**Funders Advisory Panel (FAP) – 6 September 2024**

**Attendees:**

Chair: Claudio Pollack (OBL NED)

Secretariat: Richard Koch, John Crossley

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| **Name** | **Company** |
| **Claudio Pollack** | OBL |
| **John Crossley** | OBL |
| **Richard Koch** | OBL |
| **Gary Lowe** | OBL |
| **Henk Van Hulle** | OBL |
| **Bharat Thadeshwar** | OBL |
| **Tim Kelleway** | Clearscore |
| **John Natalizia** | Vanquis |
| **David Bailey** | Santander |
| **Nisha Rajasingham** | Natwest |
| **John Fitzpatrick** | FCA |
| **Daniel Wilson** | Nationwide |
| **Andrew Self** | PSR |
| **Nicole Green** | Yapily |
| **Archi Shrimpton** | Lloyds |
| **James Hickman** | Trustly |
| **Simon Lister** | Capital One |
| **Jason Turner** | Barclays |
| **Jack WIlson** | Truelayer |
| **Andy McLaughlin** | Metrobank |
| **Hetal Popat** | HSBC |
| **Jon Roughley** | Experian |

**New Actions Arising:**

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| --- | --- | --- |
| **Ref** | **Action** | **Owner** |
|  | None |  |

**Previous actions:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref** | **Action** | **Owner** | **Status** |
| 08/7-01 | RK to confirm volunteers for the FAP Chair, Finance Committee reps and Programme Implementation reps | RK | Closed |
| 08/7-02 | Firms to review and provide comments on the Terms of Reference | All | Closed |

**Summary of meeting:**

Minutes

* Minutes from the 1 August FAP were approved.

Financial forecast

* GL provided an overview of the July financial forecast, including a three-month rolling forecast. He noted that the August actuals were not available at the time of the September FAP.
* RK confirmed that the Finance Committee pack had been circulated to FAP members, which includes more detail on the variance analysis and the revised budget.
* RK acknowledged there has been some confusion from provisional budget about the IE set up costs. The March 2024 budget submission included £273k for the IE set up costs and assumed that JROC would require the IE set up. This then had £2.7m for the IE run costs. This was not approved and hence was reviewed. The current £1.6m funding has £30k contingency for IE set up cost in November 24.

Plan on a page

* RK provided an overview of the plan on a page and confirmed that this has now been baselined.

Status update

* RK provided an overview of the status of the programme, highlighting those workstreams that are showing amber or red. RK confirmed that the status report is being issued to JROC weekly.
* Questions asked and points raised on the status report were:
  + One firm asked in relation to WS1 what is the target/expectation and what are the barriers to achieving this?
    - RK outlined that feedback from TPPs suggested that additional MI would be of utility since some TPPs are not convinced that data provided under the Order obligations accurately represents actual availability and performance. In addition at present the data available is limited to the CMA9 and not other ASPSPs, so extension supports the levelling up agenda.
    - However, there is limited appetite to supply the data with only one entity providing data on regular basis. Thus there is insufficient data to make conclusions and hence we held workshops to understand barriers. The key themes were:
      * Some data is hard to supply
      * Time, effort and investment to supply data - difficult call to prioritise if not mandated
      * If firms invest to supply data, then they what assurance that there will be outcomes from the regulator - need to see that something will happen.
* One firm thanked OBL for the outcome-based reporting and noted that this provided a good basis for identifying issues to be resolved.
* One firm noted that the work being pursued underpins long-term ambition and that difficult conversations may be needed now to ensure long-term success.
* CP asked if there has been any progress on the VRP commercial framework. RK confirmed that background preparatory work is underway but there is no formal confirmation of the approach.

Dispute mechanism evaluation and proposal

* RK provided an overview of the progress and recommendation. He highlighted that the recommendation will be presented to the JROC Board on 13 September. He noted that Monday’s JWIG would be the last opportunity for comments. RK noted that some firms provided feedback that it could have been better to have a more formal RFI process, but we have been constrained by the funding window and JROC request to have transactions flowing in H1 2025.
* One firm raised a question around the OBL governance, highlighting that the approach assumed that agreement would be received from the CMA 9 and CMA that OBL can undertake this activity. It was noted that there is a risk that the development costs could be wasted. On that basis the firm suggested that TMDG approval would be required before committing development spend.
  + RK noted that this risk is well understood and evaluation was now underway to resolve it by providing considered recommendations as to which entity(ies) and governance arrangements that are most appropriate to undertake the role of dispute/MLA operator.
* Another firm highlighted their view that there is a risk that decisions are being made too quickly and feel that a fuller analysis is required. They see the potential to make wrong decision for long-term.
  + RK highlighted that we are creating a solution for the wave 1 rollout and likely volumes, with an understanding that solution will need to evolve in the future, hence creating a bridging solution. He noted that we expect the wave 1 pilot to inform future development and the long-term permanent solution. The approach to wave 1 is very much a pragmatic solution.
  + The firm then asked what we are trying to prove through the pilot and what are we trying to learn.
  + RK noted that it was the VRP blueprint created a pathway to a robust proposition via a low risk rollout and hence the mechanism should be viewed in this context. He noted that this approach was endorsed by JROC. The nature and volume of disputes arising would be a key metric that would be tracked.
* One firm noted that the OBL service desk had been used for a number of years and saw this as a suitable solution for the wave 1 dispute mechanism.
* One firm commented that the existing purpose of OBL and its established governance arrangements imposed a significant barrier that would prevent it from effectively of running the dispute mechanism. They felt that there needed to be clarity on the future direction for OBL before a decision could be made on the dispute mechanism. They believe that resolving the future of OBL is the key issue to solve, otherwise we can just make short-term tactical decisions, which make it harder to do undertake more strategic developments in the future. This position was supported by two other firms.

MLA operator decision

* RK set out approach, options and evaluation criteria to make a decision on the MLA operator, highlighting the important of this decision. A recommendation will be made to JROC Board in November.
* One firm asked whether the MLA will cover all aspects of OB operations.
  + RK confirmed that the scope of the MLA would be limited to just VRPs.

Wave 1 sector definitions

* RK provided an overview of the approach to defining wave 1 sector definitions and the recommendations to date. In effect we are setting out the business requirements which will then be converted into the MLA via the legal process.
* A remaining question surrounds whether rail ticket purchase should be included in scope of wave 1. There is still work to do this on this to understand the risks. As part of this we are engaging with firms for more views and data on potential disputes, e.g. current charge back volumes.

WS1/2a progress update

* RK noted that the update on WS1/2a was provided as part of the status update commentary.

WS2a change request

* This was provided to the FAP for information and will go the JWIG for formal sign-off.

Procurement process for legal support on the MLA development – update

* RK updated on progress to date and the choice of provider.
* One firm asked whether firms were happy to fund this work without clarity from the PSR on the broader commercial framework, hence seeing the potential risk that this could be wasted spend.
  + RK noted that the proposed approach builds on the model clause work. It will create the basis for the wave 1 MLA and will be created on an owner-agnostic basis. It will create a building block on which the MLA can be evolved to support future evolutionary waves of VRP and the scope of the MLA will be wider than just the commercial model.
* Another firm supported the comment from the other firm. They also questioned whether Pay.UK should be paying in part for the legal development.
  + RK said that this is a question for Pay.UK and should be raised at the JWIG.

AOB

* One firm asked when the next funding round would commence.
  + RK confirmed that OBL has provided an initial view of the H1 25 budget to the FCA. John F said that this would be discussed at JROC Board on 13 September and the FCA would then communicate the proposed process and timeline towards end of September.