

MINUTES

TO Board
FROM Rachel Langworth, Committee Manager
DIRECT 020 3217 8392
EMAIL Rachel.langworth@bacs.co.uk
DATE 26 July 2018

MINUTES OF THE BOARD MEETING HELD ON 24 JULY 2018

PRESENT	David Rigney	Bacs Independent Chairman (Chair)
	Rachel Langworth	Bacs (Secretariat)
	Andy Hollingdale	Bacs General Manager
	Fergus Ryan	Bacs
	Dougie Belmore	Clydesdale(<i>via conference call</i>)
	Anne Trolland	Lloyds Banking Group
	Mark Nalder	Nationwide (<i>until 10:30</i>)
	Matthew Hunt	NPSO (<i>until 10:30</i>)
	Kathy Lennon	RBSG (<i>via conference call</i>)

ID	ITEM	ACTION
07/18.01	MINUTES OF LAST MEETING	
	Board noted the Declarations of Interest Register. The minutes and proposed redactions for the meeting held 5 June were agreed.	
07/18.02	ACTION LOG	
	<u>06/18.03 Director resignations</u>	
	Bacs has contacted the one outstanding Director that has indicated they intend to resign. [<i>Secretariat note: the remaining Director has now resigned</i>].	Closed
	<u>06/18.04 Handover of Audit Committee to NPSO</u>	C/F
	Discussed under agenda item 07/18.04.	
	<u>06/18.05(a) Bacs/ Vocalink contractual arrangements and CASS</u>	
	[DELETED – COMMERCIALY SENSITIVE] It was agreed to close the action; a further update will be provided once the pricing assessment is complete.	Closed
	<u>06/18.05(b) CASS resource profile</u>	
	Bacs has worked with the New Payment Systems Operator (NPSO) Human Resources (HR) department to look at the resource gaps and identified the	

ID	ITEM	ACTION
	<p>need for two Full Time Equivalent (FTE) roles; Bacs has recruited two people on a day rate basis until the NPSO Target Operating Model (TOM) 2.0 is implemented. A Hollingdale and the Current Account Switch Service (CASS) team will monitor the resource profile on an ongoing basis but given the current workload it was agreed that these two resources would address the current resource needs. M Hunt of NPSO advised that NPSO remains open to assessing exceptions on a case by case basis with regard to permanent recruitment of staff. It was agreed to close the action.</p>	Closed
	<p><u>06/18.05(c) Backlog scenario test</u> [DELETED – COMMERCIALY SENSITIVE] .</p>	Closed
07/18.03	DIRECTOR CHANGES	
	<p>Board noted the resignations of the following Directors:</p> <ul style="list-style-type: none"> - John Walsh and Melanie Martin as his alternate - Vicki Hassan. <p>A Trolland advised that this will be her last Board meeting as she exits Lloyds Banking Group on 25 July.</p>	
07/18.04	AUDIT	
	<p>A Beaton, Chair of the Audit Committee, advised that all activities that would typically be handled by the Audit Committee can be handled by Board going forward. It was proposed and agreed that no further meetings of the Audit Committee should be held. It was agreed for A Beaton to write to the Chair of the NPSO Audit Committee with regard to the remaining items of work that will be handed over. The letter will be tabled at the 4 September Board meeting.</p>	A Beaton
	<p>Referring to the Participant Compliance Assurance Report, it was confirmed that the management response as provided in the report should be noted for the minutes of this meeting. [DELETED – COMMERCIALY SENSITIVE] The Bacs management have accepted a number of the actions, noting a number of them will be work that NPSO will progress. Whilst Bacs will contribute and the NPSO, these actions are better served by NPSO as part of the organisational design and development of NPSO functions under the Target</p>	

