

The Oversight Trust
Meeting of the Directors
at Toynbee Hall
24 March 2023 at 9.30am - 12.30pm
BOARD AGENDA

1.	Welcome to new NEDs. Introduction. Apologies. Conflicts.	Presenter SE	Documents	Timing 10 mins
2.	Quarterly OpCo Updates <ul style="list-style-type: none"> • Access • Big Society Capital • Youth Futures 	NH/SEI RHF/SM SO/BF	Quarterly Reports These docs are in a separate Board Pack for each OpCo	30 mins
3.	F4AF Deep Dive	RCK/SR	Deep Dive Presentation These docs are in a separate Board Pack	50 mins
4.	Discussion of OpCo presentations	SE/Link Directors		20 mins
5.	[Break followed by OT issues session] Approval of Board minutes and matters arising.	SE	Draft Minutes of 20 Dec 2022 and 23 Feb 2023 meetings	10mins
6.	Strategic Issues: <ul style="list-style-type: none"> • Dormant Assets Governance and Oversight • Community Wealth Fund 	Aimee Hardy SE/AB	DCMS Paper on Governance Local Trust Paper on CWF	25 mins
7.	Updates <ul style="list-style-type: none"> • OpCo Letters of Assurance • DCMS Dormant Assets announcement • BSC funding • YFF Quad Review Panel 	SE/AB SE/JF/AB SE/IH/AB NP	YFF Statement of Assurance DCMS Dormant Assets press release 07 March 2023 Paper on QR Panel	15 mins
8.	Quarterly Financials	IH/AB	March 2023 Budget Vs Actual	5 mins
9.	Risk Registers	SE/IH/AB	Key Risks, Risk Register	10 mins
10.	AOB (Board Documents on Website, Conflicts Register)	AB	Conflicts Register	5 mins

Minutes of the meeting of the Board of Oversight Trust
9:30am-12:30pm 24 March 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) Jo Fox (JF) Clara Barby (CB) (by video conference) David Lindsay (DL) Vicki Thornton (VT) Rob Bell (RB)</p> <p>Company Secretary: Alastair Ballantyne, CEO OT (AB)</p> <p>Apologies: Stephen Howard (SH)</p>	<p>OpCo attendees: Fair4All Finance (Items 1-3 only) Richard Collier-Keywood, Chair RCK Sacha Romanovitch, CEO (SR)</p> <p>Access (Items 1-2 only) Seb Elsworth, CEO (SEI)</p> <p>Big Society Capital (Items 1-2 only) Robin Hindle-Fisher, Chair (RHF) Stephen Muers, CEO (SM)</p> <p>Youth Futures Foundation (Items 1-2 only) Seyi Obakin, Chair (SO) Barry Fletcher, CEO (BF)</p> <p>Other attendee: DCMS (Item 6 only) Aimee Hardy, Senior Policy Lead (AH)</p>
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1	<p>Introduction</p> <p>The Chair welcomed everyone to the meeting including the three new OT NEDs. introductions were made and the OT Board had no additional conflicts to declare apart from NP reminding the Board of her role as an NED of Local Trust (relevant to the discussion of the Community Wealth Fund).</p>
2	<p>Quarterly OpCo Updates</p> <p>Access</p> <p>Access welcomed the 7 March Dormant Assets announcement that reflected continued support for social investment and the success of the campaign by a broad coalition representing community enterprises. Given the response to the DCMS consultation on causes to be supported in England, there are clear opportunities. Details and timing remain uncertain but references to: affordability; product flexibility; and addressing barriers to accessing finance, all play to Access’ strengths.</p> <p>Next quarter will involve planning for the future, including for existing programmes that are coming to a natural end and other programmes that are ramping up to address themes of sector resilience and the cost-of-living crisis.</p> <p>Now that Access has announced it is extending its life, its Board will engage in strategic planning about the longer-term vision of how the sector needs to develop and Access’ role. He outlined personnel changes including the reappointment of the Chair.</p> <p>SE asked about the strategic planning process. SEI outlined the approach being taken, including work that had already been done when looking at legacy planning which had focused on Access’ role. There was now a shift to looking at the broader eco-system including building the resilience of partner organisations in the sector and developing its reach.</p>

He outlined how the recently announced £32m of Dormant Assets for social investment was allocated with £20m (£12m for Access and £8 BSC) having an energy resilience focus (principally for community buildings) and £11m (Access only) for more general cost-of-living related service delivery requirements.

