

# The Oversight Trust

Meeting of the Directors  
4 October 2022 at 9.30am - 12.30pm  
**BOARD AGENDA**

		<b>Presenter</b>	<b>Documents</b>	<b>Timing</b>
1.	Introduction. Apologies. Conflicts.	SE		5 mins
2.	Update on Issues of Mutual Interest <ul style="list-style-type: none"> <li>• New Minister</li> <li>• Dormant Assets Consultation</li> </ul>	SE/OpCos		15 mins
3.	Quarterly Updates from OpCos <ul style="list-style-type: none"> <li>• Fair4All Finance</li> <li>• Youth Futures Foundation</li> <li>• Access</li> </ul>	RCK/SR SO NH	Quarterly Reports <b>These docs are in a separate Board Pack for each Opco</b>	45 mins
4.	BSC Deep Dive	RHF/SM	BSC Quarterly Report Deep Dive Report <b>These docs are in a separate Board Pack</b>	45 mins
5.	Introduction to OT Board Directors' meeting. Conflicts, approval of minutes and matters arising.	SE	Draft 28 July Board Minutes Draft 26 August Board Minutes Note on Levelling-Up Presentation by AHaldane	20 mins
6.	Discussion of Structure of OT with DCMS	SE/AB	Board Paper DCMS Governance Workstream OT "Red Lines" document	30 mins
7.	Risk Register	SE/AB	Key Risks Risk Register	10 mins
8.	Updates <ul style="list-style-type: none"> <li>• Board Recruitment</li> <li>• F4AF Quad Review</li> <li>• BSC Shareholder Banks</li> <li>• Financials – Actual V Budget</li> <li>• Board Meeting Planner</li> </ul>	SH NP SE/AB IH/AB AB	Note of meeting with BSC Shareholder Banks July 2022 Financials Annual Board Meeting planner	10 mins
9.	AOB			

**Minutes of the meeting of the Board of Oversight Trust  
9:30am-12:30pm 4 October 2022**

**In attendance, Board:**

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

**Company Secretary:**

Alastair Ballantyne, COO OT (AB)

**OpCo attendees:**

(for Items 1-3 by video conference):

**Access**

Nick Hurd (Chair) (NH)

**Fair4All Finance**

Sacha Romanovitch (CEO) (SR)

**Youth Futures**

Seyi Obakin (Chair) (SO)

Felix Adenaike (Director of Finance and Resources) (FA)

(for Items 1-4 in person)

**BSC**

Robin Hindle-Fisher (Chair) (RHF)

Stephen Muers (CEO) (SM)

1	<p><b>Introduction</b></p> <p>The Chair noted there were no apologies from the OT Board and no conflicts were declared.</p>
2	<p><b>Update on Issues of Mutual Interest</b></p> <p><b>New Minister</b></p> <p>It was noted that Lord Kamall is the new Minister responsible for Civil Society and the Dormant Assets Agenda. He had shown interest in social enterprise and financial inclusion. NH provided background on his capabilities and mentioned that he had led Conservatives in Europe.</p>

	<p><b>Dormant Assets</b></p> <p>DCMS has a Dormant Assets governance workstream running in parallel with the consultation process. Issues raised include measurement of Impact and OT's powers. The consultation will close on 9 October (there have already been over 3,000 submissions – mainly from individuals). DCMS has appointed a consultant to process the responses.</p>
3	<p><b>Quarterly OpCo Updates</b></p> <p><b>Fair4All Finance</b></p> <p>SR outlined key developments.</p> <p>In relation to the challenge of changing mainstream financial services, F4AF had convened a round table discussion with bankers, community finance providers and others active in the sector which had agreed that the scale of the market gap was roughly £3 billion and that some form of collaboration would be required to address this gap. Bankers were concerned about the reputational risk of acting alone and the need for HMTreasury and financial regulators' engagement to enable the build a broader movement that could deliver in the longer term. SR detailed F4AF's engagement with officials and progress is being made.</p> <p>F4AF had made further investments including £3.3 million into Fair Finance to enhance its digital capabilities, to evolve from its traditional face-to-face offering in East London.</p> <p>The No Interest Loans pilot is expanding, with two new areas to be covered in October and two in November. An innovative consolidated loans initiative is about to be launched with debt advice charity StepChange. F4AF is approaching providers and potential collaborators to work with on this.</p> <p>A webinar is scheduled this week looking at in-depth research to understand the lives of people who are financial vulnerable – in particular looking at segmentation to inform how best to deliver to the identified groups. F4AF is talking to an insurance company and banks about how this research can be used to inform their financial inclusion policies and development of customer journeys.</p> <p>The general situation is for affordable credit providers is getting worse and F4AF is currently focusing on sustaining and supporting existing provision rather than funding expansion.</p> <p>F4AF had also been active with the Dormant Asset Champions Group which is meeting every six weeks. The group very useful as not only are industry participants demonstrating that they care about how dormant assets are used, they will need to be engaged in delivery. SR referred to an example of them developing the idea of an "Insurer of last resort".</p> <p>The Chair noted that OT Quad Review process had kicked-off with a draft report due in November.</p> <p>SH asked about the presentation of the deployment of funds which seemed to show a very rapid increase. SR explained that this reflected commitments such as bad debt guarantee funding rather than amounts of actual cash deployed.</p>

AB noted that the F4AF Funding Agreement had been signed and that the F4AF AGM had taken place in September.

