

**Pay. UK Limited****Minutes of a meeting of the Board of Directors held on 10 March 2021**

<b>Members</b>	<b>Attendees</b>
Mark Hoban (MGH) - Pay.UK Chair	Steve Allen (SA) - Co-Chair of SPG
Richard Anderson (RA) - Independent NED	Heather Butler (HB) - Chief Services Officer
Anna Bradley (AB) - Senior INED	Elizabeth Darkens (ED) - Senior Policy Analyst
Tim Fitzpatrick (TF) - Independent NED	Maha El Dimachki (MED) - Chief Payments Officer
Matthew Hunt (MH) - COO & Interim CEO	Tim Everest (TE) - Chief Transformation Officer
Jean-Yves Rotté-Geoffroy (JY) - Independent NED	Kate Frankish (KF) - Director of Strategy
Russell Saunders (RSA) - NED	Helen Hunter-Jones (HHJ) - Chief Risk Officer
Lesley Titcomb (LT) - Independent NED	Emma Logan (EL) - Interim NPA Programme Director
Lars Trunin (LTr) - NED	Dave McPhee (DM) - Director of Regulatory Engagement & Policy
Peter Wyman (PW) - Independent NED	Francisco Pazo Couto (FPC) - Head of Legal
<b>Apologies:</b>	Dan Smith (DS) - Head of Procurement
Christine Ashton (CA) - NED	Nick Urry (NU) - KPMG Workstream Lead
	Roy Whymark (RW) - Senior Policy Manager
	Louise Rebeck (LR) - Corporate Governance Manager
	David Gilbert (DG) - Company Secretary

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

**21/16 Opening Business**

MGH welcomed Lars Trunin to his first Board meeting.

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 other 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 together with the Directors Conflicts of Interest register, which had been circulated separately, were considered.

Minutes & Action Log – The draft minutes of the Board meeting held on 10 February 2021 were reviewed and approved.

Progress with the current open action items was noted.

### **21/17 NPA Update**

MGH expressed the Board's thanks to the NPA Programme team for their work that supported the various Board reports and updates that had been produced. The effort that had been expended was acknowledged with gratitude.

Noting that the Board was to receive an update from Steve Allen, the Co-Chair of the Senior Participants Group (SPG), RA informed the Board that SPG were keen to know details of any discussions with vendors as part of the analysis in responding to the PSR consultation.

*SA, DM, NU & EL joined the meeting*

SA briefed the Board on the overall relationship with the SPG, provided some industry feedback and brought a number of emerging themes to the Board's attention. SA confirmed that the overall relationship between Pay.UK and SPG remained strong and that the SPG remained committed to it. The level of conversation and the frank and open exchange of ideas and views between the SPG and Pay.UK continued to be welcomed.

SA acknowledged that the recent publication of the PSR's Consultation Document had focussed minds and galvanised the SPG. The publication had also reinforced how significant the stakes for everyone in the industry were given that decisions that were made now would define the payments industry for many years to come. The overall cost to the industry would also be considerable.

[Redacted - commercially sensitive]

Summarising the feedback that the Board had received from the SPG, MGH acknowledged that there was a requirement for there to be a deeper engagement with the industry with a need for thorough consultation at each stage to ensure decisions were made based on appropriate evidence and engagement. There was also a requirement for Pay.UK to be able to demonstrate to the industry that it could develop a set of plans that would inspire confidence in NPA delivery.

MGH thanked SA for his candour and for his continuing support as Co-Chair of the SPG.

*SA left the meeting*

*DS, RW & FPC joined the meeting*

[Redacted - commercially sensitive]

Referring to his report, TE noted that the overall rating for the NPA Programme remained at Red given the number of challenges it still faced. The baseline plan that had been developed was considered and TE highlighted that the plan had been predicated on a number of assumptions.

TE commented on the NPA capability uplift that was underway. KPMG had been brought in to support the team and work was also underway to identify the critical roles in the NPA Programme and to determine whether these should be filled by permanent Pay.UK staff, contractors or KPMG colleagues. TE advised that he would be working with the People team to identify how these key hires could be found. LT queried whether the capability uplift would cover the whole organisation given the demands elsewhere or was just for the NPA Programme and TE advised that the focus was on the NPA given the urgent need in that area. MH commented that the industry was looking

to Pay.UK to lead the programme and it was therefore key to have the appropriate talent in place. He noted that there may be a premium to acquire the specialist skillsets required.

Welcoming the baseline plan that had been produced, LTr queried the timeframe for the chosen supplier to complete the build. EL explained that the current assumptions were predicated on much of the finished product coming from existing systems. It was therefore expected that much of the output would be derived from existing functionality rather than from a sustained build.

*EL & NU left the meeting.*

[Redacted - commercially sensitive]

The current work developing a response to the PSR's Consultation Document was noted. Noting the proposed reductions in the scope of the Consultation as set out in the accompanying Board paper, the Board **agreed** that the approval of Pay.UK's submission be delegated to the executive management in consultation with MGH.

*DM, DS, RW & FPC left the meeting*

### **21/18 CEO's Report**

MH referred to his report and commented on the key areas for discussion. Work was continuing on the development of a new strategy and this would be shared with the Board at the May meeting. MH advised that reward and talent were being prioritised as part of the annual business planning cycle.

