

**MINUTES OF THE 394th MEETING**  
**PHONEPAYPLUS BOARD MEETING**

**Tuesday, 11 November 2014**

**11.30am – 4.50pm**

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

**Board Members**

Andrew Pinder (Chairman)  
Hugh Griffiths  
Peter Hinchliffe  
Ruth Sawtell  
Howard Webber  
Joanne Prowse (Chief Executive)

**Ofcom**

Lynn Parker

**PhonepayPlus**

Mark Collins (items 6.1, 6.2)  
Jonathan Levack (items 5.3, 5.4)  
Ayo Omidoyi  
Stephanie Ratcliffe (minutes)

## 1.0 Apologies and Introduction

Apologies were received from Graham Walker and for the late arrival of Howard Webber and Lynn Parker.

## 2.0 Minutes of the 393rd Board meeting held on 16<sup>th</sup> September 2014

The Board **APPROVED** the draft minutes of the meeting held on 16<sup>th</sup> September 2014.

## 3.0 Matters arising, action log and glossary

### Matters arising

There were no matters arising.

### 3.1 Action log

The Board **NOTED** the updates to the action log and that ongoing actions are included on the current agenda.

- AC397A - close and bring to the Board in January 2015;
- AC400 – first viewing of draft document takes place at the November Board meeting. The Chair **RECOMMENDED** the Executive discuss issues around children and vulnerability with Dr Victoria Nash from the Oxford Internet Institute.

**(Action: J Levack)**

### Glossary

The Board **NOTED** the terms of the glossary and that these will be updated by the next Board meeting.

**(Action: M Collins)**

## 3.2 Standing and other declarations of interest on agenda items

Andrew Pinder recorded a declaration of interest as Chairman of DMSL Ltd.

## 4.0 REPORTS FROM THE CHAIRMAN, CHIEF EXECUTIVE & COMMITTEE CHAIRS

### 4.1 Chairman's report

The Board **NOTED** the progress made concerning the appointment of two new Board members. The Board **APPROVED** the new Board member appointments and **NOTED** that, subject to agreement with Ofcom and the offers of acceptance, the official start date will be 1<sup>st</sup> January 2015.

### 4.2 Chief Executive's update

The Board **NOTED** the Chief Executive's update and that budget considerations will be addressed under item 5.1.

The following points were noted:

- ONS re-classification of PhonepayPlus into the Central Government Sector - progress is underway to better understand any implications beyond for national accounting purposes. The Board **RECOMMENDED** further discussions with Ofcom and the Treasury take place and guidance sought appropriately.

**(Action: J Prowse)**

- EU Payment Services Directive – progress is ongoing with AIME, the Mobile Broadband Group and the Treasury regarding the drafting and implementation of the directive and the extent of the ‘telecoms exemption’. The Board **NOTED** the implications.
- Fining Powers clarification - further discussions are taking place with DCMS and work is in progress.

The Board **NOTED** the recent developments.

#### **4.3a Audit, Risk and Corporate Governance Committee Report**

The Board **NOTED** the ARCG Committee update and that the main areas of risk around sustainability and operations are being addressed. An update, concerning the Committee self-evaluation on corporate governance principles, will be brought to the Board in January 2015.

**(Action: P Hinchliffe)**

#### **4.3b Resources Committee Report**

The Board **NOTED** the Resources Committee update and that issues are further covered in the Board agenda. Discussion followed on issues around improving fine collection rates and in relation to levy setting.

### **5.0 STRATEGY**

#### **5.1 Business Plan and Budget consultation 2015/16**

A paper on the proposed budget for 2015/16, forecasted levy rate and a revised expense budget sheet was presented to the Board. The Board **NOTED** that adjustments and further refinements have been made since the last meeting, taking account of market decline, fine income and growth in the market based on new forms of transaction.

The following points were made:

- the budget is set a year in advance only;
- a review of the funding model is not deemed necessary however may be considered at a later date, in line with the changing market structure;
- Research expenditure has been reduced to reflect the increasing use of more cost effective channels to deliver intelligence.
- legal expense cover has been amplified and includes an excess amount.

The Board **RECOMMENDED** the following:

- operator carrier billing assumptions review and revise estimates;  
**(Action: H Griffiths/J Prowse)**
- ensure the revised budget sheet is adjusted and reiterate the 40% increase in complaints;
- capture fine recovery performance over the last few years, not merely the previous year;
- consider presenting an analysis illustrating the budget impact of a 20% reduction in complaints;
- consider the inclusion of contingencies to cover unforeseen circumstances;
- round up levy range.

