>Their strategy, based on the three strands of: identifying what works; gathering evidence; and igniting ideas to change practice, was published in April alongside their impact report for 2020.</p> <p>YFF co-chairs the Youth Employment Group with 200+ members giving them a platform to influence the sector.</p> <p>Their priorities and impact target by 2030 are well defined, however milestones for delivery are not yet identified. Impact measures are not yet at a sufficiently granular level, but the architecture for gathering evidence is being put in place.</p> <p>Disappointingly, the Director of Strategy and Innovation has announced his resignation after eight months. His reasons for leaving were understood given the opportunity he was offered (to lead the Lewis Hamilton Foundation).</p> <p>HE noted that the issue of the pace of drawing-down dormant account money had been flagged in the Governance Review.</p> <p>IH and SH pointed to the grant making overview which indicated that the proportion of grant applications that were successful was very small and queried if this reflected an inefficient process with too many organisations spending time and effort to apply for money they would not get?</p> <p>SH pointed to expenditure being far behind budget and whether this was an issue. He had shared ideas with YFF colleagues on approaches to Treasury investment.</p> <p>HE agreed to further explore YFF’s experience of being a What Works Centre. [ACTION - HE]</p> <p>KD highlighted YFF’s activity and growing visibility in the West Midlands.</p>	<p>Explore YFF experience of being a “What Works Centre” - HE</p>

### **Big Society Capital**

CB updated on BSC leadership, with Stephen Muers becoming CEO permanently, which felt like a significant change from him operating as Interim CEO for the past few months. He is widely respected and is operating very much in partnership with others on the senior management team.

There are big strategic issues [including] what BSC looks like in the context of the Investment Trust.

[This could] suggest a narrative challenge – growing the social investment market while also presenting a specific product targeting part of that market.

Covid has been hard on the BSC team and there are gaps to fill. She also raised the issue of diversification of investment as they had seen multiple intermediaries investing in the same frontline organisations resulting in a concentration of risk.

Disappointingly, the CEO review had no update on impact performance – she would have expected to see where the real challenges from Covid were emerging.

There is a presentational challenge to explain BSC's annual £3.0+ million profit – with a very positive story on venture and recognition of elements of the portfolio providing vital services which can perform well in a time of crisis. However, there are also hidden risks based on the possible discontinuation of Government schemes.

SE reminded the Board of the leadership issue related to the change of Chair planned for 2022.

SH was disappointed that the Quad Review was only mentioned at the end of the Strategy – but not referred to throughout the document. IH pointed out that this had also been an issue with the draft Annual Report.

NP remarked on the tension between social impact and sustainability. The Business Plan seemed to have four broad issues with other elements of strategy added on rather than seen as being part of the core.

BSC needs to update OT on how it is taking forward the actions relating to the Quad Review at the OT meeting in October (BSC Deep Dive).

CB commented that the four investment themes are very different – which is a challenge as the Investment Team is the same for all deals. However, BSC sees its mandate as growing the overall market – not just parts of it.

### **Fair4All Finance**

AR reminded the Board that F4AF had a strong team and strong governance. The issue of the Chair also being Chair of the Finance, Investment and Grants Committee had been raised in the Governance Review as had the potential tensions between the Executive and the Board given the scale of ambition and the level of necessary challenge from the Board.

F4AF strategy had been covered thoroughly at the Deep Dive in February.

AR noted that filling a number of Executive posts while building the organisation's culture was very challenging.

	<p>The external environment is clearly getting more difficult, recognising that there is rising demand for capital with more people in distressed situations while service providers are having to respond to the other multiple competing demands caused by the pandemic.</p> <p>It was noted that the organisation has access to large cash resources and the accounting presentation of this could be an issue.</p> <p>The numbers as presented do not make it straightforward to track and monitor performance and achievement against budget and milestones. There was concern that the Risk Register had the potential to appear too optimistic (Green).</p>	
5	<p><b>Oversight Trust Risk Register</b></p> <p>Reputation Risk was discussed. It was decided to reduce the risk probability reflecting that the coverage of the NCVO issue seen earlier in the year had now become a more diffuse issue covering multiple issues across the sector. This was reflected in advice from Alan Ali (OT's Comms Adviser) who had been monitoring press and social media for OT on this issue over that last few months.</p> <p>The general issue of EDI continues to be increasingly important, so making a reduction of no more than one point in the risk probability seems appropriate. It was agreed to reduce the risk probability from 4 to 3 and to keep a watching brief. [ACTION: AB]</p> <p>SE updated the Board on the Dormant Assets Bill that had had its second reading in the Lords.</p> <p>The significant issues in the debate were: Government will not specify how the money will be used in the Bill but will do this through secondary legislation (this means handing authority from the Legislature to the Executive); and there had been considerable lobbying by the Community Wealth Fund – the existing OpCos were not mentioned in the debate.</p> <p>SE and AB had met the Minister prior to the second reading and had offered technical support in terms of advice on the mechanics of how the money will be distributed and overseen and the associated costs and timing considerations.</p> <p>It was agreed that the risk associated with this issue should be raised on the Risk Register from 2 to 3. [ACTION: AB]</p> <p>AR suggested the mitigation to the risk should be more active, around explaining to DCMS what is required, rather than about reacting to Government decisions. [ACTION: AB to reword]</p> <p>IH suggested that Key Risks should only be identified as those scoring above 10 – this was agreed. [ACTION: AB]</p>	Identified amendments to Risk Register - AB DONE
6	<b>Confidential Item</b>	

7	<p><b>AOB</b> The Board authorised SE to vote on its behalf at the BSC AGM on 23 June.</p> <p><b>Nominations and Remuneration Committee</b> The Committee met on 10 June and discussed feedback from the Board Evaluation. The key questions concern the purpose, function and role of OT. This will be discussed further at the AwayDay on 30 June. Issues related to meetings, the role of Link Director and SID will also be discussed. Concerning Board meetings, there is continuing concern about the volume of materials from OpCos and whether there is sufficient time on the agenda to discuss relevant topics. The format and timing of future meetings needs to be further considered. The topic of succession planning was also raised. The Committee discussed the Equity, Diversity and Inclusion session with BITC – which was somewhat basic in approach and did not fully address what was required. In particular, to progress the Board’s understanding of what OT itself should be doing and the questions we should be asking the OpCos, including developing KPIs. It was suggested that a Board sub-group could helpfully take this issue forwards. [ACTION: follow-up at 30 June Board AwayDay – SH]</p> <p>The Chair will have a formal appraisal discussion with the SID and the Board will be updated on this at the forthcoming AwayDay. Notes of the appraisal will be circulated to the Board after the AwayDay.</p>	<p>Follow-up on establishing EDI sub-Group at Board Awayday – SH DONE</p> <p>SE and NP to arrange appraisal discussion - notes of which to be shared with Board- AB DONE</p>

Next meeting: 30 June Awayday from 12:00noon for 1:00pm start dinner at 6:30pm