

The Big Society Trust

Meeting of the Directors (Members)
20 February 2020 at 8.15 - 11.00am
New Fetter Place, 8-10 New Fetter Lane, London EC4A 1AZ
BOARD AGENDA

	<i>BST NEDs – only + AB</i>	Presenter	<i>Documents</i>	<i>Timing</i>
1.	Introduction, Apologies for Absence, Approval of Minutes, Conflicts, Matters Arising	Chair	Draft Nov 2019 Minutes	5 mins
2.	BST Organisational Issues <ul style="list-style-type: none"> • Update from Chair • Chair/NED Appointments • Allocation of NED roles • Quadrennial Review Panel • YFF Rem Policy for approval 	<ul style="list-style-type: none"> • Chair • SH • Chair • NP/AB • RB/AB 	CVs of Panel Members YFF Rem Policy	25 mins
3.	<i>Harvey McGrath to join for BSC issues</i> BSC Issues <ul style="list-style-type: none"> • Discussion of BSC CEO succession • BSC share purchase 	<ul style="list-style-type: none"> • RB/HM • HM 	BSC share price paper	30 mins
4.	<i>OpCos Join (Chairs and/or CEOs)</i> Items of Common Interest <ul style="list-style-type: none"> • Introduction by Chair • New Government Agenda • Public Procurement Issue 	<ul style="list-style-type: none"> • Chair • NH/CP • AB/IH 		20 mins
5.	BST Overview <ul style="list-style-type: none"> • Proposed meeting structure • Update: BST Board Appointments • Quadrennial Review • Ideas for changing BST name 	<ul style="list-style-type: none"> • Chair • SH • NP/AB • AB 	Meeting outline+timing Paper on Name Change	20 mins
6.	Introduction to F4AF	RCK	Presentation	15 mins

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7.	Introduction to YFF	JM/AS	Presentation	15 mins
8.	Access Update	JK	Presentation	15 mins
9.	BSC Update	HM/CP	Presentation	15 mins
10.	AOB	Chair		5 mins

Next BST Board meeting: 9 June 2020 at 8:30-11:00am (Access Deep Dive)

**Minutes of the meeting of the Board of the Big Society Trust
8:15-12:00noon 20 February 2020**

In attendance:

Robin Budenberg (RB) (Acting Chair)
 Peter Holbrook (PH)
 Sir Stuart Etherington (SE) (from Item 1)
 Stephen Howard (SH)
 Ian Hughes (IH)
 Jo Fox (JF) (for Items 0-3 by phone)
 Nicola Pollock (NP)

Other attendees

Sir Harvey McGrath (HM) BSC Chair (for Items 3-7)
 John Kingston (JK) Access Chair (for Items 4-7)
 Nick Hurd (NH) Access Chair Designate (to be Chair from April 2020) (for Items 4-7)
 Richard Collier-Keywood (RCK) F4AF Chair (for Items 4-7)
 Cliff Prior (CP) BSC CEO (for Items 4-7)
 Anna Smee (AS) YFF CEO (for Items 4-7)
 Alastair Ballantyne (AB) COO

		ACTION
0	NED only Discussion	
1	<p>Introduction</p> <p>The Chair confirmed that there were no Apologies to record and declared an interest in North East Essex Health and Wellbeing Alliance in regard to a possible BSC-related investment. No other conflicts were declared.</p> <p>The minutes of the previous Board meeting were approved without alteration.</p>	<p>AB to publish agenda and minutes of the November Board meeting on the BST website.</p>
2	<p>BST Organisational Issues</p> <p>Chair/NED Appointments</p> <p>SH had led a discussion about the Chair appointment in the NED-only part of the meeting (Item 0). [ACTION: AB to circulate list of people contacted.]</p> <p>Allocation of NED Roles</p> <p>RB confirmed the allocation of Board responsibilities:</p> <ul style="list-style-type: none"> • NP will be the lead on Impact and the Quadrennial Reviews. • IH will lead the Accounting Team. • RB will lead the Remuneration Team. <p>The Link Directors for each OpCo will be determined after new NEDs have been identified.</p>	<p>Circulate list of Chair candidates contacted – AB- DONE</p>

