

MINUTES OF THE 419TH MEETING
PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING

Tuesday 23rd June 2020

9.30am - 11.30am
Meeting Held via Microsoft Teams

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

Board Members - via Microsoft Teams

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

Phone-paid Services Authority Executive - via Microsoft Teams

Peter Barker
Gavin Daykin
Emma Bailey
Sarah Scott
Alex Littlemore
Ayo Omideyi
Simon Towler
Agnieszka Taylor (minutes)

Others - via Microsoft Teams

Gaicho Rasmussen – Ofcom

1. Standing items

1.1. Apologies and Introduction

The Chairman **WELCOMED** members to the meeting and **NOTED** apologies from Ann Cook.

1.2. Minutes of 418th Board Meeting held on 19th March 2020

The Board **APPROVED** the draft minutes of the meeting held on 19th March 2020.

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

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. In addition to the paper, the following key points were highlighted:

- The organisation continues to work effectively remotely. With regards to reopening the office, arrangements are currently being made in line with Government advice and information from the Canary Wharf Estate.
- Consumer spend on phone-paid service does not appear to be affected by the pandemic, with quarterly market revenues being stable.
- Initial findings from the Annual Market Review indicate small but steady growth in the market is expected over the next two years.
- Detailed monitoring has not shown any Covid-related scams in the market to date.
- PSA continues to benefit from excellent working relationships with Ofcom and DCMS.
- The Consumer Panel is now well established and continues to work very effectively. Board members are invited to observe the Consumer Panel meetings.
- Industry engagement continues apace. In addition to replacing the Code 15 engagement planned for the cancelled Industry Forum with a series of webinars, the Industry Liaison Panel meeting in May saw 30 participants on the call.
- A recruitment process for new Code Adjudication Panel members is currently underway.
- The 2020/21 Business Plan and Budget are on track, with some work – on consumer refunds and guidance on Due Diligence, Risk Assessment and Control – being picked up through the Code 15 development programme.
- Complaints from consumers about phone-paid services continue to fall.

The Board further **NOTED** the support arrangements in place for staff in the current working environment, and **AGREED** that the ongoing safety of the staff was paramount, and that only

employees that need to undertake business critical tasks or who are unable to work effectively from home should have access to the office under the current conditions.

The Chair **RECOMMENDED** that the Board strategy session in September would be a good time to consider the longer-term implications of the pandemic on PSA's operations.

(Action: Board)

2. Items for approval/decision

2.1. Funding Model Review

The Executive presented a review of the funding model, and the Board **NOTED**:

- The proposal is to leave the levy funding model unchanged.
- However, there is a shift in focus away from an adjusted levy to the underlying unadjusted levy. This is because from 2021/22 onwards the assumption is that there will be no accumulated fines available to enable an adjusted levy, and that the PSA will need therefore to fund its budget from an unadjusted levy.
- The major consequence of this shift will be a significant increase in the amount of levy to be collected on the PSA's behalf by the networks. To this end the Executive has held recent discussions with major MNO funders, and the issues raised had been considered in making the recommended proposal.

Following recommendation from the Resources Committee, the Board **APPROVED** the content of the funding model review and the proposal to leave the model unchanged. In doing so it **RECOMMENDED** the Executive considered:

- Potential future changes to the funding model in light of Code 15 and alternative models used by other regulators.
- The potential impact of any significant changes to the PSA cost base and what that might mean for income requirements.
- Demonstrating the transparency of the levy to the whole value chain.

(Action: P Barker)

3. Items for discussion

3.1. Vulnerable Consumers Action Plan

The Executive presented a report that was commissioned last year (a) to help the Executive understand other regulatory approaches to consumer vulnerability, and (b) provide an assessment of how our current approach lines up with best practice. The Executive reported that following the report, it has developed an Action Plan in which most of the work is incorporated into the development of Code 15.

The Board **NOTED**:

- The report and its findings.
- Consumer Panel review of the Action Plan.