### **Youth Futures**

SO explained that in his first few weeks he had been getting to know the staff and Board of the organisation.

He is focusing on the delivery of the three strategic areas: Creating Opportunities; Systems Change; and Building Capacity.

Of the eight strands of work under these headings, six are on track (with one at risk).

He referred to the launch of the Connected Futures Programme – finding and building on what works. The programme looks at employment opportunities for people suffering prejudice and discrimination; mental ill health; well-being issues; and those requiring holistic responsive support.

Seven of the 71 applications from partnerships had been chosen. These groups represent a combination of voluntary, private and government agencies each focused on an area of deprivation.

YFF is learning lessons about their commissioning process for future programmes.

The labour market was seeing a hardening of the number of long-term young unemployed. This is a significant challenge and YFF need to focus more on work with employers.

Generally speaking, work on other funds is progressing well.

SO updated on the search for a new permanent CEO with interviews this week.

HE emphasised that the leadership of the employer engagement strand of work needed to be a priority of the incoming CEO.

SH asked about team morale. SO acknowledged that organisationally YFF had gone through a difficult nine months but morale is now improving and the appointment of the new CEO will help.

KD asked about YFF's plans for the Black Country given that it was seen as the "capital of youth unemployment". FA outlined plans for Connected Futures to add two new places and Midlands was being considered. KD offered his help to progress this agenda. [ACTION: FA to connect with KD.]

IH suggested that having 4,000 grant applications with only 159 awards suggested the application criteria should be more tightly defined.

HE referred to lessons learned from Connected Futures. FA updated that there had been an internal review of the programme and an external review with applicants was in process and will be shared. [ACTION: FA to report back when completed.]

	<p><b>Access</b></p> <p>NH noted that Seb Elsworth was unable to make the Board meeting as he is in Australia where the government is about to set-up their own versions of BSC and Access.</p> <p><i>Governance</i></p> <p>The Board and executive team have been working extensively on the Equity, Diversity and Inclusion strategy of the organisation recognising that the sector has, as a whole, not been strong on this issue.</p> <p>Access has a small team and so the departure of the Director of Learning is significant loss but hiring her replacement is in train and he is optimistic they will find someone well qualified for the post.</p> <p><i>Strategy</i></p> <p>There was a presentation of strategic decisions made by the Board at its meeting on 21 September. A statement of the position of the Access Board will be shared with OT. [ACTION: SEI]</p> <p><i>Discussion</i></p> <p>KD queried whether adding a Scotland-based individual to the Investment Committee signalled a change in geographic focus. NH responded that Alastair Davies was seen as having strong and relevant experience of the sector.</p> <p>In relation to the Dormant Assets consultation, NH referred to the Community Enterprise Growth Plan. KD asked about how Access is aligning itself with more regional activity. NH observed that Access is well placed to deliver on any regional prioritisation and had done a joint blog with the Community Wealth Fund, reflecting common ground between the organisations.</p> <p>CB asked if Access and BSC had got the right model for providing grant subsidy and investment capital and referred to an NPC report suggesting they should be combined. NH responded that Access was not well placed to provide repayable capital and BSC did not provide grants. He believes that the model works well, however there is some debate and Australia, for example, may decide to do the activities through a single organisation, as it is just starting-up. Support for the existing model was echoed by SM who referred to the need to leverage-in large amounts of investment capital from other sources.</p>
4	<p><b>Big Society Capital Deep Dive</b></p> <p>RHF introduced himself as the new Chair of BSC.</p> <p>He updated on the recruitment of a new NED to sit on the Audit Committee and emphasised the Board’s commitment to be seen leading on the EDI agenda in the sector.</p>

SM presented the quarterly update and outlined the emerging understanding of the effects of the current macroeconomic situation on:

1. the current investment portfolio
2. the operations and finances of BSC
3. future decision making

#### *Portfolio*

BSC has recently looked at Q2 valuations which do not yet reflect these economic changes. However, specific areas of the portfolio at greatest risk have been identified as:

Financial Inclusion;

Arts and Culture; and

Community Assets.

These represent roughly 10% of the total portfolio.

Social property and housing represents roughly 30% of BSC's portfolio and the impact will be very uncertain because of the underlying investment models that reflect rental steams, leases and property values.

#### *Operations*

The Treasury portfolio policy has been revised to broaden the range of assets to achieve greater resilience.

The basis of annual staff salary increases in the new year needs to be considered (previously this has always reflected an adjustment for inflation).

#### *Future*

Looking to the future, BSC needs to look at its fund managers' capabilities and ability to respond to the crisis. Improving social sector organisations' energy efficiency and resilience will be critical and BSC is working with Access on a small pilot Energy Resilience Fund (managed by Key Fund).

