

Pay. UK Limited**Minutes of a meeting of the Board of Directors held on 12.02.2020**

Directors	Attendees
Melanie Johnson (MJ), Pay.UK Chair	Kate Frankish (KF), Director of Standards & Strategy
Richard Anderson (RA), INED	Peter Hammond (PHd), Project Manager NPA
Christine Ashton (CA), INED	Joe Johnson (JJ), General Counsel
Anna Bradley (AB), INED	Mike Owen (MO), Interim NPA Director
Tim Fitzpatrick (TF), INED (by phone)	Tim Everest (TE), CSO
Paul Horlock (PH), CEO	Helen Hunter-Jones (HHJ), CRO
Matthew Hunt (MH), COO	Dave Stockwell (DSt), Head of Operations
Nathalie Oestmann (NO), NED	Dan Smith (DSm), Head of Procurement
Jean-Yves Rotté-Geoffroy (JY), INED	Louise Rebeck (LR), Corporate Governance Manager
Russell Saunders (RSA), NED	David Gilbert (DG), Company Secretary
Peter Wyman (PW), INED	
Apologies	
Rob Stansbury (RST), Senior INED	

20/15 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 February 2020 together with an updated copy of the Directors Conflicts of Interest register were tabled and noted by the Board.

Minutes & Action Log – The draft minutes of the Board meeting held on 15 January 2020 were reviewed and approved subject to a number of minor amendments to clarify the text.

Progress on the outstanding actions was noted.

20/16 CEO Report

PH referred to his quarterly report for Q4 2019 and highlighted the key features. He reflected that the Target Operating Model had been in place for a year but continued to evolve to reflect the changing needs of the business. As part of that evolution, a new Services Directorate had been established to focus on facilities, IT and people. A number of tactical solutions had already been introduced in those areas whilst longer-term solutions were implemented.

The scope consultation with participants regarding the FPS transaction limit was discussed. From the responses analysed to date, it was clear that there was broad support for an increase but not at the levels suggested. It was noted that reaching consensus would be an early test for the proposed Strategic Participant Group (SPG).

RA requested that the Security Sub-Committee should be sighted on any work being undertaken across the business regarding ISO27001 and ISO27002 to ensure that there was full awareness.

MH provided further detail regarding the work being done to ensure that Faster Payment volumes could be properly managed should the need arise. He highlighted that the team had identified a potential issue that could arise at peak times if the service was not fully available and were proactively working with the outsourced provider to resolve.

MH confirmed that the headline budget figures that would be shared with participants to assist them with their own budgeting requirements would be considered by the Board at the May meeting.

Noting that the Board was due to receive an update on the Risk area at the April Board meeting, RA queried the current use of KPIs and KRIs. HHJ confirmed that these were used by the Risk team but that further work was underway to ensure that they remained apposite and fit for purpose. In particular, a more developed top down view was being produced.

MJ sought confirmation that the necessary processes were in place should instances of the Corona Virus impact the business. MH confirmed that operationally all aspects could be managed remotely if required. Elsewhere, HHJ advised that business recovery plans were being updated to ensure that they covered pandemics. She noted that a number of measures had already been taken, such as testing out-of-hours communications. CA queried whether similar discussions had been held with external suppliers and HHJ agreed to confirm and revert.

ACTION: HHJ

Referring to the update that had been provided on the UKPA pension scheme, MJ noted that participants appeared to be comfortable with the approach being taken. RSA confirmed that steady progress was being made with the assistance of specialist advisers. Meetings to take the matter forward had been arranged for the former UKPA shareholders and the UKPA Board.

The OpCo scorecard was reviewed and considered. Delivery in Q4 2019 had continued to be good, with no significant issues identified. PW commented on the financial result for the period, noting the manner in which the results were expressed. In summary, the business had been managed to its budget without recourse to the contingency. RSA congratulated the executive for delivering a stable scorecard for the period.

PH provided the Board with a summary of the themes that had emerged from the recent Colleague Engagement Survey, noting that this was the first such survey undertaken for the

combined Pay.UK business. PH highlighted that the report had identified some areas that were working well and others where some challenges existed and where further work was required. PH advised that a number of working groups would be established incorporating colleagues from all levels across the business to discuss the findings and proposed solutions. It was agreed that the findings and proposed solutions would be considered further at the April Board meeting.

ACTION: PH

DS joined the meeting

RSA reminded the Board of his potential conflict of interest regarding the following agenda item

20/17 NPA Report

[Redacted - commercially sensitive]

20/18 Contract Extension

[Redacted - commercially sensitive]

DS left the meeting

20/19 NPA Governance

JJ referred to the paper regarding proposed changes to be introduced to the governance framework for NPA decisions. She explained that the changes were intended to reduce duplication and allow the decisions to be taken more efficiently and was proposing that these be trialled for a six month period. The approach was agreed on the understanding that the process did not remove the requirement for decisions to still be reported to the appropriate Committee as necessary.

PHd joined the meeting

20/20 Confirmation of Payee Phase 2

PH explained that the NPA Programme Committee had agreed that work on the Confirmation of Payee (CoP) Phase 2 build with Open Banking should continue to meet market expectations. The team was currently seeking to secure value of money and acceptable cost terms. Board approval in principle was now being sought to commit to expenditure with Open Banking up to the current budgeted amount. This was approved.

