

MINUTES OF THE 405th MEETING

PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING

Wednesday 23rd November 2016

12.00pm – 2.45pm

PHONE-PAID SERVICES AUTHORITY LTD, 25th 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

Phone-paid Services Authority Executive

Peter Barker
Mark Collins (item 3.1)
Kelly German (item 3.4)
John Hodge (item 3.3)
Alex Littlemore (item 3.2)
Oliver Sweeney (item 3.4)
Simon Towler
Ayo Omidoyi
Stephanie Ratcliffe (minutes)

1.0 STANDING ITEMS

1.1 Apologies and Introduction

There were no apologies received.

1.2 Minutes of 404th Board Meeting held on 15th September 2016

The Board **APPROVED** the draft minutes of the meeting held on 15th September 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.

- AC492: a progress update will be included under item 3.4.
- AC493: work remains ongoing whilst age verification proposals are being passed through the Digital Economy Bill.

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:

- The company name changeover was well received and is now successfully completed. The Board **CONGRATULATED** the Executive on the rebranding exercise which was delivered largely in house and at nominal cost.
- A range of policy development work will follow on from the delivery of the Project 30 Regulatory Framework work stream including method of exit; effectiveness of refund mechanisms, and consent to charge. Project Horizon strategy work, which was addressed at the recent ILP meeting, will focus on near emerging and high impact areas. Work will be undertaken in-house, in the most cost effective way, and an update provided at the next Board meeting.

(Action: M Collins)

- Consumer Journey research - the Board requested a copy of the research brief is circulated.

(Action: S Towler)

- Industry engagement - the industry forum, which was held on 4 November, was well attended and received. Work to improve engagement with Level 1 providers will be a focus in the next period.
- Recruitment is underway for the appointment of an NED, to replace Peter Hinchliffe at year end, with interviews planned early December.

- The cultural shift programme is progressing well with excellent results achieved from the staff survey, as recently acknowledged at the Resources Committee meeting. The Board conveyed their congratulations to the leadership team and asked the Board's thanks is relayed to staff. Any areas for further improvement will be addressed through LT and management objectives.

(Action: J Prowse)

- Data reporting – improvements in presentation were well received at the recent ILP meeting and further data capture and reporting developments continue.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 Business Plan and Budget Proposals 2017/18

The Board was presented the business plan and budget proposals for 2017/18, which the Executive advised was recommended for approval by the Resources Committee.

The Board **NOTED** the consultation timetable, with final budget approval from Ofcom to be sought early March 2017.

The Board **RECOMMENDED** the following points:

- Include within the Executive Summary reference to the change in the unadjusted levy.
- For longer term planning, remain flexible in approach as to whether greater budgetary requirements may be necessary to remain an effective regulator.

(Action: P Barker)

The Board **RECOGNIZED** the need to ensure PSA can operate effectively and remain fit for purpose, whilst identifying cost savings and **APPROVED** the budget and business plan proposals for 2017/18.

3.0 ITEMS FOR DISCUSSION

3.1 Project 30 Regulatory Framework Statement and Update

The Board **NOTED** the overview of progress on the Project 30 regulatory framework work stream, including plans for implementing Special Conditions on certain services.

Responses from the consultation, which closed on 12 October have been comprehensively considered and has resulted in a number of revisions to the original proposals. The 'method of exit' has been temporarily removed, whilst work continues to gain further evidence on the impact of current proposals or alternative measures.

Revised statements on the regulatory framework review and notices for introducing special conditions for online competition and online adult premium rate services were tabled. The Board **APPROVED** the tabled statements, subject to a final review on a small number of drafting areas.

The Executive **ADVISED** publication of the statements is scheduled for November, with the new Special Conditions to come into force in January. Guidance for subscription services was also recently reviewed in August and monitoring of services continues.

The Board will be updated on progress.

(Action: S Towler/M Collins/D Levitt)

3.2 Compliance Monitoring Assessment and Status Update

The Board **NOTED** the status update on the existing compliance monitoring arrangements of the MNO's and the feasibility of a shared compliance monitoring resource ('the Service').

The Board discussed how the market could be best served through alternative monitoring arrangements, and **NOTED** the range of issues associated with each option. The Board **RECOMMENDED** the following:

- The Executive consider taking forward its preferred option 2b, through assessing market appetite and acting in the capacity of a 'facilitator' to allow the MNOs to organize their compliance monitoring arrangements within a shared framework.
- Provide progress update on outcome of this approach at the next Board meeting.

(Action: A Littlemore)

3.3 Referrals to Other Regulators and Law Enforcement Agencies

The Board **NOTED** the organisation's current procedures for referrals and the developments underway to enhance existing, and develop new, working partnerships with other regulatory bodies and law enforcement agencies.

The Board **ENDORSED** the paper and **AGREED** with the Executive's approach to referrals and its plans to revisit existing MOUs and agree new ones to underpin new or refreshed relationships as appropriate.

The Board **NOTED** the future possibility of additional resource requirements and **RECOMMENDED** expectations are managed diligently, alongside staff time and effort.

The Chairman thanked the Executive for the insightful paper.

3.4 CAP Forum Update

The Board **NOTED** the oral update on recent discussions at the CAP forum, which included a discussion on how the sanctions regime could be enhanced to ensure it remains effective and provides sufficient deterrence from non-compliance causing consumer harm.

The Board **NOTED** the forum discussions and report on progress since the successful implementation of Code 14 and **RECOMMENDED** that a project be undertaken to revisit the sanctions regime as set out in the Supporting Procedures and an update provided at the next Board meeting.

(Action: A Omidayi)

4.0 ITEMS FOR INFORMATION

4.1 Management Accounts Summary Report Period Ended 30th September 2016

The Board was presented with the management accounts summary report, period ended 30th September and **NOTED** the Resources Committee was content with the summary, as presented on 8th November.

The Executive asked the Board to confirm the level of detail it wished to receive and agreed for the next Board meeting to trial an approach based on a brief commentary and high-level summary of income and expenditure.

(Action: P Barker)

4.2 Risk Register Update (as presented at the ARCG Committee meeting held 8th November)

The Board **NOTED** the risk register and the ARGC Committee's recent recommendation to consider ways to report on changes in risk controls and impact of external factors.

The Board **CONSIDERED** the scoring for the top risks as moderately conservative and **SUGGESTED** ways to improve post mitigation scoring.

(Action: P Barker)

The Board was content with a review of the register being regularly undertaken by the leadership team.

5.0 AoB

On behalf of the Board, the Chairman thanked Peter Hinchliffe, whose terms of office, as Deputy Chair, expire at year end, for his valuable contribution and hard work over the years. Peter Hinchliffe thanked the Board, the leadership team and the Executive for his productive and engaging time as Deputy Chair at PSA.

End of Minutes

Date & location of next meeting:

Date: Tuesday 7th March 2017

Time: 2.00pm-5.00pm (sandwich lunch at 1.30pm)

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