



**NOTES OF THE ILP MEETING NO. 42nd HELD ON
TUESDAY 21st OCTOBER 2014**

Present:

Graham Pottie - BT (Chair)
Geoff Brown – Ofcom
Ann Cook - ITV
Cathy Gerosa – FCS
Suzanne Gillies – Action 4
Hugh Griffiths – PP+ Board and Mobile Services
Simon Grossman – 118118
Sarah Jefferson - BT
Rory Maguire – RM Commerce, representing AIME
Jeremy Stafford Smith – Vodafone

PhonepayPlus

Andrew Pinder (Chair PhonepayPlus)
Jo Prowse (Chief Executive)
Mark Collins
Jonathan Levack
Ayo Omideyi
Mike Pemberton
Stephanie Ratcliffe (minutes)

Apologies

Shawn Brown - MDA

Industry Liaison Panel – Ongoing Actions Log

Meeting/ Action number	Description	Owner	Status
37.6	Further discussion concerning the consumer journey and research undertaken to take place off line, alongside a workshop on the categorization of complaints and enquiries - completed. Workshops held in December and research published early February. Working groups to take results forward completed. Consumer journey remains ongoing and progress is underway. Update from 22 July meeting - first consumer journey workshop planned for early August. Ofcom, AIME, MNOs, L1s and L2s will be attending. Updates will follow as and when required.	M Pemberton	CLOSED
41.1	Workshop on the interpretation of the definition of children's services to be arranged for wider understanding.	J Levack	ONGOING
41.4	PRS Consumer Credit – discussions concerning impacts of FCA regulation and possible dissolution of prior permission regime to take place off line and outcomes to be fed back to stakeholders. Discussions around potential threats are ongoing, although no immediate threat exists we will continue to include on the market register of threats and raise the issue in the guidance statement.	M Collins S Brown	ONGOING
41.7	Vulnerable Consumer Strategy - a workshop to be set up to look at the definitions and potential areas of vulnerability. Workshop has been delayed but work remains ongoing.	J Levack	ONGOING
41.8	Future of the Market – issues to be progress tracked towards a resolution and introduce columns charting actions and new developments. Work to be undertaken to ensure successful compliant introduction for higher price points and 'drop charge' billing. A workshop to be arranged exploring International services coming into the PRS market and associated opportunities and challenges. ILP to provide contributions on future issues to the Executive and register to be presented on a regular basis as part of the ILP agenda.	M Collins ILP Members	CLOSED
41.10	Quarterly report update –industry views on level and rationality of fines to be fed back to the independent Code Compliance Panel.	J Prowse	CLOSED
41.12	Registration Scheme payback period - further thoughts from the industry concerning the payback period to be fed back to the Executive.	J Prowse ILP Members	CLOSED
42.7	Provide further clarification around the launch education programme for providers of 087 numbers and how these will fall within PhonepayPlus' regulatory remit.	M Collins	NEW
42.9	Future of the Market Register – encourage collaboration with the industry and use existing ILP working groups and utilise existing effort to take issues forward.	ILP Members	NEW

Welcome and Introductions:

Graham Pottie welcomed representatives to the meeting and apologies were noted for the late arrival of several members.

1.0 Minutes and Matters arising from the minutes of the ILP meeting held on 22nd July 2014.

The minutes of the ILP meeting held on 22nd July 2014 were approved as an accurate record of the meeting.

Outstanding actions were updated accordingly.

PhonepayPlus Update

2.0 Three Year Strategic Plan

Jo Prowse confirmed PhonepayPlus' strategic plan was published last week. Following industry feedback received from the consultation, feedback has been incorporated and has led to improvements in the plan. The vision, mission, values and key objectives have been adjusted to reflect further PhonepayPlus's role in supporting a healthy and innovative market, collaboration with industry and to address the evolving changes in the market. The annual report will be a vehicle to give further insight into progress against the strategic plan.

The ILP noted the update.

3.0 App Stores

Jonathan Levack confirmed that since the launch of the pilot scheme positive engagement and progress has been made. We continue to work closely with Google and participating MNOs and improvements to ensure consistency of consumer protection are ongoing. Consumer complaints have decreased due in part to MNO caps and measures which are now in place. At the six month review point in November the Board will consider progress to date and to approve continuation of the pilot for the remaining six months. The ILP will be updated accordingly.

The ILP noted the update.

4.0 Digital Marketing and Early Warning Systems

Rory Maguire gave a presentation on digital marketing and early warning systems and confirmed progress is positive. AIME's guidance document, which was launched in May, identifies issues and high risk areas as well as setting out best practice recommendations for managing affiliate marketing.

The ILP noted the update and that PhonepayPlus continue to be supportive of these systems introduced by AIME.

5.0 Payment Services Directive 2

Rory Maguire and Mark Collins gave an update on PSD2 and advised that we have proposed amended wording in order to preserve the extent of the 'telecoms' exemption and to provide further clarity on the transactional limits which would apply. The Treasury continues to discuss the amendments within the EC and with member states, with the general consensus (with the exception of Germany), being likely to vote in favour of the amendment.

The ILP noted the importance of including 'digital' services alongside other services and the good work being undertaken to date.

6.0 Operational Quarterly Report Q2 and Emerging Trends

Mike Pemberton presented the operational procedures and quarterly report to the ILP for Quarter 2 2014.

