

# Consultation on Business Plan and Budget 2022/23

December 2021

## Contents

Executive summary	3
Strategic purpose	6
2021/22 Review	9
2022/23 Business Plan	17
2022/23 Operating budget	24
2022/23 Levy	26
PSA Registration fees	27
Consultation process	28
Appendix A – Budget	29
Appendix B – Market size by outpayments	30

## 1. Executive summary

1.1. We are the UK regulator for content, goods and services charged to a phone bill. We act in the interests of consumers.

Phone-paid services are the goods and services that can be bought by charging the cost to a phone bill or pre-pay account. They include charity donations by text, music streaming, broadcast competitions, directory enquiries, voting on TV talent shows and in-app purchases. In law, phone-paid services are referred to as premium rate services (PRS).

We build consumer trust in phone-paid services and ensure they are well-served through supporting a healthy market that is innovative and competitive. We do this by:

- establishing regulatory standards for the phone-paid services industry
- verifying and supervising organisations and services operating in the market
- gathering intelligence about consumers, the market and individual services
- engaging closely with all stakeholders
- enforcing our Code of Practice
- delivering organisational excellence.

1.2. The broad operating context for this Business Plan and Budget has been established through successful delivery of our Strategic Purpose (as described above and more fully in Section 2).

We enter 2022/23 with:

- consumer complaints at record low levels (down by 93% from 2015/16)
- high levels of compliance in the market
- stable market revenues
- a new Code of Practice – Code 15 - and a regulatory approach that is fit for purpose for a mature market.

The detail within this Business Plan and Budget reflects this context. Section 3 reviews the work we have undertaken during 2021/22 to get us to this position, and Section 4 sets out our planned activity for the first year of Code 15 delivery.

1.3. The proposed PSA budget for 2022/23 is £4,062,720. It has been built bottom-up and is the costing of the activities set out in Section 4. There is a reduction of 0.8 full-time equivalent (FTE) staff, and overall the budget represents a saving of 7% in real terms<sup>1</sup> over 2020/21 (a cash decrease of £24,570). Real terms savings are 26% (£1.4m) since 2015/16.

	Cash budget £,000	Real terms budget £,000
2015/16	4,444	5,432
2016/17	3,995	4,820
2017/18	3,850	4,488
2018/19	3,850	4,341
2019/20	3,939	4,312
2020/21	4,042	4,359
2021/22	4,087	4,283
<b>2022/23</b>	<b>4,063</b>	<b>4,063</b>

<sup>1</sup> Based on RPI at October 2021 of 6.0%

- 1.4. This business plan and budget is subject to approval by Ofcom and is required to satisfy their statutory obligation to ensure that we are adequately funded to meet our regulatory obligations.
- 1.5. 2021/22 was the first year in which the amount of levy required to recover the full cost of the PSA's operating budget (after income from Registration Scheme fees and bank interest) remained unadjusted by deductions in respect of collected fines and admin charges. This approach was confirmed as part of the development and consultation on Code 15 and will apply in 2022/23.
- 1.6. Prior to 2021/22, the end of year levy reckoning-up process generated either an overall over or under recovery of the levy, depending on the variance of the actual size of the market compared with the estimate used to calculate the levy %. For 2022/23, as with 2021/22, the PSA will make year-end adjustments with each of its funders such that:
- the budget is exactly recovered, without any over or under recovery of the levy required to fund the PSA operating budget
  - each funder collects the correct apportionment of the levy on PSA's behalf, based on their share of total outpayments for the year.
- 1.7. We expect the market size in terms of qualifying outpayments to be £450.0m. After allowing for income from Registration and bank interest, the PSA budget to be funded by the levy is £3,911,720, which yields a levy % of 0.87% of total outpayments.

Levy summary	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000
Estimated market size (outpayments)	448,342	430,500	430,500	410,000	480,000	500,000	470,000	450,000
PSA full operational budget	4,444	3,995	3,850	3,850	3,939	4,042	4,087	4,063
Income from Registration and bank interest	293	262	275	255	250	190	209	151
PSA budget to be funded by unadjusted levy	4,151	3,733	3,575	3,595	3,689	3,852	3,878	3,912
Levy %	0.93%	0.87%	0.83%	0.88%	0.77%	0.77%	0.83%	0.87%
Accumulated fines available to adjust levy	1,471	999	1,700	1,795	1,889	2,052	0	0
Remaining PSA budget to be funded by adjusted levy	2,680	2,734	1,875	1,800	1,800	1,800	3,878	3,912
Adjusted levy %	0.60%	0.64%	0.44%	0.44%	0.38%	0.36%	0.83%	0.87%

- 1.8. The proposed Registration fee is unchanged at £200 + VAT.

## 2. Strategic purpose

### 2.1. About the PSA

- 2.1.1. We are the UK regulator for content, goods and services charged to a phone bill. We act in the interests of consumers.
- 2.1.2. Phone-paid services are the goods and services that can be bought by charging the cost to a phone bill or pre-pay account. They include charity donations by text, music streaming, broadcast competitions, directory enquiries, voting on TV talent shows and in-app purchases. In law, phone-paid services are referred to as premium rate services (PRS).
- 2.1.3. We are a non-profit making company limited by guarantee. We carry out the day-to-day regulation of phone-paid services in the UK, primarily through our Code of Practice approved under the Communications Act 2003. Ofcom defines the scope of our regulatory remit and also approves our annual Business Plan and Budget to ensure we are sufficiently resourced to carry out our functions.
- 2.1.4. We are a designated public body and, as such, an arm's-length body of the Department for Digital, Culture, Media and Sport (DCMS). We are audited by the National Audit Office.

### 2.2. What we do

We build consumer trust in phone-paid services and ensure they are well-served through supporting a healthy market that is innovative and competitive. We do this by:

#### 2.2.1. Establishing regulatory standards for the phone-paid services industry

We set standards to ensure that consumers who charge a purchase to their phone-bill do so knowingly and willingly and receive good customer service.

These standards are designed to ensure all consumers have a similar positive experience of phone-paid services, including consumers who may be considered vulnerable.

Our standards are clearly set out in our Code of Practice. They deliver the necessary technical and operational protections in the market and are aligned with consumer expectations, including those based on experiences with other payment mechanisms. We evolve these standards in response to industry best practice, advances in technology, risk, and consumer behaviour and expectations.

