

The Oversight Trust

Meeting of the Directors
at 8-10 New Fetter Lane

6 October 2023 at 9.30am - 12.30pm
BOARD AGENDA

1.	Introduction. Apologies. Conflicts. Approval of Minutes, Matters Arising	Presenter SE	Documents July EBM Minutes	Timing 10 mins
2.	Quarterly OpCo Updates <ul style="list-style-type: none">• F4AF• Youth Futures• BSC	RCK/SR BS/Kris Murali RHF/SM	OpCo Quarterly Reports These docs are in a separate Board Pack for each OpCo	45 mins
3.	Access Deep Dive	NH/SEI	Deep Dive Presentation These docs are in a separate Board Pack	50 mins
4.	Board Discussion of OpCo Updates	SE		20 mins
5.	Updates <ul style="list-style-type: none">• Dormant Assets Update• YFF Quad Review• Big Society Foundation• OpCo System Change Session• Appointment of PwC	SE/AB NP/AB NP AB AB	CWF Technical Consultation QR Panel call note OT/BSC Working Group call Note of OpCo/DCMS meeting	20 mins
6.	Board and Chair Appraisals	SE/NP AB	Summary of Board Appraisal Summary of Chair Appraisal	15 mins
7.	Quarterly Financials	IH/AB	3Q23 YTD Budget Vs Actual and Full Year projection	5 mins
8.	Risk Registers	IH/AB	High Value Risks, Out of Threshold Risks, Risk Register	10 mins
9.	AOB	SE	History of OT document CEO Pension	5 mins

Next Board meetings:

Sign-off of YFF Quadrennial Review (Zoom call) on 1 December 2023, 9:30-11:00am

Quarterly Board meeting on 18 December 2023, 9:30-12:30pm (YFF Deep Dive) Tintagel House, Vauxhall

Minutes of the meeting of the Board of the Oversight Trust
9:30am-12:30pm 06 October 2023

<p>In attendance, Board: Sir Stuart Etherington (SE) Chair Ian Hughes (IH) Helen England (HE) Andrew Rose (AR) Nicola Pollock (NP) Kevin Davis (KD) David Lindsell (DL) Vicki Thornton (VT) Rob Bell (RB) Stephen Howard (SH) Jo Fox (JF)</p> <p>Company Secretary: Alastair Ballantyne (AB)</p> <p>Apologies: Clara Barby (CB)</p>	<p>OpCo attendees: Access (Items 2 and 3) Nick Hurd, Chair (NH) Seb Elsworth, CEO (SEI)</p> <p>Big Society Capital (Item 2 only) Robin Hindle-Fisher, Chair (RHF) Stephen Muers, CEO (SM)</p> <p>Fair4All Finance (Item 2 only) Sacha Romanovitch, CEO (SR)</p> <p>Youth Futures Foundation (Item 2 only) Seyi Obakin, Chair (SO) Kris Murali, SID (KM)</p> <p>Apologies: Richard Collier-Keywood, Chair of F4AF (RCK) Barry Fletcher, CEO of YFF (BS)</p>
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1	<p>Introduction</p> <p>The Chair introduced the meeting noting apologies from CB. NP reminded the Board of her role on the board of Local Trust and as Chair of SASC Trust. No additional conflicts were declared.</p> <p>The minutes of the 28 July Extraordinary Board meeting were approved as an accurate reflection of what was discussed and it was agreed that the matters arising had been addressed.</p> <p>The Board agreed that DL should take over from AR as Link Director for F4AF with immediate effect rather than initially shadowing him, as had previously been suggested. [ACTION: SE to inform RCK - DONE].</p> <p>AB updated the Board that, further to the Written Resolution approved by the Board in their capacity as the Members of OT, the PwC auditor engagement letter has now been signed by the Chair. An engagement letter with KPMG to provide tax services in relation to the 2022 financial year tax return has also been signed. IH pointed out that OT could consider changing this appointment for the 2023 tax return.</p>
2	<p><i>The OpCo representatives joined the meeting.</i></p> <p>Update</p> <p>The Chair updated on developments concerning Dormant Assets.</p> <p>1. The Community Wealth Fund (CWF) technical consultation</p>

The consultation published by DCMS made it clear that NLCF will be the principal agent for the CWF – working with other parties.

