

# Governance Statement

## Constitution

1. Phone-paid Services Authority (“PSA”) is a non-profit-making company limited by guarantee, whose members are the Directors of the Company. The objects of the Company are set out in the Memorandum of Association.
2. PSA was formerly known as Independent Committee for the Supervision of Standards of Telephone Information Services from 1997 - 2008 and as PhonepayPlus from 2008 - 2016.

## Regulatory remit and procedures

3. PSA is an enforcement authority with responsibility for enforcing a Code of Practice which regulates the use of premium rate services (PRS). These are digital or voice services which are charged to the consumers phone bill and can operate using Short Message Service (SMS), 09 numbers, 087 numbers, 084 numbers (in the case of certain services), 118 directory enquiry numbers, mobile voice shortcodes and operator billing (also known as direct carrier billing).
4. The Communications Act 2003 (“the Act”) provides Ofcom with the power to approve a Code for the purposes of regulating PRS. Ofcom has approved the current 14<sup>th</sup> edition of the Code of Practice (“the Code”) under Section 121 of the Act.
5. Certain providers of PRS are obliged, pursuant to the Condition set by Ofcom under the Act and Section 120(3)(a) of the Act, to comply with directions given by PSA in accordance with its Code of Practice for the purpose of enforcing its provisions.
6. The Condition set by Ofcom applies to controlled premium rate services (CPRS), the definition of which is set out in Part Five of the Code of Practice and by Ofcom at <http://stakeholders.ofcom.org.uk/telecoms/policy/premium-rate-services>
7. The Code of Practice is underpinned by Supporting procedures, which seek to provide both transparency and clarity around the informal investigation process designed to achieve swift remedial actions, and more formal investigative procedures used by PSA in enforcing the Code. As part of its regulatory approach PSA regularly publishes guidance on its website for industry and consumers.

## Ofcom relationship

8. Phone-paid Services Authority’s relationship with Ofcom is governed by a Memorandum of Understanding.
9. Ofcom’s approval of the Code of Practice is subject to an open consultation process and notification to the EU Commission under Directive 2015/1535/EU.

## Government relationship

10. PSA is classified by the Office for National Statistics as a Central Government body, and as such is designated an Arms-Length Body (ALB) of the Department for Digital, Culture, Media and Sport (DCMS).
11. PSA's relationship with DCMS is governed by a Framework Agreement.
12. Details of Memorandum of Understanding with Ofcom is available to view under PSA's publication scheme.

## Freedom of Information

13. The Freedom of Information Act 2000 gives a general right of access to all types of recorded information held by public authorities, sets out exemptions from that right, and places a number of obligations on public authorities. One such obligation is to adopt and maintain a Publication Scheme which provides easy access to certain types of information. A 'public authority' is defined in the Freedom of Information Act and includes (among others) specified non-departmental public bodies.
14. PSA is not a designated public authority for the purposes of the Freedom of Information Act and is therefore not currently subject to it. However, in compliance with recommended best practice, it has produced and maintains a Scheme.

## Regulatory principles

15. PSA is not subject to the Legislative and Regulatory Reform Act 2006.
16. However, in carrying out its regulatory remit, PSA volunteers to adhere to its provisions and endeavours to comply with the HM Government Code of Practice on Consultation.
17. PSA therefore has regard to the five principles of good regulation: transparency; accountability; proportionality; consistency; targeting.

## Regulatory overlap

18. Some PRS delivery may involve aspects that also fall within the remit of other regulatory authorities. In such cases, PSA still regulates the service but will consider the most appropriate regulatory approach to achieve the desired best outcome for consumers.
19. In addition to the one in place with Ofcom, to manage potential areas of regulatory overlap PSA also has Memorandums of Understanding with the Advertising Standards Authority, Information Commissioners Office and the Gambling Commission.