SEI clarified that the Dormant Asset funding awarded to Access up to 2020 has now been fully drawn down. The £20m allocated in 2022 has not yet been drawn.

Big Society Capital

RHF highlighted the Board had approved a new EDI policy which was particularly important given BSC's leadership role in the social investment market.

He welcomed the shareholder banks' choice of James Chew (HSBC) as the new bank representative on the Board, and referred to his longstanding involvement with BSC.

He updated on the recruitment of two new NEDs: one with sector experience who will replace Fiona Ellis, who is retiring from the Board after serving her full term, and the other with Impact assessment and measurement expertise.

He was pleased with the recently announced Dormant Asset allocation which underlined the support for the sector and the strength of the working relationship between Access and BSC.

SM reported that the year-end headline profit would be roughly £4.2m. RHF emphasised that these profits are unrealised and so do not mean a dividend will be paid this year.

At its recent meeting, the Board had looked at specific risks, including fund managers whose business models are under stress in the current higher interest rate environment. BSC is working closely with organisations where this is a concern.

Counterparty risks in the banking sector are also being assessed and addressed.

Youth Futures

SO outlined how the Board had been focused on:

1. Streamlining its business plan.
2. Reflecting on how the Board and executive team worked together.
3. The results of its recent stakeholder survey and any associated learning.

The Board is also looking at its composition and considering its approach to Board recruitment.

BF has been in role for three months. His focus has been on the Business Plan and working on key projects including: their tool kit, highlighting and synthesising evidence of "what works", to be launched in May/June; and the first Randomised Control Trial with 1625 Independent People which is about to be launched – with others to follow.

There will be an updated view of metrics ready for the next OT Board meeting.

A key focus for him was on establishing relationships (both internal and external) – particularly with Government, with a recent emphasis on the Spring Budget. YFF has been pushing hard on the UK Shared Prosperity Fund - with the People and Skills element having now helpfully been brought forward to 2023/24. (The Fund could be as much as £500m).

Progress has been made on the place-based grants and on expanding the Connected Futures Programme, with three or four new areas this year.

	<p>BF outlined the internal changes being made to address the employer engagement agenda. The planned permanent recruitment for the Engagement Directorate will see the current Director of Engagement role split into two new roles – a Director of Policy and Comms and a Director of Employer Engagement - to provide more focus on those areas.</p> <p>KD asked about engagement with governmental authorities in the regions. BF outlined what YFF is doing in the West Midlands and other regions including working with Combined Authorities to try to influence how funding is spent.</p>
3	<p>F4AF Deep Dive</p> <p>Quadrennial Review (QR) Process</p> <p>SR reported that the QR process had been very positive and the interaction with the Panel throughout the process was appreciated. The key themes had not been a surprise, although comments on team size, in particular, had been unexpected and had not been well received internally.</p> <p>It was recognised that the QR will help the Board in developing its strategic goals.</p> <p>A key focus of F4AF has been to engage with community finance trade association leaders and recently, seven of the main CUs had a workshop in Stockport with the F4AF team, which was very positively received.</p> <p>Board Strategy Day</p> <p>In February there was an initial discussion of strategy prior to the Strategy Away Day in May.</p> <p>KPIs</p> <p>To answer the question “how do we know we are making a difference?” - there are three key areas: performance against Budget for deployment; investee performance; and progress against the Strategic Goals.</p> <p>In a very challenging environment, affordable credit provision has not grown to the extent that was initially hoped, however sustaining provision (returning to pre-pandemic levels) in the face of the cost-of-living crisis has been a real achievement.</p> <p>For mainstream banks serving existing customers – the customer segmentation work has been a significant breakthrough and has been used by 120 institutions to help them analyse how they can serve their customers better. FCA are also using the framework.</p> <p>Work related to the creation of a wider market at scale has moved ahead more slowly but F4AF has focused on getting alignment with FCA and HMT and FCA to agree the steps needed to take the initiative forward, which have been shared with the Financial Inclusion Policy Forum and UK Finance.</p> <p>Work on fostering new initiatives to address products and services for the target groups has been exploring how the success of NILS and Consolidation Loans pilots can help develop partnering work that brings together community finance, government and referral agencies.</p> <p>Impact</p> <p>The idea is to align Impact assessment with F4AF’s strategic priorities by assessing the difference it has made to:</p> <ol style="list-style-type: none"> 1. the overall market;

2. organisations to enable them to provide affordable credit; and
3. consumers and their lives.

