

# The Oversight Trust

Meeting of the Directors – Zoom Call  
16 December 2021 at 9.30am - 12.30pm

## BOARD AGENDA

		<b>Presenter</b>	<b>Documents</b>	<b>Timing</b>
<b>1.</b>	<b>Introduction welcome to RM. Conflicts, approval of minutes and matters arising.</b>	<b>SE</b>	1.1 Draft October Board Minutes	<b>5 mins</b>
<b>2.</b>	<ul style="list-style-type: none"> <li>• <b>Update on Dormant Assets Bill and strategic implications</b></li> <li>• <b>Current Dormant Account Allocations to OpCos</b></li> <li>• <b>Accounting Issues</b></li> <li>• <b>Board visit to Wolverhampton</b></li> </ul>	<b>SE</b>	2.1 Bill Update 2.2 Email to OpCo outlining issues 2.3 Preliminary Outline of Visit Agenda	<b>20 mins</b>
<b>3.</b>	<b>Comms and Public Affairs Strategy</b>	<b>AA</b>	3.1 Presentation	<b>20 mins</b>
<b>4.</b>	<b>BSC Articles of Association Changes</b>	<b>SE/CB</b>	4.1 Draft Resolution 4.2 Mark-up of Articles 4.3 Bates Wells paper commissioned by BSC and OT 4.4 BSC Board minute	<b>5 mins</b>
<b>5.</b>	<b>Governance</b> <ul style="list-style-type: none"> <li>• <b>Governance Review</b></li> <li>• <b>Feedback from Chair 1on1 Meetings with Board</b></li> </ul>	<b>SE/RM</b>	5.1 Campbell Tickell Board Effectiveness Review Proposal 5.2 Notes on Chair's 1on1 Discussions with Board	<b>25 mins</b>
<b>6.</b>	<b>Financials</b> <ul style="list-style-type: none"> <li>• <b>Annual Budget</b></li> <li>• <b>NLCF funding request</b></li> </ul>	<b>AB</b>	6.1 OT 2022 Budget 6.2 NLCF Funding Request Form	<b>10 mins</b>
<b>7.</b>	<b>Youth Futures Deep Dive</b>	<b>JM/HE</b>	YFF Quarterly Report Deep Dive Report <b>Separate Board Pack</b>	<b>60 mins</b>

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<b>8.</b>	<b>Quarterly Updates from Link Directors on OpCos;</b> <ul style="list-style-type: none"> <li>• Fair4All Finance</li> <li>• Big Society Capital</li> <li>• Access</li> </ul>	<b>AR</b> <b>CB</b> <b>KD</b>	Quarterly Reports <b>These docs are in a separate Board Pack for each Opco</b>	<b>20 mins</b>
<b>9.</b>	<b>Risk Register</b>	<b>SE</b>	9.1 Key Risks 9.2 Risk Register	<b>10 mins</b>
<b>10.</b>	<b>AOB</b>	<b>SE</b>	10.1 Signing Authorities	<b>5 mins</b>

Next OT Board meeting Toynbee Hall: 18 March 2022 at 9:30am - 12:30pm (including F4AF Deep Dive)  
Board Visit to Wolverhampton: 16 February 2022

**Minutes of the meeting of the Board of Oversight Trust  
9:30am-12:30pm 16 December 2021**

**In attendance, Board:**

Sir Stuart Etherington (SE) Chair  
 Stephen Howard (SH)  
 Ian Hughes (IH)  
 Nicola Pollock (NP)  
 Helen England (HE)  
 Andrew Rose (AR)  
 Clara Barby (CB)  
 Kevin Davis (KD) (until end of Item 4)

**Apologies:**

Jo Fox (JF)

**Company Secretary:**

Alastair Ballantyne, COO OT (AB)

**OpCo attendees:**

**Youth Futures Foundation**

Joe Montgomery, Chair (JM) (for Item 7)  
 Tony Hawkhead (TH) (for Item 7)

**Other attendees:**

**Campbell Tickell**

Radojka Miljevic (RM) (except Item 7 as Observer)

**Ala'ddin Public Relations**

Arman Alan Ali (AA) (Item 4 only)

		<b>ACTION</b>
1	<p><b>Introduction</b></p> <p>The Chair welcomed RM as Observer for the purposes of the External Governance Review. Apologies had been received from Jo Fox.</p> <p>He confirmed with the Board that there were no additional conflicts to declare.</p> <p>The Minutes of the October 1 meeting were amended and agreed, and it was noted that the matters arising from that meeting have all been actioned.</p>	<p>Publish minutes on website -AB</p>
2	<p><b>BSC Articles Change for B-Corporation Accreditation</b></p> <p>SE reminded the Board that the issue of BSC seeking B-Corp accreditation had been discussed with the OT Board last summer and agreed in principle. BSC was now asking for OT to approve the circulated draft Written Resolution which reflected the technical aspects of making the required changes to its Articles of Association.</p>	

