

**MINUTES OF THE 418<sup>TH</sup> MEETING**  
**PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING**

**Thursday 19<sup>th</sup> March 2020**

**10.00am – 11.45am**  
**Meeting Held via Skype**

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

**Board Members - via Skype**

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

**Phone-paid Services Authority Executive - via Skype**

Peter Barker  
Gavin Daykin  
Kelly German  
Alex Littlemore  
Ayo Omideyi  
Simon Towler  
Stephanie Ratcliffe (minutes)

## 1.0 Standing items

### 1.1 Apologies and Introduction

The Chairman **WELCOMED** members and **NOTED** apologies from Mark Thomson and Ann Cook for late attendance and from Gaucho Rasmussen, Director of Investigations and Enforcement at Ofcom.

The Chair confirmed the Board was quorum.

### 1.2 Minutes of 417<sup>th</sup> Board Meeting held on 19<sup>th</sup> November 2019

The Board **APPROVED** the draft minutes of the meeting held on 19<sup>th</sup> November 2019.

#### 1.2.1 Action Log and Matters Arising

##### Action Log

The Board **NOTED** all actions as closed.

##### Matters Arising

There were no matters arising.

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

Mark Thomson declared his recent appointment as acting Second Permanent Secretary at the Home Office.

### 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:

- *Coronavirus Covid-19 headlines*: the organisation has moved to remote working and the Industry forum has been cancelled. Procedures and processes are in place to ensure we continue to operate and deliver business as usual, with prioritisation being given to core functions and identified key business plan activities. Heightened focus is on high level monitoring of the market to ensure services remain operating compliantly and consumers protected. Staff are being provided with regular support and communications. The Board will be kept updated on developments.
- *Policies*: projects for 2019/20 have reached completion or major milestones; ICSS Special conditions are in force, Consent to Charge guidance has been published and the formal consultation on refunds guidance closed in February.
- *Code 15 programme*: we aim to adhere to existing timelines however will monitor developments. The programme will be addressed throughout the year as a separate item on the Board agenda.
- *Ofcom and DCMS Engagement*: good working relations continue; we are working closely with Ofcom on policy projects and the business plan 2020/21, with submission for budget approval to

Ofcom planned for after this meeting. DCMS engagement includes ICSS developments and aspects of the ecommerce Directive in the event of a no-deal Brexit. The Board **WELCOMED** Mark Thomson's offer to help establish introductions with Dame Melanie Dawes, the appointed CEO at Ofcom.

- *Consumer Engagement*: following the Consumer Panel's permanency status, the Panel forward plan includes contributions to insights on our work around vulnerability and Code 15 development.
- *Industry Engagement*: a new approach to stakeholder management is in place and implementation of a new remote approach to engagement (for example webinars) are planned to support Code 15 development work.
- *Research*: Analysys Mason has been reappointed to conduct market research for 2019/20 and will incorporate a market review over a three-year period to support Code 15 development. Research with independent consultants is also underway around consumer vulnerability.
- *Financial Reporting*:
  - Year-end management accounts were discussed in detail by the Resources Committee.
  - Total market revenues for Q3 are higher than those reported in Q2 (up 4%).
  - The proposed 2020/21 budget remains unchanged at £4,042k; the proposed levy remains unchanged at 0.36%.
  - The business plan is on track for delivery 2020/21.
- *Business Planning and Operational Reporting*
  - Appendix A, Business Plan status update - actual and planned activity is on track for delivery as forecast for 2019/20.
  - Appendix B, Operational Metrics - the Board **NOTED** the key data as at the end of December 2019 (contact and complaint volumes, case workload, and market revenues and outpayments), as discussed at the Resources Committee meeting.
- *Enforcement*: changes to our investigative, enforcement and case management processes are underway and an update on developments will be provided at the June Board meeting
- *Monitoring*: we are stepping up our monitoring of the market, with an extended programme in light of the current circumstances (C-19).
- *GDPR* - a new Data Protection Officer has been appointed.

The Chair **RECOMMENDED** the Executive considers the potential impact of the current Covid-19 crisis on the organisation, and in particular what the consequences of having a significantly reduced capacity might be. The Executive confirmed that currently the core function of the business continues to operate well.

(Action: LT)

## 2.0 Items for approval/decision

### 2.1 Business Plan and Budget 2020/21

The Executive presented the final version of the Business Plan and Budget for 2020/21 to the Board.

The proposed Business Plan and Budget for 2020/21 stands at £4,042k with a proposed levy of 0.36%, representing a neutral change in real terms over 2019/20, with real term savings having been delivered since 2015/16.

Following recommendation from the Resources Committee, the Board **APPROVED** the Business Plan and Budget for 20/21 and **NOTED** the expected changes in funding arrangements from 2021/22 onwards.

Final approval will be sought from Ofcom in March and a statement, in response to the consultation responses, published alongside the final Business Plan and Budget.

## 2.2 Code Adjudication Panel – Terms of Reference Revisions

The Board **NOTED** the proposal to extend the current member terms of office, to allow for improved continuity of the panel and effective succession planning.

The Board **APPROVED** the proposals, which will commence in July 2020, as set out in the paper.

