

MINUTES OF THE 410th MEETING
PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING

Wednesday 7th March 2018

10.00am – 12.50pm

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

Board Members

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

Ofcom

Lynn Parker – Director of Consumer Protection

Phone-paid Services Authority Executive

Peter Barker
Mark Collins (item 2.2)
Kelly German (item 3.1)
Alex Littlemore (item 3.1)
Ayo Omidoyi
Mike Pemberton (item 3.1)
Simon Towler
Stephanie Ratcliffe (minutes)

1.0 STANDING ITEMS

1.1 Apologies and Introduction

The Chairman **WELCOMED** members to the meeting. There were no apologies received, with the exception of Lynn Parker, who conveyed apologies for leaving at 12.15pm.

1.2 Minutes of 409th Board Meeting held on 23rd November 2017

The Board **APPROVED** the draft minutes of the meeting held on 23rd November 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, assigned to future meetings, or updates included under the CEO report.

1.2.2 Standing and other Declarations of Interest on agenda items

There were none 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:

- Ofcom and DCMS Engagement – is strong and productive. PSA is in discussions with DCMS on the possibility of consulting on an update of our sanctioning powers to be included in the government's Consumer Green Paper.
- Legislation – the implementation of the Payment Services Directive 2 (PSD2) in January 2018, coupled with the Digital Economy Act requirements on bill capping, coming into force in October 2018, is causing some uncertainty to industry. In light of our objective as part of the consumer strategy to better inform consumers, the Board **RECOMMENDED** the Executive consider (with Ofcom and DCMS where appropriate) how best to provide clarification and improved consumer understanding.
(Action: LT)
- Industry Engagement – we continue to engage constructively with industry across the value chain. PSA's intention, as outlined in next year's business plan, will be to review a wide range of activities including informed consent, prevention of harm, improved compliance, supporting of innovation and new services, consumer redress, and improvements in the consumer journey. As part of this work, the Board **CONFIRMED** the intended review of subscription services, and **RECOMMENDED** this included consideration against other payments types for consistency and for greater consumer understanding.
(Action: LT)
- Market size - total out payments for Q3 is £108.5m, up £7.9m (8%) from Q2.
- Complaints – forecast to total 16,000 for the year (compared with 34,000 in 2016-17).

- GDPR – PSA is working towards compliance with GDPR requirements by 25 May 2018. The Board **NOTED** that some IT systems requirements and potentially appointment of a DPO may take a little longer to achieve but are planned to be completed by the end of Q2. Kevin Brown, Chair of the Audit, Risk and Corporate Governance Committee (ARCGC) **REQUESTED** the next Committee meeting includes an item for approval relating to any residual risks, inclusive of a resolution date.

(Action: A Omideyi)

The Executive confirmed training on GDPR will be prior to the deadline and will cover all aspects and procedures. Training will be compulsory for all staff and officeholders.

- Code Adjudication Panel - the forum held on 6th February was very productive. The panel commented on the high quality of enforcement work produced by the team both in terms of case papers and clerking. The Board also noted the provision of excellent case oversight from the Investigations Oversight Panel.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 Business Plan and Budget 2018-19

The Board was presented with the draft of the final version of the business plan and budget for 2018-19, which the Board **NOTED** the Resources Committee had recently reviewed in detail. The Board also **NOTED** that the changes made from the original business plan draft (approved in November 2017) were due to both internal review and considerations arising from the four consultation responses received.

The Board **APPROVED** the business plan and budget, subject to re-ordering of the Financial Review section, and **NOTED** the Chair will formally write to Ofcom, seeking approval of the proposed budget.

(Action: P Barker)

2.2 Review of Pilot and Approval of Delegation of Exemption Application

The Board **NOTED** the paper providing an overview of the pilot scheme in place, on the delegation of exemption for level 2 providers; level 1 providers, who meet the published requirements, will be able to offer exemption from registration to level 2 providers, offering their services exclusively through that level 1 provider.

