

# Minutes

Redactions

CCB/112/16



4<sup>th</sup> November 2016

**To** C&CCC Board of Directors

**From** Stephanie Watson

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## MINUTES OF THE MEETING OF THE C&CCC BOARD HELD ON 3<sup>RD</sup> NOVEMBER 2016

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<b>Present:</b>	Jane Bevis	Chair, Independent
	Bill Andrews	Santander UK
	Heather Benjamin	Independent Director
	Graeme Donald	Lloyds Banking Group
	Sameer Dubey	Barclays Bank
	Colin Last	Nationwide Building Society
	Steve McArdle	Independent Director
	Lisa Neary	Co-operative Bank
	Damian Pettit	Royal Bank of Scotland Group
	Lorraine Suttie	Clydesdale Bank
	Sue Yarham	HSBC
	Steve Grigg	C&CCC CEO (phone)
	Jason Aird	C&CCC COO
	Stephanie Watson	C&CCC Secretary
	Sarah Connors	PA to CEO

**REDACTION - COMMERCIAL SENSITIVITY**

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**MEMBER CIRCULATION**

- Ben Brafman                      KPMG (part of Item 2043 only)
- Kevin King                        KPMG (part of Item 2043 only)
- David Boast                        ICS Programme ( Item 2041 only)

**Apologies**    Louise Lee                      Bank of England (Observer)

The meeting commenced with a formal vote of thanks to the Secretary who will be retiring at the end of November. The Chair was joined by all Directors in thanking Stephanie for her support over the years and in wishing her well for the future.

Similar thanks and good wishes were expressed for

**REDACTION - COMMERCIAL SENSITIVITY** who will leave the Company at the end of November. All those present noted that **REDACTION - COMMERCIAL SENSITIVITY** expertise and commitment would be sorely missed but wished her well.

**Summary of DECISIONS 3<sup>rd</sup> November 2016**

<b>DECISION:</b> Publish redacted version of Minutes of board meetings held on 18 <sup>th</sup> August and 14 <sup>th</sup> September.
<b>DECISION:</b> Include in CEO report information of the way in which skills gaps are being filled together with any other important staff issues.
<p><b>DECISION:</b></p> <ul style="list-style-type: none"> <li>• The Board RESOLVED that the currently registered C&amp;CCC Company Secretary, <b>REDACTION – COMMERCIAL SENSITIVITY</b> should be removed from office with immediate effect and not replaced; this decision was based on advice and is not a statutory requirement.</li> <li>• The updated list of authorised signatories (included in the agenda papers) was approved.</li> <li>• <b>REDACTION – COMMERCIAL SENSITIVITY</b></li> </ul>
<b>DECISION:</b> <b>REDACTION – COMMERCIAL SENSITIVITY</b>

**2037    CONFLICTS OF INTEREST**

The register of conflicts was reviewed. There were no amendments to the register as published.

**2038    MINUTES OF BOARD MEETING HELD ON 14<sup>TH</sup> SEPTEMBER 2016**

The minutes of the meeting held on 14<sup>th</sup> September were approved. The proposed redactions were also approved.

The proposed redactions of the minutes of the meeting held on 18<sup>th</sup> August were approved.

Both sets of redacted minutes will be sent to PSR and published on the Company's website.

**2039 OUTSTANDING ACTIONS**

The list of actions, which was noted, would be updated and recirculated.

**2040 CEO REPORT**

The CEO report was noted.

**REDACTION – COMMERCIAL SENSITIVITY**

The CEO welcomed feedback on the report which, whilst it is improving, still has some way to go before it fully meets his expectations.

The update report from EY on the Target operating Model (TOM) work was noted. The final report is expected in two weeks' time and will be included in the December agenda for discussion and agreement as to the way forward. It was noted that the TOM output will be key to helping with decisions on what committees are required to meet in 2017. No dates have been set for any committee meetings other than Board, Risk Committee, Audit & Finance and Remuneration and Nominees following the Board agreement at Strategy Day to close down all other C&CCC Committees.