Data is being gathered including Impact goals for a Board discussion in April. This will then be shared with OT.

The extent to which F4AF is “making headway” is seen as a success in itself rather than only recognising “achievement of the final goal”.

New Money

F4AF is very pleased with the outcome of the DCMS Dormant Assets consultation and the allocation of £45m for cost-of-living initiatives specifically for:

1. Community finance support;
2. Expansion of NILS; and
3. Expansion of Consolidation Loans pilot.

One of the biggest challenges will be to hire new people. The Culture, Talent and Remuneration Committee will be meeting to address how F4AF can approach the issue of attracting talent, particularly from the financial services industry, given the significantly lower remuneration currently offered by F4AF. The challenge of bridging the commercial financial world and not-for-profit sector has been reflected in a recent recruitment exercise.

It was suggested that F4AF consider secondments – RCK indicated that F4AF had been trying to do this but remains hopeful that there could be opportunities in the current commercial environment (with a significant downturn in transactions and people “on the bench” at consulting firms). AR suggested from his experience of recruiting into government roles, a generic approach was unlikely to work and efforts need to be targeted at, for example, people at an early stage of their career who are possibly more idealistic or older workers looking for an end-of-career role.

There was a discussion of how access to finance for people from black and ethnic minority communities is being addressed. SR outlined research which had helped highlight that banks needed to do more to look at financial services provision through an ethnic community lens and look for commitments from banks to address this issue. [ACTION: SR to share research.]

RCK said that F4AF were planning on doing work to look at how these communities currently provide credit (eg sharia loans). Older people use more traditional sources of funding while challenger banks are seen as more inclusive for the younger generation. There needs to be an analysis of gaps.

As highlighted by the QR, the relationship of F4AF with community finance was explored and the question of expectation management. RCK outlined initiatives such as inviting representatives of the trade bodies to F4AF’s Board meetings and establishing feedback loops. RCK pointed to a change in emphasis in F4AF’s approach to funding. Rather than looking for lending opportunities with institutions that were long-term sustainable, more funding was now being made available as grant finance to promote resilience and thereby to achieve reach. While F4AF does have to deliver messages about sustainability, the sector itself could do more to recognise the realities and challenges around viability, particularly amongst smaller CUs to develop strategies to address this.

NP asked about the Financial Inclusion Action Plan which establishes a Theory of Change for financial inclusion. It is a plan (incorporating the MAPS Financial Wellbeing Strategy) across the financial inclusion landscape (not just affordable credit) with input from over 100

	<p>stakeholders. It outlines goals and has been used to convene the Financial Inclusion Action Group (including (Dormant Asset Champions) to agree actions.</p> <p>As the OT Lead on the QR, NP shared her thoughts on the process and asked about capturing all the follow-up actions resulting from it.</p> <p>A specific issue that had come up in the Review was how “lived experience” is built into F4AF’s processes. RCK and SR outlined how they see the issue and F4AF’s approach, including working with consumer groups and co-creation in the context of a sector with many organisations with very limited resources.</p> <p>JF asked about staff morale. An all-team review session attended by RCK had focused on the QR. The Investment Team in particular had felt the end of 2022 was tough and the QR had to be presented and seen in a positive light. However, the statement that the team was too big and observations about the relationship with the community finance sector had been challenging. SR confirmed that the next F4AF people survey will be done later in 2023.</p> <p>It was reported that staff will have their remuneration reviewed (including in relation to cost-of-living payments) in July. This is a year since this was last done.</p>
4	<p>OT Board Discussion of OpCo Presentations</p> <p>There was a discussion of issues raised by the OpCo presentations.</p>
5	<p>Minutes</p> <p>The minutes of the Board meetings on 20 December 2022 and at the Away Day on 23 February 2023 were amended and approved. It was noted that all matters arising had either been done or were being progressed.</p>
6	<p>Strategic Issues</p> <p>SE outlined the purpose of the presentation by AH and the paper on CWF were to inform the Board and seek clarification. The issues and implications for OT will be discussed in more detail at the Board off-site on 10 May.</p> <p>DCMS Dormant Assets Governance and Oversight Paper</p> <p>It was estimated by Government that the Dormant Assets Act would generate £880m of additional assets to distribute in the UK with £738m of that designated for use in England. The Scheme will be opening up to contributions from the new financial services sectors in a staged approach over the coming year with the first sector to be unclaimed insurance and pensions.</p> <p>AH outlined the key next steps:</p> <ol style="list-style-type: none"> 1. Secondary legislation for the four identified causes should be done by the end of the year. (The current causes can continue to receive money under the 2008 Act). 2. Technical consultation on Community Wealth Fund (CWF) to define the key design features - no decisions on design or delivery have yet been made). 3. Commitment to producing a Statement of Intent to determine the need across the four causes to detail quantum/proportion of funding for each.

