

Pay. UK Limited**Minutes of a meeting of the Board of Directors held on 8 July 2020**

Directors	Attendees
Melanie Johnson (MJ), Pay.UK Chair	Euan Burrows (EB), Practice Group Head, Ashursts
Richard Anderson (RA), INED	Sam Cope (SC), Senior Policy Manager
Christine Ashton (CA), INED	Simon Deschenes (SD), Head of Finance
Anna Bradley (AB), INED	Tim Everest (TE), CSO
Tim Fitzpatrick (TF), INED	Kate Frankish (KF), Director of Strategy (NPA product owner)
Paul Horlock (PH), CEO	Kevin Harris (KH), Finance Manager
Matthew Hunt (MH), COO	Helen Hunter-Jones (HHJ), CRO
Nathalie Oestmann (NO), NED	Daniel Jonas(DJ), Head of Research & Innovation
Jean-Yves Rotté-Geoffroy (JY), INED	Megan Lough (ML), Strategy Manager
Russell Saunders (RSA), NED	Dave McPhee (DM), Director of Regulatory Engagement & Policy
Rob Stansbury (RST), Senior INED	Mike Owen (MO), Interim Director of NPA
Peter Wyman (PW), INED	Francisco Pazo Couto (FPC), Head of Legal
	Roy Whymark (RW), Senior Policy Manager
	Louise Rebeck (LR), Corporate Governance Manager
	David Gilbert (DG), Company Secretary

*Due to the Covid 19 pandemic, all Board members and attendees joined remotely by video conference

20/60 Opening Business

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 register of gifts and hospitality for June 2020 together with an updated copy of the Directors Conflicts of Interest register, which had been circulated separately, were noted by the Board.

Minutes & Action Log – The draft minutes of the Board meetings held on 13 May and 10 June 2020 were reviewed and approved subject to a number of further amendments to clarify the text.

Progress with the current open action items was noted.

20/61 Covid-19 Update

TE provided the Board with an update on the return to the office pilot that had been initiated that week. He advised that the main consideration was the wellbeing and safety of colleagues and took the Board through the various precautions that had been taken as part of the risk assessment. This had included the introduction of one way systems, revised deep clean regimes and alterations to the air conditioning. TE emphasised that throughout the team had been following the Government-issued guidance on return to the office. The implementation plan had also been reviewed and independently assessed and approved by an external risk assessment company.

Noting that 2TMS was a multi-occupancy building, TE confirmed that all other occupiers and the estate management company had agreed to work to the same standards as Pay.UK.

The Board noted that the initial pilot was expected to run for four weeks at which time a report identifying lessons learnt and next steps would be produced. It was further noted that government advice remained to work from home wherever possible, however the pilot was seen as essential in ensuring that the office environment was safe for all colleagues when the current advice was eventually relaxed.

On behalf of the Board, MJ thanked TE and the Services team for the significant amount of work that had been undertaken to prepare the office and ensure the wellbeing of colleagues through the pandemic.

DM, FPC, SC, EB & RW joined the meeting

20/62 NPA Update

MH provided the Board with an overview of recent discussions with the PSR. He advised that he and PH were expecting to attend the PSR's Board meeting on 16 July (although yet to be confirmed) which would allow them a further opportunity to make that body aware of the stance that had been taken by the Pay.UK Board when considering the NPA options before it.

[Redacted under legal privilege]

[Redacted - commercially sensitive]

DM, FPC, SC, EB, RW & MO left the meeting

DJ & ML joined the meeting

20/63 Strategy Update

KF introduced the strategy update session, noting that in addition to the regular horizon-scanning update, the Board was also being asked to consider a paper on updating the corporate strategy.

DJ provided the Board with the Research & Innovation team's current views on three areas of Market Intelligence which would feed into the strategy, "Atomisation", "Virtualisation" and "Internalisation" that were considered to be particularly significant for Pay.UK and which had been investigated in further detail. DJ informed the Board that some elements, such as subscription services, had seen an acceleration in response to the Covid-19 situation. Whilst it was expected that cards would continue to dominate the subscription services space, PH

advised that Pay.UK should also expect that real time payments could be competing for such business and work was underway to understand participants' requirements.

Considering other areas of potential strategic interest, the Board noted that removing friction in the payments ecosystem would be a key driver for many of the opportunities that were presenting themselves. Pay.UK had a unique opportunity to be seen as a leader in that space. It was noted that the Research & Innovation team continued to monitor developments and possible trends in digital currencies very closely and was in regular contact with the Bank of England on such matters.