The Code standards are supported by guidance, free compliance advice, and examples of best practice.

## 2.2.2. Verifying and supervising organisations and services operating in the market

Consumers should be able to trust that they are dealing with genuine service providers. We require all<sup>2</sup> organisations operating in the phone-paid services market to register comprehensive details about themselves and the services they provide.

We support consumers to access this information easily, helping them to have sufficient details to be able to resolve any individual issues.

We require all parties in the phone-paid services industry to check the credentials and behaviour of who they work with, and to have systems in place to identify and deal quickly with issues affecting consumers.

We work with networks and intermediaries to ensure they meet our requirements around due diligence, risk assessment and control. We do this by actively monitoring and regularly auditing for compliance with the Code.

## 2.2.3. Gathering intelligence about consumers, the market and individual services

We invest in research and our expert monitoring capabilities to improve our understanding of market trends, consumer behaviour, experience and expectations, and use this to inform and enforce the standards we set.

We continually receive and assess information about individual services, including complaints. We engage directly with consumers to understand the issues they are raising, we undertake detailed monitoring of individual services, and we ask service providers for further information when necessary.

We actively monitor the wider market to identify potential consumer harm, address issues early and share information.

## 2.2.4. Engaging closely with all stakeholders

We engage with all stakeholders - consumers, industry, government and other regulators, and the media - to inform and facilitate our regulatory approach.

We support industry to understand what our regulatory approach means for them in practice. This support is driven by our desire for consumers to be able to access services that they want, in a market that competes on price, product innovation, quality and customer service.

We work to identify and remedy any instances where our approach may unnecessarily hinder consumers who knowingly and willingly want to charge a purchase to their phone bill from doing so.

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<sup>2</sup> Where intermediary providers have successfully applied for an exemption on behalf of the merchants they represent (e.g. app stores), then only that intermediary provider needs to register.

We promote consumer choice by enabling credible organisations to enter the market with ease and by creating the conditions where providers can innovate safely and invest with confidence.

We communicate with consumers to improve understanding and awareness of phone payment, and the various ways consumers can charge content, goods or services to their phone bill.

We work with Ofcom, DCMS and other regulators to ensure that consumer interests are best served through a co-ordinated approach to regulation.

#### 2.2.5. Enforcing our Code of Practice

Where apparent breaches of the Code are committed, we investigate and enforce where appropriate in the most efficient and effective way possible. We aim to eliminate sharp practices, negligent behaviour and the deliberate use of phone payment as a mechanic to exploit consumers.

We ensure we are fair and proportionate, with enforcement delivered through the appropriate means. We will always be transparent in our decision-making, and our approach to investigations and sanctioning, including fines and ordering consumer redress, is detailed in the Supporting Procedures to the Code of Practice.

Where our remit and sanctions are unable to wholly or partially hold to account those providers causing consumer harm, we will refer them to relevant enforcement authorities.

#### 2.2.6. Delivering organisational excellence

As a regulator, we are committed to acting in a transparent, accountable, proportionate, consistent and targeted manner in everything we do. We uphold high standards in our governance, legal, finance, human resources, information systems, and customer service functions.

### 2.3. Our values

To deliver the best consumer protection and maximise how we further their interests, we need to behave in the right way. We are committed in all we do as an organisation to the following values:

Fair and proportionate	<ul style="list-style-type: none"><li>• Be fair, reasonable and well-informed.</li><li>• Ensure our actions support good regulatory outcomes for all stakeholders and give certainty and confidence.</li></ul>
Aware of the bigger picture	<ul style="list-style-type: none"><li>• Anticipate developments that may affect us and those around us.</li><li>• Be curious and inquisitive, ask questions and challenge assumptions. Be flexible and enabling of responsible innovation.</li><li>• Plan for the future and think of the impact of our work.</li></ul>
Open	<ul style="list-style-type: none"><li>• Look outward, share ideas, listen to others and embrace their knowledge. Collaborate with everyone. Be approachable, transparent and accountable.</li></ul>
Decisive	<ul style="list-style-type: none"><li>• Make decisions in a timely manner with confidence and clarity.</li></ul>
Effective and productive	<ul style="list-style-type: none"><li>• Pursue our priorities energetically.</li><li>• Get it right first time and swiftly deliver effective outcomes.</li><li>• Innovate to find creative solutions and work more efficiently.</li></ul>
Professional	<ul style="list-style-type: none"><li>• Be experts: we are role models and we support others.</li><li>• Be reliable because we are consistent, pay attention to detail and are focused on quality.</li></ul>



### 3. 2021/22 Review

*Please note this review is drafted half-way through the year to meet the annual consultation timetable, but is articulated to take into account activity that has either already happened or is expected to have happened by March 2022 (when the final version of this plan is published).*

As we set out to achieve in our Business Plan for 2021/22, we have delivered on two main fronts during the year:

- we have developed a new Code of Practice, which when it comes into effect in April 2022 will best serve consumer interests in the current and expected market landscape
- we have continued to enhance our existing regulatory effectiveness, through applying Code 14 in ways that have successfully reduced the levels of consumer harm.

We have continued to work productively throughout the pandemic, successfully adapting to changes in working practices for our staff and utilising technology – particularly with regard to engagement activity - to best effect.

In terms of context for our activities in 2021/22, the assumptions that we made at the start of the year have proven to be broadly accurate. Drawing on our Annual Market Review, financial returns from Network Operators, and our own consumer data, we know:

- the market has been predominantly digital services consumed via mobile phones (whether charged for through Operator Billing or PSMS), which in turn has been heavily dominated (around 90%) by major brands providing high-quality services with clear consumer demand – Apple, Google, Microsoft, Sony, Spotify, Global, Bauer, ITV, BBC Children In Need, Comic Relief etc
- no major new phone-paid products emerged during the year
- traditional voice services have continued to decline (to around 14% of consumer revenues), although this decline has not been as steep as expected during the year and the anticipated residual consumer demand for some voice services has remained
- the levels of consumer engagement have been high, with over half the UK adult population estimated to use a phone-paid service at least once during a year. This engagement remained consistently driven by the “fit” of the service with use of a mobile device, convenience, impulse purchasing, and price.
- the market has become healthier and more compliant, with complaint volumes driven down and non-compliant behaviour increasingly deterred. However, as expected, we have also needed to deal with providers during the year who have either continued to try to deliberately exploit consumers or have inadvertently acted non-compliantly.
- despite falling complaints, around 25% of consumers still claimed to continue to experience issues in the market (whether the service was compliant with the Code or otherwise).

