

Minutes

Redactions

CCB/094/16



24th August 2016

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To C&CCC Board of Directors

From Stephanie Watson

MINUTES OF THE MEETING OF THE C&CCC BOARD HELD ON 18TH AUGUST 2016

Present:	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
	Louise Lee	Bank of England (Observer)
	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
	Stephanie Watson	C&CCC Secretary

Summary of DECISIONS/ACTIONS 18th August 2016

DECISION: Redacted minutes to be issued to PSR and published on the Company website.

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MEMBER CIRCULATION

<p>DECISION: Mark Curran appointed as Chair C&C ICS Senior Implementation Group.</p>
<p>DECISION: Approval of revised C&C ICS Governance structure</p> <p>DECISION: The scope and timeline of ICS is immovable; the only potential flexibility is in the budget. The following was agreed:-</p> <p>REDACTION- COMMERCIAL SENSITIVITY</p> <ol style="list-style-type: none">1.2.3. approved extension of KPMG for a further 6 weeks at to finalise contract and keep the Programme moving forward.4. approved in principle SIG to have delegated authority to approve an amount to be agreed without prior reference to Board <p>DECISION: It was agreed that 5 years would be the term for the support contract term.</p>

2023 CONFLICTS OF INTEREST

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

2024 MINUTES OF PREVIOUS BOARD MEETINGS

The Chair advised that the Company **REDACTION COMMERCIAL SENSITIVITY**

Subject to some minor amendments/ adjustments to redactions, the following minutes, in redacted form would be sent to the PSR and published on the Company’s website:-
19th April (approved at the 25th May meeting)

25th May (approved at the 14th July meeting)

The following minutes were approved for accuracy/ content. Subject to some minor amendments/ adjustments to redactions, the following minutes, in redacted form, would be sent to the PSR and published on the Company's website:-

11th May

5th July

12th July

14th July

2025 OUTSTANDING ACTIONS

The list of actions would be updated, with new actions arising at this meeting added, and circulated following this meeting.

2026 CEO REPORT

Steve Grigg expressed disappointment with progress re the HR audit. The report would be published on 22nd August (later than expected) and Directors would be advised of the outcome in due course.

Sue Yarham explained the background to the Toynbee Hall report which had been circulated in draft form for the meeting. The British Cheque Cashers Association (BCCA) had approached the Company with concerns that the introduction of ICS would seriously damage their business model. Toynbee Hall was commissioned to look into the potential impact on vulnerable customers who choose to use the BCCA service. The research revealed that whilst there would be an impact on some, the advantages of ICS (shorter clearing cycle) were appreciated. The final draft of the report would be available for review at a future Board meeting.

PROPOSED REDACTION- COMMERCIAL SENSITIVITY

Steve McArdle raised an issue regarding

Steve Grigg stated that he was looking to make further improvements to the Board reporting over the coming months. The Chair welcomed the improvements to date and was encouraged to hear of further improvements.

2027 IMAGE CLEARING SYSTEM

REDACTION COMMERCIAL SENSITIVITY

,Jason Aird, ICS Programme Director Warren Middleton, KPMG joined the meeting.

Steve Grigg introduced the session, calling for it to be interactive.

JA advised that the elaboration process was almost complete with 96% of the 5005 Level 3 requirements having been reviewed. So far 13% require additional work before a decision can be reached as to whether their inclusion is appropriate and if so, whether

it should be in Release 1 or Release 2. Fewer than 1% of that 13% are classified as RED/ CRITICAL but a solution has been identified for all of them.

Sameer Dubey commented that sufficient time must be allocated to properly understand the requirements and their elaboration rather than trying to rush into a conclusion. JA agreed, and re-assured that whilst fast progress is being made, the quality of output is high.

There is a full audit trail of requirements with removals, amendments and final actions recorded for future reference/ traceability. Heather Benjamin received confirmation that the promise to agency banks was not in any way compromised during this exercise.

The new governance model for ICS had been communicated with terms of reference for all new committees drafted for approval. Steve Grigg advised that all invitations for Board, Executive Committee, Senior Implementation Group (SIG), shareholder meetings and executive dinners for 2017 would be issued shortly. The focus is on good transparent communication, timely and consistent updates and faster decision making. The SIG will focus on delivery and will be supported by the Programme Working Group (PWG) which will continue to provide delivery and technical expertise in matters affecting ICS design.

Directors approved the revised ICS governance model and the appointment of Mark Curran as Chair of SIG.

Work continues to find the best way to ensure that agency banks have a reliable route to feed their views into SIG. The new governance forum to help enable this has yet to meet, and work is required to determine how it sits within the existing forums we have in this area, to be actioned at SIG.

REDACTION- COMMERCIAL SENSITIVITY

Given that all planning will be completed in September,

The governance workstream is seen as critical with a lot to do in terms of ICS which has to dovetail with other considerations such as changes to Company governance and regulator requirements. JA advised that all changes within the Company will now be planned, managed and controlled through a “one team” approach, removing the old demarcation between Programme and Company.

Heather Benjamin asked for a high level organisation plan of the Company to show how all responsibilities are being covered (included in the KPMG report).

REDACTION COMMERCIAL SENSITIVITY

KPMG

Warren Middleton introduced his report. He confirmed that the results of the KPMG review of ICS Programme have been provided to C&CCC.

Heather Benjamin sought confirmation of what would be included in Release 1 (and Release 2). This would be clarified once the elaboration process is complete. It was agreed that, in the interests of clarity, the terminology should be amended and that in future, Release 1 would be known as the Core Release. It was agreed that the KPMG summary should include, as a priority, the importance of safe and secure delivery of ICS for the benefit of customers.

The importance of communication to Board, SIG and shareholders was stressed. Meetings had been arranged to ensure alignment and to aid simpler communication with only the latest data being presented to all for consistent messaging.

REDACTION COMMERCIAL SENSITIVITY , *Warren Middleton left the meeting*

Legal Position

REDACTION- COMMERCIAL SENSITIVITY Steve Grigg advised that

Bill Andrews sought clarification of the impact on others of bilateral exchanges during the Image Exchange Pilot (IEP). Jason Aird said that the IEP had originally been welcomed by HMT **REDACTION- COMMERCIAL SENSITIVITY**

discussed with HMT who were understanding and supportive of de-risking the main delivery. The matter would be discussed in more detail at the forthcoming SIG meeting with a recommendation that, subject to agreement by Barclays and LBG, the potential early adopters, that IEP should be removed from scope **Secretary's Note:** This was subsequently agreed at SIG.

Financial Scenario Planning

REDACTION- COMMERCIAL SENSITIVITY Jason Aird introduced his update by presenting detail of

2028 COMPANY STRATEGY DAY 2016

Jane Bevis advised that the Company's Strategy day this year would be a one day only event with a Board meeting at the end of the day to ratify decisions made.

The focus for the day would be on running an effective company, empowering the executive and shaping the future. It was noted that the Company's governance structure must be finally approved at Strategy Day in order to assist agency banks in making their decisions as to their level of participation in ICS.

Directors were invited to comment on this general outline; further detail and confirmation as to timings would be issued shortly.

2029 OTHER BUSINESS

There was no other business.

Date of Next Meeting:

Wednesday 14th September