

MINUTES OF THE 399th MEETING
PHONEPAYPLUS BOARD MEETING

Monday 21st September 2015

10.00am – 12.45pm

PHONEPAYPLUS LIMITED, CLOVE BUILDING, 4 MAGUIRE STREET, LONDON SE1 2NQ

Board Members

David Edmonds (Chairman)
Kevin Brown
Hugh Griffiths
Peter Hinchliffe
Steve Ricketts
Ruth Sawtell
Howard Webber
Joanne Prowse (Chief Executive)

Ofcom

Lynn Parker

PhonepayPlus

Peter Barker
Simon Towler
Ayo Omidoyi
Alex Littlemore (item 3.1)
Mike Pemberton (item 3.1)
Stephanie Ratcliffe (minutes)

1.0 **STANDING ITEMS**

1.1 **Apologies and Introduction**

Introductions were made. There were no apologies received.

1.2 **Minutes of 397th Board Meeting held on 18th June 2015**

The Board **APPROVED** the draft minutes of the meeting held on 18th June, subject to a typing error under 6.1 to read 'complaint,' not 'compliance'.

1.2.1 **Matters arising and Action log**

AC400 - the Board **REQUESTED** an update on the issues surrounding 'vulnerability.' The Executive advised next steps include setting up a workshop with AIME to further engage industry; encouraging dialogue with other regulatory bodies to improve awareness and ensuring issues around vulnerability are supported. Dialogue with the FCA on this and other areas of common interest to be continued. An update will be provided at the next Board meeting.

(Action: S Towler)

1.2.1 **Action log**

The Board **NOTED** the updates to the action log.

1.2.2 **Standing and other Declarations of Interest on agenda items**

The following declarations of interest were recorded:

- Steve Rickett's role as consultant to GS1 UK.
- Kevin Brown's roles as committee member with the Financial Conduct Authority, Regulatory Decisions Committee and with the Payment Systems Regulator, Enforcement Decisions Committee.

1.3 **Minutes of 398th Board meeting held on 26th August 2015**

The Board **APPROVED** the draft minutes of the meeting held on 26th August 2015.

1.4 **Chief Executive's Report**

The Board **NOTED** the Chief Executive's update on business development and progress across the organisation, with particular emphasis given to the headlines, as set out in the paper.

The following points were noted:

- A productive meeting took place with Ofcom to consider the model options for the Part 4 reforms. Further discussion will follow under item 2.2.
 - A productive meeting took place with Ofcom on the applicability of the Code to providers based in other EU member states. It was agreed that further discussion with DCMS and European counterparts would be appropriate. A progress update will be provided at the next meeting.
- (Action: J Prowse)**
- Following the recently proposed revisions to anti-terrorism legislation, both PhonepayPlus and Ofcom have expressed their concerns regarding proper access to communications data and the outcome will be monitored carefully.

- Following the ONS reclassification, DCMS has clarified the implications for directors and confirmed that the reclassification will only affect accounting duties, not the legal basis on which the organisation is established.
- The communications strategy and shared vision between AIME and PhonepayPlus is making positive and effective progress. Working relationships and opportunities continue to be developed with stakeholders to ensure issues are managed effectively.

The Board **APPROVED** the proposal to replace two Board members, whose terms of office expire at year end, with the appointment of one industry Board member. The Board **NOTED** that the recommendation for a smaller structural make-up of the Board (but which retained the balance between 'lay' and industry members), would also contribute towards cost savings. A recruitment process is underway and governance matters, such as quorum, will be reviewed accordingly.

(Action: S Ratcliffe)

1.5 Committee Reports oral updates

1.5.1 Audit, Risk & Corporate Governance (ARCG) Committee report - meeting held on 25th June 2015.

The Board **NOTED** the oral update following the recent ARCG Committee meeting:

- The Committee recognized the extraordinary developments in relation to the increase in complaints and agreed for developments to be kept under review.
- The risk register will be presented for wider review at the next ARCG Committee. Kevin Brown offered to assist in a review of the register and the Board **AGREED** for major risks, requiring Board consideration, to be included on future Board agendas.

