

MINUTES OF THE 403rd MEETING
PHONEPAYPLUS BOARD MEETING

Wednesday 22nd June 2016

10.00am – 1.00pm

PHONEPAYPLUS LIMITED, 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)

Price Bailey Chartered Accountants

Richard Vass (item 1.2)

PhonepayPlus

Peter Barker
Simon Towler
Ayo Omidéyi
Jonathan Levack (item 2.1)
Colin Livingston (item 1.2)
Stephanie Ratcliffe (minutes)

1.0 **STANDING ITEMS**

1.1 **Apologies and Introduction**

Introductions were made and apologies received from Lynn Parker, Director of Consumer Protection at Ofcom.

1.2 **Draft PhonepayPlus and IMCB Report and Audited Financial Statements Year ended 31.3.16 for approval**

PhonepayPlus Ltd

Richard Vass of Price Bailey presented to the Board revised versions of the financial statements of PhonepayPlusLtd, along with the director's report, for year ended 31 March 2016. Richard Vass provided an overview of the annual audit and issued a clean audit for the year. He confirmed there were no issues of concern to report upon and excellent controls and systems were in place.

The Chair of the Audit, Risk and Corporate Governance Committee recommended the financial statements year ended 31.3.16 to the Board for approval and advised that the Committee had undertaken a detailed review of the financial statements and had noted the key changes under the Financial Reporting Standard 102, in accounting treatment.

The Board **REQUESTED** some points within the director's report, financial statements and letter of representation are revisited to provide for further clarification and transparency. The following points were noted:

- Letter of representation - the accounting estimates (point 10), concerning the square footage dilapidations value of £30 per sq were reasonable, as these were based on previous estimates given at time of value of £25 per sq.
- Management letter - none of the points identified were of material or cause for concern and areas for improvement have since been addressed with the Executive.

The Board **APPROVED** the signing of PhonepayPlus Ltd director report and financial statements, year ended 31.3.16, subject to the revisions discussed and for the signing of the accounts to take place off line, on behalf of the Board, once the revisions had been made.

(Action: Price Bailey/Chair/CEO)

The Board **THANKED** Price Bailey for undertaking the audit and **AGREED**, that as a small organisation, it was very helpful to obtain feedback on improvements. The Board expressed gratitude to the finance team for delivering a clean audit.

IMCB Ltd

Richard Vass of Price Bailey presented the IMCB Ltd director's report and financial statements for year ended 31 March 2016, confirming the audit of the annual accounts. Richard Vass advised there had been nil trading for the year and there were no issues of concern arising from the external audit.

The directors of IMCB Ltd approved the signing of the annual accounts; Peter Hinchliffe signed the letter of representation and Joanne Porter signed copies of the balance sheet and director's report. A separate set of minutes will be recorded for IMCB Ltd.

Richard Vass recommended consideration is given to IMCB's status and for discussion to take place off line on whether to retain the company.

(Action: P Hinchliffe/J Prowse)

1.3 **Minutes of 402nd Board Meeting held on 27th April 2016**

The Board **APPROVED** the draft minutes of the meeting held on 27th April 2016.

1.3.1 Matters arising and Action log

There were no matters arising.

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. The Board **REQUESTED** the action log includes dates for when actions are closed.

(Action: S Ratcliffe)

1.3.2 Standing and other Declarations of Interest on agenda items

Steve Ricketts recorded a declaration of interest on his appointment as Board Advisor for Expressly Limited.

1.4 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 14th Code has now been approved by Ofcom and will come into force on 12 July 2016. Special thanks goes to Lynn Parker and her team at Ofcom for their valuable contribution in reaching approval status and to Oliver Sweeney and David Levitt for their excellent work on Code implementation.
- The Annual Market Review is due for publication in July. Key findings were discussed and a full report will be available to the Board in advance of publication.
- This has been a further busy period of industry engagement including the industry forum, engagement on research, ILP, and Project 30 regulatory workstream workshops as well as meetings with individual organisations.
- Organisational developments continue with several staff changes, including a reorganisation of the Communications team functions. A Nominations Committee is being set up to manage the recruitment process for the appointment of an independent lay assessor.
- Business plan - appendix D provides a status update on progress towards delivering our business plan priorities. The Board **ENDORSED** the progress. The Board **RECOMMENDED** that for future status updates, consideration is given to showing timings and visual colour coding.

(Action: P Barker)

- Strategic positioning – we will be revisiting our strategic statement and approaching the Board for feedback. A draft strategy will be presented to the Board in September.
- Legal – a report was provided on the status of the Executive's pursuit of a debt in the High Court in relation to charges owed by a provider, Waqar Ashraf. The Board **AGREED** to proceed with an application for an order for sale following the granting of a final charging order to PhonepayPlus.
- CCRs - Ofcom has provided a response to Trading Standards concerning AIME's proposed guidance to its members on the Consumer Contracts Regulations ('CCRs'). We will continue to liaise with all parties as appropriate.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 App Store Children's Cap Grace Period

The Board **NOTED** the paper setting out the future of children's spending caps as applied to app stores, alongside the Executives' recommendation for the current grace period from the Rule 3.12.2 of the Code, to be made a permanent exemption for apps stores.