The following points were noted:

- The outpayment figures by sector for Quarter 1 show a decrease on the previous quarter (6%) with a decrease DQ (9%) landline and 087 is broadly flat, while operator billing has increased by 71%;
- The Payforit definition has expanded to include all operator billing platforms from Q1 and renamed operator billing. A new category of voice short codes has also been created;

- Compared to Quarter 4 2013/14 there is an overall decrease of 9% (mobile down 7%, landline down 26%, DQ down 17%, 087 down 9% and operator billing up 71%);
- Registration scheme stands at 2,800 providers (a decline 8% on Quarter 1 and down 5% on latest forecasts);
- In quarter 2, 6,601 contacts (enquiries and complaints) were received, this represents a decrease from 8,986 contacts in Quarter 2 or 27%;
- Complaint volumes are down 5% down on quarter 1 (4,964 compared to 5,198 in quarter 1) and enquiries are down 57% (1,637 compared to 3,769 in quarter 1);
- 40% of complaints in quarter 2 required escalation to an enforcement track (Track 1 or Track 2) compared to 49% in quarter 1, with the remainder being closed without the need for investigation or subject to ongoing monitoring;
- The key drivers of complaints analysed to date are adult services and competition services promoted through affiliate marketing. The concerns surrounding these services are being closely managed through a number of internal projects and investigations.
- Enforcement ratio between formal and informal cases for the quarter is 28% formal and 72% informal;
- 11 cases have been heard this quarter by the Tribunal with the majority of cases considered serious or above;
- Fine collection rate, as an indicator of our polluter pays performance, is at 65% which is due to the non-payment of fines by three providers;
- Fines for the period totalled: £395K (£600k in quarter 1).

The ILP noted the update.

7.0 Industry Update

The ILP requested clarification around the launch education programme for providers of 0870 numbers. The Executive confirmed that 0870 numbers will fall within PhonepayPlus's regulatory remit where the amount of the service charge is above the price threshold as defined in the controlled premium rate provision. PhonepayPlus will, in due course, provide further clarity and advice around these numbers.

(Action: M Collins)

8.0 PhonepayPlus Code of Practice Review

Mark Collins confirmed consultation on the Code of Practice closed early September and the responses received were broadly positive.

A number of areas are being looked at in greater detail including levels of spending caps and spend reminders, vulnerability definition and application, access to reviews and oral hearings and earlier notification of Track 2.

A final statement on the Code will be issued alongside the guidance consultation document in January 2015. Consultation on Guidance will run until end March/April 2015 and we anticipate publishing the Code and Guidance simultaneously in June 2015. Events will also be arranged beforehand to ensure the industry are well informed of the Code content. It is planned for the publication of the Code to tie in with publication of the NGCS review.

The ILP noted the update.

9.0 Future of the Market register

Mark Collins presented to the ILP the register of future and emerging issues. The register aims to identify and engage with issues at an early stage and in advance of any potential harm done and acts as a means of facilitating discussions with the industry, in order that we may work collaboratively together and optimise opportunities as well as establish any areas of concern.

The industry were asked to provide feedback on what the industry *can* and *are* doing to ameliorate areas of risk:

- Operator billing – Payforlt Management Group continue to assist with consumer harm by implementing improvements to payment flows.
- Consumer journey workshops are underway with a focus on how best to provide increased consumer education.
- Consider introducing a Code requirement that an “inactive” subscription – e.g. a subscription allowing access to downloads or content where no content has been accessed for a prolonged period – should be terminated after a prescribed period where there is no consumer interaction. It was generally accepted that would need further consideration and discussion, and would not be able to form part of the thirteenth edition of the Code.
- Higher price points- it was agreed that improvements in identifying malware which dials higher rate voice numbers will come from better due diligence on the part of networks and Level 1’s, and consumer education;
- PhonepayPlus are seeking to develop special conditions, and will continue to engage industry on this during the forthcoming special conditions consultation. Ofcom will continue to monitor the effect of NGCS changes on misuse of 070 and 076 numbers.

The Executive encouraged further collaboration with the industry and the ILP agreed to use existing ILP working groups and utilise existing effort to take issues forward.

(Action: M Collins/ILP Working Groups)

10. AoB

The following points were noted:

1. Recruitment progress is currently underway for one non-Executive and one non-Executive industry Board member at PhonepayPlus. Once these positions have been filled, attention on the permanent position of Chief Executive will follow.
2. Graham Pottie notified the group of his intention to step down after 2 years in office as Chairman of the ILP. During the interim period and whilst a new Chairman is being considered, PhonepayPlus will review the role and achievements of the ILP in order to improve the current scope and composition of the group in consideration of the wider programme of engagement with industry. ILP and industry feedback is invited. Whilst the review is underway, Graham Pottie agreed to continue to chair forthcoming meetings.

End of Minutes

ILP meetings in 2014 at PhonepayPlus Offices

- Tuesday 9th December Budget Meeting, 10-11.30am

ILP meetings in 2015 at PhonepayPlus Offices

- Tuesday 17th February 10-12.30noon
- Tuesday 12th May 10-12.30noon
- Tuesday 21st July 10-12.30noon
- Tuesday 20th October 10-12.30noon
- Tuesday 8th December 10-11.30am (Budget meeting only)