

Pay. UK Limited**Minutes of a meeting of the Board of Directors held on 10.07.2019**

Directors	Attendees
Melanie Johnson (MJ), Independent Chair	Theano Liakopoulou (TL), McKinseys
Anna Bradley (AB), INED	Jan Weydringer (JW), McKinseys
Christine Ashton (CA), INED	Geoff Close (GC), CRO
Jean-Yves Rotté-Geoffroy (JY), INED	Jenny Crawford (JC), CPO
Matthew Hunt (MH), COO	Joe Johnson (JJ), General Counsel
Paul Horlock (PH), CEO	Toby Sheldon (TS), Director of Communications (item 19/89)
Peter Wyman (PW), INED	Dan Smith (DS), Head of Procurement
Richard Anderson (RA), INED	David Gilbert (DG), Company Secretary
Rob Stansbury (RST), Senior INED	Michael Owen (MO), The Berkeley Partnership
Russell Saunders (RSA), NED	Louise Rebuck (LR), Secretariat
Tim Fitzpatrick (TF), INED (on the phone)	
	Apologies
	Nathalie Oestmann (NO), NED

19/95 Procurement Briefing

Senior representatives from McKinseys lead the board through an exploratory discussion on sourcing methods and market practice.

The Chair thanked TL and JW for a most interesting and valuable discussion.

TL & JW left the meeting

19/96 Opening Items

Quorum – The Chair opened the meeting and noted that a quorum was present in accordance with the Company’s Articles of Association.

Conflicts of Interest – Each Director present confirmed that they had no direct or indirect interest in any way in the proposed transactions to be considered at the meeting which they were required by section 177 of the Companies Act 2006 and the Company’s Articles of Association to disclose.

Registers – The Registers were circulated and the Chair reminded the members of the new Conflicts of interest policy. Members were requested to make their returns to JJ and DG at their earliest convenience. **ACTION: ALL**

The register of gifts and hospitality for June 2019 was tabled and noted by the Board.

Minutes & Matters Arising – The draft minutes of the Board meeting held on 12 June 2019 were considered and AB requested that future minutes should include the content of challenge raised by the Board. The minutes were approved subject to minor amendments.

The Board referred to the schedule of matters arising and noted the progress made.

19/97 CEO Report

Pay.UK values

JC referred to the presentation and noted that a set of behaviours was being developed for colleagues that would clarify how they could demonstrate the values every day.

Whilst there was recognition of the challenge for the existing organisation in this set of values the Board queried their suitability for the medium to long term future of Pay.UK. PH reflected that the values gave everyone an opportunity to get to the same level of working in the way to which we aspire and that it was important to give colleagues values that they could anchor themselves to.

There was a need for Board to have a statement of culture and more aspirational values whilst the Executive required a set of values that they could take forward. The Board statement should be worked on to underpin the values and be more challenging and enduring for the future. It was noted that work on the Board statement would be picked up again in early 2020 at a strategic Board meeting. The Board **agreed** to endorse the value set so that they could be taken forward and presented to staff on 16 July.

DS left the meeting.

Capability review

The Board noted the update on the Capability review in the CEO report.

19/97 NPA update

RSA was asked to outline verbally the report that he had prepared on the Participant view of the status of NPA and to then follow this up with the written report. **ACTION: RSA**

MO joined the meeting.

MO summarised the findings from the review of the NPA programme that Berkeley Partnership had carried out in June. He highlighted the key challenges that the programme faced and walked through the recommendations detailed in the NPA Programme Assurance Review Summary. MO added that the theme was to fix forward in order to maintain momentum on key workstreams and to make good use of the work that had already taken place.

RSA noted the concerns from some of the Participants who were concerned about funding in the light of other priority work such as RTGS renewal and the migration to ISO 20022.

Participants were keen for more information in the light of the postponement of the July industry event. They were keen to know who the suppliers would be so that the Participants could embark on their own programmes of work.

RSA left the meeting.

The Board welcomed the recommendation of the creation of an NPA Director role. It was agreed that it was critical to have someone focused solely on NPA sitting within the executive who would be able to take the organisation to its future state, ensuring seamless handover of operations to MH as the COO (and project sponsor) and delivery a wider future operating model fit for purpose in a evolving ecosystem. It was important that the NPA Director was not seen as being another Programme Manager but that they should be empowered to build the right team and work across all Pay.UK Directorates to ensure an optimal integrated delivery. The NPA Director's relationship with the Director of Strategy & Standards was as crucial as that with the COO because of Pay.UK's role as ecosystem guardian.

AB noted that it would be useful to see a one-time map of the resource matrix arrangements that were in place to deliver NPA. **ACTION: PH**

MH added that a clear priority for the new NPA Director would be to address the percentage of contractors on the NPA programme and that a higher proportion of permanent staff was required.

MO left the meeting.

[Redacted - commercially sensitive]

It was agreed that the communications regarding the changes to the NPA programme would be handled by PH and MH. **ACTION: PH and MH**

The Board **agreed** the following three key recommendations:

1. Carry out programme re-set;
2. Consolidate programme ambition; and
3. Appoint an NPA Director.

The Board **agreed** that Berkeley Partnership would be approached to carry out the role of NPA Director (interim).