MH commented on the process for the production of the annual report & accounts and highlighted the opportunities for Board members to engage and provide input. TF noted that the Head of Finance would be leaving the organisation and queried if that would impact the production process. HB confirmed that there would be no impact as the financial elements would be completed prior to their departure.

The recent announcements by the Government concerning the easing of restrictions in place for Covid-19 had received significant management consideration. Whilst the capacity of the office was necessarily limited, work to understand colleagues' preferred working requirements was ongoing. PW queried overall colleague morale and MH advised that recent pulse surveys had reflected the national trends with colleagues remaining concerned about the impact of the pandemic on all aspects of their lives. However, the leadership scores had improved from previous surveys and MH expressed his pride in the wide support that had been offered to colleagues throughout the pandemic. It was evident that some form of hybrid model that catered for colleagues working both in the office and remotely would be required and that this would require additional investment in technology to be able to achieve that successfully.

MH updated the board on work to respond to the PSR Calls for Views on consumer protection matters, and that an expanded role for Pay.UK in such matters raised some legal issues which were under investigation.

RSA noted the number of consultation papers and other reports that had recently been issued around areas such as Open Banking, Fintech, Digital ID and consumer protection and suggested that there should be a deep dive on these at a future meeting as part of horizon scanning work.

**ACTION - MH**

*DM & ED joined the meeting*

### **21/19 Consumer Protections**

DM noted that the PSR had issued two Calls for Views – on APP Scams and Consumer Protection – and that the team was working to develop responses to both by the submission date. DM confirmed that the business was well placed to comment on both Calls having done extensive work the previous year. DM reminded the Board that the Faster Payments product did not currently have any consumer protection associated with it and the team were currently exploring possible solutions. The response to the regulator would make clear what Pay.UK was and was not currently able to offer under the existing framework. DM expressed concern that there was an expectation that Pay.UK would act in a way that was outside of its role as a PSO and thereby potentially incurring additional legal risk.

MGH confirmed that the Board were supportive of responding to both Calls for Views but that the current limitations as to Pay.UK's capacity to act needed to be clearly set out as well as what needed to change for Pay.UK to be able to operate in the way envisaged by the regulator. The tone of both responses should be seeking to find a solution. Noting that the paper asked for specific guidance on whether CoP2 should be mandatory, MGH noted that none of the Board were opposed to the principle but that the legal position needed to be clarified before the response was submitted. The Board confirmed that it was delegating the completion and submission of the two Calls for Views to the executive management.

*DM & ED left the meeting*

*KF joined the meeting*

### **21/20 Pay.UK Objectives and Business Plan**

MH informed the Board that the paper on the Business Plan reflected the current Plan and that work was ongoing as part of the strategy refresh for this to be updated.

KF noted that work was ongoing with Vocalink to enhance the existing service through a joint initiative between Operations and Strategy. There were six initiatives aimed at driving value for participants, the costs for which would be met from the Vocalink Development Funds. Other key initiatives included the Internal Compliance Framework which now reflected the assurance activity that was undertaken across the business.

KF explained that as the new strategy was developed, it would be incorporated into the Plan with an expectation that this would be completed by the year end.

The Board welcomed the paper but reflected that it underplayed the significant work that was already taking place across the business.

*KF left the meeting*

### **21/21 Finance Update**

MED referred to the note that had been included in the pack that set out an overview of the budget-setting process for information. An indicative range was provided to participants in May each year so as to assist them with their own internal budget-setting discussions for the following year. PW noted that as part of the process, it was important to be able to provide as much certainty to participants as possible. There was also a need to demonstrate value for money to the participants and to agree a programme of work with them. PW further noted that whilst it was not possible to be able to define exactly what the requirement would be for the following year at

this stage, there was a limit to the additional spend that could be incurred which allowed for an indicative value range to be provided to participants.

MGH noted that as the strategy was approved it would be important to understand how that flowed through into the budget cycle.

**21/22 Feedback From FMID**

MGH advised the Board that following the submission of the Governance review, he had held a short follow-up meeting with FMID to talk through the key findings. The report appeared to have been well received by the regulator.

**21/23 Bank Mandate**

The proposed changes to the Bank Mandate as set out in the meeting papers were **approved**.

*MH, TE, HHJ, HB & MED left the meeting*

**21/24 Nomination Committee Report**

MGH provided the Board with an update regarding the recruitment process for a permanent CEO. The candidate brief, including the experience and capabilities that were being sought, would be circulated to all INEDs and NEDs for information. MGH advised that he wanted the recruitment process to be inclusive and involve all Non-Executive Board members where possible.

*MH, AW & HHJ joined the meeting*

**21/25 Training Session – Cyber Security**

AW provided the Board with a detailed and broad-ranging training session on Cyber Security. He noted the time spent by the team monitoring the company’s own systems, those of its main supplier and also the monitoring that was undertaken of the payments ecosystem.

The risk-led approach to cyber security was noted. RA highlighted and congratulated the team on the significant amount of work that had been undertaken by them to improve the infrastructure.

Summarising the overall cyber position, HHJ noted that the risk profile had reduced over the past year, primarily as a result of the implementation of the new tertiary data centre.

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

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Chair