

Dear Peter

Action 4 welcomes this opportunity to respond to your Consultation on Business Plan and Budget 2019/2020.

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 feel as an industry that perhaps an award event to recognise innovation, customer care and, good compliancy within the industry should be considered. We noticed your increased Public Relations work with the various network operators.

**Q1 – Do our plans for 2019/20 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.

**Q2 – Do you have any comments on the proposed budget for 2019/20? 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 £438,639 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.

**Q3 – Do you have any comments on the proposed levy for 2019/20?**

We question the levy in light of reserves you continue to hold £1,889,745. 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 2019/2020 to be worth £480 Million yet regulation is to cost £3,939,475 this figure seems disproportionate and we believe as an organisation that you need to look at costs very carefully again. Whilst FTE is decreasing staffing costs are rising, we do appreciate that you look to be paying a salary increase we presume to your incumbent staff.

**Q4 – What is your view on the estimated size of the market for 2019/20?**

We are happy to see that last year the revenue within the market increased and also pleased that you predict a further increase in revenue, it would be good to have an analysis of how much of this increase is actually via new services and how much due to existing companies diversifying, we note and agree with the decrease revenues from fixed line services. It is good to see that changes such as GDPR and PSD2 along with BREXIT have not affected the market place although we urge you not to over regulate as this could stifle innovation, over regulation will make new entrants nervous.

**Q5 – Do you have any other comments on the Business Plan and Budget 2019/20?**

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

Suzanne



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