

Statement following consultation on Business Plan and Budget 2022/23

28 March 2022

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1. Consultation process

1.1. Our draft Business Plan and Budget 2022/23 was put out for public consultation on 14 December 2021, with a deadline for comment of 27 January 2022.

1.2. We have received seven consultation submissions:

- Action 4
- aimm (Association for Interactive Media and Micropayments)
- BT
- Paul Muggleton
- Telecom2
- Virgin Media O2
- Vodafone

1.3. We have reviewed each submission in detail and our responses in respect of the publishable submissions are set out in section 2 of this document. As in previous years, we have written responses to be stand-alone with regard to each consultation submission (published separately alongside this statement), and therefore a number of similar points are repeated across these submissions.

2. PSA response to consultation comments

2.1. Action 4

- 2.1.1. We thank Action 4 for its submission.
- 2.1.2. With regards to our plans for 2022/23, we note Action 4's support for our ongoing commitment to engagement and transparency with industry. We also note the recognition for our work towards the introduction of Code 15.
- 2.1.3. Action 4 raises the issue of our office location and cost. Our current lease expires in December 2022, and there are a number of options to be considered during the year regarding where staff may be subsequently located for Q4 2022/23. These include a short lease extension to the current office; alternative office locations (London or otherwise); occupying serviced offices; and working from home.
- 2.1.4. Action 4 notes the increased budget in legal costs to be funded by the levy, which we confirm is due to outsourcing our Data Protection Officer requirements to an external consultancy. While we have said that we anticipate increasing levels of litigation in 2022/23, these will either be funded from the existing legal budget or recovered within adjudicatory admin charges.
- 2.1.5. As in previous years, Action 4 asserts that the value of the market for 2014/15 was £763.7m. This figure is inaccurate - the market size (as measured by outpayments from networks) for that year was £443.6m¹, and therefore lower than the estimated figure for 2022/23.
- 2.1.6. Action 4 asserts a number of factors it believes are relevant to the cost of regulation and therefore the levy. For clarity, our view is that it is broadly determined by:
- the UK statutory framework
 - activities needed to deliver regulatory remit / strategic purpose
 - risk assessment and proportionality
 - commitment to achieving operating efficiencies

We are clear that the cost of regulation is not a function of:

- complaint and enquiry volumes
- adjudicatory policy
- market size
- commercial margins

¹ As per Network Returns submitted for that year, excluding any prior year adjustments for inaccuracies

- 2.1.7. With regards to the estimated size of the market for 2022/23, we have presented quarterly figures for the different sectors of the market, and a prudent estimate in the round of the likely size of the market for both the current 2021/22 year and the 2022/23 year on which the unadjusted levy percentage is based. These figures relate to outpayments from network operators to the next party in the value chain (and not therefore the value of consumer expenditure of phone-paid services) and respondents can find a detailed breakdown of this consumer spend in our published Annual Market Review.
- 2.1.8. We can confirm that the reduction in budgeted income from Registration is due to an expected decrease in the number of registered providers in the market.
- 2.1.9. We note Action 4's comments about PSA's organisation. For clarity, it is the responsibility of the PSA's senior leadership to determine the detailed nature of the organisation structure, while the PSA Board is responsible for the overall allocation of resources to match the delivery of the business plan activity.

2.2. aimm

- 2.2.1. We thank aimm for its submission and understand that it represents the varying views of its members.
- 2.2.2. We note aimm's comments about staffing levels. Our view is that while our activity plans for 2022/23 and the overall cost of those plans are rightly open to scrutiny through this consultation process, it is the responsibility of the PSA's senior leadership to determine the detailed nature of the organisation structure, while the PSA Board is responsible for the overall allocation of resources to match the delivery of the business plan activity. Aim's suggestion that staffing resources are directed towards commercial growth and business development in the sector suggests a misunderstanding of our role and remit as a regulator which is set out in our strategic purpose and delivered through the activity set out in our business plans
- 2.2.3. We note aimm's query about bad debt in 2020/21, which excludes admin charges from its analysis. Fines in 2020/21 were £3,635,000 and admin charges were £112,208, of which all but £39,305 was unpaid as bad debt. Our debt recovery activity enabled a further £39,961 to be recovered from previously allocated bad debt (including one debt outstanding from 2012/13), meaning the overall charge for bad debt in the 2020/21 accounts is £3,667,942.
- 2.2.4. We would repeat the explanation we provided last year to aimm's view that non-collection of fines "cannot be considered effective delivery by the regulator". We disagree strongly with this view as difficulties in collecting fines are driven almost entirely by the behaviour of non-compliant providers rather

than a lack of effort or effectiveness in our fine collection activity. . We remain consistent in our approach to fine collection and will reiterate the key factors:

