

MINUTES OF THE 408th MEETING
PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING

Wednesday 13th September 2017

10.00am – 12.25pm

PHONE-PAID SERVICES AUTHORITY LTD, 25th FLOOR, 40 BANK STREET, LONDON E14 5NR

Board Members

David Edmonds - Chairman
Ruth Sawtell – Senior Independent Director
Kevin Brown
Ann Cook
Meg Munn
Steve Ricketts
Joanne Prowse - CEO

Ofcom

Lynn Parker – Director of Consumer Protection

Phone-paid Services Authority Executive

Peter Barker
Alex Littlemore (item 3.3)
Simon Towler
Ayo Omidoyi
Stephanie Ratcliffe (minutes)

1.0 STANDING ITEMS

1.1 Apologies and Introduction

The Chairman welcomed members to the meeting. Apologies were received from John Hodge (for item 3.2).

1.2 Minutes of 407th Board Meeting held on 28th June 2017

The Board **APPROVED** the draft minutes of the meeting held on 28th June 2017.

1.2.1 Matters Arising and Action log

There were no matters arising.

The Board **NOTED** that where actions on the log were not closed, these were either on the agenda or updates included under the CEO report.

The Board **NOTED** that a high level review of the risk register will be regularly brought to the Board, following a more detailed review having taken place at the Audit, Risk and Corporate Governance Committee meeting.

1.2.2 Standing and other Declarations of Interest on agenda items

Steve Ricketts recorded the following appointments:

- Under ATAO Ltd, consultancy work for Atomite Inc (US tech start-up) and interim product director for tenthavenue (part of WPP) extension of terms.

1.3 Chief Executive's Report

The Board **NOTED** the Chief Executive's update on activity and progress across the organisation, as outlined in the paper.

The following points were highlighted:

- A research project on consumer's perception and understanding of terms and conditions, particularly around ICSS, is underway at the University of Nottingham. Following the report on findings, due in October, an update on progress will be provided.
(Action: S Towler/J Levack)
- PSA's Industry Forum will be held on 9th November and will focus on aspects of our mission around a healthy and innovative market. Steve Ricketts and Kevin Brown have agreed to chair panels.
- PSD2 legislative developments - discussions continue with MNOs and level 1 providers on the implications of the implementation of PSD2 and its impact on the market. PSA continues to support industry activity in this area and outcomes will be discussed in further detail at the Board Strategy Review meeting.
- Method of Exit – a web based solution is being explored by AIME to improve consumer experience of exiting services based on a similar solution operating in the Netherlands. The Board **NOTED** a funding proposal from AIME is expected shortly. The Board **RECOMMENDED** PSA is satisfied there is a financial commitment from industry stakeholders and it is demonstrated how contractually or otherwise comprehensive

participation is achieved, before PSA can commit to any funding. It was also stressed that key factors such as communication and publicity need to be addressed to ensure its success from a consumer perspective. The Board requested an update is provided in the CEO report at the next meeting, once the proposal has been received.

(Action: LT)

- Regulation of 118/DQ Services – PSA are working jointly with Ofcom to review directory enquiry services and a consultation is expected before the end of the year. A report on progress will be provided at the next Board meeting.
- Society Lotteries – an AIME launch event for the new 72xxx shortcode is taking place on 22nd September. PSA is supporting and providing a speaker on regulatory aspects. The Board will be updated on developments.
- Succession planning – the annual review took place at the Resources Committee meeting, held in September.
- Finance – PSA expenditure is forecast to be slightly over budget, with actual and forecast fine collection levels on track to support PSA's intention to hold the levy funding at current levels, over the next four years. The market appears to be constant, with Q1 outpayment figures being broadly level with those reported at 2016/17 Q4.
- ILP Outcome Measures – constructive dialogue took place at a recent meeting with a sub-set of ILP members, where it was collectively agreed to propose to the ILP to focus its agenda and activity on developing and improving 'Net Promoter Scores,' across the market sectors.
- Code 14 Process Audit – an external audit on Code 14 processes has now been successfully completed with positive feedback received from the external auditors, Fieldfisher LLP. Full consideration of the recommendations will be addressed in detail by the Audit, Risk and Corporate Governance Committee (ARCGC) in November. The Board **NOTED** the report provided good value for money and reported an overall positive outcome.
- PSA/DCMS Framework Agreement – the joint agreement has now been signed by both parties and is available to view on both the gov.uk (DCMS) and PSA's websites.