**2041 IMAGE CLEARING SYSTEM- FAST CHEQUE**

**REDACTION – COMMERCIAL SENSITIVITY**

*David Boast joined the meeting.*

**REDACTION – COMMERCIAL SENSITIVITY AND LEGAL PROFESSIONAL PRIVILEGE**

**Procurement Group Update**

**REDACTION – COMMERCIAL SENSITIVITY**

Jason Aird introduced his update:-

- **REDACTION – COMMERCIAL SENSITIVITY**

- **REDACTION – COMMERCIAL SENSITIVITY**

The Chair reiterated the importance of ensuring that shareholders are briefed and that are encouraged to attend the scheduled shareholder meetings in order to provide them with continued, full visibility of all aspects of the ICS Programme

**REDACTION – COMMERCIAL SENSITIVITY**

Meetings with PSR, Bank of England and HMT have been re-scheduled so that they all receive exactly the same briefing which is helping to improve consistency 23/11.

- As yet, HMT has not produced secondary legislation in support of the Small Business, Enterprise and Employment Act 2015. Members asked for sight of the letter sent to HMT in which the importance of passing such legislation was explained; namely the retention of the current position regarding the paper cheque as proof of payment and clarification on the fraud liability. HMT lawyers are currently drafting secondary legislation and expect to produce a draft for review end November.

- **REDACTION – COMMERCIAL SENSITIVITY**

- The work on the target operating Model (TOM) is ongoing. The C&CCC is evolving from a company dealing with paper to a company based electronic processing. Having dealt with defining the 'as is' position, work is now underway on finalising the new TOM design, and how to transition to the new model, keeping in view the wider payments landscape. Further information would be available at the December meeting.
- Designation must be achieved after May/ June 2017 once the Company is ready for industry testing to start. The new operating model would therefore go live in readiness for this during 2017 and build up to go live.
- It was noted that both shareholders and regulators have advised that work being conducted by the Payments Strategy Forum on payment scheme consolidation will not interfere with implementation of the ICS Programme.

**REDACTION – COMMERCIAL SENSITIVITY**

Steve McArdle was advised that agency bank readiness is part of the overall report from the

relevant sponsoring members.

**REDACTION – COMMERCIAL SENSITIVITY**

**2042 DIRECT PROPOSITION**

*Peter Sparkes joined the meeting for this item.*

Sue Yarham introduced her paper confirming the **eligibility criteria**, as part of the Direct Participant Proposition, which will enable agency banks to confirm their decision on participation for Day 1 of ICS.

The eligibility criteria and key rights and obligations were agreed noting that the position regarding **REDACTION – COMMERCIAL SENSITIVITY**

was still to be resolved **REDACTION – COMMERCIAL SENSITIVITY**

**REDACTION – COMMERCIAL SENSITIVITY**

Peter Sparkes introduced his paper entitled, 'Company Funding Risk'

**REDACTION – COMMERCIAL SENSITIVITY AND LEGAL PROFESSIONAL PRIVILEGE**

It was agreed that the view of the PSR, HMT and Bank of England should be sought on this issue before making a final decision and these are now arranged as a single briefing.

Sue Yarham then introduced her presentation on the third element of the Direct Participant proposition, being the **Participant Charging Model**.

**REDACTION – COMMERCIAL SENSITIVITY**

#### **Other C&CCC Governance Issues**

A number of amendments to existing governance, requiring Board approval, were proposed and approved as follows:-

- The Board RESOLVED that the currently registered C&CCC Company Secretary, **REDACTION – COMMERCIAL SENSITIVITY**, should be removed from office with immediate effect and not replaced; this decision was based on advice and is not a statutory requirement.
- The updated list of authorised signatories (included in the agenda papers) was approved.
- **REDACTION – COMMERCIAL SENSITIVITY**

#### **2043 GOVERNANCE ISSUES**

*Ben Brafman and Kevin King, KPMG joined the meeting.*

Following discussions on the subject at the Strategy Day in September, **REDACTION – COMMERCIAL SENSITIVITY**



*Ben Brafman and Kevin King, KPMG left the meeting.*

**2044 REDACTION – COMMERCIAL SENSITIVITY AND LEGAL PROFESSIONAL PRIVILEGE**

**2045 ANY OTHER BUSINESS**

The C&CCC 'business as usual' budget has been agreed **REDACTION – COMMERCIAL SENSITIVITY**

**Date of Next Meeting:**

Thursday 8<sup>th</sup> December

10:30am to 1:30pm