Outlined below is an overview of the work we have delivered, against each of our strategic purpose areas:

### 3.1. Establishing regulatory standards for the phone-paid services industry

3.1.1. We issued the consultation document and draft of Code 15 in Quarter 1 as per our stated timetable and provided a three-month consultation window to enable comprehensive responses from all interested parties. A total of 45 responses were received.

3.1.2. The consultation document and draft Code set out the clear expectations we have for all parties in the phone-paid services market, and the new standards and supporting requirements that we wish to put in place to ensure these expectations are met.

As intended, the key elements of the new Code that we consulted on were:

- setting standards in place of outcomes – providing industry with greater clarity, easier implementation, and retained space to innovate to the benefit of consumers
- significantly increasing our capability to prevent harm in the first place through:
  - enhanced verification - introducing the right barriers to market entry that allow for legitimate innovation and builds confidence by deterring ‘fly by night’ providers who have no interest in the sustainability of the market
  - supervision - working with networks and aggregators to build in compliance and best practice to stop harm developing in the first place
- streamlining enforcement – building in new efficient processes to resolve issues as quickly and easily as possible
- enhancing information gathering powers and industry conduct and co-operation - delivering a step change in provider behaviour.

3.1.3. We considered all responses received, and as a consequence made changes, including in respect of:

- providing greater clarification around some of the requirements set out under individual Standards
- the SKIP function for charity donations (omitted in error)
- our approach to subscription services, removing the requirement for an annual re-opt-in process.

3.1.4. The Statement in response to the consultation was published on 20 October 2021. Formal approval of the Code was given by Ofcom at the same time and the Code will come into effect as planned on 5 April 2022.

3.1.5. With specific regard to regulatory standards, the Code 15 implementation work has included:

- developing and consulting on our revised guidance on aspects of Code 15
- confirming the practical steps needed to keep the high-level standards and their underlying requirements up to date

- identifying the processes by which we can reach agreement with providers on bespoke regulatory approaches, such that they are able to clearly demonstrate that their alternative means of meeting standards and requirements offers equivalent levels of consumer protection.

3.1.6. During the year we also continued to work in the consumer interest through delivering Code 14 as efficiently and effectively as possible. Work in this area included:

- exploring the potential for a new Code exemption to foster innovation in the provision of local authority services to consumers
- continuing to provide a wide range of compliance advice both on general Code enquiries as well as on areas of complexity or innovation.

### 3.2. Verifying and supervising organisations and services operating in the market

3.2.1. The implementation of enhanced verification and supervision under Code 15 focussed on achieving the desired shift towards preventing consumer harm from happening in the first place, rather than trying to deal with harm after it has happened, including:

- giving clarity to all providers as to the additional Registration information required
- updating and developing our Registration system in line with the new Code
- working with networks and aggregators to help them understand clearly their due diligence, risk assessment and control responsibilities, the checks we expect them to undertake and the process of notification we will require
- working with all industry stakeholders to develop an open and co-operative approach to supervision, with a focus on
  - designing compliance monitoring and audit processes, and how they will be applied in practice
  - developing supervisory relationships with providers to jointly identify and mitigate potential risks and issues
  - determining what data needs to be regularly reported and with what frequency.

3.2.2. During the year under Code 14, verification through the existing Registration process included:

- continuing to offer resources to support organisations to provide complete and accurate information
- reviewing and dealing with incomplete registration information on a prioritised exception basis
- engaging with industry through working groups and workshops.

### 3.3. Gathering intelligence about the market and individual services

3.3.1. During 2021/22 we continued to build and maintain an accurate understanding of the phone-paid services market and the consumer experience within it through:

- engaging closely with our Consumer Panel, and harnessing the valuable consumer insights they provide
- commissioning our Annual Market Review, and using it to analyse changes both in market size and consumer engagement with phone-paid services
- harnessing intelligence available from other sources, e.g. mobile network operators (MNOs) and the compliance houses they work with.

3.3.2. At the same time, we further developed our approach for gathering intelligence about individual services through:

- enhanced and targeted monitoring, based on risk assessment and initial intelligence provided primarily through consumers reporting issues to us
- maximising the use of automated channels, enabling resources to be prioritised for monitoring as above. During the year, 99% of contacts were handled through either the Service checker, our website, or information on our telephone Interactive Voice Response (IVR)
- incorporating intelligence from consumer interest groups.

3.3.3. Under Code 15 we will have the capability to direct providers to comply with thematic reviews (based on evidence and proportionality), but in the meantime we have continued to enhance our market-wide monitoring processes to deliver greater intelligence on broader systemic issues. During the year, work in this area has included:

- developing automated monitoring of emerging channels such as TikTok
- augmenting our automated monitoring capabilities with greater monitoring of the consumer service experience in particular areas of the market, such as Facebook and Instagram
- further investment in the technical capabilities of our staff and the technological resources available for their use
- identifying and considering the potential impacts of longer-term changes in service types and service delivery in the market.

#### 3.4. Engaging closely with all stakeholders

3.4.1. During the consultation stage of Code 15 we communicated extensively with all stakeholders to help them to understand the proposals as best as possible:

- for consumers this included easy to digest summaries, webinars, Consumer Panel input, digital campaigns to inform consumers better, and other targeted communications
- for industry this included additional explanatory content behind Code detail, formal set pieces (webinars, forum, Industry Liaison Panel meetings), individual stakeholder meetings, targeted communications to solicit engagement, and other broader communications.

3.4.2. The outcome of this level of engagement included:

- 45 stakeholder responses
- overall support for the strategic shift underpinning the new Code
- over 100 specific and detailed comments in relation to our proposed Code.

