

Dear Peter

Action 4 welcomes this opportunity to respond to your Consultation on Business Plan and Budget 2021/2022.

As a membership driven trade association representing commercial businesses operating within the Premium Rate telephony sector we are starkly aware that effective regulation is intrinsically linked to the good levels of industry and consumer trust and in turn a buoyant industry. All attempts to positively present PRS in a good light is always welcome and we feel as an industry that perhaps an award event to recognise innovation, customer care and, good compliancy within the industry should be considered. We recognise the work you are doing in relation to Code 15 to ensure its implementation by April 2022.

Q1 – Do our plans for 2021/22 sufficiently deliver our role as a regulator? What else do you think we should be doing or not doing?

Your plan is clear in what you want to achieve but as we are all too well aware your level of work can change rapidly according to what happens in the market place and whether one provider or type of service causes issues. As always engagement and transparency with the industry will enable you to be able to predict market trends and it is clear in your document you want to continue to work towards achieving this, and that you are working on the development of 15th Code of Practice.

Q2 – Do you have any comments on the proposed budget for 2021/22? If you recommend any changes, please clearly identify which areas of activity you expect this to impact upon.

As always we question the rationale of you being based in London you could significantly lower your rental budget from £452,220 by moving outside of London, technology now means as with happens within many telecoms companies that fund you, their employees can be home based. We believe you should also consider this approach in order to lower costs. Certainly COVID 19 has proven that face to face meetings are a thing of the past and remote working is now a day to day practice for most employees including your own. Moreover when you dig down into the true cost of the premises this must include a portion of the overhead figure of £157,635 and the depreciation figure in your budget which includes leasehold improvements with a figure of £111,750, therefore with the premise figure of £452,220 then the budget figure is in fact £721,605 which in a true proportion of your expenditure represents more than the 11% quoted.

Q3 – Do you have any comments on the proposed levy for 2021/22?

We question the levy in light of the reserves you held in last year's budget of £2,051,713, yet there are none budgeted for this year. It seems incredible that in 2014/2015 the industry was worth circa £763.7 million yet regulation cost £4,444,465. You now estimate the industry in 2021/2022 to be worth an estimated £470 Million yet regulation is to cost £4,087,290 this figure seems disproportionate and we believe as an organisation that you need to look at costs very carefully again. You clearly state that staffing levels are to lower to 43 from 44.4, but you budget for an increase in salaries at a time when presumably like all of us, your staff's travelling costs are reduced due to home working. The below table as cited in your document makes no sense, as there appears to be no figure for the accumulated fines available please can you clearly explain this.

Accumulated fines available to adjust levy	£1,471,243	£999,000	£1,700,010	£1,794,585	£1,889,475	£2,051,713	£0
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PSA budget to be funded by adjusted levy	£2,679,581	£2,733,766	£1,874,640	£1,800,000	£1,800,000	£1,800,000	£3,878,290
Adjusted levy	0.60%	0.64%	0.44%	0.44%	0.38%	0.36%	0.83%

It would be very useful for you to provide accurate figures for the last 3 budgets as to how many enquiries you have received, how many complaints you had and how any adjudications this resulted in alongside of how many compliance issues you dealt with across this period this would put into perspective the volume of work you have dealt with across this period.

Q4 – What is your view on the estimated size of the market for 2021/22?

We are happy to see that last year the revenue within the market increased although we are concerned to see a predicted decrease in revenues in the market place in this consultation. It would be good to have an analysis of how you predict the revenue figures you quote by market sector - we note and agree with the decrease revenues from fixed line services. It will be interesting to see if there is an increase in market size due to people being at home due to COVID 19 and therefore contacting services such as information or entertainment services to enable human interaction particularly in the dating arena.

Q5 – Do you have any other comments on the Business Plan and Budget 2021/22?

When looking at the split of regulatory activity our main and recurrent comment is that PSA should always strive to offer effective, proportionate and best value regulation. Which means keeping costs firmly confined within their scope of regulation and remit; PSA must not be drawn into other arenas of regulation. As we have previously suggested it would we believe, be a useful exercise for an independent chartered accountant to review your budget.

Echoing our comments above we are very happy to see a collaborative approach to regulation which will explore the potential of working with the ILP and industry and are pleased to note the commitment to share information with stakeholders.

Regards

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