

MINUTES OF THE PHONEPAYPLUS BOARD MEETING

**THURSDAY 17th SEPTEMBER 2009
NO. 368**

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)
Matti Alderson
David Clarke
Ruth Evans
Jeremy Hallsworth
Stephen Locke
Paul Whiteing

In attendance:

Claudio Pollack, Ofcom

Simon Bates
Ted Lean

Mark Collins (item 5.2)
James Harris (item 2.0 and 6.1.3)
Stephanie Ratcliffe (Minutes)

Bradley Brady (observing)

1.0 Apologies

Peter Phillips
David Cockburn

Sir Alistair Graham noted that future Board meetings will commence at 12:30pm with formal business commencing at 1:30pm after pre-meeting presentations. He welcomed Bradley Brady to the meeting and advised that he will be commencing his appointment as Director of Strategy and Stakeholder Relations at PhonepayPlus in early October.

2.0 Code Compliance Panel

James Harris delivered the CCP report to the Board on previous Tribunals and drew the attention of members to the following points:

- Fines totalling over £1million have been imposed since June. The likely collection rate is good and although a small proportion is under discussion, it is unlikely that any significant fines will go unpaid
- Cases outstanding include a review to be heard from IP Auction Helpline Ltd and an oral hearing with mBlox

A number of emerging issues were discussed regarding the re-appearance of a 'fixed line' debt collection scam.

Simon Bates advised the Board that a paper has been produced explaining the terms of fines/revenue in proportion to severity of cases. This was in response to the matter arising from the last meeting.

3.0 Minutes of the 367th Board Meeting held on 18th June 2009

A clarification to item 5.4 Board Recruitment was noted and amended to read 'PhonepayPlus will be recruiting one consumer-focused and one industry-focused board member'.

3.1 Matters Arising and Action Log

All actions were noted as closed.

3.2 Standing and other Declarations of Interest

There were no declarations of interest recorded, except Jeremy Hallsworth, CEO of BT agilemedia, in respect of item 5.3 Funding Model.

4.0 SECTION A: REPORTS FROM THE CHAIRMAN, CHIEF EXECUTIVE and CHAIRS

4.1 Chairman's Report

The Chairman reported on developments since the last Board meeting:

- The Deputy Chairman, Bob Chilton and Board Member David Clarke will be coming to the end of their terms at the end of the year. The Chairman confirmed that he will write to Ofcom to seek their approval of their reappointments for their 2nd terms to commence 1st January 2010
- Stephen Locke comes to the end of his 2nd term on 31st December 2009. A recruitment process to replace him as well as to find an additional industry member is in progress. The panel will consist of Claudio Pollack from Ofcom, Wendy Mason as independent assessor, Sir Alistair Graham and David Clarke. The closing date for applications is 23.09.09
Stephen Locke will be replaced by Matti Alderson as chair of HR&RC, and his replacement on the adjudication panel will be announced shortly.
- The recent meeting with Colette Bowe at Ofcom was wide-ranging and included;
 - Scope Review
 - The 12th edition of the Code update and the importance of agreeing finer detail
 - 2010 budget process for approval.
 - The re-appointment of Board members and replacement for Stephen Locke

4.2 Chief Executive's Update

The Chief Executive discussed his written report and earlier update.

The Executive was asked to consider the practices of West Wessex County Council which has an arrangement whereby it takes all complaints – including those out of remit – and redirects them to the appropriate authorities.

(Action: Simon Bates)

5.0 SECTION B: BOARD DISCUSSION ITEM

5.1 Ofcom Scope Review of PRS

Claudio Pollack, Director of Consumer Affairs at Ofcom, presented an overview of issues on the Scope Review consultation and potential next steps.

The project team continues to work closely with PhonepayPlus. The final statement is expected to be issued later in this year, no major hurdles are foreseeable. Engagement with the stakeholder community has been productive.

Part A covered the strategic framework for PRS regulation. The analytical framework to assess changes to the PRS regulation and concrete proposals addressing these issues, including those that may give rise to risk, was noted.

Part B covered proposals to improve pricing transparency options, and the Board discussed a variety of concepts and their relative advantages and disadvantages. Claudio Pollack stressed the requirement for further analysis and awareness of potential risks before proceeding.

The proposed registrations database was examined in the context of the 12th edition of the Code arrangements, and the recommendation to include PhonepayPlus as the registrar for SP registration, to cover both the IP's and SP's, was noted. Additional items

discussed included the power to deregister, the structure of an administration fee to cover the registration scheme, complaints handling and expanding the number checker.

The Board noted the presentation.

5.2 The 12th edition of the Code and publication of a Governance Statement

Mark Collins presented the Board with a paper on the responses to the Discussion paper presented at the previous Board meeting. The Board was asked to note the information and provide comment.