The document suggests that NLCF may combine other Lottery funding with Dormant Asset funding to deliver CWF.

2.DCMS Dormant Assets Future Allocation Split Announcement

DCMS SoS has issued a public announcement that the expected £350m of future dormant assets (2024-2028) will be split equally between the four agreed causes (youth, financial inclusion/capability, social investment and CWF) – with further consultation on specific uses of funds under these headings with decisions being communicated in early 2024.

There was a discussion of how firm the commitment was and if an incoming administration could alter it. IH pointed out that this announcement only concerned the first £350m of new Dormant Assets and that more was expected over time.

SR added that one of the prime drivers for announcing the split had been pressure from the financial institutions providing funding who were concerned that CWF could take a disproportionate share of the available funding. She is also co-ordinating a letter from the OpCos to the SoS thanking her for the announcement and suggesting a joint meeting. It was agreed that OT should not sign the letter, as it does not involve itself with allocation issues.

3.The Review of Dormant Asset Governance and Oversight

The tender process over the summer for the appointment of a consultant to advise DCMS had not been successful. DCMS is now considering alternative approaches. Given the constraints under which they are operating, in terms of timing, budget and resources, it is possible they will undertake an internal review. An announcement of their intentions is expected next week.

F4AF

SR noted that the Dormant Assets Consultation concluded that financial capability and specifically financial education should be considered. F4AF's possible role in this area will be discussed at its October Board meeting.

Over the last few months, F4AF have been very active with stakeholders, bringing together an overall Financial Inclusion Action Plan (Theory of Change) highlighting the actions and specific roles of those involved. This was launched in Parliament together research into Illegal Money Lending with F4AF's Impact Report.

As mentioned in the Quadrennial Review, the Financial Inclusion Action Group is an example of F4AF using its convening power with the group including sector representatives and Dormant Asset champions as participants and with HMT and FCA also attending meetings.

Progress is being made on NILS (No Interest Loan Scheme) with HMT funding for the first tranche now having been fully committed. Early read-outs from the scheme are positives. Given that 85% of people participating had a poor credit score, it is remarkable that the arrears rate is only 3% - although it was noted that as the scheme expands with online

lending, this rate is likely to increase in the future. PwC is performing a social and economic evaluation of the scheme.

F4AF is launching the subsidy element of the Loan Consolidation Scheme. Committing to expanding this and NILS to reach 140,000 people, working through financial service providers. F4AF is encouraged by the engagement of big providers who seem to be willing to submit bids now that the deadline for implementing consumer duty has been passed.

F4AF has been working on a Community Finance Resilience Fund and has engaged a consultant to lead an in-depth consultation with the sector to inform the design of the scheme.

SR has also been focusing on building cross-party political support.

AR asked about deployment of funds. SR responded that pipeline in terms of investment and NILS and consolidation loans is now budgeting deployment of £65m by year end. However, if larger institutions use their own capital to provide lending under the consolidated loan scheme, they may only need underwriting from F4AF. Smaller organisations would require F4AF to provide funding. So, the balance of large providers providing their own funding will affect the level of F4AF's cash deployment and leverage. This would mean deployment could be as low as £30m – but this could be a positive result if it reflected greater leverage. F4AF will know by mid-November.

IH highlighted the accounting challenge of the underwriting approach (contingent liability) – which may require accounting advice. SR agreed and noted this is in hand.

DL asked if F4AF has the resources to manage the expansion of the Schemes as outlined. SR referred to needing to balance the activities of F4AF employees and contractors with appropriate experience working together on contracts and design to provide the necessary elements of core and “surge” capacity, including procuring financial diligence support for bids as they come in.

