

MINUTES



Item 2.1

3SC Capitalise Board meeting

Date: Tuesday, 11 December 2012
Time: 9.00am
Location: 3SC, Ibex House, 42-47 Minories, London, EC3N 1DY
Chair: Andrew Baird (AB)
Present: Mike Harvey (MH), 3SC
Caroline Mason (CM), Big Society Capital
In attendance: Alex Goodenough (AG), Big Society Capital
Apologies: Dave McCloskey (DM), 3SC

The meeting opened at 9.15

1. Welcome and apologies

As this was the first board meeting, it was agreed that MH welcomed the board members and Alex Goodenough to the meeting. Apologies were received from DM who was due to update the board on item 15. MH explained that not all of the resolutions had been prepared and proposed that these would be discussed and approved, then created and formally ratified at the next board meeting. This proposal was accepted by the board. The board then agreed that upon agreement of item 2 AB would chair the rest of the meeting.

2. Resolution to Appoint New Directors & Company Secretary

MH explained that as sole director of 3SC Capitalise he had passed a written special resolution on the 6th of December to appoint CM and AB as non-Executive Directors of 3SC Capitalise and both had been formally registered with Company's House as directors of 3SC Capitalise Ltd upon receipt of their acceptance of appointment. MH then proposed to appoint AB as Chair and this was seconded by CM. AB chaired the meeting from this point onwards.

AB raised the matter of Company Secretary and after discussion it was agreed that MH should be appointed Company Secretary.

3. Resolution to Appoint Auditors

MH explained that 3SC Capitalise required a special resolution to appoint Buzzacott LLP, of 130 Wood Street, London EC2V 6DL, as Auditors. MH explained that Buzzacott is 3SC's appointed Auditor and would include 3SC Capitalise within their annual audit of 3SC.

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The chair asked the board to vote, and the special resolution was passed, ratifying the appointment of Buzzacott as Auditors of 3SC Capitalise

4. Resolution to Increase the Share Capital and Allot Shares

MH informed the Board that a written special resolution had not been prepared for this item, and explained a special resolution was necessary to increase the share capital of 3SC Capitalise to £420,000, allocated on the basis of £205,000 in shares to Big Society Capital and £215,000 to 3SC. It was agreed that a written special resolution would be circulated and passed by email, to be ratified at the next Board meeting.

ACTION: MH to prepare and circulate by email, the special resolution to Increase the Share Capital and Allot Shares.

5. Resolution to Appoint Bankers

MH explained that 3SC Capitalise required a special resolution to appoint Barclays as Bankers for 3SC Capitalise. The Chair asked if 3SC had worked with Barclays previously. MH informed the Board that Barclays are 3SC's Banker, and had provided an excellent service to date. CM asked if a bank account had been set up yet. MH informed the Board that the process was underway and the account would be set up within a matter of days.

The chair asked the board to vote, and the special resolution was passed, confirming the appointment of Barclays as Bankers of 3SC Capitalise.

6. Resolution to Approve Business Contracts

MH explained that 3SC Capitalise required a special resolution to approve the signing of the following business contracts:

- The DWP Innovation Fund contract ref UI-DWP-100041-10 on behalf of 3SC Capitalise,
- The Investor Agreement between 3SC Capitalise and 3SC LLP and Big Society Capital Ltd,
- The Advisory Agreement between 3SC Capitalise and 3SC LPP,
- The Delivery Contract between 3SC Capitalise and Dyslexia Action, and
- The Delivery Contract between 3SC Capitalise and CfBT Education Trust

The chair asked the board to vote, and the special resolution was passed, confirming the approval of each of the listed contracts.

7. Declarations of Interest

The Chair noted that the declaration of interests should have taken place earlier in the meeting, and the future agendas will reflect this point. MH and CM declared their relative interests due to their positions within their respective organisations but agreed these did not constitute any conflict.

8. Adoption of Budget & Financial Model

MH explained a full financial model was not available for approval. The Chair requested a summary model for review and this item was adjourned. When the item was later revisited the Board reviewed the overview provided.

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The Chair proposed the Board agree the financial expenditure for the first quarter and asked the board to vote. The Board agreed to approve this expenditure and requested a full explanation of the budget and financial model at the next meeting.

ACTION: MH to arrange for Mortimer Jackman, 3SC's Head of Finance, to present the budget and financial model at the next board meeting.

9. Resolution to Change the Company Accounting Reference Date

MH informed the Board that a written special resolution had not been prepared for this item, and explained a special resolution was necessary to alter the company accounting reference date to the 31st March in order to bring 3SC Capitalise in line with 3SC's own accounting reference date. The Chair asked what the current reference date was and MH informed the Board it would be 12 months from the last day of the month of incorporation – therefore 31st of October. The Chair asked if this meant 3SC Capitalise would have a shorter financial year in year 1, and MH explained that this was the case. CM agreed that it made sense to align the financial reporting years in this way.

The chair asked the board to vote, and the special resolution was passed, confirming the change to the reference date. It was agreed that a written special resolution would also be circulated by email, to be ratified at the next Board meeting.