1.5.2 Resources Committee report- meeting held on 8th September 2015.

The Board **NOTED** the oral update following the recent Resources Committee meeting:

- Relocation plans and savings of £0.5million are anticipated over the timeframe of the 8 year lease.
- A progress update on the organisational development and cultural shift programme, with emphasis on identifying opportunities and celebrating with industry the *positive* achievements around PRS services.
- An update on the reserves policy and budget plan process and timetable.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 Governance: director indemnity, office holder handbooks, delegation scheme, Committee terms of reference

The Board **NOTED** and **APPROVED** the revisions made to the governance provisions as set out in the paper, subject to the following recommendations:

- Inclusion in handbooks of assurance that Ofcom will not act in any way that obstructs directors from acting with due consideration to their legal responsibilities.
- Clarification on number of Committees within the delegation scheme.

Revised final versions of the office holder handbooks will be circulated to office holders, with the request to sign Appendix A, confirming to comply with the handbook's provisions.

(Action: S Ratcliffe)

2.2 Part 4 progress report

The Board **NOTED** the paper concerning the proposals for the reform of Part 4 of the Code of Practice, along with recent developments following the meeting with Ofcom. A revised simplified flow chart was presented to the Board alongside a demonstration of the proposed model.

The following points were noted:

- Option 1 will allow for a provider to reach early settlement.
- The proposed process, with the introduction of an internal panel, will mean a swifter, more effective process.
- The makeup of the newly formed 'CDP' is key to be an expert panel and will include adjudicatory, legal and industry expertise.

The Board **ENDORSED** preference for Option 1 having regard to legal requirements and advice received and **RECOMMENDED** the following:

- Various clarifications to be made to the flowchart as noted and agreed.
- For transparency and clarity purposes re-present the flow chart for consultation, illustrating the four core steps.
- Produce plans for implementation, assurance and reporting in order to achieve best outcomes.

(Action: S Towler)

PhonepayPlus will discuss further with Ofcom on the preferred option and the arrangements for consultation. A draft of the condoc will be shared with the Board before consultation on Part 4 commences (planned for October), with implementation of the new Code anticipated mid-2016. The Board **NOTED** that timings may be dependent on Ofcom's consultation on the adoption of the Code.

3.0 ITEMS FOR DISCUSSION

3.1 Complaint Drivers progress report

The Board **NOTED** the progress report and planned actions, in addressing the volume of complaints received by PhonepayPlus, as set out in the paper.

Discussion followed and the Board **NOTED** that improvements are underway through internal operational developments and liaison with AIME and the MNOs with regular progress reporting to Ofcom.

The Executive continue to ensure PhonepayPlus is signposted correctly for consumers as the regulator in the PRS market, with its presence now firmly established in consumer websites and social media.

The Board **EMPHASISED** the need to:

- produce a robust and effective protocol with the ability to acquire accurate data, in order to gather trends and analysis of events occurring in the value chain;
- continue to improve upon working relations with the Alternative Dispute Resolution bodies;
- consider a charging system of complaints to take place as part of the funding review.

The Board **NOTED** progress is ongoing and **RECOMMENDED** for complaint handling policy to be brought back to the Board for wider debate.

(Action: P Barker)

4.0 ITEMS FOR INFORMATION

4.1 Management Summary report period ended 31st July with oral update for 31st August 2015

The Board **NOTED** the management summary report period ended 31st July and that further presentational and process changes are anticipated in order to present key information clearly and at an appropriate level.

4.2 Oral financial update on period ended 31st August 2015

The budget up to August was confirmed as forecasted. Development of the Business plan and budget for 2016/17 is underway. The Board recommended early consultation with the networks.

5.0 AoB

The Board **WELCOMED** the Executive's recommendations to improve access to documents with the introduction of an intranet area for Board use.

End of Minutes

Date & location of next meeting:

Date: Thursday 19th November 2015

Time: tbc

Location: 25th Floor, 40 Bank Street, Canary Wharf, London, E14 5NR