## Board

20. PSA operates in an entirely independent manner. All members of the Board are appointed in their individual capacities. Apart from any members who may specifically have been appointed on the basis of their contemporary industry knowledge, no member of the Board may have any commercial interest in PRS.
21. The Articles of the Company prescribe that, unless otherwise determined by ordinary resolution, the minimum number of Directors is set at two and the maximum at twelve. Currently the Board consists of the Chairman, the Chief Executive, a Senior Independent Director and up to four non-Executive Directors, all appointed following an open recruitment and selection process.
22. Board members adhere to a [Handbook and Code of Conduct](#).
23. The Board meet regularly throughout the year and [Minutes of Board meetings](#) are made publicly available.
24. The work of the Board is supported through two sub-committees – the Audit, Risk and Corporate Governance Committee and the Resources Committee. The [terms of reference](#) for these Committees are publicly available.
25. The Board has delegated to a Code Adjudication Panel (“CAP”) the function of undertaking adjudications in respect of alleged breaches of the Code of Practice, and Board members do not take part in any adjudicatory decision-making process and shall not sit on Code Adjudication Tribunals that adjudicate on the provisions of the Code.
26. Some Board members however, are members of the Investigation Oversight Panel (“IOP”), which is composed of senior executives and non-executive Board members. The IOP will consider matters of case management and quality control during the progress of investigations, as set out in the [Supporting procedures to the Code of Practice](#).
27. Each year the Board undertakes an annual review of its effectiveness, where its performance is assessed and evaluated against a broad range of criteria, and in line with the FRC UK Corporate Governance Code guidelines and Langlands Principles. Where any improvements are identified, these will usually be addressed through delegation to a Committee. Performance of Board members is reviewed annually by the Chairman; a review of the Chairman’s performance is undertaken collectively by the Board members on an annual basis.

## Code Adjudication Panel

28. PSA has established a Code Adjudication Panel consisting of a minimum of 9 and a maximum of 17 members, who throughout the entire duration of their membership will not have any commercial interest in PRS.

29. The Chair of the CAP is appointed by the Board.
30. Adjudication on provisions of the Code is through a Code Adjudication Tribunal, which consists of three members – one legally qualified CAP member and two lay members of the CAP.
31. CAP members adhere to a Handbook and Code of Conduct.

### Consumer Panel

32. A Consumer Panel has been set up by the PSA to provide advice and challenge on aspects of the PSA's work, to support and enhance the interests of consumers.
33. The Panel achieves this by:
- providing advice and comment from a consumer perspective on the extent to which PSA policies and regulation are aligned with its strategic purpose;
  - bringing to the attention of the PSA issues that are or are likely to be of significance to or impact on consumers and providing advice and comment on these issues;
  - commenting on consultations and research undertaken by the PSA.

### Stakeholder Engagement

34. PSA is committed to working closely in partnership with industry and regulatory stakeholders to ensure the success of effective PRS regulation and consumer protection.
35. PSA has established an advisory Industry Liaison Panel (ILP) to facilitate a two-way communication with industry and identify emerging trends and issues in the market.
36. PSA is committed to public consultations on matters affecting the design and application of regulation. In these consultations, PSA will also give due consideration to the impact of additional factors.
37. PSA provides free compliance advice and guidance for providers on their services and promotions.

### Strategic Purpose

38. The Board is responsible for agreeing the strategic purpose of PSA. This is reviewed annually, and is published in the current Business Plan and Budget.

### Funding

39. As far as is practicable, by 31 December each year, the PSA will publish a proposed budget and activity plan for the forthcoming financial year for consultation.
40. Having considered the comments received, the PSA will review and then present its proposed budget and activity plan to Ofcom for comment and approval.

41. The PSA will then announce its proposed budget, specifying the amount it intends to collect from industry funders for the forthcoming financial year, having regard to available and required reserves.
42. The amount collected from industry funders will be a levy based on outpayments from network operators to their industry clients. The PSA may from time to time vary the rate or rates at which the levy is set to ensure that it continues to receive adequate funding to carry out its activities as the UK regulatory agency for PRS.

### **Risk Assessment**

43. PSA maintains risk management systems that allow assessment and decision making around both strategic and operational risks.
44. All risks are regularly reviewed by the leadership team and reported regularly to the Audit, Risk and Corporate Governance Committee, which has overall oversight. The Board considers strategic risk regularly as part of their organisational oversight.
45. A summary of principal risks and uncertainties are included within the Directors Report and Financial Statements.

### **Data Protection and Confidentiality**

46. PSA receives and processes personal data and does so in accordance with the rights and obligations provided for under the Data Protection Act 2018 (“DPA”) and the General Data Protection Regulation (“GDPR”).
47. PSA has policies and measures in place to ensure that it fully complies with the requirements of the GDPR and DPA 2018 and appoints a Data Protection Officer who reports to the Audit, Risk and Corporate Governance Committee for data protection compliance matters.
48. As set out in the Code confidential information (such confidentiality being judged on an objective basis) received by the PSA will be kept in confidence by the PSA and will not be divulged to any third party other than PSA employees, officers, professional advisors and Ofcom or other proper authority without consent (such consent not being unreasonably withheld or delayed). The PSA may divulge confidential information if it is necessary for it to do so in order to discharge its responsibilities under the Code. Confidential information may also be disclosed in response to a request from a regulator or other lawful authority or shared with law enforcement agencies for the purpose of investigating fraud or other offences, or if it enters the public domain or becomes lawfully available from a third party free from any confidentiality restriction.