

**MINUTES OF THE 414th MEETING
PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING**

**Tuesday 12th March 2019
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

Emma Bailey (item 2.2)

Mark Collins (item 3.2)

John Hodge (item 3.1)

Ayo Omideyi

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.

1.2 Minutes of 413th Board Meeting held on 14th November 2018

The Board **APPROVED** the draft minutes of the meeting held on 14th November 2018.

1.2.1 Action Log and 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.

There were no matters arising.

1.2.2 Standing and other Declarations of Interest on agenda items

The Chairman recorded his recent appointment as Chair of the British Racing Drivers Club Limited Pension and Life Assurance Scheme.

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:

- *Policy:*
 - Subscription services review - the consultation on regulatory proposals, published on 19th February, closes on 16th April. An addendum is being issued to clarify that Mobile Origin text messages remain an acceptable method of opt in and to set out consequential changes to other sets of special conditions required. The Board **RECOMMENDED** a *lessons learned* exercise should be undertaken in the autumn.
 - Directory Enquiry - special conditions are in effect since 4th February.
 - ICSS - following Ofcom's consultation and subsequent final statement, the PRS definition has now been extended to include all ICSS, within PSA's regulatory remit, regardless of number range. PSA plan to consult on extending ICSS special conditions to applicable number ranges, early in the FY 19/20.
 - Consent to Charge project – the second round of testing with Level 1 providers was completed in February 2019 (see separate agenda item).
- *Ofcom and DCMS Engagement* remains strong. The Chair recently met for productive talks with Lord Burns. Current DCMS engagement is primarily focused on Brexit impacts.
- *Consumer Engagement:* the new Consumer Panel has met twice and is working effectively, feeding into research and contributing into the subscription services review. A Chair has been appointed from amongst the panelists and will, as part of the induction process, be invited to attend a Board meeting.
- *Research:*
 - Analysys Mason has been appointed to undertake the annual market review and will soon be conducting qualitative interviews with industry.
 - Futuresight has been commissioned to undertake research into consumer experience and expectation of refunds, and a report on findings is expected in May.
- *Industry Engagement:* extensive engagement with industry has taken place in relation to the consent to charge project and subscription services review. Working relations with aimm are well established and productive and ILP meetings continue to represent a useful forum for exchanging information.
- *Financial reporting:*
 - Year-end management accounts were discussed in detail by the Resources Committee and reported to the Board.

- Total outpayments for the third quarter of 18/19 are estimated to be £130.9m, up £9.1m (7%) from Q2 due principally to continued growth in operator billing. The Board **NOTED** that these figures were subject to future revision, and that ongoing work on network returns data would be reported back to the Audit, Risk and Corporate Governance Committee.
- The Board **RECOMMENDED** that the longer-term funding model is reviewed with major funders, ahead of expected changes in the levy requirement for 2021/22.
- *Appendix A, Operational Dashboard* – The Board **NOTED** the key data as at December 2018 (contact and complaint volumes, case workload, and market revenues and outpayments) as discussed in detail by the Resources Committee and **ENDORSED** the additional risk metrics summary.
 - *Guidance on GDPR data retention periods*: the consultation on guidance for industry on retention periods is due to close on 3rd April.
 - *Code 14 Process Audit*: Fieldfisher LLP’s yearly audit of enforcement and investigation processes for 2018/19 identified no major issues. A final report on findings is expected soon.
 - *The Investigations Oversight Panel* continues to operate effectively. The PSA Chair recently met with the CAP Chair as part of ongoing relations.
 - *GDPR*: the regular report was discussed in detail by the Audit, Risk and Corporate Governance Committee.

2.0 ITEMS FOR APPROVAL/DECISION

2.1 Business Plan and Budget 2019/20

The Executive presented the final version of the Business Plan and Budget for 2019/20 to the Board.

