

**MINUTES OF THE 392nd MEETING
PHONEPAYPLUS BOARD MEETING**

Thursday, 19 June 2014

1.30pm – 5.00pm

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

Board Members

Andrew Pinder (Chairman)
Matti Alderson
Hugh Griffiths
Ruth Sawtell
Howard Webber

Price Bailey Auditors

Richard Vass (item 2.0)
Paul Fox (item 2.0)

Ofcom

Lynn Parker

Consultant

Graham Walker

PhonepayPlus

Joanne Prowse (aCE)
Mark Collins (items 6.1.2, 6.1.4)
Patrick Guthrie
Neil Hardwick (item 2.0)
Jonathan Levack (items 6.1.1, 6.1.3)
David Levitt (item 6.1.4)
Alex Littlemore (item 7.3)
Ayo Omideyi
Nicola Tysoe (item 6.1.5)

Stephanie Ratcliffe (minutes)

1.0 Apologies and Introduction

Apologies were received from Peter Hinchliffe, Jeremy Hallsworth and for the late arrival of Howard Webber.

2.0 Draft PhonepayPlus and IMCB Report and Audited Financial Statements Year ended 31.3.14 for approval

The accounts for PhonepayPlus and IMCB were presented by Richard Vass of Price Bailey with the report and financial statements for year ended 31 March 2014, confirming the audit of the annual accounts. Richard Vass confirmed that there were no issues of concern arising from the external audit, he advised that one minor adjustment, concerning note 2 of the financial statements, will be remedied.

The Executive withdrew from the meeting whilst a short discussion with the Board and Price Bailey auditors took place.

The Executive returned to the meeting. The Board **APPROVED** the signing of PhonepayPlus and IMCB annual accounts. The Chairman, Andrew Pinder, signed copies of the balance sheet, whilst in absence from the Board meeting, the Deputy Chair and Chair of the Audit, Risk and Corporate Governance Committee, Peter Hinchliffe, had signed the accounts beforehand, pending final approval by the Board.

3.0 Minutes of the 391st Board meeting held on 10th April 2014

The Board **APPROVED** the draft minutes of the meeting held on 10th April 2014.

3.1 Matters arising, action log and glossary

Matters arising

There were none

Action log

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

Glossary

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

(Action: M Collins)

3.2 Standing and other declarations of interest on agenda items

There were no standing or other declarations of interest recorded.

4.0 REPORTS FROM THE CHAIRMAN, CHIEF EXECUTIVE & COMMITTEE CHAIRS

4.1 Chairman's report

The Board **NOTED** the meeting proposals for the Board schedule for 2015. The Board also **NOTED** that plans are underway for the establishment of a Nominations Committee, which will be responsible

for the appointment of two new Board members, following the expiry of Jeremy Hallsworth's and Matti Alderson's terms of office at the end of August 2014.

Discussion followed on the preferred structure of Tribunals and the Board **AGREED** for views to be sought further in wider circles and fed back to the Board at a later date.

(Action: J Prowse)

4.2 Acting Chief Executive's update

The Board **NOTED** the acting Chief Executive's update and in particular the four key priorities the organisation will be focusing on to steer and drive progress forward.

Additional improvements include:

- organisational capabilities - terms of reference for advisory groups are being drawn up to develop the ecosystem and future influencing and networking capability of the organisation. These will be conveyed to the Board in due course.
- internal capabilities and structure - improvements are underway within the communications, research and policy teams which will further enhance our skills set and improve stakeholder relationships.

The Board **ENDORSED** the proposals set out in the paper concerning the revised structure of the agenda.

4.3 Committee Reports from Committee Chairs

- **Resources Committee**

The Board **NOTED** the report from the Committee Chair.

- **Audit, Risk and Corporate Governance Committee**

The Board **NOTED** the report from the Committee Chair and minutes from the ARCGC meeting held on 4th June 2014.

- **Corporate Governance principles**

The Board **NOTED** the paper and **APPROVED** the revised and new set of principles and delegation of evaluation, as set out in the paper.

(Action: S Ratcliffe)

- **Delegation Scheme annual review**

The Board **NOTED** the paper and approved the delegation scheme and levels of authority, as recommended by the ARCGC and set out in the paper.

5.0 STRATEGY AND KEY ISSUES

5.1 Strategy Action plan

The Board **NOTED** the paper on strategy and the accompanying action plan, in particular focus on the three strategic goals;

- to secure our current regulatory remit;
- to make the case to enhance consumer protection;
- to build our capability.

The Board **ENDORSED** the paper and the overall strategic direction subject to some revised wording adjustments.

The plan will be further supported by the Board collectively and individually and progress reported on at the next Board meeting in September.

(Action: J Prowse)

Matti Alderson and Graham Walker left the meeting.

5.2 Applications for Judicial Review briefing

The Board **NOTED** the developments concerning the judicial review granted to Ordanduu and Optimus on 3rd April 2014 and that the hearing is likely to be held between October and December - an exact date for the hearing will be conveyed to the Board in due course. The Executive confirmed discussions with Ofcom are underway and a risk assessment and contingency plan will be drawn up and brought to the next Board meeting.

A copy of the PhonepayPlus' detailed grounds of opposition will be circulated to the Board and is to be treated as confidential. A further update will be provided at the next Board meeting in September.

