

**MINUTES OF THE 406th MEETING**  
**PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING**

**Tuesday 7<sup>th</sup> March 2017**

**2.00pm – 5.00pm**

**PHONE-PAID SERVICES AUTHORITY LTD, 25<sup>th</sup> FLOOR, 40 BANK STREET, LONDON E14 5NR**

**Board Members**

David Edmonds (Chairman)

Kevin Brown

Ann Cook

Meg Munn

Steve Ricketts

Ruth Sawtell

Joanne Prowse (CEO)

**Ofcom**

Lynn Parker - Director of Consumer Protection

**Phone-paid Services Authority Executive**

Peter Barker

Kelly German (item 3.3)

Simon Towler

Ayo Omideyi

Stephanie Ratcliffe (minutes)

**Guest speaker**

Jon Prideaux, CEO of Boku

## 1.0 PRESENTATION – Visa Payments Experience and Phone Payment Developments

Jon Prideaux, CEO of Boku, presented on the background, processes and principles of Visa’s global payment mechanism. With reference to compliance matters, the Board noted the payment mechanism has both similar and contrasting processes with the PSA. The Board thanked Jon for his insightful presentation and recommended the Executive produce a summary note, for further discussion at a later date.

## 2.0 STANDING ITEMS

### 2.1 Apologies and Introduction

The Chairman welcomed Meg Munn to the Board. There were no apologies received.

### 2.2 Minutes of 405th Board Meeting held on 23<sup>rd</sup> November 2016

The Board **APPROVED** the draft minutes of the meeting held on 23<sup>rd</sup> November 2016.

#### 2.2.1 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.

- AC471: an IOP review will be undertaken as part of Code 14 review and presented to the Board in June.
- AC488: an assessment on the impact of AIME’s Consumer Credit Regulations guidance will be presented to the Board in June.
- AC493: work remains ongoing whilst age verification proposals are being passed through the Digital Economy Bill.
- AC495: a report on Project Horizon will be presented to the Board in June.
- AC499: a review on refund mechanisms is now incorporated into next year’s business plan. The Executive confirmed the Code Adjudication Panel (CAP) Chair will continue to attend Board meetings on a yearly basis to discuss adjudicatory trends and compliance issues as well as any operational and performance matters.

**(Action: S Ratcliffe)**

#### 2.2.2 Standing and other Declarations of Interest on agenda items

Steve Ricketts declared two standing declarations of interest on consulting project work, carried out under ATAO UK Ltd, for Hotel Chocolat and tenthavenue advertising agency group.

### 2.3 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 new Special Conditions* - relating to online adult and competition services have been in force since January. Contacts including complaints have seen a decline. The improved complaint data analysis and reports are now routinely presented to the ILP and will also be addressed at Industry Forums.
- *Project Horizons* - a report on technology and business models with the potential to impact on the PSA regulatory framework will be presented to the Board in June, following discussions arising from the Mobile World Congress event.

(Action M. Collins)

- *AMR* – work on the AMR is on track for publication in June/July.
- *DCMS engagement* - Kevin Brown, Chair of the ARCG Committee, recently attended an ALB Audit Chairs Committee meeting, where the underlying theme centred on the impact of Brexit.
- *Ofcom* - the PSA Chair recently met with Dame Patricia Hodgson; relationships remain good and there are no underlying issues to report on.
- *Stakeholder survey* - the survey (including both quantitative and qualitative elements) intends to give the PSA an objective, independent benchmark of perceptions and inform the PSA's future thinking, policies and procedures.
- *Compliance Monitoring* - following recommendation by the Resources Committee, discussions around shared monitoring will be sought with mobile network operators, at senior level and prior to the meeting in April. An update will be provided at the next meeting.

(Action: A Littlemore)

- *Post Adjudication Enforcement* – the Board agreed to continue with the existing policy to pursue bad debt. Going forward, a regular update on investigations will be presented to the Board.

(Action: A Omidayi)

- *PSA Website* – an overhaul is planned at minimal cost, to provide further benefits in terms of accessibility and usefulness to users.
- *General Data Protection Regulation* (applicable May 2018) – the legal team are reviewing its consultation and will report on findings, in due course.

### 3.0 ITEMS FOR APPROVAL/DECISION

#### 3.1 Approval of Recommendation from Resources Committee: Business Plan and Budget 2017/18

The Board was presented with the business plan and budget recommendation for 2017/18, in line with the proposals approved by the Board in November 2016, subject to some additional considerations with regard to the final levy calculations and estimated retained funds.

The Board **NOTED** two responses – from AIME and Mobile UK - were received by the consultation close date of the 27<sup>th</sup> January. A statement, in response to the comments, will be issued shortly.

The Board **APPROVED** the proposals made to the business plan; to offset the retained funds against future levy calculations over the next four financial years. The Board **RECOMMENDED**

the affected paragraphs in the business plan are revisited as recommended by the Resources Committee.