- The Executive’s plans for further webinars as part of the Code 15 discussions, and to prioritise engagements with other named regulators to make sure the PSA is in line with their work in the sector.
- The Executive expects to publish the report in July.

The Board **SUGGESTED** a change of terminology from ‘vulnerable adult’ to ‘adults at risk’ or ‘adults at risk of harm’, since these terms recognise that we all can be at risk of harm for a different reason.

The Board **SUGGESTED** further development of our understanding of consumer vulnerability through reaching out to other players in digital markets and consultants working in this area.

3.2. Information, Connection and Signposting Services (ICSS) Report

The Executive presented an overview of its coordinated recent work on ICSS, and the Board **NOTED**:

- The particular importance of the in-house monitoring that builds a basis of evidence where we lack consumer reports on ICSS.
- The automated search system developed in-house that gives us the ability to check the scope of ICSS in the market.
- ICSS is an enforcement priority, with three recent ICSS cases adjudicated and a number of other ICSS cases in the pipeline.
- The Executive continues to engage with Ofcom and DCMS about potential longer-term solutions to any ongoing ICSS issues.

In considering the ICSS issues that we are trying to deal with on behalf of consumers, the Board **SUGGESTED** engaging further with:

- the work of Stop Scams UK.
- the future of numbering work by Ofcom, with a view to helping educate consumers further about the cost of calls to specific numbers.
- Search engine platforms to bring about practical short-term improvements in Code compliance by ICSS providers.

3.3. Investigations and Enforcement Update

The Executive presented an overview of the current investigations and enforcement activity, and the Board **NOTED**:

- The changes in organisation structure through the introduction of new ‘Investigations and Enforcement Managers’ roles in January 2020.
- The improvements in our investigative and enforcement processes, including the development of the case record system and the application of a systematic approach to case planning.
- The application of our enforcement strategy and the focus that is enabling with regards to resource priorities and maximising regulatory impact.
- The positive initial impact of these changes, including a significant reduction in the time taken from receiving first complaint to the case being allocated.

The Board **COMMENDED** the Executive on the progress made in this area to date and the impacts being achieved.

3.4. Code 15 Development

The Executive provided an update on activity and progress of the Code 15 Review, and the Board **NOTED** the following key points in terms of engagement:

- There has been active engagement with high numbers of stakeholders to maximise input and feedback.
- The discussion document was published early this year and the deadline for response is on 2 July.
- Industry engagement through webinars will be organised in line with value chain groupings i.e. Networks, L1s and L2 providers.
- There will also be continued discussion with stakeholders on an individual basis.
- The Code 15 development report was presented to the Ofcom Consumer Communications Panel.
- There is ongoing liaison with DCMS about relevant Code 15 matters.
- Engagement with other regulators continues.
- We are looking to identify opportunities for increased further consumer input.

The Board also **NOTED** with regards to Code development:

- Further work on how refunds should work in the market.
- Plans to incorporate more flexibility in Code 15 to allow companies to meet the standards in a way that suit their business.
- Engagement of External counsel.

The Board Members who attended the webinars **COMMENDED** the Executive, stating them as being professional and extremely well run.

3.5. Annual Evaluation of Board Performance

The Board **NOTED** the Chair's presentation of the feedback received from the evaluation survey. Overall, there was a very positive assessment of the Board's performance.

4. Items for information

4.1. Draft Director's Report and Financial Year Ended 31 March 2020

The Board **NOTED** the draft Report as presented at the Audit Committee Meeting, and that the audit by the National Audit Office is due for completion by November.

4.2. Accounts Summary Report and Financial Statements Year Ended 31 March 2020

The Board **NOTED** the accounts summary report for the period ended 31 March 2020 as presented at the Resources Committee.

4.3. Risk register

The Board **NOTED** the risk register as at the end of March 2020, and that the register had been reviewed in detail at the Audit, Risk and Corporate Governance Committee meeting.

5. AOB

None.

End of Minutes

Date & location of next Board meeting:
Date: Wednesday 16 September 2020
Time: 11.00am-1.00pm
Location: Microsoft Teams