	<p>The Board approved the responsibilities as outlined.</p> <p>Board Remuneration</p> <p>RB had spoken to NEDs about remuneration and he suggested that payment of £5,000 pa should be offered to each Director (who could decline to accept). PH asked if BST could pay SEUK a consultancy fee for his time rather than him receiving a direct payment.</p> <p>IH and JF would not receive any payment given the status of their roles as Government and NLCF appointees respectively.</p> <p>RB also proposed that an additional payment should be made to the Director leading on the Quadrennial Reviews given the additional work this involved and suggested an additional amount of £2,500 pa (to be reviewed at the end of the year).</p> <p>The Board agreed to the proposals for NED remuneration (that reflected previous discussions at the Board).</p> <p>Quadrennial Review Panel</p> <p>AB reminded the Board that SH (as Chair of the Nominations Committee) had agreed to take forward the process of selecting Review Panel members. He had developed a longlist of potential candidates from suggestions made by the BST Board and individuals put forward by DCMS.</p> <p>In January NP and SH had identified and interviewed a short list of candidates to lead the review of BSC with the intention of working with the lead reviewer to select a three-person panel with complementary skills.</p> <p>AB had notified DCMS of the selected lead reviewer and it was confirmed that the Secretary of State did not have any issues with the appointment.</p> <p>A document outlining the three selected Review Panel members was circulated to the Board. The CVs of all three: Keith Leslie, Neil Sherlock and Claire Brown, were also circulated.</p> <p>NP outlined the proposed Review process with a fortnightly catch-up meeting for the Panel with the BST Review Team. AB suggested that, as part of its briefing, the Review Panel should interview members of the BST Board, particularly SE and PH, given their direct engagement with the social sector.</p> <p>The Board agreed that the Review Team should comprise NP and SH and the appointment of the Review Panel for this year (and also future years) should be delegated to the BST Review Team.</p> <p>When the report of the Review Panel has been finalised, the Review Team should recommend a response to it, to be made by the Board of BST.</p> <p>YFF Remuneration Policy</p> <p>There was a discussion of the YFF Remuneration Policy. The Board approved the policy subject to qualifications suggested by the Board. These included</p>	<p>Communicate to AS approval of</p>
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	specifying the benchmarking used in notes to the annual report and using bands of less than £50,000 for remuneration over £100,000.	Remuneration Policy and conditions attached -DONE
3	<p>BSC Issues</p> <p>Discussion of BSC CEO succession</p> <p>HM joined the meeting and explained the background to BSC’s search for a new CEO, the timeframe for the appointment and the criteria to be used for candidate selection. Specifically, the person specification would reflect that they were looking for someone with an investment background who had strong social sector credentials.</p> <p>RB and NP reflected on the emerging findings of the Quadrennial Review that could identify stakeholder issues related to the recruitment process.</p> <p>PH and SE agreed that, at this juncture of BSC’s development, financial experience was more important than social sector experience for building the social investment market – but that both were needed for the role, with candidates requiring an awareness and understanding of the sector and ability to communicate with it effectively.</p> <p>HM will keep RB informed of developments.</p>	
4	<p>Items of Common Interest for BST and OpCos</p> <p>RB welcomed the OpCo representatives to the meeting and outlined the Agenda. The review of OpCos would focus on the introductions by YFF and F4AF and it would be assumed that the Board had reviewed the materials provided by Access and BSC.</p> <p>New Government Agenda</p> <p>NH presented a detailed review of the approach of the new Government and in particular the Levelling-up Agenda. He saw this as having three pillars: physical infrastructure; access to educational and youth opportunities; and community empowerment.</p> <p>He was not sure the Government was sufficiently aware of the Big Society Trust Group’s activities. He outlined some of the key people who he believed needed to be briefed on the activities of the OpCos.</p> <p>He expects there to be further Dormant Accounts monies in this Parliament that could be made available on a significant scale and it was likely that existing mechanisms would be used for distributing these funds. There is also an agenda around the expansion of the Dormant Assets Scheme (possibly as much as £1-2 billion).</p> <p>IH has been invited to attend a presentation with DCMS on the Dormant Accounts Scheme going-forward which is scheduled for next week. [ACTION – IH to feedback to the group.]</p>	IH to feedback from DCMS presentation on Dormant Assets scheme - IH