- our experience of recent years shows that serious non-compliance has almost exclusively been carried out by providers with no long-term legitimate commitment to the market, and who often attempt to liquidate rather than rather than comply with regulation, deliver good services to consumers and seek to continue as viable businesses. Our recent strong emphasis on due diligence, risk assessment and control has been driven by this experience
- it is often clear in serious cases that it will be difficult to recover fines even before the case reaches a Tribunal. The Tribunal however has to consider cases on their merits. In reaching a fair and proportionate decision, it cannot be driven by the potential risk that a provider may not pay an imposed fine, nor can it consider the funding requirements of the PSA
- we will continue to rigorously pursue debt collection in 2022/23 through all legal means, so that every avenue is explored to hold providers to account
- fines are an important sanction available to the Tribunal to act as a means of deterring non-compliance, but not the only one. Where fines are not paid, we will usually seek to prohibit the provider or individuals behind it from the market, preventing them from continuing to cause harm to consumers. Furthermore, in order to ensure consumers of phone-paid services are protected more broadly, we also share information (where lawful and appropriate) with other relevant regulators to allow them to consider enforcement measures that extend beyond our remit.

2.2.5. In terms of aimm’s observations about data and what the PSA makes available to providers, our view, as set out clearly in Code 15, is that each provider in the value chain should have the relevant systems and processes in place to enable them to conduct appropriate due diligence, risk assessment and control. We receive complaint information from consumers as part of a range of intelligence to help us assess compliance with the Code, and specifically explain to individual consumers that they need to seek redress directly from providers should they wish to do so. Where we hold information that we think will be beneficial to share with providers, we will continue to assess our ability to do so under Data Protection legislation and confidentiality obligations set out in the Code.

2.2.6. We note aimm’s concern about the length of time investigations take, and our intention is that, as designed, the application of Code 15 in 2022/23 will enable issues to be resolved more quickly – whether informally or through formal investigation.

- 2.2.7. With regard to aimm’s observations about the value of including industry opinion in assessing the effectiveness of phone-paid services regulation, we will continue to take this into account where relevant to the delivery of our remit and strategic purposes. Our recent consultations and regular stakeholder engagement provide ongoing opinion on a range of regulatory activity, and for 2022/23, the PSA Board will continue to assess performance through consideration of usual balance scorecard parameters – financial, stakeholders, processes, staff engagement and regulatory effectiveness.
- 2.2.8. We note aimm’s offer regarding the development of our Registration system, and we will continue in 2022/23 to welcome constructive input from providers. We are clear, however, that Registration remains straightforward for the vast majority of providers who have services that consumers knowingly and willingly wish to engage with.
- 2.2.9. We agree with aimm that consumer education is an important factor in building trust in the phone-paid services market, but are clear that our role does not include doing so to promote commercial growth. In 2022/23 we will continue to provide a range of information on the ‘For Consumers’ part of our website, and respond where appropriate to issues raised with us by consumers including via social media platforms. While we aim to deliver the activity set out at 4.4.1 of the Business Plan and Budget, we are also realistic that we do not have the resources to instigate reaching large numbers of consumers directly other than through the consumer survey conducted as part of the Annual Market Review (although we may do so indirectly through responding to media enquiries).
- 2.2.10. aimm states that “the budget set once again makes the regulator a larger entity than many that it regulates in the industry”. We would observe that, as set out in our market assumptions for the 2022/23 year, the market is dominated by major brands that significantly dwarf the PSA in terms of finances and staff numbers.
- 2.2.11. In the context of points raised by aimm regarding the size of the budget, our view is that the cost of regulation is broadly determined by:
- the UK statutory framework
 - activities needed to deliver regulatory remit / strategic purpose
 - risk assessment and proportionality
 - commitment to achieving operating efficiencies

We are clear that the cost of regulation is not a function of:

- complaint and enquiry volumes
- adjudicatory policy
- market size
- commercial margins