ML updated the Board with the proposal to restart the Corporate Strategy Refresh project that had been paused in response to the Covid-19 situation and invited comments from the Board on the key areas. It was noted that the proposal was to engage with participants so as to ensure that their concerns were addressed and also to take advantage of their specialist strategy resources to support the team's work. It was noted that the Board had set aside additional time in September to focus on strategy.

DJ & ML left the meeting

SD & KH joined the meeting

20/64 Pay.UK Financial Statements

SD presented the consolidated Pay.UK financial statements for the year ended 31 December 2019 for the Board's approval. He noted that the release of a tax provision had improved the outturn for the year.

SD referred to the supporting papers that had been submitted with the financial statements to provide the Board with the necessary assurances relating to the 'going concern' statements and confirmed that the relevant internal controls and checks were in place to protect the business and its directors. In particular, SD referred the Board to the note regarding post balance sheet events. This referenced the pension scheme buyout, the conversion of the remaining Cheque & Credit balances due to former shareholders into loans and the impact of Covid-19 on the business.

RA acknowledged the significant amount of work that had been done in a short period to provide the papers in the meeting pack and hoped that the supporting documentation would be available earlier in future years. He noted that the recent Audit Committee meeting had considered the draft Letter of Representation in addition to the draft financial statements and that the Committee had sought additional comfort for some of the representations that were required. SD confirmed that the additional assurances would be provided to those being requested to sign the Letters of Representation on behalf of Pay.UK and also the various subsidiary entities.

TF advised the Board that the Audit Committee had received the final report from the external auditors and confirmed that this did not raise any issues of consequence that needed to be brought to the attention of the Board. The Committee had been comfortable with the process followed and had spent time looking in detail at the contents of the financial statements. Noting that further work was still required to improve the production process for the 'front half' of the annual report, TF acknowledged the lessons that had been learnt by the management and the improvement that had been made from previous years. PH confirmed that a review would be undertaken following the completion of the exercise to improve the process for future years.

After further discussion, the Pay.UK financial statements for the year ended 31 December 2019 were approved subject to final wording changes being made to the ‘front half’ of the document. PH was authorised to sign the Directors Report, Strategic Report and Balance Sheet on behalf of the Board. He was further authorised to sign the Letter of Representation addressed to the external auditors.

Noting that the Company was required to issue the audited financial statements to the Guarantors for their consideration at the Annual General Meeting, DG referred to recent legislation that allowed the holding of AGMs virtually rather than in person given the current pandemic. The Board confirmed that the AGM should be held by webinar or other similar process and instructed that the Notice of Meeting be prepared and issued on its behalf on that basis.

20/65 Guarantors

DG advised that an application had been received from Back Office Technologies Limited, trading as Form3, to become a guarantor of the Company. He confirmed that the application had been considered using the revised due diligence process and Guarantor Policy. After due consideration, it was agreed that Back Office Technologies Limited be approved as a Guarantor of the Company and that their name be added to the Guarantors’ Register and that a Guarantor Certificate be issued.

20/66 Modern Slavery Statement

HHJ reminded the Board that it was a requirement for a statement relating to modern slavery and the steps that the Company had taken to prevent such occurrences, to be made available on its website. HHJ advised that she had recently taken ownership of the Statement and that work was still being undertaken to complete the required risk-based assessment of the supply chain. After further consideration, the Modern Slavery Statement was approved and the Board authorised a copy to be made available on the Company’s website.

20/67 Minute-taking Principles

MH noted that under the revised management structure, the Governance team had become part of his responsibilities. The team were looking to improve governance standards across the organisation and the note that had been circulated for information demonstrated, for example, how a standardised approach to minuting meetings was being adopted.

20/68 Request to Pay

An updating note giving details of participant interest in Request to Pay had been included in the meeting papers for information. A number of products that utilised the rules and standards were in development.

20/69 Any Other Business

Board Effectiveness Review – MJ noted that the Board had met informally immediately prior to the formal meeting to consider and review the findings of the independent Board effectiveness review that had been commissioned. The external consultants who had produced the report had also attended the session. It was expected that a formal response to the review would be brought to the September Board meeting.

Board meeting in August – MJ advised that a Board meeting would be held in August if required, with non-urgent matters deferred to the September meeting.

There being no further business, the Chair declared the meeting closed.

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Chair