

**MINUTES OF THE 393rd MEETING  
PHONEPAYPLUS BOARD MEETING**

**Tuesday, 16 September 2014**

**1.30pm –5.30pm**

**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

**Deloitte**

Howard Davies (item 5.1)  
Michael Baines (item 5.1)  
Alex Shelkovnikov (item 5.1)

**Consultant**

Graham Walker

**PhonepayPlus**

Mark Collins (items 5.3c)  
Patrick Guthrie  
Jonathan Levack (items 5.3d)  
David Oatway (item 5.1)  
Ayo Omideyi  
Stephanie Ratcliffe (minutes)

## 1.0 Apologies and Introduction

There were no apologies received.

## 2.0 Minutes of the 392nd Board meeting held on 19th June 2014

The Board **APPROVED** the draft minutes of the meeting held on 19th June 2014.

## 3.0 Matters arising, action log and glossary

### Matters arising

There were none.

### 3.1 Action log

The Board **NOTED** the updates to the action log and that ongoing actions are included on the current agenda. The Board **AGREED** for a KPI review to be included on the Board calendar and to take place every 2/3 years, the next review being due in September 2015.

(Action: S Ratcliffe)

### 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

Andrew Pinder recorded a recruitment approach from Saxton Bampfylde and in light of PhonepayPlus commissioning them for the Board recruitment process.

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

### 4.1 Chairman's report

The Board **NOTED** the update concerning the recruitment process for two new Board members and discussion focused on industry recommendations and skills set. The Chairman noted that the Board are looking for an industry member who understands the traditional PRS market but in addition can bring a broader span of experience and learning of where the market is heading in future. It is anticipated that Board appointments will be in place by mid November 2014.

The Board **NOTED** that we continue to build upon active dialogue and strong relationships with industry through AIME, other trade bodies and providers and through the various fora in place.

### 4.2 Acting Chief Executive's update

The Board **NOTED** the acting Chief Executive's update. Particular thanks and appreciation was given to Patrick Guthrie, who will be leaving PhonepayPlus mid October, for his hard work and valuable support during his years in service.

The following points were noted:

- workstream plans will now be subsumed into the strategic plans;
- emphasis is on building and strengthening our internal capabilities and reviewing strategy, policy and market areas;

- emphasis is on developing key stakeholder relationships;
- legal matters include several listed oral hearings and a Judicial review;
- Eurostat guidelines have been received and whilst we wait on a final classification decision from the ONS we are engaging with Ofcom to better understand foreseeable impacts;
- EU Payment Services Directive negotiations are progressing and we are actively engaged with the Treasury, FCA, AIME and the MBG on this.

The Board **NOTED** the recent developments.

## 5.0 STRATEGY AND KEY ISSUES

### 5.1 Presentation by Deloitte's on the Future of PRS

The Board were given a presentation by Deloitte representatives on commissioned research undertaken into the short and medium term outlook for UK phone paid premium rate services. A synopsis of findings, alongside recommendations to succeed in the digital content market was put forward. Barriers affecting development, future scenarios and outcomes for PhonepayPlus were reviewed for broader discussion.

The Board **NOTED** the presentation.

### 5.2 Financial Three Year Planning

The Board were given a presentation on financial three year planning based around scenarios of what we think could happen to key variables such as market size, complaints, litigation and other factors.

The Board **ENDORSED** the recommendations as set out in the presentation and **AGREED** with the need to ensure that PhonepayPlus remains adequately funded to meet its objectives whilst also taking action to manage costs especially in light of PRS market decline.

The Board asked the Executive to do some further more detailed work over the coming year looking at financing options for the short to medium term also taking account of the ONS issue.

**(Action: J Prowse)**

The three year plan and budget parameters will be presented to the Resources Committee and Board in November 2014. Consultation will take place in December 2014, with final sign off expected February/March 2015.

#### 5.3.a Strategic Action Plan Update

The Board **NOTED** the overview concerning the strategic plan's progress and accompanying business plan. The first quarter is on track in the majority of areas and the strategy has been embedded across the organisation to ensure staff contribution.

A yearly internal "audit" exercise will be carried out to ensure the strategic activity plans deliver the required outcomes and that the strategic direction remains aligned to market developments. The Board stressed the need to ensure that the plan was also realistic and deliverable in light of other pressures on resources. Several Board members expressed their willingness to get involved in assisting with the plan and it was agreed that there would be a further strategy discussion at the Board away day in November, with the annual strategy "audit" taking place at the away day in March 2015.