YFF

SO highlighted governance developments: recruitment of new Board members; adjusting terms of Young Directors and remuneration of Committee Chairs.

The Quadrennial Review is now underway and appears to be going well.

A significant focus over the summer has been responding to DCMS's request for proposals for initiatives addressing specific issues for 10–18-year-olds. YFF submitted two proposals – Building Futures (targeting NEETs) and Elevating Apprenticeships. DCMS has approved £15.3m for Building Futures.

In the past few months, the Senior Leadership Team has been strengthened and the Employer Engagement Strategy has been discussed and agreed by the Board. YFF are also looking at the structures for an overall strategy refresh from 2025.

KM referred to engagement with: UK Party Conferences; progress with randomised control trials; and also to the Youth Employment Tool Kit, launched in the summer, which is now gaining traction.

YFF has projected a considerable underspend compared with Budget for the current year (£12m Vs £22m Budget). The Budgeting process currently is being reviewed. No additional funding has needed to be drawn down from NLCF.

HE referred to the data dashboard which she saw as a helpful enabler to engage with employers. She asked about risks around the strategy for delivering systemic change. SO referred to evidence that is being built, including from the Connected Futures programme. Progress has been made in terms of developing connections with officials and politicians in key Government departments and there is a recognised need to continue to build on this work. Implementation of employer engagement initiatives is also key. The Tool Kit has, to date, been seen as being more useful for policy makers rather than as a practical guide to employers. It would therefore be further developed to clarify what employers can do and YFF needs to build on existing partnerships with employer organisations (such as Chambers of Commerce, Business in the Community and others) and use their platforms.

SH asked about engagement with large corporates. SO outlined the strategy to move from the issue being seen by companies as a CSR issue to being an HR issue.

KD asked about engagement with Local Authorities and impact in the regions. Is there an issue with the age range being targeted constraining activities? SO outlined how YFF are also looking at early-stage interventions and developing place-based and regional activities. Fiona Aldridge joining the Board was a positive step given her experience in the West Midlands.

HE asked about the mismatch between vacancies and geography/skills needs. SO agreed that this is a challenge and a work in progress.

Big Society Capital

RHF updated on governance issues:

1. He understood that the working group meeting with the OT on the BS Foundation had been helpful and constructive.
2. BSC has just completed its internal BSC Board evaluation process. Feedback was overall very positive. Issues raised concerned: succession planning; the on-boarding process for Directors; and Board engagement with external stakeholders. These are all now being addressed.
3. The SID appointment process is about to be completed. He will keep SE informed.

The Board is currently focusing on its strategic response to the challenge of the higher interest rates and how BSC's strategy should be adapting to the new macroeconomic and market environment.

SM updated on other developments:

1. BSC has just published market sizing data (reflecting the 2021-2025 BSC strategic goal for it to double in size). The data showed an increase of 18% in 2022, but he cautioned that this was unlikely to be replicated in 2023.
2. Portfolio valuation had just been completed, showing a decline in overall value of £8m. In general, the decline in valuations caused by the higher discount rate used for loan valuation was offset a little by the increased in value of BSC's investments in social banks (Charity Bank and Unity Trust).
3. BSC is working with partners on a Social Investment Manifesto to influence policy makers.
4. After a long process, BSC has now been accredited as a B Corp.

