

**Pay. UK Limited****Minutes of a meeting of the Board of Directors held on 26.03.2019**

<b>Directors</b>	<b>Attendees</b>
Melanie Johnson (MJ), Independent Chair	Dan Smith (DS), Head of Procurement
Jean-Yves Rotté-Geoffroy (JY), INED (by telephone)	Joe Johnson (JJ), Interim General Counsel
Matthew Hunt (MH), COO	Louise Rebuck (LR), Corporate Governance Manager
Paul Horlock (PH), CEO	David Gilbert (DG), Company Secretary
Peter Wyman (PW), INED	
Richard Anderson (RA), INED (by telephone)	
Rob Stansbury (RST), Senior INED (by telephone)	
Tim Fitzpatrick (TF), INED	
<b>Apologies</b>	
Anna Bradley (AB), INED	
Christine Ashton (CA), INED	
Nathalie Oestmann (NO), NED	
Russell Saunders (RSA), NED	

**19/53 Payment of Invoice**

MJ referred to an invoice [Redacted - commercially sensitive] that had been presented for payment but which was in excess of the delegation of authority limits. It was confirmed that the invoice was within budget and was approved for payment.

The Board considered whether further amendments to the delegated authority policy were required or whether the Board wished to continue to see all invoices over the current delegated authority limit. It was suggested that the Finance Committee could be empowered to authorise all internal invoices that were in excess of the current delegated limits, with the Board continuing to see all external invoices above the limit together with all invoices that were outside budget. It was agreed that a revised proposal be brought to the Board for consideration. **ACTION: DG**

**19/54 NPA Procurement**

MJ advised the Board that the NPA Programme Committee had met earlier that morning to consider the results of the PQQ evaluation process. The Programme Committee had challenged and discussed the process that had been followed and the outcomes that had been reached and was comfortable with the governance that had been adopted for the procurement process.

MH took the Board through the evaluation process that had been undertaken, noting the weightings that had been given to the detailed 'bottom up' technical analysis that had been undertaken by the various subject matter experts on the responses provided and the 'top down' executive review that had been undertaken by PH, MH, GC and MS. The executive scores had then been subject to moderation where they had been debated and challenged under the guidance of KPMG (our appointed advisers) and specific Board INEDs. MH advised that the process had also been reviewed and considered by external counsel who had confirmed that the methodology was appropriate.

The Board noted that calls would be held with FMID and the PSR the following day to advise them of the outcome of the PQQ evaluation. The successful bidders would be then contacted and only then would the NPA team be made aware of the result. It was further noted that it was usual for no formal announcement to be made at this stage of the procurement process.

RA queried the level of regulatory engagement in the process and MH advised that FMID had been provided with the criteria at the outset of the process. MH stressed that the PQQ stage was focused just on the bidders' capability as an organisation to perform and not on any design solutions; any issues or potential concerns regarding the bidders that had been identified as part of that analysis could be investigated further at the RFI stage.

MH explained that there had been no predetermined number of bidders for the RFI stage, although it was noted that the more bidders that were put through, the greater the expense would be. There was also a risk that there would be a dilution effect if bidders felt that they had no realistic chance of being successful.

The Board noted that six bidders had been successful at the PQQ stage. DS provided a brief overview of each and the commented on the diversity of the organisations selected. The Board was advised that when considering the cut-off point, the technical ability of the bidder as assessed by Pay.UK's technical experts, was a key criterion. If a bidder fell below the technical standard, then they would not be taken through to the next stage as a primary bidder. It was noted that bidders who were not successful at the PQQ stage could be part of a consortium at a later stage of the process. [Redacted - commercially sensitive]

*TF joined the meeting*

JY stressed that the purpose of the selection process was to identify those bidders, based on their PQQ submission, who had demonstrated that they should be taken through to the next stage of the process. The Board was being invited to challenge the process that had been followed and the logic that sat behind it.

DS highlighted the challenges and areas for further investigation that had been identified for each of the bidders as part of the PQQ process and which would be explored in more detail as part of the

RFI. These included issues such as ownership, domicile, location, scale and potential concentration risk.

RA observed that the governance that had been put in place for the project appeared to be robust and queried how a similar process would be put in place to manage engagement with the selected bidders at future stages. MH advised that a similar challenge regarding business governance had been received from the PAC and would receive careful consideration.

Noting that he had not been part of the NPA deliberations, TF advised that the process that had been presented appeared to be appropriate and robust and that he was happy to support the decisions made by the NPA Programme Board and the Executive. Similarly, PW, RA and RST concurred.

JY requested that for the next phase of the procurement there should be closer engagement with the same subset of the Board to ensure that they were comfortable with the process and had the opportunity to contribute to and shape the RFI.

Concluding the discussion, MJ confirmed that the Board supported the choice of six [Redacted - commercially sensitive] as proposed by the NPA Programme Board and thanked the procurement team and all others involved in the process for their contribution in delivering the PQQ.

There being no further business the Chair closed the meeting.

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Chair