- 3.4.3. Subsequent to the consultation stage and ahead of Code 15 coming into force in April 2022, we used this implementation period to ensure stakeholders are clear on how their regulatory requirements may change and when:
- for consumers this included summaries of the published Code, development of the PSA website content, and other targeted communications outlining what they can expect from this new regulatory approach
  - for industry this included tailored content to support specific changes in requirements and/or processes, implementation meetings and webinars, development of the PSA website content, digital “are you ready” campaigns, and other broader media communications.
- 3.4.4. In addition to engagement specifically around Code 15, during the year we continued to build consumer confidence in phone-paid services through:
- exploring all opportunities to manage expectations and understanding around our role as a regulator, providing greater clarity as to the processes available to individuals that will allow them to get their complaints resolved
  - reviewing the impact of our refreshed consumer education programme and making adjustments to improve this programme within the resources available
  - engaging constructively with media opportunities to support and inform consumers around their positive use of phone-paid services and how to deal with issues in the market
  - reviewing the broader impact of our work around the protection of vulnerable consumers, and ensuring the action plan has been effectively delivered including through Code 15
  - building insights not just from our own Consumer Panel but also with those consumer representative bodies we have established effective working relationships with.
- 3.4.5. We continued to work closely with industry stakeholders in 2021/22 to also ensure that under Code 14 we were still able to address issues of non-compliance quickly and effectively and tackle market-wide issues as they arose. Engagement with industry during the year included:
- ensuring that all our messaging is clear and consistent, and that we proactively address any instances where this is not being achieved
  - consistently applying our approach to making the data we hold available to industry, including
    - the publication of aggregated data
    - sharing non-personal data with individual providers
    - ensuring clarity about the legal basis under which any personal data is shared with individual providers
  - embedding further the stakeholder engagement approach we put in place during 2020/21, ensuring that relationships are deepened to fully support our current and proposed regulatory approaches, and that we have a better understanding of stakeholder plans for the phone-paid services market and the challenges they face

- managing regular informal contact with individual organisations outside of any stakeholder management processes
- delivering structured industry-wide set pieces online:
  - industry forum
  - workshops in support of wider industry understanding of our regulatory remit, investigations and enforcement processes, and any specific policy developments
  - Industry Liaison Panel, with ongoing review of its Terms of Reference and membership to ensure its effectiveness as the body to discuss and promote positive market-wide actions.

3.4.6. Our work with government and regulatory partners continued to be collaborative and effective during the year, and included:

- working very closely with Ofcom on the development, approval and implementation of Code 15
- drawing on the experience of other regulators to develop Code 15, including the Financial Conduct Authority, the Payment Services Regulator, the Advertising Standards Authority, the Information Commissioner's Office, the Fundraising Regulator and the Gambling Commission
- ensuring that the best overall regulatory outcome for consumers is achieved, e.g., through making referrals to other enforcement bodies, such as the Insolvency Service and Information Commissioners Office, where it is clear their regulatory remit is likely to be more effective
- ongoing liaison with Ofcom and DCMS on a range of policy issues, including exploring options around the regulation of ICSS and assessing the impact of the eCommerce Directive Statutory Instrument. Work with Ofcom and DCMS also continues to consider the longer-term regulation of phone-paid services
- engaging with the Department for Business, Energy and Industrial Strategy on their work on reforming competition and consumer policy
- working specifically with DCMS on meeting our obligations as a governmental arms-length body.

### 3.5. Enforcing our Code of Practice

3.5.1. With Code 15 not entering into force until April 2022, we have continued to enforce Code 14 through maximising the impact of the limited resources we have available, including:

- continuously reviewing our enforcement strategy, ensuring that our approach is fully aligned with our regulatory priorities and is able to address key issues as they arise in the market
- ensuring our published enforcement prioritisation criteria enable us to remain as flexible as possible in being able to target our resources towards those allocated cases that will deliver the most effective impacts for consumers. Our resource capacity enabled us to work on around the 100 most serious cases, whether Track 1, Track 2 or post-adjudicatory procedures

- reviewing the efficiency and timeliness of each investigation, recognising the differing case by case circumstances and the ongoing need to ensure we remain fair and proportionate in our approach
- developing the efficacy of the Code Adjudication Panel through holding training forums and moving Tribunal hearings online
- managing Oral hearings and legal challenges professionally through a balance of in-house expertise and external counsel
- investing in the further development of our investigations and enforcement staff and empowering them to be able to operate with confidence in an established legal framework
- implementing our commitment to a legally exhaustive debt recovery process of unpaid fines and admin charges, so that those adjudicated against fully understand that we will always chase down all outstanding debts over a significant period of time.

3.5.2. Code 15 streamlines our enforcement processes and provides for greater opportunities to fix problems of non-compliance earlier and without resorting to sanctions. Our implementation work during the year included:

- identifying and articulating all relevant processes, and setting them out in the Procedures to the Code
- working with industry to ensure that these processes are widely understood
- improving the practical application of interim processes, so that where consumer harm does happen it is addressed as early as possible.

### 3.6. Delivering organisational excellence

3.6.1. As anticipated, the implementation of Code 15 identified a degree of organisational change necessary to deliver a strategic shift in regulation, both in existing approaches and new requirements – most notably in the areas of supervision and enhanced verification. However, while this would normally mean upward pressure on our overall headcount, the backdrop of an increasingly compliant market has enabled us to deliver this change through reassigning existing staff resources and a programme of training to develop capabilities where necessary.

3.6.2. We successfully delivered our strategic purpose, business plans and operations for 2021/22 while continuously adapting to the impact of the Covid-19 pandemic. In doing so we learned significantly from our own experiences and those of other organisations, and arrived at a carefully considered model of working that is driven by business needs and the optimisation of staff engagement, productivity, and effectiveness.

3.6.3. With our current office lease due to expire in December 2022, we continued during the year to assess our office size and location requirements, including taking into account the impact of changes to our overall ways of working. A decision will be taken during the first half of the 2022/23 financial year.

- 3.6.4. We continued to ensure our regulatory work is fully supported through high quality governance, legal, finance, business systems, human resource and communications functions. In 2021/22 this included:
- developing our operating frameworks to ensure documented processes are in place for all of our key functions, and that all staff have a clear understanding of how to define the risks involved and how to mitigate them
  - refining our core governance structure and administration, and managing Board and Code Adjudication Panel succession planning
  - further developing our balanced scorecard approach to considering overall organisational effectiveness, including a review of underlying qualitative and quantitative measures to ensure operating efficiencies continue to be identified and pursued
  - delivering robust and professional legal oversight of commercial, HR, policy and enforcement decision making and providing clear internal guidance on the interpretation of the law (including data protection), public sector and other regulatory rules, Code and Supporting Procedures
  - maximising the security of our processes around the storage, management, retention and dissemination of legal and investigative intelligence
  - investing in further digital transformation, ensuring our hardware and software solutions best support how we may operate in the future
  - enhancing the collation and dissemination of timely and accurate management information
  - continuing to prioritise cyber security, including ensuring our system penetration testing now includes home networks and the technological impacts of remote working
  - ensuring our core systems – including Registration, website and CRM – maximise their usability, accessibility, security and value for money. During the year we have successfully brought the software development of our website and its programmatic interfaces in-house for greater efficiency and effectiveness
  - investing in our staff to continue to achieve a high level of performance, through:
    - preparation for, and assessment against, the Investors in People framework, and developing new ways to best understand levels of staff engagement
    - improving further our approach to equality, diversity and inclusion
    - reviewing our organisational values and behaviours framework in line with Code 15.