	<p>CB explained how the B Corp approval process 1) requires that a company’s articles of association include a commitment to create a material positive impact on society and the environment and consider stakeholder interests (not just shareholders) and 2) scores a company (on the basis of its governance, business model, and operations) to check that it meets the required threshold of points.</p> <p>While BSC would achieve the required score based on its current activities, she highlighted that they recognised there were areas of further work they can do. They are engaged in exploring doing more to support local suppliers and looking at building management (they are in conversation with their landlord).</p> <p>BSC does not see this process changing the way it operates – but is a helpful badge to communicate that it is a company that is “good for the world”, an affirmation of its social and environmental credentials and something that is particularly valued by staff. B-Lab randomly audits B-Corps to ensure they are maintaining their score. It is therefore not the responsibility of OT to monitor ongoing compliance. OT should ask for updates from BSC in the context of its annual Governance meeting.</p> <p>The bank shareholders are also being asked to approve the proposed the changes to the Articles.</p> <p>The Written Resolution was approved by a consensus vote (the vote was unanimous, excluding the Government Appointee). ACTION: A Director will sign the Written Resolution on behalf of the Board when circulated.</p>	<p>Director to sign Written Resolution on behalf of the Board. (AB, Board)</p>
<p>3</p>	<p><b>Updates to the Board</b>  <b>Dormant Assets Bill</b></p> <p>SE outlined the very quick progress of the Bill that, after Second Reading on 6 December, will start its Committee Stage in the House of Commons on 11-13 January. A request for written evidence has been published.</p> <p>IH commented that the critical change from the Dormant Accounts Act in terms of distributions is the capacity for the Secretary of State to vary the themes for distributions in England through secondary legislation. The idea of specifically naming Community Wealth Fund (CWF) in primary legislation would be strongly resisted by Government as being unnecessary as the planned 12-week consultation exercise following Royal Assent was open to all. (NP reminded the Board that she is a Trustee of Local Trust which provides the Secretariat to the Community Wealth Alliance and is promoting CWF.)</p>	