	<p>CP outlined existing Government contacts and the key “asks” BSC is looking for from Government including: more blended capital for Access; tax breaks (including SITR); replacement for EIB funding (including the Strategic Prosperity Fund); and Life Chances (funding for social outcomes contracts). He also pointed to the strains on social care which will result from Brexit meaning a re-targeting of resource into training and employment as staff shortages could develop as a result of migration.</p> <p>RB asked how the BST Group could effectively work together to: get better known by Government; get the best outcomes for the group; and approach the issue of future dormant asset funding.</p> <p>There was a general discussion about collective messaging including the following issues:</p> <ul style="list-style-type: none"> - there is benefit in developing a narrative about Dormant Assets as a separate category of public funding which needs a longer-term perspective; - the OpCos do have some common interests – particularly around funding for SME finance in the sector; - there is therefore a benefit in some level of common approach between OpCos in relation to Government and other stakeholder messaging but also working with other funding agencies; and - it was important not to prejudice BSTs position as an oversight body. <p>[ACTION: RB to take forward this initiative with the OpCo Chairs and CEOs.]</p> <p>Quadrennial Reviews</p> <p>NP outlined the review process including timing and detailed the backgrounds of the individuals involved in the Review Panel for the BSC Review. She emphasised that the review was seen as a joint exercise with OpCos – and reminded the meeting that Clare Tickell had referred to it as a co-creation. The Panel Lead had also highlighted the need for transparency and “no surprises”.</p> <p>CP mentioned BSC concerns about having the resources to respond to this Review while creating BSC’s 3-5 year strategy, responding to the SEUK Adebowale Commission on Social investment and DCMS also producing a consultation on expanding the dormant assets scheme. [ACTION: AB to circulate the press release concerning the Adebowale Commission and the DCMS Consultation – DONE].</p> <p>JK thought there was a danger of the Review coming up with simple answers to complex questions, particularly in relation to recognising impact.</p> <p>RB thought that, in order to set expectations appropriately, there needed to be a clear framing statement for the Review at launch that should explain what it is about and what it is not attempting to do. NP agreed that this should be published on the BST and BSC websites. [ACTION – NP/AB.]</p> <p>RCK thought that there should be some standard for the OpCos to be reviewed against. AS added that there was a need for the Review to recognise the scale of the organisation being reviewed and its ability to respond.</p>	<p>Consider collective activity for presentation to Government by the Group - RB</p> <p>AB to circulate SEUK announcement of Review and DCMS consultation – DONE</p> <p>Develop framing statement for BSC Review to be published on BST and BSC website -NP/AB</p>
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	<p>PH thought that the Review should contextualise the environment in which an OpCo is operating. Measuring against KPIs could ignore general shifts in a market or extraneous meta trends.</p> <p>Public Procurement</p> <p>IH outlined the background and principles of Public Procurement requirements.</p> <p>He provided a detailed assessment of the legal position of the BST Group and why, in NLCF’s view, all Group entities could be subject to Public Procurement rules for the procurement of services by all the entities within the Group. This is because funds were directed to the organisations by the Secretary of State under statute. This view is guided by preliminary legal advice NLCF had obtained from Hogan Lovell in relation to YFF. He was not in a position to insist that all the companies in the group follow Public Procurement rules – but there is a risk of legal challenge by other service providers.</p> <p>RB thought that the requirements of public procurement were not as onerous as they were generally thought to be and represented an opportunity to ensure careful thought was given in advance to approaches to procuring services.</p> <p>IH emphasised the major concern was where contracts exceeded €180,000 and needed disclosure in the EU Official Journal. For other contracts for the provision of services, there needed to be an audit trail in case of potential challenge.</p> <p>CP indicated this was a concern for BSC and it would have to look into its investment practice and activities as they relate to other investors.</p> <p>IH is happy to share NLCF’s legal advice and have further conversations on this topic. AS pointed to YFF being in set-up mode and RCK suggested that OpCos should check what the implications are for their organisation so this discussion could be followed-up. [ACTION: IH to share legal advice.]</p>	<p>Provide Procurement legal advice on request -IH</p>
<p>5</p>	<p>BST Overview</p> <p>Proposed meeting structure</p> <p>RB invited any comments on the proposed BST Board meeting structure. He outlined the Oversight Teams leads and mentioned the next plenary meeting will be in September.</p> <p>Update: BST Board Appointments</p> <p>SH outlined what BST was looking for in its new Chair in terms of candidates having profile and recognition, to be able to work effectively with the OpCo Chairs and to have the personal strength to tackle difficult issues, for example in times of crisis or if there was fallout from a Quadrennial Review.</p>	