4. Governance and Oversight Review.

In terms of the Governance Review, DCMS has identified three main areas for improvement:

1. Accountability and assurances (primarily DCMS internal focus);
2. Transparency in decision making, processes, information (including how allocations are determined); and
3. Results – in terms of Impact and VFM (expanded sectors have pushed for this – to encourage participation).

It is planned to commission a report on these matters from an independent consultant. AH emphasised that this is not a review of OT rather of the Scheme as a whole. A draft of tender for the appointment of consultants will be shared with OT. The idea is to build a scheme for the longer term. The process will take at least 12 months and implementation will follow.

There will be three phases to the review:

1. Targeted stakeholder consultation with key partners.
2. Assessment of current structure and developing options.
3. Implementation.

The document circulated to OT Board is a scoping document that has only been shared within DCMS as far as the Dormant Asset Directors. Thinking around the paper has moved on since it was first drafted and remains fluid.

SE asked about timing. AH responded that the aim is to award the contract for the governance review by June. ACTION: AB to suggest to DCMS that we could spend some time on this issue at the OT Away Day on 10 May.

It is not anticipated that any changes in the governance structure will require further legislation.

AR pointed out that Governance, VFM and Impact are very different and complex topics that are being conflated.

IH referenced the UK Vs England dimension to the governance issue. AH said that Dormant Assets Expansion Board raised the same question. The scope of the envisaged Review is for England only. There was a discussion of the extent of the responsibilities of the DCMS SoS to Parliament for the overall scheme.

AH outlined the motivation for financial service providers to join the Scheme and how they are being engaged as stakeholders in the consultation. SE commented on the difficult balancing act for DCMS in terms of pressures from industry to favour certain causes.

It was pointed out that in the future more organisations could receive Dormant Assets and so OT may not be well placed to provide an overall assessment of Impact and VFM for the Scheme in England as a whole.

Community Wealth Fund

	<p>It was emphasised that the paper represented Local Trust’s vision for the CWF. Others, potentially including NLCF, may have alternative proposals. No decisions have yet been taken on design or process.</p>
7	<p>Updates</p> <p>OpCo Letters of Assurance All have now been signed and delivered to NLCF.</p> <p>DCMS Dormant Assets Announcement IH noted that there will be additional Dormant Assets (possibly £75m?) available for the current OpCos in the coming months.</p> <p>BSC Funding BSC will be funded by OT buying new “A” shares at par. BSC has concerns about how the funding will be documented. IH has been helpfully facilitating the discussion between BSC and NLCF lawyers.</p> <p>YFF Quad Review NP outlined the need for two new members of the Review Panel. Board members were asked to suggest any possible names to her. [ACTION: Board to suggest any potential names to NP.]</p>
8	<p>Quarterly Financials AB highlighted that the quarterly financials showed projections for spending for the full year are in line with Budget expectations.</p>
9	<p>Risk Registers IH detailed some of the changes that are being introduced to make the Risk Registers more useful and clearer. The Registers will be discussed in detail at the 10 May off-site Board meeting.</p>
10	<p>AOB</p> <p>Board documents on Website AB highlighted that governance documents, OT policies and other Board-related documents were now available on the website. IH asked that, for security, the password to this part of the website should be changed whenever a Director left the Board.</p> <p>Conflicts Register The conflicts register had been circulated for noting by the Board. AB left the meeting.</p> <p>CEO Pension The Board agreed that, given recent changes to pension regulations made following the Chancellor’s March 2023 Budget, the CEO’s pension arrangements should be reinstated, to reflect the BSC policy detailed in their staff handbook.</p>

Next meetings:

10 May from 12 noon – 9:00pm off-site meeting at the Reform Club

30 June 9:30am – 12:30pm Board Meeting at BSC Offices (BSC Deep Dive)

ACTION LOG

Item	Action	Status/ Owner
7.	Suggest names for Quad Review Panel	Board - DONE
10.	Change to pension wording in CEO's contract	SE/AB -DONE