- 2.2.12. We do not agree with aimm’s view that “costs have been controlled but not necessarily cut”. Given that around 70% of our cost base relates to staff, we believe RPI is the correct measure of inflation to use since it includes changes in the cost of mortgage payments. We recognise there are different methodologies that can be used to calculate comparative values of money over time, and we are happy to confirm our approach. The budget for 2015/16 was £4,444k, which we calculate to be £5,571k in 2022/23 prices using a methodology based on RPI at the start of each financial year, and current RPI of 7.5% for the 2022/23 year. An alternative methodology such as the Bank of England Inflation Calculator uses average annual inflation rates – with £4,444k in 2015 calculated to be worth £5,242k in 2021 and (adding a further 7.5% to get to 2022 prices) £5,635k in 2022. In either case, the 22/23 value of the £4,444k budget from 2015/16 (i.e. £5,571k or £5,635k) is significantly more than either the originally proposed budget figure of £4,069k or the final figure for the 22/23 budget of £3,878k.
- 2.2.13. aimm notes the increased budget in legal costs to be funded by the levy, which we confirm is due to outsourcing our Data Protection Officer requirements to an external consultancy. This resource is not included in the revised budget headcount of 36.4 FTE.
- 2.2.14. We note aimm’s questions around the levy reconciliation process, which include an assumption that is not true in practice. As set out, the process is with regard to the PSA budget to be recovered, and as such the figures concerned are as published in the Business Plan and Budget. aimm’s questions imply that any collected fines will automatically be used to offset future levy requirements, which is not the case. In the first instance, and as set out as part of the Code 15 consultation, consideration will be given to clause 7.2.4: “the PSA will hold reserves in such amounts as it deems reasonable and necessary to ensure the smooth and continued operation of the organisation and the performance of its regulatory functions.” In practice, the PSA depleted its reserves by £771k in 2020/21, and any fines recovered in 2021/22 will be used first to replenish reserves. We would also note that the reserves held by the PSA are linked to contingencies – including costs of winding-up - identified on our corporate risk register and are audited by the NAO.
- 2.2.15. We note aimm’s question about our office location and cost. Our current lease expires in December 2022, and there are a number of options to be considered during the year regarding where staff may be subsequently located for Q4 2022/23. These include a short lease extension to the current office; alternative office locations (London or otherwise); occupying serviced offices; and working from home.
- 2.2.16. We are happy to reassure aimm members that, as in previous years, the budget has been built on a zero-based approach to cover the activities set out in the Business Plan and Budget. We stand by the survey data from the Annual

Market review, but would note that in any case in 2022/23 our activity plan overall is to deliver our strategic purposes, including through implementing Code 15, to ensure consumers are protected from harm in the first place – irrespective of whether their survey responses indicate they have experienced issues in the past.

2.3. BT

- 2.3.1. We thank BT for its response and welcome the “support for PSA’s priorities and supporting activity plans for 2022/23”.
- 2.3.2. We note BT’s views on verification and market entry and believe the activity we set out in the Business Plan and Budget will achieve in 2022/23 BT’s desire to “increase the likelihood of only genuine companies operating premium rate services”.
- 2.3.3. With regard to Registration fees, these were included within the review of PSA’s overall funding arrangements in 2020/21. This included consideration as to whether fees could replace the levy (e.g. by charging providers based on their relative size), but we concluded that this would lead to significant instability in terms of PSA income and annual fee levels. Registration fees therefore continue to be set to ensure providers contribute broadly to the ongoing costs of Registration activity within the PSA budget.
- 2.3.4. We agree with BT’s assessment that increased engagement with those major providers that make up the vast majority of the market is essential to ensuring positive consumer experiences and the prevention of any possible causes of harm.
- 2.3.5. We are happy to confirm that the fine paid by BT Agilemedia will be accounted for during the 2021/22 year, but that it is expected it will be used to replenish the PSA reserves that were depleted by £771k in 2020/21 (and not therefore be available to adjust the levy requirement for 2022/23). These reserves are linked to contingencies – including costs of winding-up – identified on our corporate risk register and are audited by the NAO.
- 2.3.6. We will contact BT outside of this consultation exercise to discuss outcomes from our work on consumer education and media engagement in 2021/22. In terms of our planned activities for 2022/23, we will continue to provide a range of information on the ‘For Consumers’ part of our website and respond where appropriate to issues raised on social media platforms. While we aim to deliver the activity set out at 4.4.1 of the Business Plan and Budget, we are also realistic that we do not have the resources to instigate reaching large numbers of consumers directly other than through the consumer survey conducted as part of the Annual Market Review (although we may do so indirectly through

responding to media enquiries)– and therefore welcome the opportunity to explore this through BT’s customer base.