The Board **NOTED** the pilot is running well and was asked to approve the exemption to make the pilot permanent, in light of the good experience with the participating level 1. The Executive confirmed threshold conditions, relevant checks and procedures for new applicants are in place.

The Board **APPROVED** the recommendation to make the exemption permanently available to qualifying level 1 providers. The following points were **RECOMMENDED**:

- Annex A pilot conditions, concerning the level 1 provider request for information on level 2 provider:
 - revisit requirement to inform PSA of the addition of new level 2 providers for whom the registration exemption should apply to a period significantly less than 3 months;
 - ensure the information being required from level 1 providers about level 2 services makes sense in the context of the current registration scheme consultation;
- report to the Board on the operation of the exemption again in 6 months.

(Action: M Collins/ S Towler)

The Chair **CONGRATULATED** the Board and the Executive for the pilot scheme's success and gave special credit to the participating level 1 for successful delivery of all the exemption requirements.

3.0 ITEMS FOR DISCUSSION

3.1 Market Issues and Enforcement Trends Report

The Executive presented an overview of historic and recent complaint data, and an analysis of case workload. The Board **NOTED** this overview and **RECOMMENDED** some areas where the Executive may need to consider developing background data, in order to respond to possible queries from the upcoming Industry Liaison Panel.

(Action: P Barker)

The Executive also presented an overview of current market issues. The Board **ENDORSED** the work and plans in place to address these issues, particularly concerning: the promotion and direct buy marketing within children's apps and videos; Information, Connection and Signposting Services (ICSS); level 1 billing platforms; and subscription services in general.

3.2 Balanced Scorecard

The Executive presented an updated balanced scorecard as at March 2018, which provided the agreed top-level review of organisational performance for 2017/18. The Board **NOTED** this was discussed in detail at the recent Resources Committee and **AGREED** that it provided evidence of successful delivery of strategic priorities.

To aid further evaluation, the Board **RECOMMENDED** adding financial performance against budget as a top-level financial KPI.

(Action: P Barker)

4.0 ITEMS FOR INFORMATION

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

The Board **NOTED** the management accounts summary report for the period ended 31st December 2017, which had been reviewed in detail at the recent Resources Committee meeting.

Expenditure for 2017/18 is expected to be within £15k of the budget, with small variances between some cost areas. Fine collection rates are as expected, allowing PSA to proceed with its intention to hold the levy funding at current levels over the next three years.

4.2 Risk Register

The Executive presented a high-level summary of the risk register, as at February 2018, which the Board **NOTED** was recently reviewed in detail by the ARCGC and discussed in detail at the training

workshop on risk. The Executive will use feedback from this workshop to review the composition and format of the risk register.

(Action: P Barker & LT)

Board Training Workshop Risk Strategy: Feedback

Kevin Brown, Chair of the ARCGC thanked the Board and Executive for their feedback following the training session on risk strategy.

The Board **NOTED** the summary of findings, **AGREED** the training was beneficial and productive, and **RECOMMENDED** consideration was given as to how strategic risks were considered as part of future Board agenda items.

(Action: LT)

4.3 Nottingham University Research

The Board **NOTED** the Nottingham University's research into consumer engagement with ICSS, which was undertaken by LiPP (Linguistic Profiling for Professionals). The research will be published alongside a press statement in due course.

The Board **ENDORSED** the research. It was suggested that additional research on pricing and number ranges could be considered and that industry and the PSA consider how best to implement the list of 'top tips' for consumers and organisations.

5.0 AOB

5.1 Feedback on the Board Intranet

The Executive asked the Board to provide feedback on the Board intranet. The Board **AGREED** improvements could be made around clarity, simplification and ease of access, while recognising possible limitations arising from multiple Microsoft 365 accounts. The Executive will use this feedback to consider what improvements can be made, including possible use of alternative software and hardware solutions.

(Action: S Ratcliffe/A Littlemore)

End of Minutes

Date & location of next Board meeting:

Date: Tuesday 26th June 2018

Time: 10.00am-1.00pm

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