The Board **NOTED** the CEO report.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 Board Membership Changes

David Edmonds **CONFIRMED** individual discussions with members have previously taken place on the recommendations as set out in the paper. The proposed changes will provide overall continuity, succession planning and a managed transition for membership of the Board.

The Board formally **NOTED** and **APPROVED** the reduction in Board membership by one member at year end, as well as the proposed second terms of office for two members.

The Board **RECOMMENDED** the following:

- ensure the appointment 'overlap' period is increased to 3 - 6 months as necessary, to accommodate the reduction in Board membership;
- ensure the effectiveness of the Investigations and Oversight Panel is not compromised by the reduction in Board membership.

(Action: S Ratcliffe/LT)

2.2 Office Holder Handbook Revisions – Annual Review

The Board **NOTED** the revisions made to the office holder handbooks, to ensure these meet current requirements and remain fit for purpose.

The Board **APPROVED** the revisions and **RECOMMENDED** section 4, point 4.1 of the Code Adjudication Panel (CAP) Handbook is amended, to include the CAP Chair as part of the Nominations Committee for the appointment of legal and lay members.

(Action: S Ratcliffe)

3.0 ITEMS FOR DISCUSSION

3.1 Review of Pilot on Delegation of Exemption Applications

The Board **NOTED** the paper providing a 6-monthly progress update on the delegation framework for applications for exemptions from the Code of Practice. The Executive confirmed the delegation to the Executive was progressing well albeit the low level of activity means the framework has not yet been fully tested.

The launch of the registration exemption pilot will provide further insight into the efficiency and effectiveness of the process and operation of the pilot and a progress report will be brought back to the Board around February/March 2018, and thereafter on a yearly basis.

(Action: S Towler)

The Board **NOTED** the update.

3.2 Report on Enforcement Activity and Trends

The Board **NOTED** the overview of current complaints and case handling, including general trends and issues identified. The Executive advised that there were 54 cases currently allocated for formal investigation, with games/apps services forming the highest proportion of cases, and alleged lack of consent to charge or marketing being the issue for the majority of complainants. The Executive also confirmed that in many cases, the complexity of the value chain and large volume of data being analysed mean formal cases are by their nature time consuming to resolve. This is in contrast with the high volume of cases able to be resolved informally quickly and effectively without the need to move to formal enforcement.

The Board **RECOMMENDED** the Executive consider the use of 'machine learning' to improve ways of analysing raw data. Steve Ricketts offered to assist in identifying external expertise.

(Action: J Hodge)

The Board **NOTED** the Executive will continue to review resource requirements regularly, to ensure the Executive can carry out its enforcement work in a timely and effective way.

The Board **THANKED** the investigations team for the report and **AGREED** that a shorter but more regular report (every other Board meeting) would be a valuable addition to the Board agenda.

3.3 Monitoring/Market Intelligence Presentation

The Executive presented to the Board an overview of current market monitoring tools, inclusive of post adjudication monitoring. The Board was given a demonstration of an in-house database automation tool, Sentinel Ad-scan, developed to sweep websites and scan software.

The Board **ENDORSED** the tool's capabilities and **NOTED** the Executive has raised awareness of the tool's abilities and wider potential in preventing harm with other regulators.

The Chair **THANKED** the team for the proactive work in developing the automation tool.

4.0 ITEMS FOR INFORMATION

4.1 Management Accounts Full Summary Report, Period Ended 31st July 2017

The Board **NOTED** the management accounts summary report, period ended 31st July 2017 and that the report had recently been reviewed in detail by the Resources Committee.

5.0 AOB

5.1 DCMS Arm's Length Body Audit and Risk Chairs' Committee (ALBARCC) meeting

The Board **NOTED** that Kevin Brown, Chair of the Audit, Risk and Corporate Governance Committee, will be attending the ALBARCC meeting on 26th September and will update the Board on discussions, as necessary.

End of Minutes

Date & location of next Board meeting:

Date: Thursday 23rd November 2017

Time: 10.00am-1.00pm

Location: PSA offices, 25th Floor, 40 Bank Street, Canary Wharf, London, E14 5NR