2.4. Paul Muggleton

- 2.4.1. We thank Mr Muggleton for his response and welcome the contributions he has made behalf of consumers in recent years.
- 2.4.2. We note Mr Muggleton’s views on requiring PIN verification of existing subscriptions and would observe that this was considered both under Code 14 and as part of the development of Code 15. Our view is that we now have sufficient protections in place for consumers while avoiding a regulatory burden that would undermine the delivery of reputable subscription services.
- 2.4.3. With regards to Mr Muggleton’s call for a higher rate of levy for ICSS services, we considered a wide range of options as part of our funding review in 2020/21. Our conclusion was that a levy funding model based on individual service types and the assessment of risk they pose to consumers is unworkable in practice, both in terms of collection and the resultant significant instability in PSA’s income. However, we would reassure Mr Muggleton that ICSS services remain at the forefront of our enforcement strategy for 2022/23.
- 2.4.4. We note Mr Muggleton’s comments regarding our communications with consumers and would observe that our recent website refresh addresses a number of the points raised. We would reassure Mr Muggleton that during 2022/23 we will continue to work on our communications with consumers to ensure as far as possible that they provide clear and useful information to consumers. Our Consumer Panel will continue to support these work, and specific suggestions and observations from consumers are always welcome and will be considered.

2.5. Telecom2

- 2.5.1. We thank Telecom2 for its submission and welcome its view that the “plans for 2022/23 provide a good basis for regulation”.
- 2.5.2. With regard to communicating with and educating consumers, the Business Plan and Budget provides an overview of the activity we already are committed to undertaking in this area. However, we would emphasise that with regards to issues raised by consumers, our starting point is to evaluate this information as part of our overall intelligence gathering, rather than engage in dialogue on social media.
- 2.5.3. We note Telecom2’s views on the time it takes for formal investigations to be completed. We observe that the vast majority of cases that have taken a long

time to conclude in recent years have involved significant degrees of obfuscation, delaying tactics and deliberate lack of cooperation on the part of the investigated parties. We have designed Code 15, in a more compliant market, with a view to identifying and dealing with issues more quickly should they arise.

- 2.5.4. With regards to Telecom2's comments regarding how we instigate formal investigations, each decision to proceed is based on published criteria, with complaints from consumers only forming part of the intelligence behind our assessment against these criteria. We would also note that, in response to Telecom2's views that Code compliance is "open to interpretation" and that compliance areas are "not tightly defined", the investigations and enforcement procedures set out in the Code have full regard to public law principles. This includes ensuring fairness and human rights meaning that all persons being investigated are able to respond fully to a case including the submission of any alternative interpretation or methods of compliance undertaken. Furthermore, adjudications are undertaken by independently functioning Tribunals who will consider all submissions and evidence before them before making any determination in respect of breaches and/or sanctions.
- 2.5.5. Telecom2 correctly identifies a "focus on ICSS", which we explicitly identified as a challenge in the Business Plan and Budget for 2022/23. A number of both consumers and industry participants have told us in responses to recent PSA consultations that ICSS offer little or no value to consumers – some go as far as to call for them to be banned. Our view is that while ICSS exist in law as legitimate services, our consistent experience in practice – through intelligence gathering and investigatory work – is that many of these services continue to generate significant consumer harm. The Standards and requirements set out in Code 15 are clear for all service providers, and we will underpin them with effective engagement and enforcement during 2022/23.
- 2.5.6. We note Telecom2's views on Registration and would observe that the Business Plan and Budget sets out our plans for enhanced verification. With regards to the Registration system itself, we will continue in 2022/23 to welcome constructive input from providers. We are clear, however, that Registration remains straightforward for the vast majority of providers who have services that consumers knowingly and willingly wish to engage with.
- 2.5.7. With regard to Telecom2's comments regarding our Consumer Panel's composition, we would observe that their remit and representation is clear and that we value the insights they bring. They contribute significantly to our overall consumer intelligence gathering alongside other sources including our consumer survey, consumer responses to consultations, work with other panels, consumer groups and PSA staff.

2.5.8. We do not agree with Telecom2's view that the PSA should forward complainant details. We receive complaint information from consumers as part of a range of intelligence to help us assess compliance with the Code, and specifically ask individual consumers to seek redress directly from providers should they wish to do so. Where we hold information that we think will be appropriate and beneficial to share with providers, we will continue to assess our ability to do so under Data Protection legislation and confidentiality obligations set out in the Code.

