



MINUTES OF THE PHONEPAYPLUS BOARD MEETING

THURSDAY 18TH JUNE 2009

NO. 367

13.30-17.00

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

Board Members present:

Sir Alistair Graham (Chairman)
Bob Chilton (Deputy Chairman)
David Clarke
Ruth Evans
Jeremy Hallsworth
Stephen Locke
Paul Whiteing

In attendance:

Peter Phillips, Ofcom
Simon Bates
Ted Lean

Samantha Russell, Mazars LLP (Item 2.0)
Dawn Taylor (Item 2.0)
David Cockburn (Items 3.0 and 4.3)
Mark Collins (Item 6.2)
Hayley Buery (Item 6.3)

Cara Shummen (Minutes)

1.0 Apologies

Matti Alderson

2.0 Audited Statements

Dawn Taylor presented the audited accounts for the Company for the year ended 31st March 2009. Samantha Russell from the Company's auditors Mazars LLP was available to answer enquiries from the Directors, and confirmed that the audit had run smoothly and there were no material issues of concern, although a few minor recommendations had been made to the Audit Committee as part of a continuous improvement programme.

The Company Secretary stated that the Company was not proposing to hold an Annual General Meeting, which was no longer a requirement for private companies under provisions of the Companies Act 2006 now in force. The Board considered and reviewed the audited accounts, and approved them having noted points about bad debts and remuneration. The Chairman and Deputy Chairman then signed the audited accounts on behalf of the Board, which the Board agreed should be published on the Company's website.

The Board agreed that Mazars LLP should continue to act as the auditors of the Company.

The Board noted that the statutory accounts for IMCB for the year ended 31st March 2009 had been approved and signed by the Directors of that Company.

3.0 Code Compliance Panel

David Cockburn delivered his report to the Board on the last three Tribunals, and drew the attention of members to the following points:

- Seven cases were heard (four SP, three IP), as well as four informal representations, 25 applications for Prior Permission and two reviews. There were also two emergency procedures - one in relation to a bailiff's letter, and one in relation to a virtual text service advertised on TV which later proceeded as a standard investigation after the service was made compliant.
- Although there is an increase in the number of informal representations, which can be time-consuming, the number of applications for review has dropped.
- There will be a Forum and 0871 training day for the CCP on 3 July 2009.
- Two Oral Hearings are currently pending; the first will take place on 10 July 2009. A date has not been fixed for the second case.

A number of emerging issues were discussed, including Paragraph 5.2 (Legality); identity of SP; issues surrounding pricing information and the inclusion or addition of VAT in pricing; and the use, appropriateness and effectiveness of Paragraph 8.9.2g (the naming procedure).

David Cockburn then presented a paper on the Consistency of Fines issued by Tribunals over the last year. The Executive were asked for further detailed clarification around certain aspects of this analysis, especially in the context of the effect of 070 breaches and fines.

4.0 Minutes of the 366th Board Meeting held on 23rd April 2009

The minutes were read and approved subject to item 3.0 being changed to refer to the Minutes of the 365th Board Meeting held on 26th February 2009.

4.1 Matters Arising and Action Log

Action 291 can be treated as closed, since a note has already been sent out to industry addressing this issue.

4.2 Standing and other Declarations of Interest

There were no declarations of interest recorded, except Jeremy Hallsworth as a member of AIME for the discussion at 6.2.

4.3 CCP Review

David Clarke delivered to the Board the report (Paper 3.3) he had prepared in conjunction with Stephen Locke and David Cockburn. He stated that the paper was the unanimous view of the Group, which had been developed with and supported by Paul Whiteing. He summarised the issues for discussion, and the recommendations in the context of the CCP review delivered to the February Board meeting.

The Board approved the recommendations of the CCP review undertaken by the Executive and presented to the February 2009 Board meeting, and those in relation to more substantive policy decisions set out in Paper 3.3.