	<p>Ideas for changing BST’s name</p> <p>The Board discussed the topic. SE thought the term “Big Society” was associated with historic Government initiatives. Using the term “Dormant Assets” in the name had been ruled out by DCMS, at least for the time being, and there was not a great deal of enthusiasm for something describing where funding had come from rather than where it was going to. IH also thought the other home nations might object to using this term.</p> <p>There was very little consensus or enthusiasm for the names suggested. JK thought the words “Assets” and “Oversight” should be in the name or there could be a different approach to having a more generic name like “The Assist Trust”.</p> <p>It was concluded that JK, NP and AB should do some further brainstorming and come back to the Board by email with alternatives for consideration. [ACTION – JK/NP/AB]</p>	<p>Brainstorm alternative names for BST – JK/NP/AB DONE</p>
<p>6</p>	<p>Introduction to F4AF</p> <p>RCK gave an overview of the mission of F4AF which is to help those in vulnerable circumstances who were the target for high-cost credit.</p> <p>One of the guiding objectives is for the organisation not to do what others are already doing and working in partnership.</p> <p>He talked about the high-level theory of change around addressing the £3 billion high-cost credit market in a systematic way involving addressing: salary finance; doorstep lending; white goods funding and working with existing banks and financial companies to be more inclusive and return to a customer base they had abandoned. It is not at this stage looking at insurance or savings products.</p> <p>He emphasised that problem lending is not just a question of APR but also how customers are engaged and treated.</p> <p>Part of the problem for existing social lenders, including Credit Unions and CDFIs, is their capital structure and scale which is reflected in their cost of raising money to on-lend. F4AF could help address the cost of capital by providing a longer term capital subsidy.</p> <p>He had spoken to all the CEOs of the major banks about alternative models for this market and was trying to leverage F4AF’s funding to form a £120 million fund. There had been an encouraging response. He recognised there was a huge challenge in trying to move a massive market – but the approach was to demonstrate that ethical business models in this space can be viable.</p> <p>F4AF is working with the Inclusive Economic Partnership.</p> <p>HM asked about the levelling-up agenda and the geographic scope of the organisations F4AF is working with. RCK gave examples of partners they were working with.</p>	

	<p>He also referred to high write-off rates and how this could be addressed by engaging with the customer to foster a better understanding of what they were buying.</p> <p>NH reminded the Board of the BSC shareholder banks and how the Government had encouraged them to engage. RCK had received strong support from Government to introduce him to the banks and agreed that F4AF was looking for strategic engagement with them rather than a contribution from their Corporate Social Responsibility budgets. F4AF is hoping for support that would be for the longer term.</p>	
7.	<p>Introduction to YFF</p> <p>AS outlined the broad social issue of youth unemployment that YFF will be tasked with addressing.</p> <p>The creation of YFF had been announced by Government on three different occasions with somewhat different remits being articulated each time. These were:</p> <ol style="list-style-type: none"> 1. Addressing racial disparity in youth employment; 2. Helping address the underfunding of the sector supporting youth; and 3. Getting young people into work. <p>She outlined some of the specific issues they were addressing, including around race disparity and the challenge they face concerning the availability of data.</p> <p>Technology is transforming how the next generation is able to access the workplace and working with youth should provide opportunities for businesses to build their IT skills and productivity. YFF is working to address the disconnect between the education system and what employers are looking for.</p> <p>Rather than focusing on engaging with schools (generally covered by others in the sector), YFF is looking at working with employers and at extra-curricular opportunities for developing life skills and addressing what employers need in terms of support for getting young people into work. (These services are currently generally provided by small under-funded community-based support agencies.)</p> <p>YFF has ambition beyond supporting small delivery organisations and is looking at the broad systems change agenda and transforming a market. The connection between Government initiatives, identified delivery organisations and business needs to be improved.</p> <p>There is a broader issue of recognising the challenges many SMEs face in areas such as safeguarding and not being aware of where their responsibilities begin and end. For a more inclusive workforce, these challenges need to be better understood and solutions found.</p> <p>There is also the possibility of using big policy levers (such as reducing National Insurance for those under 25) and an evidence base is needed to identify what works in practice.</p>	

	<p>To achieve good outcomes, YFF has to understand what good looks like, developing data bases and promoting good quality programmes that are effective in influencing the market.</p> <p>The Board discussed the issue of youth unemployment, how there are many organisations already active in this space and how it was necessary to build a movement. AS said that YFF had been well received by the sector that saw a role for it as a national convenor. AS also saw a willingness from employers who recognise their need to be better connected.</p> <p>JK was encouraged by the presentation and referred to cross learning between OpCos as they are all involved in various forms of “campaigning”.</p> <p>SH commented that there is a great deal of complexity and building the evidence base and evaluation will be a major task. There was a discussion of the split of spending by YFF between grant and research. AS illustrated how evaluation could make-up roughly 50% of the cost of an initiative.</p> <p>PH asked about YFF and F4AF’s areas of cross-over and co-ordination. HM referred to early intervention and the human and economic cost/benefit and the opportunities resulting systems change could create. AS pointed to data initiatives by Government that were helpful in this regard.</p> <p>RB summed-up and reinforced the point that there could be synergies within the BST Group.</p>	
7.	<p>AOB</p> <p>The BST Board reconvened for a further NED-only session.</p>	

Next meeting: 9 June 8:30–11:00am at BSC Offices.