### 5.3b Strategic Plan Consultation

The Board **NOTED** the progress update on the 3 year strategic plan concerning its consultation and responses received from stakeholders.

The Board **RECOMMENDED** the Executive engage with Board members who raised points in the discussion to incorporate any final drafting points and also to add a cover note from the Chairman welcoming the responses to the consultation, outlining the amendments and stressing our commitment to working with industry in delivering the plan. The intention is to publish the plan by early October.

**(Action: P Guthrie)**

The Board **APPROVED** the plan, subject to the above recommendations.

### 5.3c Code Review Project Update

The Board **NOTED** progress made on the Code review project and its consultation. The majority of responses have been received and project milestones are on track.

The Executive outlined the main points set out in the consultation responses, which included a request that PhonepayPlus not proceed with the proposed changes to Part IV of the Code, but should instead look at these separately in an independent review of Part IV of the Code. The Board had an initial discussion of this and some other issues raised in responses and asked the Executive to provide more detailed advice for decisions at the November Board.

**(Action: M Collins)**

### 5.3d Google

The Board **NOTED** the positive progress made concerning the launch of the app store pilot to regulate digital purchases made on app stores and had a discussion around options for how best to protect children from bill shock on app stores. The Board noted the linkage between this item and proposals to take forward children's spending caps in the Code review and the need to ensure fair and consistent treatment across the PRS industry.

The Board **AGREED** the terms of the pilot to be extended from November to the end of the pilot next May to allow for all issues to be fully considered.

### 5.3e Judicial Review Contingency Plan and Risk Assessment

The Board **NOTED** the update regarding the judicial review granted to Ordanduu and Optimus and that the hearing has been listed for 18-19 November 2014. The Board **CONSIDERED** the assessment and options put forward by the Executive and **AGREED** for option 2 to be pursued in addressing the wider issue, once the review has taken place. The Board also asked the Executive to ensure that PhonepayPlus' insurers are kept abreast of developments.

**(Action: A Omideyi)**

### 5.3f EU Directive on Alternative Dispute Resolution Mechanisms

The Board **NOTED** that the EU's Directive on ADR, which is currently being implemented in the UK by BIS, requires ADR mechanisms to be available for all sectors including PRS. It was noted that whilst PhonepayPlus is not an ADR body, the work we do on informally resolving complaints is close to an ADR model and broadly meets the same objective of resolving disputes in a fair and cost-effective way for both parties. The Board asked that the Executive engage with BIS and Ofcom to discuss how the Directive will be implemented and the best way of PhonepayPlus contributing to this.

**(Action: G Walker)**

## **6.0 REPORTS FROM THE EXECUTIVE TEAM**

### **POLICY & REGULATORY EFFECTIVENESS**

#### **6.1 Voice Short Codes Exemption Requests**

The Board **NOTED** the overview paper concerning issues around voice short codes for customer helplines and the recent request made by Vodafone for an exemption from registration for such voice short codes at lower price points.

The Board **CONSIDERED** that taking all factors under review, and especially the fact that we have already granted a registration exemption for 087 numbers, the request was reasonable and **RECOMMENDED** the Executive liaise with Ofcom and advise BIS that we are minded to grant exemption, unless objections are received from them in light of their implementation of NGCS reforms and the Consumer Rights Directive respectively.

**(Action: M Collins)**

## **7.0 REPORTING AND PERFORMANCE**

#### **7.1 Management Summary Report period ended 31<sup>st</sup> August 2014**

The Board **NOTED** the management summary report ended 31<sup>st</sup> August 2014 and the following points were made:

- the covering report paper has now been streamlined from previous financial and operational reports;
- outpayments for Q1 have seen a decrease on Q4 of 6% and 9% on Q1 2013/14;
- current budget position was noted and will continue to be reviewed by the Resources Committee.

The Board **RECOMMENDED** the management summary report cover paper includes reference to Tribunal performance including any Tribunal cancellations.

**(Action: J Prowse/M Pemberton)**

## **8.0 INFORMATION ONLY**

#### **8.1 Independent Lay Assessor Annual Report**

The Board **NOTED** the independent lay assessor's annual report.

#### **9.0 AoB**

The Chairman gave appreciative thanks to Patrick Guthrie for his valuable support and contribution during his years in service and wished him well in his new role.

**End of Minutes**

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

**Date:** Tuesday 11<sup>th</sup> November 2014

**Time:** TBC

**Location:** TBC