

Dear Peter

Action 4 welcomes this opportunity to respond to your Consultation on Business Plan and Budget 2020/2021.

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 Paid for Services (Premium Rate Services) 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 and consumers.

Q1 – Do our plans for 2020/21 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 2020/21? 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 £444,813 which has increased from last year by moving outside of London, technology now means employees can have total flexibility in terms of location this 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 2020/21?

We question the levy in light of reserves you continue to hold which is increasing from £1,889,745 in your last budget to £2,051,712. 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 2020/2021 to be worth £505 to £515 million (with a levy set at £500 million) whilst we are delighted that there seems to be a growth in the industry, it would be good to understand why the cost of regulation goes up alongside growth to £4,042,212 this figure seems disproportionate and we believe as an organisation that you need to look at costs very carefully again. We have asked for many years that an external independent audit is done on your budgets.

Q4 – What is your view on the estimated size of the market for 2020/21?

We are happy to see that last year the revenue within the market increased to £490.5 million and also pleased that you predict a further increase in revenue to between £505 - £515 million , it would be good to have an detailed analysis of how much of this increase is actually via new services. For instance is this due to games or internet services or adult services via mobile. We note the continued growth within the mobile sector in particular operator billing and PSMS, 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 2020/21?

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. Your filed accounts make interesting reading for instance cash at bank and in hand in your 2019 filed accounts was £5,399,343. Perhaps your filed accounts should be issued with your consultation.

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, most importantly that there is growth within the industry.

Regards

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