	<p>There was a discussion of the role of BSC in relation to the social fund management community. BSC may need to be more actively involved in market structuring.</p> <p><i>F4AF, YFF and BSC representative left the meeting.</i></p>
3	<p>Access Deep Dive</p> <p>SEI referred to recent work with BSC and other partners on the Community Enterprise Growth Plan to inform the bid for further dormant asset monies. In light of DCMS’s announcement of the planned split of dormant assets, the outline will need to be scaled back and Access will provide final plans to DCMS by the end of the year.</p> <p>The pack sent to the OT Board included an update on KPIs, the risk register and operational plan. The main topic of the presentation to the OT Board was Access’s strategic plans for its extended life, which had been discussed by the Access Board in September at an Away Day in Bristol.</p> <p>He began with a restatement of Access’s Vision and Mission grounded in the context of the overall social investment market’s ecosystem. No significant changes were expected, but Access is evolving how it collaborates and works with others in the sector in terms of providing leadership and helping mobilise others in light of the Community Enterprise Growth Plan.</p> <p>New programmes have been developed related to the allocation of £23m earlier in the year in response to the cost-of-living crisis.</p> <p>Other funds (including the Growth Fund and Enterprise Development Programme) are now maturing.</p> <p>Fundraising by some fund managers has been more challenging given the cost of capital in the current economic environment.</p> <p>He outlined the key elements of the SWAT analysis presented to the Access Board including issues such as: the resilience of key partners; longer term resourcing of blended finance; and the work that needs to be done in the sector on inclusion. Potential threats included political change and new subsidy rules (to which the whole sector is still adapting).</p> <p>The Board had engaged in a strategic discussion on system change and what Access wanted to achieve by looking at two potential possible futures: joining up support across the social economy and developing an extensive ecosystem; or focusing on “social enterprise shaped finance” for the longer term, involving commercial finance becoming a larger element of delivering blended finance as a specialism.</p> <p>The idea was for the two alternative visions – one broader and more ambitious and the other more focused, to be used as a basis to tease out the elements and the partnerships needed with other stakeholders. This included ideas about how best to work with local authorities and foundations. SEI emphasised that this would not change the fundamentals of Access’s commitment to delivering blended finance and enterprise development programmes.</p>

	<p>After further Board discussion, a refreshed strategy will be published in Spring 2024.</p> <p>NH explained that strategic choices need to be made reflecting the level of ambition and resources available to the organisation.</p> <p>Three Board members have been reappointed and there will be an externally facilitated governance review with Blue Jay. The executive team had grown to 12 people. The transition had been done well and the team was performing well.</p> <p>KD commented that the full strategy will clearly depend on the allocation of further dormant assets. He also asked about the leadership role for Access on EDI in the sector and internal leadership capacity and succession planning.</p> <p>NH commented that the Board discussion predated the communication on the split of dormant assets.</p> <p>SEI articulated that Access was ultimately looking to a future where it was no longer needed, and the market would have grown and developed. The Community Enterprise Growth Plan reflected network leadership.</p> <p>EDI priorities are reflected in specific programmes including working with Pathway. Pathway had the outlined the hope of a £50m allocation for minority led and minoritised community social enterprises. It had expressed an ambition to become a separate OpCo alongside Access. The Access Board had discussed a possible allocation of 14% of Access’s future Dormant Asset funding for Pathway in addition to other fund managers who are also connecting with minoritised communities.</p> <p>[ACTION: KD to revert to OT Board after his planned discussion with Stephen Bediako at Pathway.]</p> <p>SH asked about whether there was evidence about the relative returns of Rathbones Impact Investment portfolio compared with alternatives and if there needed to be a compromise on financial return expectations. SEI emphasised that the Rathbones approach was delivering impact alongside returns which was appropriate for a spend down charity like Access but there could be different considerations for an endowed charitable foundation.</p> <p>HE asked about enterprise development focusing on early-stage establishment rather than scaling. SEI confirmed that this was the case and contrasted what Access does with the role played by BSC.</p> <p>SE asked about the financial services donors of dormant assets and whether Access was developing a relationship with the donor community. NH recognised the need for Access to work harder to engage and sell its story to the financial services community.</p>
4	OT Board Discussion