2.5.9. We note Telecom2's observation about our office location and cost. Our current lease expires in December 2022, and there are a number of options to be considered during the year regarding where staff may be subsequently located for Q4 2022/23. These include a short lease extension to the current office; alternative office locations (London or otherwise); occupying serviced offices; and working from home.

2.5.10. We note Telecom2's comments about staffing levels. Our view is that while our activity plans for 2022/23 and the overall cost of those plans are rightly open to scrutiny through this consultation process, it is the responsibility of the PSA's senior leadership to determine the detailed nature of the organisation structure, while the PSA Board is responsible for the overall allocation of resources to match the delivery of the business plan activity.

2.5.11. We do not agree with Telecom2's view that the amount of levy required should be related to the size of the market. Our view is that the cost of regulation is broadly determined by:

- the UK statutory framework
- activities needed to deliver regulatory remit / strategic purpose
- risk assessment and proportionality
- commitment to achieving operating efficiencies

We are clear that the cost of regulation is not a function of:

- complaint and enquiry volumes
- adjudicatory policy
- market size
- commercial margins

2.5.12. Telecom2 raises again the issue of our fines and their impact, suggesting that we "should consider setting them at more realistic levels that don't force providers to cease operating and so make them unenforceable". We are happy to reiterate:

- the impact of substantial fines on a company adjudicated against is assessed as part of the consideration of proportionality by Tribunals. In common with other regulators, the Tribunal also considers whether it is necessary to remove the financial benefit to

the company arising from the breaches in question and also the need for the fine to be set at a level which acts as a deterrent to others in the market. Reasoning is clearly set out in published adjudications.

- we do not agree they deter innovation, unless such “innovation” is being designed by providers to specifically exploit consumers. Otherwise, we look forward to continuing to engage with industry to ensure compliant new ideas are brought to market for the benefit of consumers. Code 15 has flexibility built into it that will allow the PSA to work with providers to try to support bringing new and innovative services to market that operate in the consumer interest.

2.5.13. We note Telecom2’s view that we should “seriously consider applying a levy to the access charge”. The PSA cannot apply a levy to the access charge element of phone-paid services as it is not within our regulatory remit.

2.5.14. Telecom2 makes some comments regarding factors that might influence the size of the phone-paid services market in the future, but does not offer an alternative estimate to the one put forward in the Business Plan and Budget. We would point out, however, that it is not our role to promote commercial growth and business development in the sector but, as stated in 2.5.12, we welcome the opportunity to explore with industry how new services can be brought to market for the benefit of consumers.

2.5.15. With regards comments on the content of actual complaints made to us, we would reassure Telecom2 that, as with issues raised on social media, we evaluate this information as part of our overall intelligence gathering and that decisions to proceed with any investigatory work is subject to clear criteria. What we are unable to accept, however, is that these criteria should include some sort of acceptable threshold level of consumer harm in relation to the scale of the service.

2.6. Virgin Media O2

2.6.1. We thank Virgin Media O2 for its submission and note the broad agreement “with the PSA’s observations set out in this consultation”.

2.6.2. We note the comments made by Virgin Media O2 regarding the PSA’s budget, and in response would make the following observations:

- while our activity plans for 2022/23 and the overall cost of those plans are rightly open to scrutiny through this consultation process, it is the responsibility of the PSA’s senior leadership to determine the detailed nature of the organisation structure (as attached as an Appendix to this Statement), while the PSA Board is responsible for the overall allocation of resources to match the delivery of the business plan activity

- the digital transformation savings form part of the overall real-terms savings of £1.6m achieved since 2015/16; we would also note that following a reassessment during Q4 2021/22 of resourcing requirements for Code 15, we have further reduced our budgeted headcount to 36.4 FTE
- the decision to outsource the work of a Data Protection Officer was taken for operational, not budgetary, reasons
- we already commit economically sensible resources towards debt recovery of funds from providers who have gone primarily into liquidation.

2.6.3. With regards to Virgin Media O2's comments on the lack of funds available to offset the levy:

- net collection of fines and admin charges in 2020/21 was £79k, resulting from all but £39k of £3,635k fines and £112k admin charges being unpaid as bad debt, and a further £40k being recovered from previously allocated bad debt
- to honour our commitment to hold the required levy to £1.8m in 2020/21, we therefore had to use £771k of reserves
- in practice, rather than seek to recover this figure in 2021/22 through additional levy over and above the PSA budget, the PSA will use any fines recovered to replenish these reserves first before any redistribution back to funders is considered. We do not expect collected fines and admin charges in 2021/22 to sufficiently reach this level. It should be noted that the reserves held by the PSA in respect of contingencies – including costs of winding-up – are identified on our corporate risk register and audited by the NAO.