## 2.3 Approval of the Consumer Panel Handbook

The Board **NOTED** the revisions made to the handbook to reflect the panel’s permanency status, following Board approval in November 2019.

The Board **APPROVED** the revisions, as set out in the paper.

## 3.0 Items for discussion

### 3.1. Code 15 Development

Gavin Daykin gave an update on activity and progress of the Code 15 Review, since November 2019, and confirmed the Review remains on track for delivery against the agreed milestones. However, given the current environment, a contingency timeline is being developed and the deadline date for the discussion document, will be extended by two weeks, to ensure stakeholders have sufficient time to respond. Ofcom continues to support the development work.

The Executive has identified 5 broad themes, which the new model approach will focus on:

- raising market standards;
- improving verification/suspension of organisations and services;
- providing early prevention of harm;
- delivering broader consumer benefit and support;
- increasing effectiveness of our investigative and enforcement procedures.

*Ann Cook joined the meeting.*

The Board **THANKED** the Executive for the progress overview and **RECOMMENDED** the Executive:

- assesses the impact of Covid-19 on Code 15 planned milestones and considers an alternative timeline, in the event of the current situation worsening and it becoming increasingly challenging to meet the agreed timelines;
- factors in an internal review date to review the period further;
- engages with Kevin Brown to discuss proposals relating to increased verification and supervision in order to identify learnings/insights from the financial services sector.

**(Action: G Daykin)**

### 3.2 Rule 3.5.1, the “30 Day Rule”

The Board **NOTED** the Executive's views around recent industry discussions concerning the 30-Day Rule of the Code of Practice as being a potential barrier for certain services entering the market. The Rule's provision, whilst providing protection against service providers causing harm in the market within the period of a single billing cycle, may be seen to compare unfavourably with other payment mechanisms.

The Executive is reviewing the possibility of providing an exemption from Rule 3.5.1 in certain circumstances and under particular conditions/criteria. The Executive has engaged with the Gambling Commission on the licence conditions relating to society lotteries, a service type which may require an exemption to meet both the Gambling Commission and PSA regulatory requirements. The Executive confirmed that society lotteries are capable of meeting both sets of requirements (where an exemption is offered). More generally, the 30-Day Rule will be considered alongside Code 15 development work.

The Board **ENDORSED** the Executive's approach and **RECOMMENDED** the Executive proceeds to consider the scope for exemptions from the 30-day rule, including:

- reviewing all of the participants in a value chain to understand payment flows and considering the strategic risks around different payment mechanisms;
- identifying transaction scenarios and where consumers are likely to be most vulnerable.

David Edmonds, on behalf of the Board gratefully **ACCEPTED** Kevin Brown's offer to help analyse the mapping of payment flows down the value chain, particularly where risks might lie in the payment transactions process, as well as the benefit of his FCA experience in looking at verification and supervision of the value chain as part of the Code 15 review.

(Action: S Towler)

### 3.3 **Balanced Scorecard**

The Board **NOTED** the balanced scorecard and that it had been reviewed in detail at the Resources Committee, as part of the organisational performance assessment.

*Mark Thomson joined the meeting*

### 3.4 **How to Complain About PSA**

The Board **NOTED** the paper setting out a proposed change to the PSA policy on How to Complain About the PSA.

The Board **ENDORSED** the Executive's decision to provide clearer parameters to the Independent Complaints Assessor and to align the complaints procedure more closely with that used by Ofcom.

## 4.0 **Items for information**

### 4.1 **Accounts Summary Report Period Ended 31<sup>st</sup> January 2020**

The Board **NOTED** the accounts summary report for the period ended 31<sup>st</sup> January 2020, including an additional analysis on total PSA funds. The Board **NOTED** that the financial performance of the organisation had been reviewed in detail at the Resources Committee meeting.

The Executive confirmed we continue to operate as business as usual under the current climate and are monitoring the potential impacts on operational capacity and resources. The Chair of the Resources Committee advised an update on any financial impact will be provided at the next meeting.

#### 4.2 Risk Register – high level summary

The Board **NOTED** the risk register as at the end of February 2020, and that the register had been reviewed in detail at the Audit, Risk and Corporate Governance Committee meeting. The Executive confirmed the register will be updated to take the current Covid-19 crisis into account.

**(Action: P Barker)**

#### 5.0 AOB

##### 5.1 Coronavirus Covid-19 status update

Mark Thomson provided an update on the Covid-19 crisis and Government intervention to tackle the health and safety and economic impacts.

The Executive confirmed we are aware of heightened risks around cyber security attacks and potential scams; we are enhancing our monitoring capabilities and continue to carry out security penetration testing. Staff wellbeing is of highest priority and we are introducing wellbeing programmes and providing ongoing communication and support.

The Executive gave particular thanks to the Technology & Analysis and HR teams who are working hard to ensure all staff can continue to work effectively and efficiently.

##### 5.2 Company Secretary

The Board **NOTED** this meeting represents Stephanie Ratcliffe's last meeting at the PSA, following her resignation. David Edmonds, on behalf of the Board, thanked Stephanie Ratcliffe for her immense support and commitment as Company Secretary over the years and wished her very well in her new role.

#### End of Minutes

Date & location of next Board meeting:

Date: Tuesday 23<sup>rd</sup> June 2020

Time: 10.00am-1.00pm

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