

MINUTES OF THE 395th MEETING
PHONEPAYPLUS BOARD MEETING

Thursday 29 January 2015

1.30am – 5.30pm

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

Board Members

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

PhonepayPlus

Peter Morton (item 5.1)
Ayo Omidéyi
Stephanie Ratcliffe (minutes)

1.0 Apologies and Introduction

Apologies were received from Lynn Parker from Ofcom and Graham Walker.

The Chairman welcomed new Board members, Steve Ricketts and Kevin Brown, to the Board.

2.0 Minutes of the 394th Board meeting held on 11th November 2014

The Board **APPROVED** the draft minutes of the meeting held on 11th November 2014, subject to some minor amendments as follows:

- 5.1 reword 'Intelligence' for improved clarity;
- 6.1 replace exemption with exception.

(Action: S Ratcliffe)

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.

Glossary

The Board **NOTED** the terms of 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

There were none.

4.0 REPORTS FROM THE CHAIRMAN, CHIEF EXECUTIVE & COMMITTEE CHAIRS

4.1 Chairman's report

The Board **NOTED** that the Chairman will be meeting with Dame Patricia Hodgson, Chair of Ofcom as part of the usual process in budget and business plan approval.

The Board will be updated off line on progress made on the appointment of a permanent Chief Executive.

4.2 Chief Executive's update

The Board **NOTED** the Chief Executive's update as set out in the paper.

The following points were noted:

- further discussions concerning emerging payment model propositions will take place to better understand the models and further review with Ofcom sought to identify whether these services fall within our regulatory remit. PhonepayPlus is meeting with the FCA and with other regulators to look to ensure a consistent approach concerning consumer protection exists.

- The business plan and budget consultation deadline for responses runs until end January and to date responses received have been generally supportive. Following the deadline date final approval will be sought from Ofcom;
- Organisational capabilities will be further strengthened by the appointment of Simon Towler, who joins as Director of Policy and External Relations on 2nd March 2015 and the appointment of a Director of Corporate Services and Operations, following the resignations of the Senior Finance Controller and Head of HR and Central Services.

The Board **NOTED** the recent developments.

4.3 Audit, Risk and Corporate Governance Committee Report

The Board **NOTED** the ARCG Committee report following the recent Committee meeting held in November 2014.

Discussion ensued with the Committee's annual self-evaluation of corporate governance standards, with particular emphasis on item 8 to be further considered by the Board. The following **RECOMMENDATIONS** were made:

- include under item 6 sub scoring for the different stakeholder groups;
- ensure future actions to be taken are included under the action column.

The Board **AGREED** to keep abreast of behaviours in ensuring any areas of concern are addressed regularly and that any further progress reviews are to be considered by the Audit Committee.

(Action: P Hinchliffe)

5.0 LEGAL UPDATE

5.1 Ordanduu and Optimus Judicial Review update

The Board **NOTED** the background to and update on the recent judicial review hearing on 18/19 November and 16 December 2014 and considered the risks and implications arising from the judgment, potential grounds for appeal and possibility of settlement.

The Board **NOTED** the findings of the judgment and that the failings identified in it related to the processes used by PhonepayPlus in applying the Emergency procedure under the Code of Practice and did not relate to the Code itself or its approval.

The Board **CONSIDERED** the risks and regulatory issues arising from the judgment and also the communications strategy and **RECOMMENDED** that a 'lessons learned' exercise be carried out under management of the Chairman and Deputy Chairman of the Board, and the findings and recommendations presented to the Audit Committee.

(Action: A Pinder/P Hinchcliffe)

6.0 STRATEGY

6.1 Strategic Implementation Plan progress review

The Board **NOTED** the progress paper on delivery of the Strategy Implementation Plan.

The following points were made:

- the app store pilot mid-year review date runs until end May and the Board will consider the position further subject to Executive review of progress and any submissions from participating app stores;

- the Government and Industry Advisory Group has met to discuss its remit and objectives to to better understand future changes required to the Comms Act 2003. Further meetings are planned to meet with the Board of PhonepayPlus.
- Further consultation with Ofcom and other regulators will take place around PhonepayPlus' regulatory remit and the wider regulation of digital micropayments.

(Action: J Prowse)

6.2 Consumer Education/Outreach Strategy

The Board **NOTED** the update concerning consumer education activity within the context of a wider approach to stakeholder relations and digital communications.

7.0 POLICY REPORTS AND DECISIONS

7.1 Code Review

The Board **NOTED** the updates in relation to the submission of the final Code to the EU and timeframe required to ensure that the key target dates for the Code review are met, as well as the progress made around the proposed consultation of Guidance and Special Conditions in support of the Code.

The Board **NOTED** that Part 4 of the Code will be treated as a separate review and the following points were **RECOMMENDED**:

- include an end date;
- with reference to rule 3.12.3 - requirement of spoken pricing information in audio visual promotions above an identified 'cost of service' threshold - a further consultation will be published in March;
- In relation to the scope of the Part 4 review – include an additional area, point 5, which will focus on expertise and capability;
- Terms of Reference - reinforce the legal expertise, consider Ofcom nominating a legal representative. The industry representative should be put to industry to put forward according to the criteria.

(Action: J Prowse/M Collins)

8.0 REPORTING AND PERFORMANCE

8.1 Management Summary Report period ended 31st December 2014

The Board **NOTED** the management summary report ended 31st December 2014, as set out in the paper provided. This year's budget is YTD underspent by £51.3k. The forecast is satisfactory however additional legal costs are likely to be incurred following the outcome of the recent judicial review (item 5.1).

The Board **RECOMMENDED** target KPIs and RAG statuses are included with the relevant key indicators, in order to gain a better oversight of issues.

(Action: J Prowse)

8.1 Bi annual review of risk register

The Board **NOTED** the revised risk register and its current statuses as presented to the Audit Risk and Corporate Governance Committee in November 2014 as part of the bi annual review.

9.0 AoB

Individual Board appraisals will be rescheduled following their recent postponement.

End of Minutes

Date & location of next meeting:

Date: Thursday 23 April 2015

Time: 1.30-17.00

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