

**MINUTES OF THE 404th MEETING**

**PHONEPAYPLUS BOARD MEETING**

**Thursday 15<sup>th</sup> September 2016**

**10.00am – 1.00pm**

**PHONEPAYPLUS LIMITED, 25<sup>th</sup> FLOOR, 40 BANK STREET, LONDON E14 5NR**

**Board Members**

David Edmonds (Chairman)  
Kevin Brown  
Ann Cook  
Peter Hinchliffe  
Steve Ricketts  
Ruth Sawtell  
Joanne Prowse (Chief Executive)

**Ofcom**

Lynn Parker - Director of Consumer Protection

**PhonepayPlus**

Peter Barker  
Ayo Omidéyi  
Simon Towler  
Mark Collins (item 3.1)  
Jonathan Levack (item 4.3)  
Stephanie Ratcliffe (minutes)

## **1.0 STANDING ITEMS**

### **1.1 Apologies and Introduction**

There were no apologies received.

### **1.2 Minutes of 403rd Board Meeting held on 22<sup>nd</sup> June 2016**

The Board **APPROVED** the draft minutes of the meeting held on 22<sup>nd</sup> June 2016.

#### **1.2.1 Matters Arising and Action log**

There were no matters arising, not already addressed on the action log.

The Board **NOTED** the updates to the action log and that the majority of actions since the last meeting are either on the agenda or closed.

- AC472 – an IOP and CAP progress update will be provided in March 2017, following a broader review of Code 14 implementation.
- Minute numbers will be recorded on the action log, for ease of reference.

(Action: S Ratcliffe)

#### **1.2.2 Standing and other Declarations of Interest on agenda items**

There were no standing or other declarations of interest recorded.

### **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:

- Policy development – the newly established IOP meetings are progressing well and developments underway to improve streamlining of processes. An initial progress review will be carried out and reported to the Board in March 2017.
- A Nominations Committee has been set up to oversee the NED recruitment process comprising of: David Edmonds, Chair of PPP, Ruth Sawtell, the Senior Independent Director and Lindsey Fussell, the Consumer Group Director at Ofcom.
- Extensive industry engagement continues on a number of projects and follow up work underway with consumer bodies relating to the Project 30 regulatory framework consultation.
- Project 30 workstreams are on track and progressing well, with Telemedia planning a feature.
- The newly appointed Independent Lay Assessor, Emma Boothroyd, is now in place.
- MNO feedback on the funding model review has concluded there is currently little appetite for a change from the existing model. The Executive agreed to undertake further discussions with BT and ensure AIME are fully informed of the outcome.

(Action: P Barker)

- Discussions with MNOs on proposals to examine the scope for a joint monitoring capability continue. A recommendation will be brought to the Board in November.
- A draft version of the DCMS/PPP framework agreement has been produced and an update on developments will be provided at the Board meeting in March 2017.  
(Action P Barker)
- CCRs –AIME’s published guidelines were noted and a further update will be brought to the Board in June 2017 (once sufficient time has elapsed to monitor complaints and determine how the guidance is impacting on market compliance levels).
- Business Plan Appendix A – deliverables are on track across all areas of the organisation’s activities. The Board asked that focus should remain strong on consumer engagement, with a further research project focused on the consumer journey planned for this financial year and continuing engagement with major consumer representative organisations. The Board **RECOMMENDED**:
  - consumer engagement is featured high, with emphasis on consumer relations;
  - additional ways are considered to improve on engagement and interaction with consumers, such as the creation of a consumer panel;
  - consumer engagement is considered as part of the publicizing the launch of the new name.

The Executive confirmed that a consumer strategy paper was being prepared for the November Board meeting and that this would include consideration of whether a consumer panel might be useful.
- Budget considerations - ensure adequate time is set aside for preparation of presentation of the business plan and budget to the ILP.  
(Action: S Towler)
- (Action: J Prowse/P Barker)

## 2.0 ITEMS FOR APPROVAL/DECISION

### 2.1 Strategic Planning Development

The Board was presented with an examination of the current and near future market conditions, business assumptions and stakeholder requirements and a revised document on strategic priorities was circulated to members. The Board **NOTED** the strategy presentation and the revised strategic position document and that a more detailed business plan for 2017/18 in support of the strategic priorities will be brought to the Board in November.

Discussion followed and the following points were made:

- Competency analysis is in place to improve information on metrics/data.
- Stakeholder analysis will be verified through the stakeholder survey planned in 2016.

The Board **ENDORSED** the approach and made the following recommendations:

- Revisit the presentation in light of additional information concerning the implications of Charities Commission regulation and understanding of fundraising.
- Continue to monitor market developments and areas of emerging technology, such as Voice Interface.
- Strategic Priorities - Appendix B:
  - 3.2 - revisit wording and content around Mission, to better portray our raison d’etre ‘protecting consumers from harm;’

- revisit terminology of 'premium rate' (possibly include as a footnote) and include consumer friendlier words;
- 5.0 – revisit wording on staff;
- PRS market– add 'enquiries' alongside complaints and under financial growth revisit sectors.
- Consumer strategy - continue to review improvements for consumer redress.

The Board **APPROVED** the strategic priorities for external stakeholder communication, subject to the above points. A revised strategic priorities paper will be circulated to members prior to the November Strategy meeting, whereupon further discussions on the business plan and budget will be held.

