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Pay. UK Limited

Minutes of a meeting of the Board of Directors held on 29 November 2023

Members		Attendees	
Mark Hoban (MGH)	Pay.UK Chair	David Chandler (DCh)	Director of Finance
Anna Bradley (AB)	Senior Independent NED	Kate Frankish (KF)	Chief Business Development Officer
Diane Côté (DC)	Independent NED	Carolyn Gibson (CG)	Head of Corporate Governance
Helen Crooks (HC)	Independent NED	Chris Greany (CGR)	Director of Security & Technology
Michael Ellis (ME)	Chief Financial Officer	Sharon Hill (SH)	Head of People Operations
Marc Pettican (MP)	NED	Georgia Hunter (GH)	Resilience Lead
David Pitt (DP)	Chief Executive Officer	David McPhee (DM)	Chief Policy & Engagement Officer
Lesley Titcomb (LT)	Independent NED	Gerry Mansey (GM)	CIA
Lars Trunin (LTR)	NED	Lisa Mellor (LM)	Chief Risk Officer
Ajay Vij (AV)	Independent NED	David Morris (DMO)	Chief Technology Officer
Peter Wyman (PW)	Independent NED	John Mowat (JM)	Head of Strategic Policy
		Dan Smith (DS)	Procurement & Supply Director
		Shane Warman (SW)	NPA Programme Director
		Tyron Williams (TW)	Head of Inclusion
		Louise Rebeck (LR)	Corporate Governance
		Externals	
		Simon Eacott (SE)	Chair of SPG

**Board members and attendees met using a hybrid meeting model with some attending in person and others joining remotely by video conference*

23/95 Opening Business

Quorum and welcome

23.95.1 The Chair confirmed a quorum was present.

Conflicts of Interest

23.95.2 MGH reminded directors that under the CA 2006 and Pay.UK's Articles of Association (the "Articles"), directors were required to declare their interests to the other directors in any proposed transaction or arrangement with Pay.UK. MGH highlighted the importance of directors ensuring their entries in the Register of Directors' Interests were correct.

23.95.3 The Register of Directors' Interests had been made available for members' review and confirmation prior to the meeting. No additional interests were declared.

Minutes

23.95.4 The minutes of the meeting held on 27 September 2023 were approved.

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Matters approved since the last meeting

- 23.95.5 CG thanked directors for their responses and confirmed the Conflicts of Interest policy had been **approved** by the Board offline.

23/96 Committee Reports

Audit Committee

[Redacted – Commercially sensitive]

Risk Committee

- 23.96.5 DC referred to the three out of risk appetites that had been discussed by the Committee and the discussions held on the Risk Appetite Statements.

- 23.96.6 The Committee had requested that all policies in future would contain the minimum standards needed to enable the policies to be complied with. DC stated that the Committee had requested additional work to include further detail on the control objectives in the Information Security.

- 23.96.7 [Redacted – Commercially sensitive]

Nomination Committee

- 23.96.9 MGH stated that the CMA was expected to return with a response on its view of a Pay.UK INED chairing the Switching Services Customer Committee.

- 23.96.10 It had been agreed that membership of the Board committees would remain the same.

- 23.96.11 MGH highlighted that the Committee had discussed the role of company secretary and agreed to recommend it to Board for approval. Members considered the role and, noting that it would further the development of corporate governance across the business **approved** the formal appointment of Carolyn Gibson, as Company Secretary with effect from 1 January 2024.

Remuneration Committee

- 23.96.12 AB stated that the Committee had discussed the parameters in place for measuring the company bonus, especially those in relation to NPA.

EUAC

- 23.96.13 The Board noted the Council's report.

23/97 NPA Update Paper

[Redacted – Commercially sensitive]

23/98 Chief Executive Report

CEO Report

- 23.98.1 DP drew members' attention to the directives for Pay.UK to deliver on APP scam reimbursement and the expansion of Confirmation of Pay. He stated that there was focus on these items, as well as fraud, to ensure they were achieved.

[Redacted – Commercially sensitive]

DCh joined the meeting

23/99 Finance Report

[Redacted – commercially sensitive]

DCh left the meeting.

JM and KF joined the meeting.

23/100 Strategy

[Redacted – Commercially sensitive]

JM and KF left the meeting.

SW and DM joined the meeting.

23/101 Pre-NPA Customer Sentiment

[Redacted – Commercially sensitive]

SE joined the meeting

23/102 NPA Customer Sentiment

[Redacted – commercially sensitive]

KF joined the meeting

SE left the meeting

23/103 NPA

[Redacted – commercially sensitive]

SW, KF and DM left the meeting.

LM and CGR joined the meeting.

23/104 Risk

ERMF

23.104.1 DC stated that the Risk Committee had reviewed the updated Enterprise Risk Management Framework (ERMF) and recommended the ERMF to the Board for its approval. The board **approved** the ERMF.

Risk Appetite Statements

23.104.2 DC advised that the Risk Appetite Statements (RAS) had been updated as part of their annual review. They had been discussed by the Risk Committee and the Committee recommended them to the Board for its approval. She added that Key Risk Indicators (KRIs) had been developed and discussed in detail at the Risk Committee. The KRIs would be used to monitor whether risks were in appetite. It had been agreed by the Committee that the KRIs would evolve over time and, at a suitable point in time, would be brought back to the Risk Committee, and then to Board for approval.

23.104.3 The board **approved** the RAS.

Information Security Strategy

23.104.4 [Redacted – Commercially sensitive]

CGR left the meeting.