10. Book-keeping and Year-end Review/Audit

MH explained to the Board that 3SC Capitalise would be required to keep accounting records and prepare accounts for audit purposes. MH informed the Board that 3SC maintains its accounting records on Sage software and intended to set up 3SC Capitalise as a separate company on this software. The Board agreed to this proposal.

ACTION: MH to inform Jonathan Hart, 3SC's Finance Manager, to set up 3SC Capitalise on Sage.

11. Board Policies

- Payment authorization by the company & signatories
- Authorisation of payments to service providers
- Board expenses
- Other expenses below £[2,000]

The board agreed that it is unlikely the 3SC Capitalise will incur any board expenses, or other expenses outside of those already considered within the project budget – i.e. payments to the Delivery Bodies (Dyselxia Action and CFTB) and the Advisory Body (3SC). The board discussed the need to agree a Control Policy regarding payments to these organisations, but agreed that any revisions to the scheduled payments to those bodies would be as a result of performance issues.

MH explained that the current signatories for the Capitalise Bank Account were MH and Martyn Oliver (3SC CEO). It was agreed that CM and AB would sign the mandate to be added to signatory list at the next board meeting, and that MH would draft a control policy for discussion/approval.

The Board agreed that payments should be authorised by an approved signatory from both investors (3SC and BSC), with the Chair able to sign in the instance that a signatory from one of the investors was not available. It was agreed that DM, 3SC

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Capitalise's Delivery Manager, should have an agreed level of sign off for lower level expenditure in the unlikely event this was necessary

ACTION: MH to draft a payment control policy for review at the next board meeting.

12. VAT Registration

CM asked if 3SC Capitalise was VAT registered MH explained that the registration process could not commence until the bank account was in place, but that registration would take place immediately after we received confirmation of the account details The Chair requested that a note confirming the VAT registration be sent out to the Board when this had been completed

ACTION: MH to issue note confirming VAT registration.

13. Insurance

MH explained that 3SC had revised its insurance policies to include 3SC Capitalise within those policies, thereby reducing the cost and timeframes for ensuring appropriate cover was in place The Chair asked if the 3SC Capitalise policies stood alone, or if they were part of an aggregated limit within the 3SC policies MH was requested to clarify this matter and inform the Board

ACTION: MH to confirm the insurance arrangements for 3SC Capitalise.

14. HR

- Chairman

The Board acknowledged AB's appointment as Chair of the Board

- Secondment of Dave McCloskey of 3SC

MH explained that as it was a requirement of BSC that the SPV, 3SC Capitalise, have at least one employee, it had been agreed DM, the 3SC Delivery Manager responsible for the Capitalise project, would be seconded to 3SC Capitalise This avoided the issue of formally employing a member of staff, having to establish HR policies etc, and creating a potential liability for the SPV

CM raised the concern that there may be a maximum period a secondment could be in place, before the employee was naturally assumed to be an employee, with all the associated rights, of the seconding organisation MH explained that the Bradfield Group, 3SC's HR provider, were providing guidance on this matter, and agreed to investigate this point and provide feedback to the Board

ACTION: MH to inform the Board of any issues of concern / additional liability raised through the proposed secondment of DM.

15. Performance / Progress Update

Apologies were received on behalf of DM MH gave a brief report on progress to date The Board agreed that DM should join future Board meetings at this point to provide a performance update and answer any questions the Board may have

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CM asked if there was any value in a member of the Board attending the Contract Review meetings with DWP but it was agreed that as these will be very operationally focussed, there is no need unless we are requested to attend by 3SC

ACTION: MH to confirm DM's attendance at future Board Meetings.

16. Non-contractual KPIs/Reporting Requirements & Management Information Dashboard

The Board held a lengthy discussion on the suitability of the proposed non-contractual KPIs/requirements as detailed in the papers provided and agreed these needed further consideration in order to ensure the management information provided sufficient qualitative as well as quantitative measures to ensure an accurate assessment of performance could be made

CM proposed engaging the delivery bodies in helping develop the most appropriate outcome indicators. The Chair also highlighted that without further details regarding the targets linked to each indicator the Board had no way of knowing what was considered a good or bad indicator – e.g. home visits. MH agreed to discuss the issue with DM and report back at the next Board meeting.

MH also raised the point the DWP, BSC, and 3SC would be conducting some form of evaluation, and it was therefore sensible to try and agree a single evaluation process which met the requirements of each party rather than conduct three separate evaluations which risked creating a significant administrative burden on the Delivery Bodies and Schools involved.

ACTION: MH to raise issue with DM and agree development of appropriate indicators for consideration at the next board meeting.

17. Any other business

The Board formally approved the adoption of the revised Articles of Association.

The Board agreed that for the time being, Board meetings should be held monthly, with a review and consideration to change to quarterly meetings in March 2013. It was also proposed that the March meeting be held in Cardiff, to enable staff from the Delivery Bodies to present to the Board, and the Board to visit a school to see the project in action.

18. Date & Time of Future Meetings

Thursday 17th January 2013, 9am-12pm, 3SC, Ibex House.