	<p>SE reiterated that OT would not get involved in making recommendations about the allocation of monies from the scheme but agreed that OT should provide written evidence to the Committee to inform them about what OT does in relation to governance of the OpCos. [ACTION: AB] He noted that the Lib Dems had helpfully raised the issue of oversight in the Lords.</p> <p>OT could also agree to having open conversations with Government about oversight of future distributions and an on-going role for OT (including the powers and resources that would be needed to be effective). Any “Red Line” issues would be agreed by the OT Board before being communicated.</p> <p>The issue of additionality had been raised in the Lords. As currently drafted, the Bill will require the Secretary of State to report on additionality on a regular basis. NLCF needs to ensure changes are made in relation to future funding of the OpCos through their funding agreements. This will require they take “reasonable steps” to ensure additionality (ie funding provided by them is additional rather than substituting for Government funding) and reflects the assurance that will be required of NLCF by the Secretary of State.</p> <p>There was a discussion of the practicality of an entity not responsible for public policy being able to confirm this and, if pursued, a pragmatic approach would be needed to reflect what would be considered “reasonable endeavours” by the OpCos. It was explained that for small retail grants from NLCF, there is a similar obligation on NLCF, but this is covered by the structure of the overall programme under which grants are made. Ensuring additionality is not a new requirement for NLCF, but the Dormant Assets Act has made it more explicit in relation to the OpCos.</p> <p>SE indicated that he understood OpCos’ concerns about the issue and there would need to be further dialogue with the OpCos on this issue. [ACTION – SE/AB/ Link Directors]</p> <p><b>Accounting Issues</b></p> <p>OT and F4AF have not reached full agreement on accounting policies for the year-end accounts, but some progress has been made.</p> <p><b>Wolverhampton Visit</b></p> <p>An outline of the planned Board visit to Wolverhampton had been shared – but the visit was very much dependent on how Covid restrictions develop in the coming weeks.</p> <p><b>Dormant Account Allocations</b></p> <p>IH confirmed that DCMS were about to issue allocation directions to NLCF: £20m to Access; £20m to YFF; and 4m to F4AF.</p> <p>OT will continue to receive up to £500,000 pa and the constraint of £2.5m in total has been removed.</p>	<p>Prepare and send written submission - AB</p> <p>Discuss with OpCos - SE/AB/Link Directors</p>
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<p>4</p>	<p><b>Comms and Public Affairs Strategy</b></p> <p>AA presented the Comms and Public Affairs Strategy document that had been circulated. He outlined:</p> <ul style="list-style-type: none"> <li>• Objectives</li> <li>• Key Messages</li> <li>• Target Audience</li> <li>• Resources Available</li> <li>• Tools and Delivery (Publications, Social Media, Press, Website)</li> <li>• Public Affairs</li> </ul> <p>The Board discussed issues raised by the strategy including the approach to using think tank materials, regional perspectives, collaboration with the OpCos' Comms teams, how the Board should be involved and monitoring.</p> <p>AR highlighted the specific value of having a Comms Strategy to head-off potential problems through more public awareness of what OT does.</p> <p>It was recognised that the programme is aspirational and ambitious. SH asked if, with only one employee, OT has the bandwidth to cover all the proposed recommendations.</p> <p>NP suggested prioritising and building on what we do already – in particular publications such as the Quad Reviews and the website.</p> <p>Summing-up, SE suggested the next step should be to take the broad canvas of the outline of what is possible and look at a narrower focus of priorities for the immediate future. [ACTION: SE, AA and AB to prioritise actions]</p>	<p>Produce a list of immediate priorities (AA &amp; AB)</p>
<p>5</p>	<p><b>Governance Review</b></p> <p>SE outlined the External Governance Review and the output from the one-on-one conversations he has had with Board members in recent weeks.</p> <p>NP commented that, while the current exercise is not looking at how OT oversees the OpCos, it would be helpful to know what they, as our major stakeholders think of us perhaps as a later stage of the process.</p> <p>The current meeting Agenda reflects that more time on internal matters in Board meetings was requested.</p> <p>It was agreed that it would be helpful to develop a guide to clarify and codify the Link Director role. CB indicated there was precedent in a monitoring board she is involved with that was very clear about the scope of its role and focused on what needed to be reported on governance and processes rather than making judgements on strategy. [ACTION: AB to follow-up with Link Directors to produce a document.]</p>	<p>Prepare Link Director role description - AB</p>

	<p>Timing of Board recruitment needed to be discussed in relation to the Governance Review which would also inform the Board’s approach to having formal Board appraisals.</p> <p>It was agreed that the COO should establish periodic updates to the Board by email between formal meetings. [ACTION: AB.]</p>	<p>Send Update email to Board between meetings - AB</p>
6	<p><b>2021 Financial and Budget</b></p> <p>AB presented the costs of OT in 2021 that were £117,000 below Budget. He explained that OT needs to budget conservatively and the main reasons for lower than anticipated expenditure were:</p> <ul style="list-style-type: none"> <li>• Board recruitment (shifted to 2022)</li> <li>• Governance Review (shifted to 2022)</li> <li>• Quad Review (reflecting a less resource intensive process than the previous year)</li> <li>• Legal and Consultancy fees (these could have been considerably higher if the BSC recapitalisation project had progressed)</li> </ul> <p>AR queried if the Budget for Board recruitment should anticipate possibly adding two new Directors in 2022. IH pointed out that there was already sufficient contingency funding to cover this.</p> <p>The Budget and the drawdown request to NLCF were approved.</p>	
7	<p><b>Youth Futures Foundation Deep Dive</b></p> <p>JM referred to the full set of papers including YFF’s Business Plan that had been provided to the OT Board and opened with context setting remarks. While there is a tight labour market in general this is not reflected in the youth unemployment figure (three times the level for adults overall). For the most vulnerable this can create issues for their whole life cycle.</p> <p>Governance - In the last few months, the YFF Board has addressed issues related to its own Governance. It has hired an experienced Company Secretary and new NEDs with relevant governance experience and appoint a SID (Kris Murali). There had been concerns about Board awareness of and reach into Asian and South Asian communities and that gap has now been addressed.</p> <p>Traction with employers is a priority theme for YFF and Julia Cleverdon will be the Board’s lead on this issue. Extra governance scrutiny for Research and Evaluation has been introduced through the Grants Committee.</p>	