GH joined the meeting.

AV left the meeting.

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23.104.7 The board **approved** the Information Security Strategy.

Industry Leading Resilience

23.104.8 LM provided an update on the inaugural meeting of the Payments Industry Resilience Forum (PIRF). Engagement had been good with the meeting co-chaired with Barclays. Agendas for 2024 would be developed and working groups set up to address key topics and issues.

23.104.9 LTR queried whether membership of PIRF included non-bank payment money providers. LM advised that PIRF members included organisations that were regulated by FMI. This enabled the forum to focus on Pay.UK's ecosystem responsibilities ensuring aligned approaches and solutions for the industry to be put in place for the March 2025 regulatory deadline. DC cautioned that a very large membership for PIRF could be counterproductive. LM stated that the membership of PIRF would be considered throughout 2024.

[Redacted – Commercially sensitive]

GH left the meeting.

GM joined the meeting.

23/105 Vocalink Oversight

[Redacted – commercially sensitive]

GM left the meeting.

DS joined the meeting.

23/106 Third Party Risk Management

Third-Party Risk Management and Procurement Policy

23.106.1 ME highlighted the support from the Risk directorate and the Risk Committee in developing the policy. DS added that the policy had been designed to ensure that Pay.UK would meet the new regulations ahead of the deadline of 9 February 2024. The regulations required both the policy and the criticality assessment to be approved by the board.

23.106.2 DC confirmed that the Risk Committee had reviewed the policy and, cognisant of the fact that the policy was undergoing legal review, had agreed to recommend the policy to Board in its current state. Any material changes from the legal review would be brought back to the Risk Committee and the board.

23.106.3 The board **approved** the Third-Party Risk Management and Procurement Policy.

Criticality Assessment

23.106.4 DS stated that the Criticality Assessment had been challenged and reviewed in detail by the Risk Committee and subsequently approved. After consideration the board **approved** the Criticality assessment.

LM and DS left the meeting.

AV, SH and TW joined the meeting.

23/107 People

Gender Pay Gap Report

- 23.107.1 SH stated that the report had been developed using 2022 data from the Office of National Statistics (ONS). She added that the ONS had announced that new data would be made available although it was unlikely to make a material difference to Pay.UK's results.
- 23.107.2 Referring to the report SH noted that the key message in the report was that the bonus gap still existed and this was due to structural differences. A paper would be presented to the Executive in early 2024 that would propose actions to address the bonus gap.
- 23.107.3 Members considered the comparison data used and TW confirmed that the guidelines were to use the snapshot data from the previous year. The most up to date data available when creating the report had been used. Members discussed that what was being done with the issues and challenges identified from the data should be the future focus.
- 23.107.4 The board **approved** the Gender Pay Gap Report.

Colleague Engagement Survey Results

- 23.107.5 TW summarised the key highlights of the survey results noting the high engagement score and that colleagues wanted to be with Pay.UK in twelve months' time and remained proud to work for Pay.UK.
- 23.107.6 DP stated that the team was considering how to maintain the high scores obtained whilst focusing on improving the passive scores. TW confirmed we have the function to filter results on tenure, and diversity and monitor these where applicable.

TW left the meeting.

23.107.7 [Redacted – Commercially sensitive]

SH left the meeting.

DM joined the meeting.

23/108 Stakeholder Engagement

[Redacted – Commercially sensitive]

DM left the meeting.

23/109 Governance

Annual Board Effectiveness Review

- 23.109.1 CG thanked members for their participation in the annual board effectiveness review. She referred to the full schedule of actions completed during 2023 in response to the actions from PWC's effectiveness review carried out in 2022.
- 23.109.2 The 2023 effectiveness review questions had focused on the three key aspects of engagement, risk management and strategy and how the scores received in the PWC review had, and could continue to be, improved upon. CG summarised the recommendations in the paper to embed further improvement in 2024. Members supported the recommendations and requested that DP and CG work together to progress them. **ACTION: CG/ DP**

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Board and its Committees Terms of Reference

23.109.3 After consideration the board **approved** its Terms of Reference and the Terms of Reference of each of its committees.

Annual Report Update – timetable

23.109.4 The board noted the 2023 Annual Report production timetable.

Capital and Liquidity Policy

23.109.5 The board **approved** the Capital and liquidity policy recommended to it by the Audit Committee.

Delegation of Authority Policy

23.109.6 DC requested that the policy be updated to reflect that the Chair of the Audit Committee be included in the appointment and dismissal of the Chief Internal Auditor and that the Chair of the Risk committee be included in the appointment and dismissal of the Chief Risk officer. **ACTION: CG**

23.109.7 Subject to the changes requested by DC the board **approved** the Delegation of authority policy.

23/110 Date of next meeting

23.110.1 MGH asked members to note that a board call had been scheduled for 19 December 2023.

23/111 Post meeting feedback

23.111.1 Members provided feedback on the quality of the papers and DP stated that CG was investigating the use of a specialist augmented IT tool to support authors in the development of their papers. Members requested further detail to be provided on stakeholder engagement in all papers, where relevant.

23/112 Any Other Business

23.112.1 Members discussed the need to prioritise on the work ahead, with the need to focus on the continued resilience and robustness of the systems whilst contributing to the government's work on the NPV, including engagement with HMT and the regulators. It was agreed that information-sharing would need to be mindful of colleagues so that it did not adversely impact morale.

23.112.2 As there was no further business MGH thanked everyone present and closed the meeting.

23.112.3 A private session was held with the INEDs and NEDs only.

Chair