(Action: A Omideyi)

6.0 REPORTS FROM THE EXECUTIVE TEAM

6.1 POLICY & REGULATORY EFFECTIVENESS

6.1.1 Vulnerable Consumers and Children's policy

The Board **NOTED** the paper on work being carried out on vulnerable consumers and child protection. The two workstreams are being refocused to support the organisation's strategic goals. To this end, a discussion document will be published in September demonstrating work carried out to protect vulnerable consumers and identifying areas of risk to consumers which are both in and potentially outside of our current remit.

The Board **ENDORSED** the paper. Discussion followed on the document presentation for both vulnerable consumers and children and it was **AGREED** that members of the Board will assist with the presentation and an update will be brought to the Board at the next meeting in September.

(Action: J Levack)

6.1.2 Code Review update

The Board **NOTED** progress made with the new Code review and that consultation is expected to be issued on 2nd July, following Ofcom sign off and in line with the anticipated timetable. In response to the call for inputs of the Code review in February 2014 AIME provided comment on a variety of themes at a very late stage. Whilst these comments cannot be fully unpacked and addressed before the consultation opens, they do provide a useful indicator as to the issues that AIME – and by extension others in the industry – are likely to focus on in their consultation responses. The project team will meet with AIME, as part of targeted stakeholder engagement with around 20 key parties once the consultation is launched.

Two key sub projects are now underway, and will move to proposal development following scope approval by the project board:

- a guidance review - changes and additions to current guidance will be driven by Code and legislative changes, market developments, and a desire to improve the overall narrative and clarity where appropriate. It is likely not all the desirable changes to guidance can be carried out in time for the launch of the Code, so the team will explore dividing changes into two phases;

- the proposed translation of the current suite of prior permissions into special conditions. The project team's initial assessment is that existing regimes can be divided into three categories. The majority of current regimes are likely to be translated across with only very marginal changes, with a small number of regimes likely to need far greater changes in order to remain fit for purpose. A third category of regimes, again small in number, are likely to have been rendered obsolete by developments in the Code or regulation elsewhere.

The Board **ENDORSED** the update and **NOTED** the annex of key milestones and that consultation is expected to be published in January 2015.

6.1.3 Early Warning System and Affiliate Marketing

The Board **NOTED** the progress and positive feedback made on affiliate marketing. The Executive continue to work closely with AIME and mobile network operators to support an industry led and owned digital marketing guidance. The Early Warning System, which is hosted by AIME, receives our support and is expected to go live on 23rd July 2014. However, Board members highlighted the risks associated with endorsing industry initiatives and asked that the Executive take these into account.

(Action: J Levack)

6.1.4 Consumer Credit Services update

The Board **NOTED** the update on prior permission conditions relating to PRS consumer credit services and the three proposals put forward by the Executive. The Board **RECOMMENDED** option 3 'FCA and enforcement/guidance-led approach' is taken forward and that the new guidance on PRS consumer credit services contains certain recommended provisions.

The following additional recommendations were made;

- review wording around the handing out of personal details;
- ensure the option selected is presented as an interim measure until the development of special conditions is complete;
- provide within guidance examples where breaches might/can occur, for improved clarity.

A final statement is expected to be issued in July 2014.

(Action: M Collins/D Levitt)

6.1.5 Investigations and Sanctions Procedure update

The Board **NOTED** the revisions made to the Investigations and Sanctions Procedure following input from stakeholders and that processes and key concerns raised have now been addressed. The Board **APPROVED** the changes proposed to the I&SP and thereafter publication, subject to some recommendations as follows:

- minor amendment of selected changes to improve clarity;
- disclosure of service revenue to be considered after breach and severity rating;
- consistency between the sanction setting process flowchart and supporting commentary
- amend threshold of ratings.

The Executive requested that additional feedback from Howard Webber is fed back to the Executive by Friday 27th June.

(Action: N Tysoe)

7.0 REPORTING AND PERFORMANCE

7.1 Management Summary Report period ended 30th April 2014

The Board **NOTED** the management summary report ended 30th April 2014.

The following points and recommendations were made:

- complaint levels remain static;
- the registration scheme fee structure and payback period will be reviewed later in the year;
- provide a pie chart on registrants for previous years for an improved understanding of movement;
- consider a KPI review every 2/3 years to ensure key measures are in place and metrics continue to cover the key areas of the business;
- consider streamlining the report covering paper with a focus on the four to five key metrics which give a view of overall performance.

(Action: J Prowse)

7.2 Business Plan and Workstreams Report period ended 31st May 2014

The Board **NOTED** the business plan and work stream status ended 31st May 2014, as set out in the paper provided.

7.3 Key Performance Indicators update

The Board **NOTED** the KPI update concerning the processing of Track 2 cases from allocation of a case to the case being brought to Tribunal for decision. The Board **NOTED** the proposition to align the KPI measures with Ofcom's measures and to target average weeks to Tribunal rather than the overall percentage against a set target.

The Board **APPROVED** the recommendation of a five stage process, subject to some further granularity, fine tuning and specific distinctions to be made to the process, and the implementation of a new overall target of an average of 16 weeks from allocation to adjudication.

(Action: A Littlemore)

8.0 INFORMATION ONLY

8.1 Risk Register bi annual review information

The Board will review the risk register for information to ensure all risks are captured by the ARCGC. The Board **APPROVED** the current risk register status.

9.0 AoB

The Chairman gave appreciative thanks to Jeremy Hallsworth and Matti Alderson for their valuable support and commitment as Board members over their six year tenure and wished them very well in the future.

End of Minutes

Date & location of next meeting:

Date: Tuesday 16th September 2014

Time: 1.30pm – 17.00pm

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