

**MINUTES OF THE 421<sup>st</sup> MEETING**

**PHONE-PAID SERVICES AUTHORITY LTD BOARD MEETING**

**Tuesday 19<sup>th</sup> November 2020**

**10.00am – 13.00am**

**Meeting Held via Microsoft Teams**

**PHONE-PAID SERVICES AUTHORITY LTD, 25<sup>th</sup> 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  
Winnie Palmer

**Phone-paid Services Authority Executive - via Microsoft Teams**

Peter Barker  
Simon Towler  
Ayo Omideyi  
Gavin Daykin (paper 3.2)  
Alex Littlemore  
Sarah Scott (paper 3.3)  
Agnieszka Taylor (minutes)

**Ofcom- via Microsoft Teams**

GaUCHO Rasmussen – Ofcom

**Consumer Panel**

Rhian Johns – Chair (paper 3.1)

## 1.0 Standing items

### 1.1. Apologies and Introduction

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

### 1.2. Minutes of 420th Board Meeting held on 16th September 2020

The Board **APPROVED** the draft minutes of the meeting held on 16<sup>th</sup> September 2020.

#### 1.2.1. Action Log and Matters Arising

##### Action Log

The Board **NOTED** all actions from the previous meeting were ongoing.

##### 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, as outlined in the paper.

The following points were highlighted:

- The Annual Report was published, and Report and Financial Statements will be added in due course.
- Relationship with Ofcom and DCMS remains good.
- There is a good progress with E-Commerce Directive and we are expecting positive changes for the organisation to be in place at the beginning of next year.
- Rhian Johns will report on the Consumer Panel engagement during the later part of the meeting.
- Stakeholder management approach continues to work well. Another round of webinars including a Consumer Webinar is scheduled.
- The ILP meeting is scheduled for December and will consider next year's Business Plan. The Meeting with aimm provided research about similar regulatory regimes in 4 other territories. The research will be shared directly with Ofcom. The PSA agreed to add the link to its Service Checker to the Consumer Portal developed by aimm.
- Simon Towler and Sarah Louise Prouse took part in the Telecommunication Fraud Forum webinar about ICSS. The majority of the members opted for to ban ICSS and that viewpoint was presented to DCMS. Legislation to ban ICSS in the future is unlikely, however the PSA will discuss ICSS with DCMS once more in the new year.

**(Action: S. Towler)**

- Despite our general position to seek every chance to promote the PSA, in relation to the Money Box program, we chose not to take the opportunity for an interview.

- The longer term model for the staff wellbeing has been discussed at the Resources Committee.
- Networks confirmed that Q2 figures show a seasonal drop and the market is expected to bounce back in the next quarter.
- The regulatory interventions is the reason for the significant drop in complaints.
- We are monitoring ongoing the negative impacts of pandemic and the Business Plan remains on track.
- The good progress of the cyber security and data protection with minor incidents since the last meeting was reported to the Audit Committee.
- The Oral Hearing of TCS Combined Solutions is scheduled remotely over a 3-day period in December.

## 2.0 Items for approval/decision

### 2.1 Directors Report and Financial Statements

The Board **NOTED** the following:

- Directors Report and Financial Statements for the year ended 31.03.20. was delayed from June due to the pandemic.
- The NAO found a couple of minor value invoices that should have been recognised in March.
- The presentation of founds was delayed and will be discussed with NAO over the upcoming months.

The Board recognised the positive feedback from the NAO in relation to the governance, the oversight and the way that the organisation is directed.

Directors Report and Set of Financial Statements that Audit Committee were happy to put forward.

The Board discussed the cost of the Audit as very high for a small organisation like PSA.

The Board **APPROVED** Directors Report and Set of Financial statements. The electronic signatures of the accounts will be added post this meeting.

On behalf of the Board David Edmonds thanked the Financial Team for their work on the Report.

### 2.2. Draft Business Plan and Budget 2021/22

The Executive presented the overview of the document and welcomed any suggestions/comments.