#### 4. 2022/23 Business Plan

Code 15 will come into force on 5 April 2022, and our focus for 2022/23 will be in ensuring that it delivers in practice its designed overall aims:

- achieving compliance in the market through standards being met, rather than through assessing impact against outcomes
- preventing consumer harm from happening in the first place, rather than dealing with it after it has happened
- providers finding the Code simpler and easier to comply with
- delivering smarter enforcement to underpin the effectiveness of the Code.

We anticipate that there will be a range of impacts of Code 15 during the year:

- Regulated parties
  - will have more clarity and certainty about what they need to do
  - enhanced consumer trust and confidence will create market opportunities
  - cost savings should flow from:
    - less time and effort in having to deal with complaints
    - easier service design in a stable regulatory environment
    - reduced need to adapt to regulatory changes
    - reduced formal enforcement
  - compliance concerns should be dealt with earlier and quicker
- Consumers
  - should get better services and customer care because providers know what is expected of them
  - will spend less time and effort in making complaints
  - will experience reduced levels of harm arising in the first place
  - will benefit from quicker stopping of harm when it does happen
- Regulatory activity
  - more proactive, less reactive - greater focus on stopping harm from occurring in the first place
  - verification to be enhanced through an account management type of approach to Registration
  - new supervisory and engagement approach will require greater spread and depth of analytical, judgement and communication skills
  - intelligence gathering will need increased evidence of proportionality
  - stronger emphasis on advocacy, including identification and dissemination of best practice
  - new auditable decision-making processes
  - emphasis on formal enforcement being (in general) the last resort
  - greater monitoring of engagement impacts
  - faster and more tightly focussed formal enforcement
  - increased levels of settlement (informal and formal)

Our assessment of the phone-paid services market for the 2022/23 year is based on our own experiences (including ongoing engagement with industry and consumers) and the findings of the latest Annual Market review (based on revenue data, industry interviews and surveyed consumers):

- the market will remain heavily dominated by digital services consumed via mobile phones (whether charged for through Operator Billing or PSMS)
- in turn, this mobile market will be heavily and increasingly dominated (over 90%) by major brands providing high-quality services with clear consumer demand – app stores, major gaming and music streaming providers; tv and radio broadcasters, leading charities etc...
- industry providers continue to explore the potential for new services (e.g. car parking, transport ticketing) to utilise phone-payment as a payment mechanism, but we do not expect this to materialise significantly during the 2022/23 financial year
- the overall decline of traditional voice services will continue, accounting for around only 11% of consumer revenues, but residual consumer demand for some voice services will remain
- the levels of consumer engagement will continue to be high, with over half the UK adult population using a phone-paid service at least once during a year. Our expectation is that the same factors will continue to drive engagement: the “fit” of the service with use of a mobile device, convenience, impulse purchasing, and price.

The key challenges in the market that this business plan seeks to address through the successful delivery of Code 15 are:

- continuing to minimise consumer harm. While complaint levels are at record low levels, our research suggests around 25% of consumers still claim to experience issues and we need to ensure we are able to identify issues and deal with them quickly.
- dealing with those providers who either wholly or partially seek to exploit consumers through getting them to unknowingly or unwillingly sign up for services. Work in this area will also involve allocating resources to
  - resolve the tail of enforcement cases arising under Code 14
  - deal with increasing levels of litigation
  - address issues in known problem areas of the market e.g. Information, Connection and Signposting Services (ICSS)
- supporting all providers to avoid inadvertently acting non-compliantly. This is particularly important with regard to those providers with higher levels of brand recognition and market share, since the impact of this on the overall market, including broad reputational issues, is likely to be exacerbated.

Our activity plans for 2022/23 are set out below.

#### 4.1. Establishing regulatory standards for the phone-paid services industry

- 4.1.1. We will subject the Standards and Requirements set out in Code 15 to a process of continuous review. While it is unlikely we would seek to make any changes during the first year of the Code application, we will use this process of review to identify any amendments we may wish to make (either in 2022/23 or beyond) through using the powers set out in section 6.4 of the Code.

- 4.1.2. We will work with any regulated party or parties to explore tailored approaches to regulation, as set out in section 2.6 of the Code. Work in this area will also include ensuring exemptions agreed under Code 14 have been successfully transferred in practice across to Code 15.
- 4.1.3. We will review the approach to guidance put in place as part of the implementation stage of Code 15, ensuring that we continue to best support providers to understand and apply the Standards and Requirements.
- 4.1.4. We will continue to provide a wide range of compliance advice in response to industry demand, whether in relation to general Code enquiries or in respect of product innovation.
- 4.1.5. Separate to any industry demand for compliance advice, we will also research and analyse the risks and opportunities around new and emerging technologies as they arise. We will do this with a long-term view to ensuring consumer interests are met in these circumstances.

#### 4.2. Verifying and supervising organisations and services operating in the market.

- 4.2.1. Under Code 15, one of our aims on behalf of consumers is to minimise, within the constraints of the law, the number of disreputable merchant providers in the market. Consumers should be able to rely on the integrity of the value chain, and Code 15 is clear on the responsibilities of the Network Operators and Intermediary Providers:
  - section 3.9 of the Code sets out the Standards and Requirements that they need to adhere to with regard to their due diligence, risk assessment and control (DDRAC)
  - the DDRAC guidance gives further clarity on our expectations in this area.
- 4.2.2. We will support Network Operators and Intermediary Providers through enhanced verification of information provided to us under our registration scheme:
  - section 3.8 of the Code sets out the Standards and Requirements that all providers must adhere to, and we will use our engagement and enforcement powers to manage non-compliance in this area
  - where necessary and based upon an ongoing assessment of risk, we will check and amend registrations (of providers and/or services) such that we use our resources efficiently in this area
  - we will continue to engage with industry on registration issues through working groups and workshops where appropriate
  - we will review and update the functionality and content of the due diligence reports that providers are able to access from the registration database.
- 4.2.3. At the same time, this process of enhanced verification will enable us to further support consumers and we will review our Service Checker functionality to ensure they are served accurate information to help them understand which services and organisations they may have engaged with.

