

**NOTES OF THE ILP (BUDGET) MEETING NO 38 HELD ON
TUESDAY 17th DECEMBER 2013**

Present:

Graham Pottie – BT (Chair of the ILP)
Geoff Brown – Ofcom
Shawn Brown – MDA
Kevin Butcher – representing BBC
Mark Gracey – representing UKCTA
Jeremy Hallsworth –PP+ Board and BT Agile Media
Rory Maguire - H3G, MBG commercial
Chris Pateman – FCS
Jeremy Stafford Smith - Vodafone

PhonepayPlus

Andrew Pinder (Chair)
Paul Whiteing (Chief Executive)
Mark Collins
Patrick Guthrie
Jonathan Levack
Jo Prowse
Stephanie Ratcliffe (minutes)

Apologies:

Ann Cook – ITV
Suzanne Gillies – Action4
Hugh Griffiths – PP+ Board and Mobile Services
Hannibal Latuff - BBC

Welcome:

Graham Pottie, welcomed representatives to the meeting and apologies were noted.

It was noted that the minutes and actions from the previous meeting, held on 15th October, would be covered at the next ILP meeting on 18th February 2014.

1.0 Business Plan and Core Budget 2012/13

Presentation

Paul Whiteing presented an overview of the PhonepayPlus business plan and budget for 2014/15 and explained that the overview sets into context what has already been summarised in the budget consultation document.

The presentation focused on the context of 2013, key themes and priorities for 2014, an overview of the work programme for 2014 and the regulatory budgets and proposed levy and registrations fee for 2014/15.

In response to the increasing technical challenges and market changes in 2014, the business plan identifies 4 strategic themes that will run alongside the strategic plan, namely;

1. Strengthening compliance and enforcement;
2. Improving consumer's experience and protecting vulnerable consumers;
3. Future proofing regulation, preparing for the digital future and tackling increasing online security threats and risks;
4. Enhancing regulatory efficiency and effectiveness through knowledge sharing and improvements in efficiency.

These themes will be underpinned by collaboration with stakeholders and working programmes will be developed to address issues, in addition to business as usual operations.

Regulatory budget proposals for 2014/15 were noted as follows:

- The overall budget proposal is £4.444m (incl VAT), which represents a 3.3% increase (0.7% in real terms) over 2013/14.
- The proposed core (levy) budget is £4.088m (incl VAT), which represents a 3.8% increase (1.1% increase in real terms) over 2013/14.

The increase is largely driven by increased transactional costs consequential to increased call volume and other transactions with consumers alongside increased legal costs resulting from additional casework and litigation by a number of providers.

Registration fee proposals for 2014/15

The proposed registration scheme budget is £356K (VAT exempt), which represents a 2.2% decrease (4.9% decrease in real terms) over 2013/14. This is largely due to a reduction in staff headcount and number of registrants which remain static.

The proposed registration fee for 2014/15 is £150 + VAT, an increase from £135 + VAT from the previous year. Current exemptions will apply and the payback period for the scheme will be pushed out beyond 7 years, depending on projections for future registrants. This fee increase was announced in last year's business plan consultation and follows on from a two year freeze in registration fees.

Levy rate for 2014/15

Following a market decline in the first 2 quarters of 2013/14 and depending on projected market decline for 2014/15, the adjusted levy range is between 0.40% and 0.50%. Paul Whiteing advised that the exact levy rate will only be determined in March 2014, once there is a clearer picture on market size.

2.0 Discussion

In discussion, a number of points and proposals were raised:

- improved data management throughout the industry and promote cooperation could improve efficiency of systems and consider automating certain information/services; this has been discussed at ILP and can be revisited
- consider export opportunities to feed into regulators outside the UK, which may educate EU states on PRS regulation within the UK;
- consider opportunities to expand the remit of the organisation into other areas and thus provide a wider income base, thus enabling the core costs to be spread over a wider pool of entities, thus reducing costs to the PRS sector;
- review further efficiencies to drive down costs and encourage further engagement with the industry;
- continue improvements in efficient customer care handling and understanding the consumer journey and continue to focus on preventative measures to lower customer care issues and the cost of regulation;
- analyse the increased trend in oral hearings and what preventative measures can be taken to minimise the increased cost;
- improve our understanding of children's usage of parental products with the assistance of mobile network operators and Ofcom. Revisit and explore the impact and opportunities of parental responsibility in educating children. Consider the possibility of widening the scope of guidance and protection for parents on digital education to handset manufactures.

The ILP noted that PhonepayPlus are keen to encourage collaboration with the industry to improve efficiency, processes and the customer care journey, in particular to ensure equality of regulation is maintained during the changes taking place in the digital future.

3.0 Conclusion

The ILP broadly supported the proposed business plan and budget for 2014/15 taking into consideration the above points. The ILP agreed the need to ensure the outcome of all regulation is an equality of treatment.

The timescale of the consultation was noted and that responses must be received by 22nd January 2014.

The Chairman thanked the ILP for their contributions and engagement over the year and wished everyone a happy Christmas.

ILP meetings in 2014 at PhonepayPlus Offices

Tuesday 18th February 10-1pm

Tuesday 22nd April 10-1pm

Tuesday 22nd July 10-1pm

Tuesday 21st October 10-1pm

Tuesday 9th December Budget Meeting 10-11.30am