(Action: P Barker)

## 2.2 Revisions to Board Code of Conduct Handbook

The Board **NOTED** the revisions made to the Code of Conduct Handbook, as set out in the cover paper. The changes reflected the implementation of Code 14, replacement of the Code Compliance Panel with the Code Adjudication Panel; the company name change and appointment of a Senior Independent Director.

The Board **APPROVED** the revisions, subject to a review, by the Audit, Risk and Corporate Governance Committee, of its Terms of Reference, point 1, concerning the existence of a framework agreement with DCMS. Members will be asked to sign Appendix A 'Undertaking', in time for implementation of the Handbook in November.

(Action: S Ratcliffe)

## 3.0 ITEMS FOR DISCUSSION

### 3.1 Project 30 Regulatory Framework Update

The Board **NOTED** the overview on progress for Project 30 Regulatory Framework and that consultation on proposals closes on 12 October. Industry responses to the consultation have been positive and engagement with consumer groups remains high on the agenda. The industry forum will provide further opportunity to update stakeholders on progress.

The Board **REQUESTED** the following:

- Circulate the draft document on Project Slimline to the Board.  
(Action: S Towler)
- Continue to engage regularly with consumer groups, reinforce dialogue and feedback with regard to special conditions and in particular subscription services guidance. Build strong ties with the Citizens Advice and the Consumer Forum for Communications, as well as other relevant consumer bodies.

(Action: J Levack/S Towler)

### 3.2 Effectiveness of PhonepayPlus' Sanctions Regime

The Executive presented an overview of the sanctions regime, legal standards applied and procedures in place which aid the Tribunal in reaching decisions.

The Executive advised in particular that Code 14 now enables the Executive to make submissions on sanctions which it was not previously able to do.

Discussion followed on the effectiveness of sanctions, with a reflection onto the recent 'glamour cases' and the Board **RECOMMENDED** the Executive consider the following:

- Ways to ensure sanctions have a greater deterrent effect on seriously non-compliant providers. The use of universal refunds where evidence shows that services are scams.
- Increased focus on deterrence and proactive referrals to the Police, fraud agencies etc. as appropriate.

The Board **RECOMMENDED** that the effectiveness of sanctions is raised at the at the next CAP forum (in November) and that Board members should be invited to attend to participate in the discussion. Subsequent to these discussions, the Executive should produce a set of proposals for enhancing the effectiveness of sanctions and deterrence for the next Board in March 2017.

(Action: A Omidéyi)

The Board also **RECOMMENDED** that the Executive considers the use, impact and effectiveness of withholds on a case by case basis and as part of the Code 14 implementation review in early to mid-2017.

(Action: A Omidéyi/P Barker)

## 4.0 ITEMS FOR INFORMATION

### 4.1 Management Accounts Summary Report Period Ended 31<sup>st</sup> July 2016

The Board were presented with the management accounts summary report, period ended 31<sup>st</sup> July. The Board **NOTED** the report and that the Resources Committee was content with the detailed summary, as presented at the Committee meeting held on 6<sup>th</sup> September.

### 4.2 PhonepayPlus' Definition of a 'Child'

The Board **NOTED** the background and underlying reasons for bringing the paper to the Board for wider debate.

The Executive confirmed that the Code defines a child as 'a person under 16 years of age'. Further appropriate protections in respect of higher risk services are extended to children aged 16 and 17 in the Code and through special conditions imposed for such services.

Discussion focused on potential risks to children, the Code's role in protecting children and how the current definition of a child sits with other legislative and regulatory definitions. The Board **CONSIDERED** whether further review was required, in light of recent research undertaken by ASA but **AGREED** that the Code definitions and special conditions requirements were still appropriate.

The Board **RECOMMENDED** the following:

- Consider what more can be done to protect children, whilst maintaining consistency with Ofcom.
- Review content and signposting on website to relevant information and consumer advice relating to age verification and protecting children online. (Action: J Levack)
- Work with MNOs to improve prevention of underage access to unsuitable content. (Action: S Towler)

The Executive advised that additional vulnerability guidance has been issued and new special conditions for adult services applied, in order to increase protection against children inadvertently signing up to adult services.

### 4.3 Company Branding

The Board **NOTED** the branding work undertaken, in line with the organisation's new name 'Phone-paid Services Authority Ltd'. The Executive advised the Board of the implementation process and timetable to enable the new name to take effect end October/early November 2016.

The Board **RECOMMENDED** the following:

- verify colour proposals standalone from other organisations;
- produce media communication plans alongside the launch of the new name and circulate to the Board for information;
- embrace the launch as an opportunity to obtain recognition for what we do as a regulator.

(Action: J Levack)

The Board **APPROVED** the branding proposals and **AGREED** importance is given to the strapline, alongside the new name. The Board **APPLAUDED** the Executive's efforts to date, particularly given the minimal costs involved.

### 4.4 Lay Assessor Annual Report

The Board **NOTED** the annual report provided by the lay assessor, Hilary Bainbridge, for the period July 2015 to June 2016.

No issues of concern were reported upon, other than one concern raised around consumers mismatch in expectations regarding alternative dispute resolutions. As previously reiterated by the Executive, consideration will be given as to whether reference should be made in the strategy to clarify the position on ADRs.

## 5.0 AoB

### End of Minutes

**Date & location of next meeting:**

**Date:** Wednesday 23 November 2016

**Time:** 12.00noon– 4.30pm

**Location:** PSA offices, 25<sup>th</sup> Floor, 40 Bank Street, Canary Wharf, London, E14 5NR