The Board **RECOMMENDED** the number of changes:

- Redraft the sentence about underpinning Code 14 with the ad hoc complaints (point 3.1.8) to be clearer.
- Explain acronyms.
- Include in the Business Plan a section about opportunities to promote the PSA and improve consumer education.

The Executive explained that the PSA budget is not enough for promotional campaigns. If there is a substantial sum of money available, it might be used for a proactive consumer campaign. Promotional campaigns are tent to be controlled through the Network Operators. The Executive added that the new employee Katie King has reviewed the media monitoring service and is now developing her contacts.

The Board was of the view that the PR opportunities in particular with the key TV Shows like Watch Dog need to be noted in the Business Plan and the approach to these should be described.

- Include in the Business Plan and Budget a detailed complaints data that will allow to analyse the situation on the market and our approach.

The Executive explained that the PSA activity is primarily driven by the absence of complaint volume and the present focus is to stop harm happening in the first place. The Executive also observed that the market is becoming healthier. After allocating resources to the Code 15 work the approach to prevent the harm should become clearer for the Business Plan. The Executive added that there is no obligation on MNOs to share their complaint numbers unless we have the bespoke arrangements with them.

The Board was of the view that all complaints should be in the centre of the organisation's attention and the complain data needs to be richer with a detailed description of each complain.

The Board agreed to discuss this at the next meeting.

- Consider future areas of ongoing improvements in the organisation.

The Executive explained that the current Operational Excellence framework is in place for 3 years and will be reviewed in the next Board Meeting.

Peter Barker and Jo Prowse agreed to consider the potential areas of ongoing improvements in the organisation.

The Board decided to schedule the discussion about the operational excellence at the end of H1 2021. The Chair agreed to include the organisation's future trajectory in terms of sufficient amount of Resources in that discussion.

- Consider if the new registration fees are realistic in terms of what the organisation is trying to achieve with the new Code 15. The Board decided to discuss this at the end of the Code 15 work before the implementation stage.

**(Action: P. Barker and J. Prowse)**

The Board discussed the proposed budget and recognised that it is a bottom-up budget that will cover the minimum resources needed for effective operation. The Board also noted that the current budget has to cover the Code 15 development and is the minimum amount to satisfy the organisation's statutory obligation.

Having reviewed it in detail, the Resources Committee **RECOMMENDED** the business plan and budget 2021/22 to the Board

The majority of the Board **AGREED** to endorse the proposed budget.

The Board approved the draft Business Plan for 2021/22 subject to the recommended changes.

### 2.3 Office Holder Handbooks and Governance Statement Annual Reviews.

The Board **APPROVED** the annual review of office holder handbooks and governance statement.

### 3.0 Items for discussion

#### 3.1 Consumer Panel Annual Report

The Board **NOTED** the following:

- New member Fred Forbes recently joined the Consumer Panel.
- The Consumer Panel Members asked for more clarity from the Executive on how their advice is being taken forward.
- The Panel took thematic approach to the way of their work and in addition engaged with Code 15 development on regular basis by providing their view on the consumer facing standards, the operations and the enforcement for the Code 15.
- The next year themes will be set out at the next meeting and will include: communications channels from PSA to consumers, consumer education, complaints and the need for the Ombudsman.

The Executive explained that there isn't a statutory requirement to use an Ombudsman. The PSA's lobbying in this matter was rejected.

The Executive added that there are 4 Ombudsman active and approved by Ofcom that offer a cheap and unsatisfactory service for most consumers.

The Board asked what the process is to determine which recommendation has to be prioritised and act on.

The Board recognised the Consumer Panel as an independent body, however it recommended to reflect the PSA Business Plan in the topics for next years' Consumer Panel meetings.

The Board suggested that the Chair of the Consumer Panel will join the next Board Strategy discussion.

**(Action: R. Johns)**

#### 3.2 Code 15 update

Gavin Daykin updated the Board on the key activities and progress of the development of the Code 15.