5.0 SECTION A: REPORTS FROM THE CHAIRMAN, CHIEF EXECUTIVE AND CHAIRS

5.1 Chairman's Update

The Chairman reported on developments since the last Board meeting, including:

- The ILP meeting: some good work is being done by the ILP, including the use of working groups working in conjunction with the Executive.
- The Chairman had recently met with Ben Bradshaw, the Secretary of State for Culture, Media and Sport.

5.2 Chief Executive's Update

The Chief Executive discussed his written report. The update was noted.

5.3 Reports from the Committee Chairs

The Chief Executive briefly outlined developments at recent Committee meetings, further information concerning which are contained in the Committee minutes circulated to Board Members. It was noted that the Human Resources and Remuneration Committee were not yet scheduled to meet.

Audit, Risk and Corporate Governance Committee

Bob Chilton reported the recent Audit Committee meeting which focused on the accounts for recommendation to the Board, and the annual governance review.

Finance, Budget and Performance Management Committee

Sir Alistair Graham reported on the Finance Committee meeting which looked at the level of reserves held by PhonepayPlus and endorsed the approach and methodology of the Executive in calculating the level of reserves required. The Committee also looked at the

issue of fine collection. It was recommended that fine recovery should be discussed as an issue to be addressed during the development of the 12th edition of the Code of Practice.

SECTION B: BOARD DISCUSSION ITEM

5.4 Future Size and Composition of the Board

The Chairman presented his paper on the future size and composition of the Board, as there are currently some vacancies and future vacancies. The Chairman recommended recruiting a new Board member for the end of the year once Stephen Locke's term comes to an end. PhonepayPlus will be recruiting one-consumer focused member and one industry focused member. The recruitment panel would comprise an Ofcom representative, a Board member and the Chairman. The Board approved the recommendations of the Chairman's paper.

6.0 SECTION C: REPORTS FROM THE EXECUTIVE TEAM

6.1 Ofcom Scope Review

Paul Whiteing presented a paper outlining the potential impacts for PhonepayPlus and the next Code as a consequence of the publication of the Review by Ofcom. He also presented a draft briefing document for the Ofcom industry workshop on 25th June 2009.

The Board approved the publication of the document.

6.2 12th Code – Pre-consultation Paper

Mark Collins presented the Board with a discussion paper on the pre-consultation document for developing the next PhonepayPlus Code of Practice. The paper had been substantially revised since the draft presented to the February Board, and will be finalised in time for discussion at the next PhonepayPlus Forum on 1st July 2009. David Clarke confirmed that the document represented the unanimous view of the Executive, and carries the support of the Ofcom members on the Code 12 Programme Board.

The Board was content that, subject to of the recommended changes, the document was in a form that could be published.

6.3 Lifecycle of a complaint project

Simon Bates updated the Board on the progress of the Lifecycle of a Complaint project.

Key progress includes:

- Research has been carried out into the consumer's experience of making a complaint.
- Industry working group has been convened to develop a best practice approach to complaint handling.
- A new allocations process – more transparent and accountable – has been developed and trialled.
- Significant input into the planning of the 12th edition of the Code of Practice.
- Intelligence from complaints received by PhonepayPlus has been communicated to individual aggregators so they are better placed to deal with potential sources of harm on their platforms.
- KPIs have been reassessed so as to judge PhonepayPlus based more on the experience of consumers in the market.

The Board discussed:

- The process for industry to be given the lessons learned from the project.
- The informal process will need to operate in two parts of the spectrum – on a formal codified basis, and on an uncodified basis where this appropriate.
- A formal process needs to be developed for consumers to outline communication at each stage of the complaints process.
- The project aligns well with the project to develop the 12th edition of the Code.

7.0 AOB

7.1 Board Members asked to receive news alerts when they are issued to the media prior to publication, not after the fact.

(Action: Hayley Buery)

7.2 Following the recommendations at 3.3, members of the CCP should be sent a copy of the Discussion Paper, the Ofcom Scope Review and any other policy documents which are relevant.

(Action: James Harris)

Next Meeting:

Date: Thursday 17th September

Time: 13.30 – 17.00

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