**(Action: J Prowse)**

The Chief Executive confirmed PhonepayPlus expect to deliver effective regulation with the budget assumptions put in place. The Board **APPROVED** the revised draft budget, as recommended by the Resources Committee and subject to approval from Ofcom and the above recommendations.

The business plan and budget will be put out for consultation early December 2014.

## 5.2 Strategic Implementation Plan progress

The Board **NOTED** the progress paper on delivery of the Strategy Implementation Plan and that actions are on track.

The following recommendations were made:

- engage further with Ofcom to discuss our regulatory scope;  
(Action: A Pinder/P Hinchliffe)
- liaise with other regulators such as the FSA and PSR on future developments;  
(Action: J Prowse)
- revisit the checklist of characteristics defining what is required to bring services within our scope;  
(Action: Ayo Omideyi)
- build on our capabilities; include the process for extending our skills range via new Board appointments and new strategy director opportunities.  
(Action: J Prowse)

The Board **APPROVED** the recommendations as set out in the paper.

## 5.3. App Store midpoint review

The Board **NOTED** the update concerning the app store pilot and that consumer engagement is strong, progress is good and there are no major concerns to note. The Board **NOTED** the six month review date in November and pilot end date in May 2015. Discussions around spending caps and exemptions followed.

The Board **RECOMMENDED** the following is undertaken prior to any formal arrangements being made:

- ensure consistency and outcomes are maintained and recognised in the Code;
- liaise with Dr Victoria Nash of the Oxford Internet Institute on children's and vulnerable services and in the wider context deliberate how to regulate children's content generally;
- engage in active dialogue with Google on its position and in the context of market changes and wider applicability.

(Action: J Levack)

## 5.4 Vulnerability Position

The Board **NOTED** progress made on the vulnerable consumers work being undertaken and were invited to provide comment and make considerations to the Executive.

The Board **RECOMMENDED** the following:

- ensure the position is aligned with other areas PhonepayPlus are working on and compatible with spending caps, children's services and the Code Review.

(Action: J Levack)

The Board **AGREED** for any further comments to be taken off line.

## 6.0 POLICY REPORTS AND DECISIONS

### 6.1 Code Review

The Board **NOTED** the detailed proposals put forward for the scope and terms of reference for the separate review of Part IV of the Code, as well as the summary of Code responses, following consultation and subsequent recommendations.

The following recommendations were made:

- 1) p. 10 first paragraph - replace 'result' with 'risk of such a result';
- 2) p. 8-9 engage further with Ofcom on retention of the existing rule;  
(Action: M Collins/A Omidoyi)
- 3) p.7 - the Board **CONSIDERED** the proposed spending caps on children's services and **AGREED** it to adopt the higher caps for both cumulative as well as individual purchases;
- 4) Part IV of the Code ToR – redraft certain areas, in particular point 4 panel make up.  
(Action: M Collins)

The Board **APPROVED** the proposed Code changes, with the exception of point 2 above, where further investigation is required.

## 6.2 Voice Short Codes

The Board **NOTED** the update concerning a request from Vodafone to grant an exemption from registration for businesses using voice short codes. This was where the codes concerned were charged at 20ppm or below in total – thus providing a certainty about the total cost of the call including network access charge – and were used for service types such as data capture or non post-contract enquiries which were coterminous with services provided on the 087x range. In this way Vodafone intended they, and other MNOs, to be able to offer voice short codes as a cost-effective alternative to 087x numbers, which would likely carry a greater access charge for consumers.

The Board **RECOMMENDED**, that in light of the consultation responses received from Ofcom and BIS, to proceed with the proposals as set out in the paper.

## 7.0 REPORTING AND PERFORMANCE

### 7.1 Management Summary Report period ended 30<sup>th</sup> September 2014

The Board **NOTED** the management summary report ended 30<sup>th</sup> September 2014, as set out in the paper provided.

### 8.0 AoB

None

**End of Minutes**

#### **Date & location of next meeting:**

**Date:** Thursday 29<sup>th</sup> January 2015

**Time:** 1.30-17.00

**Location:** PhonepayPlus, Clove Building, 4 Maguire Street, London SE1 2NQ