	<p>There have been deep dives into the risks related to data protection and the possibility of misappropriation of funds and the Board is satisfied that these risks have been addressed.</p> <p>Strategy – YFF is committed to focusing on working in places in left-behind areas and JM outlined that this involves not only the normally identified areas in the north but also includes semi-rural areas, coastal towns and former mill towns where the economies are not strong. YFF has launched a major funding programme to invite bids and develop opportunities to learn about the issues facing these communities.</p> <p>Impact – YFF has become a What Works Centre committed to building the evidence base – tools for practitioners developed include the Gap Map and YFF has commissioned a stakeholder survey. First indications from this exercise are encouraging. The focus specifically on disadvantage youngsters is not always understood. He noted that 19 out of 20 applicants for funding are unsuccessful, but people understand that scarce resources need to be targeted.</p> <p>TH outlined the governance structure of the organisation and said he was particularly proud that they had the world’s largest repository of evidence on youth unemployment practice and the growing evidence of real impact that is beginning to start to flow. The sector sees YFF as a partner and “go to place”.</p> <p>HE welcomed the detailed Business Plan that had been well thought through. The partnership approach with business was welcomed and the balance between evidence and partnership was critical to YFF’s success – with the emphasis on systems change.</p> <p>She commented that the Connected Futures Fund seems very positively received. JM mentioned that workshops had been established to help those in vulnerable areas through the application process and provide sufficient time as well as guidance and assistance. 4-8 places are initially targeted but there is the prospect of others being added if additional funding can be found from parts of government or other donors.</p> <p>There was a further discussion on the strategy around developing partnerships.</p> <p>The stability of the staff team is important. Staff turnover and the policy on salaries (including potential rises for “load bearing” NEDs) were discussed.</p> <p>SH asked whether the ten-month figures suggested that the spending is behind target and asked if this was due to: a) timing; b) activities being more complicated than anticipated; or c) initial targets were too ambitious and need to be reset.</p>	
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	<p>JM responded that there were elements of all three, however mainly timing and he was confident that a significant catch-up would be seen in the coming weeks.</p> <p>Covid has complicated the operating environment for receivers of funding. YFF's delivery schedules have also been affected.</p> <p>TH saw strong momentum and there should be £52m of commitments by the end of 2021.</p> <p>CB was impressed by the level of work being done on evidence building.</p> <p>JM emphasised that the grants they were funding affected relatively small numbers of individuals directly (17,000) and it was the total figure of 750,000 NEETs that needed to be addressed. Building collaborations to influence policy within the relevant ministries will result in the biggest impact. Their focus needed to be on building credentials with DWP, DoE and HMT to leverage mainstream programmes.</p> <p>JM and TH saw YFF being still at an early stage of developing the credentials needed with Government. It is important to have robust stress tested evidence – which it takes time to develop. YFF has to be prepared to seize policy influencing opportunities as they arise.</p> <p>NP thought the language of the Business Plan – in particular the Theory of Change was simple and direct and so appropriate for the target audience. She also asked how the changing economic environment is affecting the quality of work offered to young people. JM agreed that this was an issue and commented that YFF heard recently from its Youth Leaders Group of evidence of poor quality careers advice that could strongly affect individuals' ability to find the right job.</p> <p>It was understood that there had been some criticism of the What Works Centre model. JM emphasised that YFF's approach is to recognise that evidence does not need to be over engineered eg research does not always require randomised control trials and often approaches can be based on existing research (such as from international sources) can be a more effective approach.</p> <p>IH asked about the Budget for 2022 and the cost base of YFF and in particular the rising staff cost.</p> <p>JM is conscious of the issue of the breakdown between the amounts that go to beneficiaries, on research, and on administration and the need to keep these amounts in proportion. The Board is alive to the issue of for efficient delivery and YFF should present to OT in the future on this issue which needs to be watched carefully but looked at in the context of the whole 8-10 year life cycle of the organisation.</p> <p>SH asked if YFF will be a success even if it is unable to attract additional funding. He also asked about KPIs and the need to shift from financial inputs to impact measures over time.</p> <p>JM is encouraged by the additional £20m of Dormant Account money just received. He saw the need to look for funding beyond this source and shift</p>	
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	<p>the skills in the organisation towards a “partnership construction” mentality which would broaden the range of donors and partners supporting YFF’s activity.</p> <p>The Board has done initial thinking on how winddown would work in practice, depending on the availability of funding over its 8-10 year projected life. He agreed that OKRs and KPIs would recognise Impact measures over time and noted that recognising the wider impact on public policy and employers is challenging.</p> <p>TH outlined the intention over time to move from measuring inputs to outputs to big outcomes.</p>	
8	<p><b>Quarterly OpCo Updates from Link Directors</b></p> <p><b>F4AF</b></p> <p>AR reported that he had a constructive catch-up call with both the Chair and CEO in the past week. However, there continue to be issues between OT and F4AF around accounting policy which remain outstanding.</p> <p>F4AF is frustrated by the delay to signing their revised funding agreement, caused by legal documentation issues including new wording on additionality (as discussed earlier in the meeting). This means they are not able to drawdown funding from NLCF and are concerned that this is now affecting their ability to be awarded more dormant account funding (as reflected in the most recent allocation by DCMS).</p> <p>AR referred to the three strategic themes outlined in the Update papers:</p> <p><b>Building sustainable community finance credit provision</b> – they have now committed £30m (£13.2m of which is drawn) with a pipeline of over £20m which represents more than is currently available under their current allocated funds.</p> <p><b>Mainstream partners to the community finance sector</b> – there have been positive discussions with BSC about their debt fund and also engagement with the Church of England. Big retail banks need to come onside and there was an ask for OT to potentially help get them involved.</p> <p><b>Market gaps</b> are being addressed, including through the No Interest Loan Scheme with all four home nations committed to the pilot. The involvement of JP Morgan Foundation is a particularly positive development.</p> <p>As with the other OpCos, it was noted that, given the ethical business model they are working in, the staff cohort is attractive to other</p>	