There will need to be further discussions with the shareholder banks about the returns expected by the banks in light of the new higher interest rate environment.

There was a discussion about BSC's approach to Impact performance and the debate around whether OT should have a greater role in monitoring this. CB commented on how data is collected and used internally by BSC and the focus has been more on process rather than performance. She is seeing a general shift in the market towards measuring performance.

SM saw this as a critical issue – but this can only be done at the speed achievable with fund managers.

CB underlined that It is important to understand what data will be used for so it is clear why it is being collected and how it will help make in better decisions.

	<p>KD had spoken to Victor Adebowale whose report for SEUK had proposed a black-led investment vehicle to promote diversity in the sector. RHF and SM will try again to arrange a meeting with him.</p> <p>NP reflected that frontline charities are struggling which must make investment challenging. SM mentioned that BSC predominantly lends on fixed rates which helps. He was unable to comment on the BSC Schrodgers Social Investment Fund performance (market sensitive) – results will be published on 25 October. The share price remains flat. Reflecting market conditions, there are no plans to raise further capital for the fund this year.</p> <p>There was a discussion on the winding-up of HCT.</p> <p>Given the strains of the cost-of-living crisis, BSC’s strategy will be to focus initially on supporting fund managers they had already invested in.</p> <p>Asked about his initial impressions of BSC, RHF had been surprised by the quality of the team and the breadth of what they do. He felt work needed to be done in simplifying its messaging about “who we are and what we do”.</p> <p>Following-up the conversation with the shareholder banks, CB asked if sufficient prominence was given to their support on the BSC website particularly when compared with Schrodgers. This could promote good will and help them position their investment in terms of their ESI Agendas.</p> <p>JF asked about recruitment, SM responded that there had been problems with the Finance Team in recent he past year, but these pressures had now lessened, and there had been recent recruitment of junior staff to the investment team had been successful.</p> <p>AB updated that BSC and OT had received the jointly commissioned report on structuring the Big Society Foundation from Bates Wells. This will come to the next OT Board meeting. [ACTION: this is a carry over from previous Action Log]</p>
5	<p><b>Introduction to Board Directors’ Meeting</b></p> <p>The minutes of the previous meetings were approved. IH asked about redactions [ACTION: AB to follow-up with IH]</p> <p>Matters arising from previous Board meetings were discussed.</p>
6	<p><b>Discussion of Structure of OT with DCMS</b></p> <p>There was a discussion of the issues raised in the paper.</p> <p>JF updated on the dormant asset consultation process. As well as the large number of responses, DCMS has been heavily lobbied by other Departments.</p>

	<p>The governance workstream is progressing, with a focus on Impact and Value for Money. IH thought the DCMS team working on this had not appreciated the challenge and complexity of both issues. He has provided DCMS with a breakdown of costs for the whole dormant assets scheme for a single year – but this is complicated by different year ends and some money being used for investment and some for grants. He has written to DCMS with thoughts on the development of a template to monitor costs on a consistent basis going forward.</p> <p>JF indicated that the powers of OT have not come up in conversations with DCMS yet. IH suggested this made sense as Impact and Value for Money need to be addressed as requirements of the Act whereas governance will be considered over a longer period.</p> <p>SE pointed out that in the YFF situation, OT had developed an Action Plan which the company had followed, demonstrating that OT has the authority to do this. If the Action Plan had not been agreed, there is a mechanism under the Funding Agreement for NLCF and OT to jointly develop an Action Plan that would be triggered by the withdrawal of the Statement of Assurance.</p> <p>IH queried if the list of issues covered in the Statement of Assurance needed to be reviewed?</p> <p>SE suggested OT could possibly be given the power to appoint interim managers – normally this would be a law firm who would temporarily operate under the OpCo’s existing Board.</p>
7	<p><b>Fire Alarm</b></p> <p>The meeting room needed to be evacuated. Those Board members physically present were able to conclude the Board meeting outside the building with quorum present.</p> <p>NP suggested that, as part of considering whether there is a need for OT to have additional powers, there could be a review of the structure of OT’s governance processes including the structure of the OpCo Governance Review meetings and how these had performed. [ACTION: AB to explore]</p> <p>IH had reviewed the quarterly financial update numbers and was happy with them.</p> <p>It was agreed to look at the Risk Registers at the next Board meeting as the first item on the Agenda. [ACTION: AB]</p> <p>The Authorised Signatories document was approved.</p> <p><b>Comments made on Zoom during the evacuation (relating to Item 6) for the record</b></p> <p>CB believes that if OT is being asked to do have more reporting from OpCos on Impact there needs to be a clear articulation of what the data is needed for and how it will help inform policy making. If not, there is a danger that officials will be design processes in response to pressures from Ministers just “wanting numbers”. OT should strongly resist being made to ask for meaningless Impact data, such as “lives touched”. There needs to be a full discussion with DCMS before OT takes on any responsibilities in this area.</p>

Next meetings:

9:30-11:00am 6 December 2022 Quad Review Sign-off

9:30am-12:30pm 20 December 2022 YFF Deep Dive