ID	ITEM	ACTION
	<p>Operating Model (TOM) 2.0 work rather than by Bacs progressing them in isolation.</p> <p>[DELETED – COMMERCIALY SENSITIVE] K Lennon noted that the grading does not feel appropriate, however supported moving forward with the recommendations and not challenging them any further. It was queried how the NPSO will take the recommendations forward i.e. will it continue with the Codes of Conduct for each scheme? A Hollingdale noted that Bacs does not have this level of detail from NPSO as yet; as TOM 2.0 comes into place Bacs will work with the other schemes and NPSO to contribute to the development of the process.</p> <p>It was queried why the Bureaux risk was deemed less significant in the context of the audit; A Hollingdale advised that when the scope was initially agreed it was based on how and where the Participants could affect the systemic elements of the Bacs system, and it was felt this meant the bureaux were out of scope. It was confirmed that the audit team noted the self-certification process of the bureaux model, and the existing risks. It was noted that the bureaux risk is out of appetite at present. It was agreed this should be one of the items drawn out in the handover letter from A Beaton tot the NPSO Audit Committee.</p> <p>M Hunt and M Nalder left the meeting at this point.</p> <p>Board noted the Participant Compliance Assurance report and its recommendations, and the management response. Board thanked A Beaton for her contribution to the Audit Committee.</p>	
07/18.05	<p>2017 FINANCIAL ACCOUNTS</p> <p>Referring to the 2017 Financial Accounts, A Hollingdale advised the Audit Committee has reviewed and approved the statements. It was noted that on page one of the Financial Statement the reference to Alternate Directors should be removed, and on page four S Bailey should be shown as an Alternate Director.</p> <p>A Hollingdale confirmed that while not a company director, under his Power of Attorney as agreed by Board, he has the ability to sign the 2017 Financial</p>	

ID	ITEM	ACTION
	<p>Accounts and the Letter of Representation on behalf of Bacs.</p> <p>Board approved the signing of the 2017 Financial Accounts and Letter of Representation.</p>	
07/18.06	<p>RISK</p> <p>F Ryan provided a verbal update with regard to the current risks. [DELETED – COMMERCIALY SENSITIVE]</p> <p>It was confirmed that going forward Bacs will produce a revised risk dashboard aligned to the NPSO Risk Executive Committee which will be fed into NPSO, and combined with the same from the other schemes to formulate a consolidated view and will be reviewed by the NPSO Risk Committee.</p> <p>A Beaton queried if there are any risks that BPSL should be dealing with directly; there were no items to be considered at this stage. F Ryan noted the Governance risks and those associated with orderly wind-up should be considered and A Hollingdale noted the People Risk should continue to be monitored by this Board, as the Bacs staff remain direct employees of Bacs at present. It was agreed that BPSL only risks should feature on the agenda for all future meetings of this Board, and be recorded accordingly in the minutes.</p>	
07/18.07	<p>NPSO CONSOLIDATION</p> <p>A Hollingdale provided an update with regard to NPSO TOM 2.0; the work to produce TOM 2.0 has formally commenced, and the Chief People Officer (CPO) has appointed management consultants to review the current model and develop the organisational design under TOM 2.0. NPSO management have committed to engaging with all management teams of the schemes; an initial meeting has been held. NPSO remains on plan to move to TOM 2.0 in November 2018.</p> <p>NPSO expects to undertake a TUPE process for all staff considered in scope and has asked that each scheme nominate representatives to sit on the Employee Representative Committee. NPSO continues to hold Town Hall meetings for all scheme staff; Bacs expects to see the first measures letter at the Town Hall meeting scheduled for 26 July. Once the organisational design</p>	

ID	ITEM	ACTION
----	------	--------

under TOM 2.0 is ready individual staff consultations will commence as required.

Running in parallel to the TOM 2.0 consultation process is a process to review all agreements Bacs is party to, with the aim to understand when those agreements should be novated to NPSO. The target date for completion of this work is end of October 2018. Part of the legal novation includes staff employment contracts. In addition, there is to be a review of all Bacs scheme documentation; all references to BPSL will be replaced. It is expected that once the legal novation exercise is complete, Bacs as a limited company can be wound up; however should the exercise take longer than expected the Board may need to meet past October 2018.

[DELETED – COMMERCIALY SENSITIVE]

07/18.08 AOB

The Chair noted that he tendered his resignation on 30 June; his last day of service will be 30 September.

The Chair noted his thanks on behalf of the Board for A Trolland's contribution to Bacs; Board echoed these comments.

It was confirmed the next meeting will be held on 4 September at 13:00.

Date of next meeting: 4 September at 13:00