5	<p>Updates</p> <p>Quadrennial Review NP updated on the progress of the YFF Quad Review. The OT Team is meeting the Panel this afternoon for its second update. The critical issue had been the appointment of the new Chair and CEO, who were seen to be performing well. The Panel had raised the issue of YFF’s USP in a complex world and how they influence policy makers. The Panel also made reference to observations about family resemblances with other OpCos.</p> <p>Big Society Foundation The OT and BSC working groups had met to discuss the Foundation. Key decisions had been made such as: the Foundation should be established; BSC paying set-up costs and OT being the sole member (there are issues related to accounting consolidation). There had been discussion about BSC’s recent valuation review pushing out the likely timeframe – but there is a need to establish how long the process of establishment will take. The sole member would appoint the original Board and may be involved in subsequent recruitment – legal advice needs to be sought on this issue. [ACTION: SM and AB to come back to the Board with further thoughts in December.]</p> <p>Systems Change Following-up the presentation made by BSC to the OT Board meeting in May, the OpCos had all met at Toynbee Hall to present to each other (and DCMS and OT) on what they are doing. This is very much a work in progress for all involved and AB agreed to contact the Reclaim Fund (RFL) to suggest it could be helpful to provide examples at the RFL annual event in November to contextualise the case study presentations. [ACTION: AB to ask RFL to invite OT Board to the November event - DONE.]</p>
6	<p>Board Appraisals There was a discussion of the Board appraisal led by the Chair. It was suggested that the Board could have more diversity training and the Board should try to have more informal meetings. To encourage this, lunch could be provided after Board meetings. As SE is no longer able to use the Reform Club, the Board was asked for suggestions of where we could hold next year’s May off-site meeting – House of St Barnabas and the National Liberal Club were suggested as possibilities. NP noted the comments made on the Chair evaluation and the agreed actions.</p> <p>There was a discussion of the location for the February Away Day and it was agreed that it should be in Manchester. KD offered to connect to Andy Burnham’s team through his contacts in Birmingham. [ACTION: KD - DONE.]</p>
7	<p>Financials AB highlighted that the Financials as presented were very much in line with last quarter with a £60,000 underspend on Budget.</p>

8	<p>Risk Registers</p> <p>AB outlined the process for updating and maintaining the Register and associated reports with him checking the updated report with IH before presenting to the Board.</p> <p>The Register highlighted the need for further EDI training focusing on what the OT Board should be doing both for itself and in relation to for holding the OpCos to account.</p> <p>HE suggested framing EDI risk based on OT’s responsibilities in terms of: capability; credibility and focus.</p> <p>It was agreed that a facilitated session should be arranged to challenge the Board and explore actions. KD offered to make suggestions of possible facilitators. [ACTION : KD - DONE.]</p>
9	<p>AOB</p> <p>History of OT and Operating Manual</p> <p>AB to circulate both documents. [ACTION: AB - DONE]</p> <p><i>AB left the meeting.</i></p> <p>CEO Employment Terms and Conditions</p> <p>A revision to AB’s contract concerning an alternative form of contribution to retirement savings was agreed. [ACTION – revised CEO contract to be agreed with SE and SH – DONE.]</p>

Next meetings:

- 1 December 2023 9:30am-12:30pm (Zoom call) to review the Quadrennial Review and discuss Review of OT Processes.
- 18 December 2023 9:30am–12:30pm Tintagel House, Vauxhall - Quarterly Board meeting (YFF Deep Dive)

ACTION LOG

Item	Action	Status/ Owner
1.	Inform RCK of new F4AF Link Director	SE DONE
3.	Follow-up with Pathway	KD
5.	Prepare OT Processes Review document	AB – DONE
5.	Review timing for BS Foundation	SM/AB -DONE
5.	Ask RFL for Board invitation to their annual event	AB - DONE
6.	Help to connect with Manchester Mayor’s office for February Away Day	KD – DONE
8.	Suggest possible facilitators for EDI discussion	KD – DONE
9.	Circulate History and Instruction Manual documents to Board	AB – DONE
9.	Revise CEO Contract	SE/AB DONE