The Board **gave authority** to PH to deal with the expenditure [Redacted - commercially sensitive] in relation to the costs of Berkeley Partnership and that the figures should go to the Finance Committee.

SD joined the meeting.

Due to time constraints the Chair asked the members to reflect on the Meetings Calendar paper presented under AOB as it would be brought to the August meeting for substantive discussion.

19/98 Financial Statements

SD presented the consolidated audited financial statements for the year ended 31 December 2018 and noted that this was the first year.

RSA re-joined the meeting.

SD confirmed that the Financial Statements had been presented to both the Finance and Audit Committees. The external Auditors had not identified any non-compliance and would provide a clean opinion. They had suggested that the tax benefits were recognised and there had been a tax benefit for 2018 but would not be one for 2019. SD noted that the net impact was nil.

AB added that the Financial Statements included no reference to either Advisory Councils and that the split in the Chair and CEO forward was not properly balanced. Although all had worked hard to include what could be safely said it was **agreed** that Board would delegate the work to address AB's points to MJ, PH and AB who would have an offline conversation.

The Board approved the Financial Statements with the proviso that the offline conversation could lead to some small changes.

The Board delegated the signing of the letter of representation to MJ and authorised MJ and/or PH to sign the Strategic Report, Directors Report and Balance Sheet on behalf of the Board.

19/99 Approval of invoice

SD requested approval from the Board to approve the invoice that was included under agenda item seven noting that this was the first time that VAT had been paid on a group basis. The Board approved the transfer of funds required to pay the invoice.

SD left the meeting.

19/100 CEO Report - continuation

PH noted that [Redacted - commercially sensitive] continued to push to complete migration to ICS by the end of July. Across the wider industry it was noted that non-standard paper had been causing issues had been the cause some final operational challenges to migration.

The lessons learned from the ICS migration would come to the Board Strategy day in September including those from the end user perspective.

A house position on the development of 'Stablecoin' offerings in the light of recent announcements would be worked up on this that would be brought back the Board.

ACTION: PH

PH highlighted the emerging evolving risk in the ecosystem of vendor consolidation [Redacted - commercially sensitive] . Work was being carried out of the impacts on both Bacs and FPS of the concentration risk.

The joint PAC/ EUAC event would look at future end user needs in the medium to long term horizon that were as yet unarticulated. This session would sit between the ExCo and Board strategy conversations and was being supported by external consultants

A paper would be brought to the August Board meeting that covered where within the NPA phasing the first enablement of ISO 20022 would be delivered. **ACTION: PH**

MJ added that standards and ISO 20022 would be discussed at the Board strategy day

19/101 General Counsel's report

It was noted that the provision of a separate GC report was a hangover from transition process and it seemed more appropriate that as all other directorates reported through the CEO Report that the General Counsel would do the same in future.

[Redacted - commercially sensitive]

The new Anti-Slavery and Human Trafficking Policy was presented for approval. Work would follow to put in place additional processes and to update the Modern Slavery Statement.

The Board noted that the policy should be updated to include an explicit policy statement and should then go to LGAS.

Due to the moving dates for ICS migration and the potential for the PCS closure date to be brought forward the Board was asked if the dates in the PCS agreement could be changed. This had initially been taken to LGAS but upon reflection it had been decided that it would be prudent to seek ratification for a change in dates in the PCS agreement by the Board. The Board **approved** the request to delegate authority to change the date in the PCS agreement to MJ, PH and MH.

[Redacted - commercially sensitive]

JY left the meeting.

19/102 Monthly Committee Reports – for noting Risk Committee

[Redacted - commercially sensitive]

The Committee also discussed the financial risks around ICS and the sharing of the central costs of PCS and the ICS programme.

Security sub-committee

It was clear that suppliers were now being held to a much higher standard through the new board arrangements and that progress was being seen to meet these expectations.

LGAS

RST clarified that the development of the consultation for APP scams would take place over the summer. He noted that although there was no meeting scheduled in August that he was available to the team for assistance if required.

[Redacted - commercially sensitive]

The consultation was not a vote and RST added that it would be held with an open mind whilst Pay.UK reserved the right to make the decision on whether or not there would be a rule change.

Audit Committee

The Committee had focused on the Financial Statements.

Managed Services Committee

A discussion had been held on the CASS forward strategy.

Nomination Committee

The Board effectiveness action plan would be shared with all present and any comments would be welcomed. The action plan would also be shared with FMID who had already received the Board effectiveness review.

BoE would be presenting their annual letter at the August meeting and, if necessary, any actions would be incorporated into the Board effectiveness action plan.

RST summarised the tentative Board meeting schedule with meeting formats being split into two. This would ease the burden on the Executive and would enable up to four of the monthly meeting slots a year to be used for other purposes if required. This was the first step in reducing the frequency of Board and Committee meetings. MJ added that the decision as to whether every meeting was needed would be left to the Chair of each Committee/ Council.

19/103 AOB

AB noted the reception that would be held on 31 July that would be focused on the end user community, adding that all members had been invited.

The secretariat was asked to add the Advisory Councils' annual reports to BoardPacks.

ACTION: DG

CA Requested that the order of the agenda was considered to ensure minimal disruption for RSA. **ACTION: MJ/ DG**

There being no further business the Chair closed the meeting.

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Chair