PHd left the meeting

20/21 Guarantors' Event

PH referred to the draft agenda for the proposed Guarantors' Event that was being arranged as part of the ongoing engagement plan. The meeting would provide an overview of the various strategic challenges facing the business and a financial update. The proposed content was noted.

KF joined the meeting

20/22 2019 Pay.UK Deliverables

KF provided the Board with a review of the 2019 deliverables. She noted that the Risk Committee had challenged the team to be able to evidence that the various strategic deliverables for 2019 had been met and to demonstrate the process that had been developed to monitor and close an item. The Board was being asked to confirm that they were comfortable

that the 2019 strategic deliverables could be closed and to approve the new challenge process that had been developed for 2020 and beyond.

The Board noted and welcomed the more specific and measurable process that had been established. A combination of evidence gathering and executive challenge would now be used to evaluate whether a strategic deliverable had been met.

It was confirmed that the 2019 deliverables could be closed.

KF left the meeting

DSt joined the meeting

20/23 Bacs and Faster Payments Development Funds

[Redacted - commercially sensitive]

Bacs Payment Services Website – DSt noted that the Bacs Payment Services Website (PSW) was used to provide a user interface for a number of underlying applications, including CASS and Cash ISA transfers. The website required work to improve browser compatibility and user functionality. The expected cost of the works was noted and DSt confirmed that these had been agreed with Bacs participants and the provider, subject to Board consent. The Board confirmed that the funds be drawn down and utilised as set out in the accompanying paper.

RA left the meeting

20/24 PAC & EUAC Discussion

MJ introduced a discussion regarding the working of the two advisory committees, noting that they had met their original brief but that it was now appropriate to review the position to ensure that they continued to be fit for purpose.

JY advised that he and AB had been spent time considering the original principles of the committees to provide advice from the business environment and from users. He noted that as the PAC was composed of a mixture of direct and indirect participants, consultants, vendors and trade representatives, it was not always possible to engage on topics that some participants wished to consider given the conflicts of interest that existed. This had caused frustration and concerns which hopefully would now be addressed by the creation of the SPG.

There was also concern relating to executive stretch in supporting the various councils and external fora.

Considering the next steps, the Board confirmed that it very much wanted to continue to receive advice from its advisory groups. Steps would be taken to align the agendas of the PAC and EUAC with planning for Board, so as to be able to provide the Board with timely advice. Work would also be done to increase opportunities for the two Councils to have common discussions at joint meetings by holding the meetings on the same day. This would also make it easier for the executive to support.

AB advised that she had undertaken an effectiveness review of the EUAC and there was a general level of frustration amongst members at the way the group was run and used. It was thought that more planning and preparation for meetings could deliver a lot more value from the Council.

It was agreed that sharing Board topics with the Councils in good time would send a positive message. It was also agreed that the proposed joint lunches for the two councils should also open to all Board directors to join.

20/25 Terms of Reference

Board – it was agreed that the draft Terms of Reference for the Board that had been included in the meeting pack be withdrawn to allow drafting improvements.

NPA Strategic Participant Group – MH referred to the draft terms of reference for the new Group and advised that they had been agreed with the UK Finance Payment Product Strategy Board. He reiterated that the Group was designed to be a vehicle to provide the NPA Programme Committee with clear principal recommendations and to offer their knowledge to assist the Programme. The Board noted that it would be important that those attending were in a position to be able to revise their individual stance if required so as to achieve a consensus view that could be put forward on behalf of the industry. Those attending would also be reminded that the responsibility for decision-making lay with the Board.

After further discussion, the SPG Terms of Reference were approved in principle and PH and MH were authorised to finalise the wording. It was noted that the two co-Chairs, one from the Participants and the other a Pay.UK INED, had yet to be agreed.

20/26 Quarterly Committee Reports

EUAC – AB referred to the Advice Note that had been produced by the Council. She noted that there had been frustration that the Council had not been consulted on some major Pay.UK issues. The Advice Note was intended to correct that in relation to one such issue: APP scams. EUAC were requesting a formal response. She believed that it was useful for the end user community generally to be aware that such concerns were being raised on their behalf. PH confirmed that the matter would be considered and a formal response provided. **ACTION: PH**

NPA Programme Committee – CA referred to the earlier discussion regarding the NPA and noted its future role.

Finance Committee – PW referred to his report and noted the main features.

Risk Committee – It was noted that the new CRO was undertaking a number of reviews and would be bringing an update to the April Board meeting.

Audit Committee – The report from the Audit Committee was noted.

Managed Services Committee – The Committee's report was noted.

20/27 Any Other Business

Invoice for Approval – An invoice in respect of the payment of expenses in relation to the CASS marketing campaign was considered. It was noted that the invoice had been brought to Board for approval as it was in excess of the delegated authority limit. It was noted that the funds had already been collected from CASS participants and were being used to settle invoices incurred on their behalf. The payment was approved.

IT Strategy – CA queried when the Board would receive an update on IT strategy and it was noted that this was scheduled for the April Board meeting.

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

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Chair