4.2.4. We will augment this process of enhanced verification through performing the new supervisory activities set out in Section 4 of Code 15. During the year the decision-making process to initiate any supervisory activity will be subject to ongoing review, to ensure we only act proportionately and have paid due regard to the principles set out in section 4.2.3 of the Code, i.e.:

- we will make judgements based on evidence and analysis
- we will consider the likelihood of any future consumer harm
- we will focus on areas of greatest risk of consumer harm
- we will operate in an open and co-operative way.

4.2.5. In practice, during the year we anticipate that the first applications of these new supervisory powers are likely to be in relation to:

- ad-hoc gathering of intelligence in respect of complaints and other intelligence
- periodic reporting of data and information
- auditing of existing processes, e.g. due diligence, risk assessment and control, customer care
- thematic reviews of known market issues.

#### 4.3. Gathering intelligence about the market and individual services.

4.3.1. We will continue to build and maintain an accurate understanding of the consumer experience in the phone-paid services market through:

- commissioning our Annual Market Review and using it to analyse changes both in market size and consumer engagement with phone-paid services. For 2022/23 we will look to use the consumer research to better understand levels and drivers of satisfaction.
- engaging closely with our Consumer Panel and harnessing the valuable consumer insights they provide
- monitoring social media and online forums for relevant trends and material issues
- learning from other consumer bodies, both with regard to phone-paid services directly and in relation to other payment mechanisms
- relevant or tangential externally published data and research.

4.3.2. We will deliver greater intelligence on broader systemic issues through:

- continuing to explore how to develop and apply automated monitoring capabilities that we can target to yield precise intelligence on consumer engagement in specific market areas
- ongoing investment in the technical capabilities of our staff and the technological resources available for their use
- ensuring we have processes in place that enable us to fully marshal and assess intelligence being derived from all sources, whether received under Code direction or more informally.

4.3.3. We will continue to gather valuable intelligence about individual services through:

- maximising our understanding of a consumer's engagement with a service when they report an issue to us
- using intelligence received from consumers and other sources (e.g. consumer interest groups) to understand the risk of actual or potential harm, and to target monitoring accordingly
- maximising the use of automated channels for relevant consumer contacts, enabling intelligence gathering resources to be directed to where they are most needed. We expect to maintain levels of 99% of contacts being handled through either Service Checker, our website, or information on our telephone IVR.

#### 4.4. Engaging closely with all stakeholders

4.4.1. We will continue to build consumer confidence in phone-paid services through:

- using the launch of Code 15 to clearly and positively set out what consumers can expect from their engagement with the phone-paid services market
- delivering a focussed media plan to support and inform consumers around engaging positively with phone-paid services and how to deal with issues in the market
- providing greater clarity as to the processes available for consumers to get any individual complaints resolved, including (as set out in 4.2.3 above) maximising the potential of the Service checker to provide consumers with timely and accurate information
- continuing to implement our consumer education programme, including pursuing opportunities to promote advice and educational content through industry partners with significant audience reach
- ongoing assessment of the broader impact of our work around the protection of vulnerable consumers.

4.4.2. While the introduction of Code 15 gives us greater powers to compel regulated parties to respond to formal directions, we aim to continue to engage informally and collaboratively with industry to discuss and address issues in the market. We expect our engagement with industry during the year to include:

- making data we hold available to industry, including
  - the publication of aggregated data
  - sharing non-personal data with individual providers
  - ensuring clarity about the legal basis under which any personal data is shared with individual providers
- continuing to deliver our current approach to stakeholder engagement through supervision, ensuring that we have a full understanding of stakeholder plans for the phone-paid services market and the challenges they face
- managing regular informal contact with individual organisations outside of any stakeholder management processes
- delivering structured industry-wide set pieces, including:
  - an industry forum (planned at this stage to be held in-person)

- workshops and webinars that support ongoing wider industry understanding of our regulatory remit, Code 15 and its Procedures, and any specific policy developments
  - the Industry Liaison Panel, with ongoing review of its Terms of Reference and membership to ensure its effectiveness as the body to discuss and promote positive market-wide actions.
- 4.4.3. We will continue to work closely with Ofcom and DCMS to ensure that consumers are best served by the current regulatory framework and to review alternative models of regulation in the consumer interest.
- 4.4.4. We will fulfil our obligations as an arms-length body of DCMS, recognising the need to allocate resource to respond to increasing levels of information requirements and oversight from central government.
- 4.4.5. We will also continue to ensure that the best overall regulatory outcome for consumers is achieved, typically through making relevant referrals to other enforcement bodies (e.g. Insolvency Service).

#### 4.5. Enforcing our Code of Practice

- 4.5.1. We will ensure that the aims of Code 15 are underpinned by effective enforcement, through:
- using our intelligence gathering capabilities to quickly identify any harm or potential for harm
  - in the first instance and where appropriate, using our new codified engagement powers to try to resolve issues quickly without applying sanctions
  - formally investigating and seeking to apply sanctions where merited. Our aim in most cases is for this to be applied only where the engagement process has failed, although we will proceed straight to formal investigation for those cases where significant harm has occurred or we have clear evidence that co-operation will not be forthcoming.
- 4.5.2. We will apply the Procedures that support the Code, and subject them to ongoing review for effectiveness. In particular, we will ensure that we apply fairly and proportionately our key decision-making criteria around:
- initiating a formal engagement process by way of an Enquiry Letter and/or a Warning Letter
  - issuing a Formal Notification that the matter in hand is to be investigated under a sanctions pathway. Should the investigation determine that the matter is to be placed before a Tribunal or single legally qualified Code Adjudication Panel member, an Enforcement Notice will be issued.
- 4.5.3. During 2022/23 we will ensure we balance our investigative resources to:
- continuously review our enforcement strategy, ensuring that our approach in practice is fully aligned with the aims of Code 15

- ensure our published enforcement prioritisation criteria continue to best support the targeting of resources towards those cases that will deliver the most effective impacts for consumers
- improve the efficiency and timeliness of investigations, while ensuring we remain fair and proportionate in our approach
- deal with the outstanding cases opened under Code 14
- invest in the further development of our engagement and enforcement staff and empower them to be able to operate with confidence in an established legal framework.