The background to the current grace period was explained and reasons behind the Executive's recommendation highlighted. The Board **RECOMMENDED** further thought is given to ensure that wider market implications were fully considered as part of Project 30 regulatory framework workstream, and, whilst under review, **AGREED** to extend the grace period for the named companies. A progress update will be provided at the next meeting.

(Action: J Levack)

2.2 Company Name Recommendation

The Board **NOTED** the paper setting out the recommendation for a new name for the organisation, submitted for consideration.

The Board **AGREED**, via a special resolution for the company name to be changed to '*Phone-paid Services Authority*' (abbreviated to 'PSA'). The Board **CONFIRMED** approval of the strapline and **RECOMMENDED** the web and domain names are checked and if practical, to announce the new company name alongside the announcement of the new Code implementation date on 12 July 2016.

Examples of a new logo will be brought to the Board for discussion in due course.

(Action: P Morton)

2.3 Board Remuneration Proposal

The Board **NOTED** the paper seeking approval on a recommendation to increase non-Executive Director's remuneration by 1.5%, as proposed by the Resources Committee. The increase is in line with a rise in work load following the reduction in Board size and an adjustment in the absence of any increase since 2012.

The Board **ENDORSED** the Resources Committee's recommendation and noted that the Chair had declined the offer of an increase in remuneration.

3.0 ITEMS FOR DISCUSSION

3.1 Project 30 Update

The Board **NOTED** the overview of activity and progress across Project 30 work which will be delivered as part of the 2016/17 business plan and budget.

The Executive advised a policy paper on the regulatory framework, which will outline our proposals, is due for publication in August. At the same time a consultation paper on higher risk service criteria, special conditions and exemptions is planned, with a current date of November for completion, subject to consultation responses. Work undertaken by the MNOs, AIME and industry participants under the banner of Project Slimline was noted.

The Board **RECOMMENDED** the following points:

- Consider best usage of Board skillset to further develop collaboration with MNO's and industry stakeholders to improve working relations. Board were invited to participate in the upcoming July workshops.
- Consumer strategy - continue to be proactive, undertake and encourage consumer research and develop consumer strategy. Enquire into the City University 'UX Labs – user experience research'.

(Action: LT & Comms Team)

The Board **NOTED** the other work streams running alongside the regulatory framework project and **THANKED** the Leadership team for the excellent work progressing under Project 30.

3.2 Balanced Scorecard Approach

The Board **NOTED** the overview on how best to assess and measure the overall performance of the organisation, as set out in the paper. The Board were asked to provide further comment and feedback.

The Board **ENDORSED** the balanced scorecard approach and made the following observations on the scorecard areas as presented:

- Processes - assessment of cases to include balance, volume and nature of cases brought to Tribunal;
- People – emphasise the importance of good staff morale and productivity as part of overall engagement;
- Financial – industry understanding and support for the budget to be recognised as well as Ofcom’s overall approval for the budget;
- Vision and Regulatory effectiveness – be mindful to ensure that in defining “consumers”, vulnerable and other minority consumer groups are represented.

The Board **ENDORSED** the approach and **WELCOMED** a progress update in due course, initially after 3 months.

(Action: P Barker)

4.0 ITEMS FOR INFORMATION

4.1 Management accounts summary report period ended 31st May 2016

The management accounts summary report, period ended 31st May 2016, was presented to the Board. The Executive confirmed actual expenditure for 2016/17 is currently forecast to be slightly below budget (0.4%) but that it is early in the year.

The Board **NOTED** the financial performance and that the key variance concerns a timing delay in migrating CRM system to Cloud.

4.2 Update on Board Self-Evaluation of Performance

The Chair **INFORMED** the Board that the recent self-evaluation on annual work and performance, based around specific governance standards, had yielded good results, with no areas of concern identified. Feedback received on areas of improvement will be reviewed and moved forward.

The Board **REQUESTED** a generalised summary on feedback received, is circulated to members.
(Action: S Ratcliffe)

The Chair **CONFIRMED** he was pleased with the Board’s performance; there being a high level of skills set, knowledge, understanding and level of debate amongst its members, as well as commendable dialogue and reporting from the Executive.

The Chair **RECOMMENDED** that in order to exercise best practice, members convene and undertake a review of the Chair’s annual performance.

(Action: Board members)

The Chair will also be holding an informal event for members where Board performance will be discussed more generally.

4.3 Update on Revisions to Governance Papers

The Board **NOTED** the paper setting out several amendments made to some Board and Committee governance papers, as recently reviewed and agreed by the Committees.

The Board **APPROVED** the revisions and made the following recommendations:

- Delegate review of accounting policies to the Audit, Risk and Corporate Governance Committee.
- Delegate the evaluation of performance and pay of the Executive team to the Resources Committee.

(Action: S Ratcliffe)

5.0 AoB

5.1 PhonepayPlus definition of a 'child'

The Board briefly discussed PhonepayPlus' definition of a 'child' and whether it was still consistent with the law and/or other regulatory approaches. The Executive agreed to clarify what definitions and provisions PhonepayPlus currently has relating to children, and to consider whether these are consistent with the law and/or other regulatory approaches.

A paper for discussion will be brought to the next meeting.

(Action: A Omidayi)

End of Minutes

Date & location of next meeting:

Date: Thursday 15th September 2016

Time: 10am-1.00pm

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