

Minutes

REDACTED FINAL



12 November 2015

Our Reference FB 102/15

To Board

From Board Secretary

MINUTES OF THE TELECONFERENCE MEETING OF THE BOARD HELD ON 10 NOVEMBER 2015

Present:

Nick Caplan	Independent Chairman *(FPSL) (NC)
Duncan Ingram	Independent Director *(FPSL) (DI)
Tanya Castell	Independent Director *(FPSL) (TC)
Craig Tillotson	Executive Director *(FPSL) (CT)
John Hutton	Director *(appointed by Barclays Bank) (JH)
Melanie Martin	Director *(appointed by Citibank) (MM)
Jim Pettigrew	Director *(appointed by Clydesdale Bank) (JP)
Shirley Long	Alternate Director *(appointed by Dave Sanders) (SL)
Helen White	Director *(appointed by Northern Bank) (HW)
Tony Richter	Director *(appointed by HSBC Bank) (TR)
Jonathan Bye	Alternate Director *(appointed by David Greig) (JB)
Robert White	Director *(appointed by Santander) (RW)
AG	Observer (Bank of England) (AG)
CK	Observer (Lloyds Bank) (CK)
KO	Observer (Nationwide) (KO)
MB	Attendee (FPSL)
SG	Attendee (FPSL)
GO	Attendee (FPSL) (Agenda item 237 only)
JC	Secretary (FPSL)

* Voting members of the Board of Directors – 12 in attendance

Apologies:

Dave Sanders	Director (appointed by Co-operative Bank)
David Greig	Director (appointed by Royal Bank of Scotland)
FB	FPSL
JJ	FPSL

235. DECLARATION OF INTERESTS

TC declared that, with effect from the 19th October, she was appointed the Lay Chair to the Institute and Faculty of Actuaries Quality Assurance Sub-Committee.

There were no further declarations of interests.

236. SCHEME STRATEGY

Revised Purpose and Strategic Objectives

CT advised that he has captured comments from Directors on the draft Scheme Strategy 2016 (FB 070/15) document presented at the September Board. The purpose and strategic objectives have been revised (FB 093/15) and now presented to the Board for adoption.

The Board discussed the document and suggested the following:

- Page 2 – final sentence to be amended to explain that the total exposure for guarantors is £1.00
- Page 8 – remove the word 'single' in the first two bullets.
- Page 9 – amend first bullet to read 'Maintain a national and global profile within payments and adjacent industries so that we are the first port of call and potential partner for innovators.'

The Board **UNANIMOUSLY AGREED** the adoption of the revised purpose and strategic objectives.

The Board **UNANIMOUSLY AGREED** the 'Company Purpose' be published on the website together with the overall hierarchy of objectives with some explanatory text. This can also be provided to appropriate third parties.

Business Initiatives 2016

CT summarised document FB 094/15 and explained that the colour coding for the strategic objectives set out on page 4 mean the following:

- Green = Initiative started and on track
- Amber = Initiative started with still some work to do
- Grey = Initiative is yet to be started

CT stated that he will present the strategic objectives set out on page 4 in more detail, together with a timeline, at the December Board meeting for approval. CT will also include who will manage each project e.g. Board, Development Committee, etc

CT asked the Board if there were any omissions from the document or comments.

The Board discussed the document and comments included:

- Key personnel risk – succession planning already included on the December Board agenda.
- What will the timing schedule be and how will this be resourced?
- to add an item to develop a process to identify and qualify future strategic initiatives
- Amend reference to GCC (Government Co-ordination Committee) in section 4.3 to GEAG (Government Engagement and Advisory Group)
- Amend 4.7, third column, 2016 Initiative to None
- This was a good piece of work and a positive development. Need to be clear how the Board will be updated, a governance process around initiatives and how we add new items.

237. CORPORATE GOVERNANCE

GO joined the meeting.