4.5.4. We will continue to underpin the effectiveness of enforcement sanctions by remaining committed to a legally exhaustive debt recovery process of unpaid fines and admin charges, so that those adjudicated against fully understand that we will chase down all outstanding debts over a significant period of time.

#### 4.6. Delivering organisational excellence

4.6.1. We will be starting the year with a refreshed organisation structure that allows us to best deliver Code 15, with resources reassigned to accommodate the new codified requirements for supervision and enhanced verification. The budgeted headcount for 2022/23 is 42.2 FTE, down from 43.0 in the previous year, and a 15% overall reduction in the past 5 years.

4.6.2. We will apply ways of working that are driven by business need and the optimisation of staff engagement, productivity, and effectiveness. We will support this through ongoing investment in technology and take these ways of working into account when deciding on our office size and location (to come into effect after the end of our current office lease in December 2022).

4.6.3. We will continue to ensure our regulatory work is fully supported through high quality governance, legal, finance, business systems, human resource, communications and administrative functions. In 2022/23 areas of specific focus will include:

- prioritising and investing in cyber security, ensuring it best delivers against our ways of working
- embedding the recommended changes identified through the most recent audit of our data protection processes
- fully harnessing the benefits of bringing systems programming capabilities and capacity in-house
- reinforcing our commitment to equality, diversity and inclusion
- implementing recommendations and embedding findings from our Investors in People assessment.

## 5. 2022/23 Operating budget

5.1. The operating budget for 2022/23 is £4,062,720 as set out in Appendix A.

5.2. This budget represents a saving of £24k (1%) in cash terms and £269k (7%) in real terms<sup>3</sup> over 2021/22. Since 2015/16 the PSA operating budget has been reduced by 26% (£1.4m) in real terms.

5.3. The budget has again been built on a zero-based approach for each cost item, and we have continued to identify and apply operational efficiencies in all our working practices. In terms of the different cost areas identified in Appendix A:

- people costs continue to be 70% of our total costs, and we have budgeted for wage inflation in line with the market for our staff resources and our retention and recruitment policies. We have looked hard at how to best resource the new requirements of Code 15, and while we remain mindful of the need to deal with legacy work from Code 14, we have been able to plan for three staff to be reassigned from enforcement work to supervisory work. Overall, our budgeted staff headcount is down to 42.2 Full Time Equivalent (FTE) from 43.0 FTE in 2020/21.
- we expect our budget for external expenditure on policy work and stakeholder engagement to be only £4k higher in 2022/23, with savings arising from in-house website management being offset by a planned return to an in-person industry forum. As with last year, the budget in this area only includes provision for the Annual Market Review and no other research projects.
- our legal fees budget is £76k higher, reflecting the costs of an outsourced data protection officer. Otherwise the budget in this area remains unchanged, but with an operating recognition that actual overall spend is dependent on the number of legal challenges to our regulatory activities and the degree to which costs can be charged as administrative fees.
- we expect to deliver overall savings of £36k across our IT and telephony budgets. The budget in this area includes the additional licencing and security costs necessary to cover our entire IT estate (including office holders as well as staff), but this is more than offset by significant savings now being realised through bringing in-house the technical delivery of our data analysis and website support.
- although no decision has yet been taken on office size and location, we are budgeting for savings in rent, service charge and rates of 25% for the fourth quarter of 2022/23, i.e. after our lease commitment to the current premises expires. In this budget year this amounts to planned savings of £19k in total, after allowing for additional costs in relation to fire, security and air conditioning.
- our finance and governance costs continue to increase – by £9k in 2022/23 - in respect of necessary expenditure items outside of our control, i.e. National Audit Office fees and insurance premiums for Professional Indemnity Insurance and Directors and Officers Insurance
- our overheads budget is £2k less than 2021/22, and reflects the expected impact of the transition to different ways of working

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<sup>3</sup> Based on RPI of 6.0% at October 2021



- the depreciation budget has been reduced by £10k, mainly reflecting the fact that the costs of the Registration Scheme introduced in 2012 have now been fully depreciated.

5.4. The following items of PSA expenditure are not funded by the levy and are budgeted and reported separately:

- bad debts arising on fines and administrative charges
- Code Adjudicatory Panel and oral hearing legal costs (funded by administrative charges)
- office dilapidations and associated moving costs (funded from retained surplus).

## 6. 2022/23 Levy

- 6.1. The levy funding model is the way in which providers of content, goods and services charged to a phone bill pay for the cost of regulation of their market, i.e., the PSA operating budget as approved by Ofcom.
- 6.2. The levy is applied to the actual size of the market, as measured by outpayments from network operators to their industry clients, i.e. after retaining their network charges from total revenues received.
- 6.3. 2021/22 was the first year in which the amount of levy required to recover the full cost of the PSA's operating budget (after income from Registration Scheme fees and bank interest) remained unadjusted by deductions in respect of collected fines and admin charges.
- 6.4. This approach was confirmed as part of the development and consultation on Code 15 (Section 7, Funding arrangements) and will apply in 2022/23. Network operators will be advised of the amount of levy we expect them to collect on our behalf, based on estimates of their outpayments for the year.
- 6.5. Prior to 2021/22, the end of year levy reckoning-up process generated either an overall over or under recovery of the levy, depending on the variance of the actual size of the market compared with the estimate used to calculate the levy %. For 2022/23, as with 2021/22, the PSA will make year-end adjustments with each of its funders such that:
- the budget is exactly recovered, without any over or under recovery of the levy required to fund the PSA operating budget
  - each funder collects the correct apportionment of the levy on PSA's behalf, based on their share of total outpayments for the year.
- 6.6. We expect the market size in terms of qualifying outpayments to be £450.0m. After allowing for income from Registration and bank interest, the PSA budget to be funded by the levy is £3,911,720, which yields a levy % of 0.87% of total outpayments.