	<p>employers and there is a risk of staff attrition. AR noted this was added as a new risk on F4AF's Risk Register.</p> <p>The CEO report mentioned the National Fund which had been discussed by RCK and SE. AR provided an update to the OT Board of what he knew.</p> <p><b>BSC</b></p> <p>CB outlined the status of the Governance issues:</p> <ol style="list-style-type: none"> <li>1. B-Corp has already been covered</li> <li>2. The recapitalisation proposal is not being pursued by the shareholder banks who also do not want to pursue the idea of agreeing a lower target rate of return. AR suggested that the issue is where the investment in BSC sits within each bank and there should be a conversation with senior management at each institution.</li> <li>3. OT had recently been alerted by BSC to the changes to the Investment Firm Prudential regime which could have significant ramifications for OT (in terms of capital requirements and quarterly financial reporting) unless a waiver is granted. The consequences of a waiver not being granted are unclear and need to be explored. IH thought there was little prospect of HMT agreeing to a capital injection for OT, if this was required. The</li> </ol> <p>BSC's lawyers have submitted a waiver request. The issue needs to be reflected on the Risk Register. [ACTION: AB]</p> <ol style="list-style-type: none"> <li>5. The strategy document is being worked on and will be presented to the BSC Board in the new year but is unlikely to represent a major change from the current strategy.</li> </ol> <p>CB was encouraged by the approach BSC is taking to Impact by looking at information at an enterprise level – but only doing this in sectors where it made sense (such as the housing portfolio).</p> <p>It was noted that BSC is likely to make a large profit in 2022 reflecting, in particular, its investment in the Bridges Evergreen fund. Profit was likely to return to more normal levels next year.</p> <p>BSC continues to lose some key staff reflecting people being offered higher salary levels.</p> <p>It was suggested that CB ask for an update on the performance of BSC Social Impact Investment Trust vehicle (Schroders). [ACTION - CB]</p> <p>The Chair replacement process is proceeding and SH reported that he had participated in a Nominations Sub-Committee meeting in November that had presented a strong list of potential candidates but none had been approached. SE will follow-up with Kieron Boyle (the Noms and Rems Chair). [ACTION: SE]</p>	<p>Add to risk Register - AB</p> <p>Seek update on Investment Trust -CB</p> <p>BSC Chair recruitment follow-up - SE</p>
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	<p><b>Access</b></p> <p>AB had been briefed by KD to provide highlights of the update material provided by Access.</p> <p>KD was impressed by the level of connectedness between OT and Access particularly in relation to output from the Quad Review.</p> <p>This includes the Staff Survey (KD has requested to see a copy); plans for an external Governance Review; and also, the DCMS review of options for blended finance. The review of Access’s strategy will specifically look at legacy issues and reflect the Quad Review findings.</p> <p>The Reach funding evaluation should be helpful in positioning Access in the context of the Levelling-up Agenda, given at its effectiveness in the most deprived areas.</p>	
9	<p><b>Risk Registers</b></p> <p>The Risk Registers were discussed, and adjustments made to the scoring.</p> <p>[ACTION – AB]</p>	Update Risk registers as agreed - AB
10	<p><b>AOB</b></p> <p>The revised Signing Authorities document (circulated with the Board papers) was approved.</p>	

Next meetings: 18 March at 9:30am-12:30pm (Fair4All Finance Deep Dive meeting at Toynbee Hall).