(Action: P Barker)

Subsequently, the PSA Chair will formally write to Ofcom, seeking approval of the budget.

### 3.2 DCMS/PSA Framework Agreement

The Board **NOTED** the draft framework agreement between the DCMS and the PSA and that the Executive awaits further feedback from the DCMS on the draft.

The Board **CONSIDERED** the function of an internal/external audit and **AGREED** the size of the organization did not warrant an internal audit function. The Board **RECOMMENDED** the Audit Risk and Corporate Governance Committee (ARCGC) continued to monitor and address as appropriate.

(Action: ARCGC)

The Board **APPROVED** the draft agreement and **AGREED** for any minor amendments, arising from feedback received from the DCMS, to be delegated to the Chairman and CEO for final approval.

### 3.3 Effectiveness of PSA Sanctions Regime: Review and Proposals

The Executive presented on the outcome of its review of the sanctions regime and its proposals to enhance its effectiveness, as requested by the Board in November 2016. The Board **NOTED** that the proposals sought, in particular, to ensure that sanctions imposed by the CAT remain effective and sufficient to deter non-compliance and serious harm by providers.

The proposals included changes to the sanction-setting process, and were fully set out within the draft consultation document also presented to the Board.

The Board **APPROVED** the proposals, revised supporting procedures and draft consultation document, subject to some recommendations and various minor drafting points.

### 3.4 Delegation on Application of Exemptions

Subsequent to the regulatory framework consultation, clarifying the exemptions process, issued in August and a final statement published in November 2016, the Executive explained the background behind the proposals set out in the paper. The Executive recommended that certain applications for exemptions are delegated to the Executive.

The Board **NOTED** that the proposed delegation framework will achieve greater efficiencies, such as facilitating new growth in the market, whilst adhering to Code 14 requirements.

The Board **APPROVED** the proposals, subject to the following requirements:

- where the Executive proceeds under delegated authority, to notify the Board on what has been done;
- to review the arrangements initially after six months and a further review of the arrangements after a year, and annually thereafter;
- where Board approval is sought electronically, to ensure the correspondence to the Board is appropriately 'flagged' and marked as high priority.

(Action: S Towler)

#### 4.0 ITEMS FOR DISCUSSION

##### 4.1 Balanced Scorecard

The Board **NOTED** the balanced scorecard, which sets out an overview of the strategic priorities and agreed KPIs. The Board **ENDORSED** the current underpinning measures and **NOTED** that the scorecard is used in conjunction with other tools, such as the business plan, to measure performance.

The Board **OFFERED** to assist with stakeholder engagement and **RECOMMENDED** any changes in future reporting are highlighted for ease of reference. The Board will be updated on progress.

(Action: P Barker)

#### 5.0 ITEMS FOR INFORMATION

##### 5.1 Management Accounts Summary Report Period Ended 31<sup>st</sup> January 2017

The Board **NOTED** the management accounts summary report, period ended 31<sup>st</sup> January and that an additional summary page had been included, for ease of reference. On recommendation by the Resources Committee, the Board **APPROVED** the proposals, as addressed under item 3.1.

The Board **REQUESTED** the full management pack and summary page is included as a standing item on the agenda, going forward.

(Action: P Barker)

##### 5.2 eCommerce Directive Progress Update

The Board **NOTED** the progress update following discussions with Ofcom, the Competition and Markets Authority, Italian Authorities and the DCMS on the eCommerce Directive.

The Board **AGREED** it was sufficient, at this stage, for the Executive to continue to engage with the DCMS and keep the Board informed of developments.

The Chair of the ARCGC noted a statement had been asked for on regulatory areas which may be impacted by Brexit and to take matters forward under the ARCGC.

##### 5.3 Risk Register Update (as presented at the ARCGC meeting held 7<sup>th</sup> February)

The Board **NOTED** the revised risk register as at February 2017, as approved by the ARCGC on 7<sup>th</sup> February. The Chairman advised an additional exercise is underway to identify 'out of the box' risk areas and an update will be brought to the Board in due course.

##### 5.4 National Audit Office Status Update

The Board **NOTED** the National Audit Office has recently undertaken an introductory visit to the PSA. Current processes appear straightforward, with no issues to report on.

## **6.0 AoB**

- A Board/Staff Engagement session is planned in Spring which will focus on consumer engagement. Details will follow shortly.
- The Executive satisfied the Board that the PSA continues to undertake proactive monitoring, including checks on previous offenders. A report on investigation issues will be presented to the Board on a regular basis.

## **End of Minutes**

### **Date & location of next meeting:**

**Date:** Wednesday 28<sup>th</sup> June 2017

**Time:** 10.00am-1.00pm (sandwich lunch at 1.00pm)

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