The following points were highlighted:

- The Code is drafted and was sent to Counsel and Ofcom. Counsel will provide the external legal input towards the end of this year. Meeting with Ofcom will be scheduled to discuss the key changes in the Code.
- The copy of the draft Code was shared with the Board Members.
- Stakeholders engagement is continuing with Consumer Webinar and the Industry Webinars scheduled over the upcoming weeks.
- The assessment of our key objectives was set out in the process.
- Annex B sets out the activities that won't be taken up with the Code 15 but we will look to achieve these through other means.
- Key risks to the Code 15 which may change in the process.

Gaicho Rasmussen confirmed that tangible steps were taken to front load any risk management on his part and additional resource from his team and other parts of Ofcom was dedicated to mitigate any risk in the good time. He added that it's helpful to identify potential amber areas but at this stage of the Consultation process the focus should be on the risks mark as red.

The Board considered if there are enough solutions in place to mitigate the risk of the cybercrime.

The Board was informed that the Executive has a technical specification set out which will be translated into the Code 15 requirements and kept under regular review. There are number of other protections in place in the market for example limits for the individual and monthly transactions and 30-day pay-out rule.

In addition, the Networks have their own controls that are working sufficiently well.

The Executive added that the new standard "Systems" was introduced in the Code 15 which will focus on the platform security and network integrity.

The Board suggested that Gavin will set up a discussion about system security at the next stage of the consultation exercise.

The Board **RECOMMENDED** to discuss at the future Board meeting what the results of implementing the Code 15 might be. Additionally, it should be considered what changes we expect from the industry to put in place and what the appropriate period of the implementation might be. In terms of the impact assessment and the cost benefit assessment what this will mean for consumers and industry.

(Action: G. Daykin, LT)

### 3.3 Enforcement Overview

Jo Prowse provided the introduction to the Enforcement overview document.

Sarah Scott presented an overview of the enforcement strategy.

The Board **NOTED** the current status of the investigation and enforcement activity in particular:

- 32 T2 cases are open, 5 of which are Due diligence cases.
- 43 cases as at the end of September have been NFA-ed and 1 of these cases has been reopened. With the rest of the NAF-ed case the Enforcement team achieved the regulatory outcome in the form of addressing the harm by the providers, voluntarily leaving the market, or terminating the contracts with some providers by the MNOs. NFA-ed cases are continuing to be reviewed.
- The Enforcement strategy meeting with the LT are scheduled on the regular basis.

The Board discussed the prioritisation framework and the resource implications in terms of the speed and the number of cases investigated. It was noted that with the half of the resources the team will have to reduce the number of cases and investigate only the ones with the biggest impact like Due Diligence cases. If the resources were doubled Investigation's Team would be better placed to continue to act in more punitive measure against some providers. With twice as much resource we may be able to look towards creditable deterrence.

The Executive added that doubling the resources will increase the PSA budget by 20%.

The Board highlighted that the enforcement should be driving wider compliance culture across the sector. Limited resources have to be deployed in the strategic approach.

The Board discussed the future focus for the organisation and considered on how to enhance consumer regress so the enforcement can concentrate on the strategic intervention and at the same time users will be able to seek regress.

### **3.4 Independent Complaints Assessor Annual Report**

The Board **NOTED** the independent lay assessor's report from the period November 2019 to October 2020.

## **4.0 Items for information**

### **4.1 Management Accounts Summary for the period ended 30th September 2020– as presented to Resources Committee on 12th November 2020**

The Board **NOTED** the management accounts summary report for the period ended 30<sup>th</sup> September 2020, and that the financial performance of the organisation had been reviewed in detail at the recent Resources Committee meeting.

### **4.2 Risk Register as at November 2020 – as presented to Audit, Risk and Corporate Governance Committee on 11th November 2020**

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

## **5.0 AOB**

David Edmonds on the behalf of the Board thanked Kevin Brown for the support he has given to the team and his contributions to the Board.

### **End of Minutes**

Date & location of next Board meeting:

Date: Tuesday 23<sup>rd</sup> March 2021

Time: 10.00am-1.00pm

Location: Phone-paid Services Authority Microsoft Teams Communicator.