The Board **NOTED** the changes made to the draft Business Plan and Budget 2019/20 following consultation and further review by the Executive, and that some amendments recommended by the Resources Committee had also been incorporated. The Executive reported that these changes related solely to activity, and that the levy calculations and budget remained unchanged. The proposed budget is in line with Ofcom expectations and represents a real-term saving of 1%. A statement in response to the consultation responses will be published alongside the final Business Plan and Budget.

Following recommendation from the Resources Committee the Board **APPROVED** the Business Plan and Budget for 2019/20. The Chair will formally write to Ofcom, seeking approval of the proposed budget.

David Edmonds, on behalf of the Board and the Executive, **THANKED** Lynn Parker and Ofcom for their continued support and contributions to the business plan and budget process.

2.2. Approval of the Office Holder Consumer Panel Handbook

The Board **NOTED** the draft Consumer Panel handbook which had been produced following the establishment of the panel in October 2018. The handbook includes a requirement in its terms of reference to report annually to the Board.

The Board **APPROVED** the draft handbook.

2.3 Business Balanced Scorecard

The Executive provided an overview of the organisation's Balanced Scorecard as at March 2019. The Board **NOTED** the Key Performance Indicator measures, including that overall market compliance appears healthier than in the previous year. The Executive explained that while complaint volumes have increased, these relate to a smaller area of the overall market in terms of financial value and number of users.

The Board **ENDORSED** the Balanced Scorecard and **RECOMMENDED** the ongoing close monitoring of complaint volumes.

The Board **RECOMMENDED** that the formatting of the Balanced Scorecard is reviewed and accompanied by a summary cover paper in future.

(Action: P Barker)

3.0 ITEMS FOR DISCUSSION

3.1. Case Management Report

The Board **NOTED** the overview of complaints and cases as of 1st March 2019, including general market trends and issues identified. The Executive explained the pre-allocation case process now used, which allows for more in-depth informal preliminary action to be taken on each initial assessment.

The Board **NOTED** key areas driving current pre-allocation work include:

- Subscription services
- Information, Connection and Signposting Services

A progress update on DDRAC (Due Diligence, Risk Assessment and Control) will be provided at the next meeting, along with findings from the Copper Horse research (which will feed into DDRAC as well as contributing to revised Guidance on Consent to Charge). A review of the withhold process and its effectiveness will take place alongside Code 15 developments.

The Board **NOTED** John Hodge leaves the PSA in June. The Chairman, on behalf of the Board, **THANKED** John for all his hard work, contribution and commitment as Head of Investigations and Enforcement.

3.2 Consent to Charge Security Testing Progress Update

The Executive provided background information and a progress update following the second round of testing undertaken with Level 1 providers, which was completed in February 2019. The Board **NOTED** the key findings from the second phase of testing undertaken by Copper Horse and that no further recommendations had been identified.

The Executive advised a consultation on consent to charge guidance is planned in April 2019, which will incorporate Copper Horse recommendations. The Board **NOTED** that the Executive will continue to monitor and liaise with mobile network operators on progress, as they introduce new accreditation standards based on the Copper Horse recommendations, and that an update will be provided at the next meeting.

(Action: M Collins)

4.0 ITEMS FOR INFORMATION

4.1 Management Accounts Full Summary Report Period Ended 31st January 2019

The Board **NOTED** the management accounts summary report for the period ended 31st January 2019 and that the financial performance of the organisation had been reviewed in detail at the recent Resources Committee meeting.

4.2 Risk Register

The Board **NOTED** the risk register as at February 2019 and that the register had been reviewed in detail at the recent Audit, Risk and Corporate Governance Committee meeting, including one amendment made to the risk status on GDPR residual matters.

5.0 AOB

5.1 On behalf of the Board and the PSA, the Chairman **THANKED** Lynn Parker, who will stepping down as Ofcom Board observer in early April, for all her valuable support and contribution over the years.

The Board **THANKED** Lynn for her extensive efforts in forging strong working relations with Ofcom and the PSA and **WISHED** Lynn all the very best for the future.

End of Minutes

Date & location of next Board meeting:

Date: Monday 17th June 2019

Time: 10.00am-1.00pm

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