2.7. Vodafone

2.7.1. We thank Vodafone for its submission and note its broad view that the cost of regulation should be lower in the longer-term. We have further reduced the budget for our planned activity in 2022/23 as a result of reassessing in Q4 2021/22 the resources needed to implement Code 15, and we will continue to identify and implement cost savings and efficiencies where we can.

2.7.2. Regarding the budget for 2022/23, we have set out the activity required to implement Code 15 and deliver effective regulation over the next 12 months. We do not agree, in the short-term at least, with Vodafone's view that the amount of levy required should be related to "an industry with low complaint levels and showing signs of consolidation" or that "more needs to be done to reduce the PSA cost base" in relation to industry revenues. Our view is that the cost of regulation is broadly determined by:

- the UK statutory framework
- activities needed to deliver regulatory remit / strategic purpose
- risk assessment and proportionality

- commitment to achieving operating efficiencies

We are clear that the cost of regulation is not a function of:

- complaint and enquiry volumes
- adjudicatory policy
- market size
- commercial margins

- 2.7.3. We would reassure Vodafone in relation to concerns of an over-zealous application of Code 15 in 2022/23 that as a responsible and professional regulator we remain committed to acting in a fair and proportionate manner. We would also expect that the new Code 15 process of engagement will allow for any issues to be identified and addressed in such a way that supports any market developments by cooperative providers.
- 2.7.4. We note the range of issues Vodafone wishes the PSA to focus on during 2022/23, with which we are in broad agreement.
- 2.7.5. We do not agree with Vodafone's view that "PSA has controlled its costs but not that costs have materially reduced". Given that around 70% of our cost base relates to staff, we believe RPI is the correct measure of inflation to use since it includes changes in the cost of mortgage payments. We recognise there are different methodologies that can be used to calculate comparative values of money over time, and we are happy to confirm our approach. The budget for 2015/16 was £4,444k, which we calculate to be £5,571k in 2022/23 prices using a methodology based on RPI at the start of each financial year, and current RPI of 7.5% for the 2022/23 year. An alternative methodology such as the Bank of England Inflation Calculator uses average annual inflation rates – with £4,444k in 2015 calculated to be worth £5,242k in 2021 and (adding a further 7.5% to get to 2022 prices) £5,635k in 2022. In either case, the 22/23 value of the £4,444k budget from 2015/16 (i.e. £5,571k or £5,635k) is significantly more than either the originally proposed budget figure of £4,069k or the final figure for the 22/23 budget of £3,878k.
- 2.7.6. In response to Vodafone's request for more information about fine recovery, we happy to clarify further:
- net collection of fines and admin charges in 2020/21 was £79k, resulting from all but £39k of £3,635k fines and £112k admin charges being unpaid as bad debt, and a further £40k being recovered from previously allocated bad debt
 - to honour our commitment to hold the required levy to £1.8m in 2020/21, we therefore had to use £771k of reserves
 - in practice, rather than seek to recover this figure in 2021/22 through additional levy over and above the PSA budget, the PSA will use any fines recovered to replenish these reserves first before any redistribution back to funders is considered. We do not expect

collected fines and admin charges in 2021/22 to sufficiently reach this level. We also note that the reserves held by the PSA in respect of contingencies – including costs of winding-up – are identified on our corporate risk register and audited by the NAO.

3. Finalised Business Plan and Budget 2022/23

3.1. We have produced a final Business Plan and Budget 2022/23 that takes into account:

- the seven consultation responses received, and
- our own full internal review of activities subsequent to the draft being written.

3.2. We have made grammatical changes where relevant, but the principle changes to the draft Business Plan and Budget 2022/23 written in December 2021 are:

- we have further revised our budgeted headcount down to 36.4 FTE staff, with the effect of reducing the overall budget from £4,063k to £3,878k
- we have recalibrated real-terms savings to reflect current inflation rates.

3.3. The final version of our Business Plan and Budget for 2022/23 is published alongside this statement and follows approval of our budget as £3,878k by Ofcom. It contains confirmation of the levy at 0.83% of outpayments for 2022/23, based on estimated outpayments of £450m from network operators to their industry clients.