NC referred to the Project Initiation Document (P.I.D.) for the Corporate Governance Project (FB 095/15) and explained what prompted this piece of work.

NC stated that there is a need to ensure that the Board is the right shape and has the appropriate governance level to drive Faster Payments Scheme Limited forward and, as a result of the Access programme, the number of Directors could increase significantly over the next 12 – 18 months which creates an imperative.

As indicated on page 11 of the P.I.D. three workshops will be held and Directors will be invited to attend one of the three sessions which will

be facilitated by the Chairman of the Risk Committee. One-to-one sessions will be held at a later date.

The Board discussed the document and made the following points:

- For the purpose of this project, have to assume that Faster Payments Scheme Limited would remain independent of other Scheme Companies but that extensibility must be a consideration.
- The working assumption that the Company would remain a 'zero profit' company and limited by guarantee is fine as a starting point but might be subject to review later in the project.
- Success criteria need to be defined.
- Need to ensure that the review addresses the external perception that some members have more influence than others.
- Need to balance the interests of founding members with new entrants
- Should take into account lessons learned from another electronic Scheme Company and Payments UK amongst others
- The timelines are ambitious
- The document is well articulated

The Board also discussed the value of external assurance and suggested that an external consultant should be brought in early in the project to provide guidance and avoid any pitfalls.

The Board recommended the following amendments to the P.I.D.

- Add an additional bullet to 3.1 'the model is extensible and could accommodate a broader range of payment and other services in the future.'
- Add the following to the second bullet in 3.2 'Articles of Association including composition and operation.'
- Amend third bullet in 3.2 to read 'Committees, Board and Executive, Terms of Reference.'
- Add bullet to 4.1 'The Company will operate on a cost recovery basis only'.
- Amend first bullet under 'Develop', section 5 to 'Develop

alternative models based upon other case studies and our own thinking including recent work undertaken by [Redacted – confidential] on their own governance models.'

- Add bullet to 'Develop', section 5 'Explore alternative models with relevant experts'
- Amend Key Responsibility for INEDS (Independent Non-Executive Directors) to 'Protect public interest, Ensure service user interests are represented, approve changes as part of Current Director group above'.
- Amend Key Responsibility for BoE (Bank of England) to 'Supervision (Financial Stability)'.
- Amend Key Responsibility for PSR (Payment Systems Regulator) to 'Regulatory (Competition, Innovation, and Service User Representation)'.
- Amend 10.4 to include 'Indicators for success are to be produced based on the stated objectives'.

NC stated that this piece of work will be governed by the Board and the Rules and Governance Committee will provide some input.

The Board **UNANIMOUSLY APPROVED** the Project Initiation Document subject to the few recommended changes.

GO left the meeting.

238. ANY OTHER BUSINESS

Scheme Limit Increase

MB advised that the Scheme Limit has now increased to £250,000 and a press release has been issued to the media. MB thanked HSBC and Northern Bank for their help and flexibility with the live proving.

HM Treasury Interest in a Request to Pay Service

CT summarised note FB 098/15 which sets out the interest expressed by the HM Treasury (HMT) around a Request to Pay service. Draft wording for the Chancellor to potentially use in his Autumn statement on 25 November is also included within the note. CT advised that a formal Project Initiation Document will be presented at the December Board meeting.

The Board discussed the paper and made a number of comments



including:

- Some concern that it could be perceived that one particular stakeholder (Government) is driving the Company.
- Scheme should share the letter from HMT and the FPSL response with the Payment Services Regulator.
- Be careful of commitments made in the Autumn statement.
- Revise the draft wording being given to the Chancellor as proposed by the Chief Executive.

The Board **UNANIMOUSLY AGREED** that the Chief Executive should support the use of the wording by the Chancellor as amended in the meeting.

Teleconference Facilities

NC stated he would welcome feedback on whether the teleconference meeting worked well.

Date of Next Meeting
8 December 2015 at 10:30