Discussion points included:

- PhonepayPlus met with Ofcom to discuss the governance statement and the transfer of selected rules to 'conditions'
- The new Code will be more flexible and take into account market changes and issues of consumer harm. Existing rules will be tightened up and gaps plugged to ensure Code evasion opportunities are minimised.
- The Board reminded the Executive of the Code approval process and suggested it set specific conditions only in relation to particular services that required close regulation, since general conditions would need to be legally included within the Code.
- Registration Database – registration criteria, issues such as breach history and proposals are still being addressed and evaluated. The results of the internal scoping exercise and the consultancy advice received, as to the detailed specification for the database, will be presented at the next Board meeting.

The Board was advised that timescales for the start date for the operation of the database, and the publication and implementation of the 12th edition of the Code are likely to differ but this might be an advantage if there was an opportunity for voluntary registration before the new Code provisions come into force.

5.3 Funding Review

Ted Lean presented the Board with the KPMG funding model review. The Finance Committee had discussed the existing model in great detail and was broadly satisfied with the rationale for the KPMG proposals, having looked at the technical issues and underlying cost benefits. The Board was asked to endorse the recommendations of the Finance Committee, to enable the modifications to the model to be included in the forthcoming consultation on the 12th edition of the Code.

The Board agreed with the KPMG rejection of certain theoretical concepts and the focus upon some adjustments and refinements to the existing model, which was generally well received by the industry and considered 'best in class'. However, while some minor changes could be made to deliver a net cost benefit over a three-year period, without much interruption to the existing procedures, it was recognised that other changes could only be implemented over a longer time frame after detailed consultation and careful consideration of the practical and financial impacts.

The Board agreed the model would benefit from a sensitivity analysis, which should be undertaken soon and included in the consultation process.

(Action: Ted Lean)

5.4 Stakeholder Perception Audit Action Plan

Paul Whiteing and Simon Bates presented an update on actions and issues arising from the stakeholder perception audit carried out. At the Board Away Day, ThinkTank presented findings on the perceptions of key stakeholders and identified six areas. The following points were noted:

- Transparency – greater thought needs to be given as to what is meant by a ‘whistleblowing’ policy
- Engagement – additional focus on the consumer youth market
- Staff development – junior staff should receive further training and support when dealing with frontline industry issues
- Proactivity – consider how to encourage greater consumer empowerment. Consideration to be given to search engine optimisation on the World Wide Web, to better promote the PhonepayPlus regulatory remit against key words

The Board noted and approved the main actions arising as identified by the Executive.

(Action: Simon Bates/Bradley Brady)

6.0 SECTION C: REPORTS FROM THE EXECUTIVE TEAM

6.1 STRATEGY, POLICY AND REGULATORY EFFECTIVENESS

6.1.1 Budget 2010

A paper setting out the timetable, process, plan and budget 2010 was presented to the Board. The Board was asked to consider and advise on the parameters for building the 2010/11 business plan and budget.

Key issues for consideration in the forthcoming year were any one-off costs associated with lease expiry and the prospective cost of sourcing, building, commissioning and maintaining a registrations database.

The Finance Committee will meet to discuss a better system and improved ways to analyse core regulatory costs in conjunction with the budget setting process.

(Action: Paul Whiteing)

6.1.2 Key Performance Indicators

Paul Whiteing presented a paper to the Board on KPIs and performance reporting system and confirmed the KPI report is intended to be understood and supported by staff members as part of their own targets; KPIs will be discussed at the Staff Away Day on 19th October.

The Board was asked to endorse the recommendations prior to their agreement with Ofcom.

The Chairman confirmed the Finance Committee was supportive of the direction of the paper and Jeremy Hallsworth and David Clarke were congratulated on their assistance with the production of the report.

The Board approved the paper, subject to further refinements to consider operational efficiency, and quality assured outcomes. The paper will be addressed at the next Board meeting in November.

(Action: Paul Whiteing)

6.1.3 Improving the Transparency of CCP Adjudications

Simon Bates explained the requirement for producing the paper and asked the Board to endorse the recommendations.

The Board agreed the requirement to consider the size of bandings again, in particular £1-50K range and agreed proposals for handling of industry representations at Code Compliance Panels. The Board endorsed the proposal of a two week timescale for publication of summary and full minutes to be sent out together.

(Action: Simon Bates/James Harris)

6.1.4 0871 Implementation Plan; Project Summary and Conclusions

The 0871 implementation plan was a success and we have had positive feedback from industry. The Board congratulated the project manager, Alex Littlemore, on his efforts.

6.0 SECTION D: ITEMS FOR INFORMATION ONLY

- 7.1** The Chair of the HR&R Committee informed the Board of items discussed at the HR&RC meeting held on 9th September.

Next Meeting:

Date: Thursday 19th November

Time: 12.30 – 17.00

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