6.7. The calculations for 2022/23 are:

	2021/22	2022/23
	£	£
PSA budget	4,087,290	<b>4,062,720</b>
Budgeted other income	(209,000)	<b>(151,000)</b>
Amount to be funded by levy	<u>3,878,290</u>	<u><b>3,911,720</b></u>
Estimated market size (see Appendix B)	470,000,000	<b>450,000,000</b>
Levy as % of estimated market size	0.83%	<b>0.87%</b>

## 7. PSA Registration fees

7.1. As set out in section 3.8 of Code 15, all network operators, intermediaries and merchants must register with us (subject to any exemptions we may make).

7.2. The principles underlying the Registration fee are:

- to ensure that it is set at a level that does not provide an unreasonable barrier to entry to the phone-paid services market
- to provide perceived value to the process of registration, including a mechanism through which all industry participants provide a direct contribution to the cost of regulation
- to realise this value through supporting due diligence responsibilities
- to continue to contribute to the ongoing running costs of Registration (staff, systems and share of overheads).

7.3. As the nature of the phone-paid services market has changed in recent years, the number of registered providers in the market has fallen consistently. For 2022/23 we expect there to be 750 paying organisations.

7.4. For 2022/23 we propose to keep the fee for Registration at £200 plus VAT, which will ensure that all providers continue to contribute appropriately and directly to the ongoing running costs of Registration. The budgeted £150,000 this will generate provides a small but principled offset to the amount of levy to be collected from the financial value of transactions in the market.

7.5. We propose to leave unchanged the current exemptions to paying the fee, i.e.:

- for service providers who have revenue below £10,000 per year. In this case Registration is free for the first year only.
- for charities that are defined as such in UK law.

## 8. Consultation process

8.1. Please structure your consultation response as answers to the following questions:

Q1 – Do our plans for 2022/23 sufficiently deliver our role as a regulator? What else do you think we should be doing or not doing?

Q2 – Do you have any comments on the proposed budget for 2022/23? If you recommend any changes, please clearly identify which areas of activity you expect this to impact upon.

Q3 – Do you have any comments on the proposed levy for 2022/23?

Q4 – What is your view on the estimated size of the market for 2022/23?

Q5 – Do you have any other comments on the Business Plan and Budget for 2022/23?

8.2. We plan to publish the outcome of this consultation and to make available all responses received. If you want all, or part, of your submission to remain confidential, please clearly identify where this applies along with your reasons for doing so.

8.3. Personal data, such as your name and contact details, that you give or have given to us is used, stored and otherwise processed, so that we can obtain your views, and publish them along with other views. Further information about the personal data you give to us can be found at <https://psauthority.org.uk/privacy-policy>

8.4. The closing date for responses is Thursday, 27 January 2022, which is designed to allow the time necessary to issue notices regarding changes to the levy in good time for the start of the financial year on 1 April 2022.

8.5. Where possible, comments should be submitted in writing and sent by email to: [pbarker@psauthority.org.uk](mailto:pbarker@psauthority.org.uk)

Copies may also be sent by mail to:

Peter Barker  
Director of Corporate Services and Operations  
Phone-paid Services Authority  
25<sup>th</sup> Floor, 40 Bank Street  
Canary Wharf  
London E14 5NR

Tel: 020 7940 7405

If you have any queries about this consultation, please telephone or email Peter Barker using the above contact details.

## Appendix A: Budget

<b>Expenditure breakdown by cost area</b>	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	<b>2022/23</b>
	Budget £	Budget £	Budget £	Budget £	Budget £	Budget £	Budget £	<b>Budget £</b>
<b>People costs</b>	2,666,057	2,587,849	2,609,463	2,721,123	2,744,024	2,804,420	2,888,551	<b>2,841,568</b>
Salaries, NI, pension costs, training and recruitment								
<b>Policy, External Relations and Communications</b>	335,649	197,736	174,080	127,248	147,853	153,475	108,017	<b>112,272</b>
Research, forums, seminars, publications, consumer education and other communications activity								
<b>Legal Fees</b>	171,396	115,028	91,028	41,288	41,288	42,480	32,400	<b>108,541</b>
External advice, debt recovery and non-recoverable hearing costs								
<b>IT Systems</b>	357,819	316,560	265,529	255,696	280,722	309,150	299,651	<b>271,228</b>
Business continuity, office systems (including printing), contact information handling, case management, data analysis, and Registration								
<b>Telecoms</b>	72,027	81,093	70,657	61,726	60,869	60,550	37,067	<b>29,545</b>
Line rental (including handsets), incoming and external call charges, call data storage, Broadband, mobile monitoring								
<b>Premises</b>	475,397	410,304	409,073	418,988	438,639	444,813	452,220	<b>433,597</b>
Rent, service charge, rates, utilities and facilities management								
<b>Finance and Governance</b>	45,587	42,765	42,279	52,329	55,406	55,707	90,193	<b>99,342</b>
Insurance, audit and other finance costs, residual VAT								
<b>Overheads</b>	88,418	85,049	81,803	79,207	77,187	75,825	67,442	<b>65,081</b>
Administrative costs, professional subscriptions, archiving, supplies, travel, couriers and postage, meeting costs								
<b>Depreciation</b>	231,726	158,883	105,728	91,980	93,487	95,793	111,750	<b>101,546</b>
Leasehold improvements, equipment and furniture, IT and systems, asset disposals								
<b>Total</b>	<b><u>4,444,075</u></b>	<b><u>3,995,267</u></b>	<b><u>3,849,640</u></b>	<b><u>3,849,585</u></b>	<b><u>3,939,475</u></b>	<b><u>4,042,213</u></b>	<b><u>4,087,290</u></b>	<b><u>4,062,720</u></b>
<i>Real-term totals (as at Sep 2021)</i>	5,431,648	4,820,439	4,487,667	4,340,041	4,312,023	4,359,090	4,283,480	4,062,720

## Appendix B: Market Size by Outpayments

	Total 15/16	Total 16/17	Total 17/18	Total 18/19	Total 19/20	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Total 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Total 21/22
PSMS	157,517,975	176,079,370	114,086,995	133,655,477	162,671,729	38,960,040	37,608,905	45,604,512	35,873,375	158,046,832	36,500,152	37,516,181			74,016,332
Voice Shortcode	13,889,643	13,242,773	13,109,843	12,458,853	11,211,020	2,778,571	2,165,484	1,930,291	1,508,048	8,382,394	1,727,105	1,656,700			3,383,805
Operator Billing	113,827,719	142,935,480	168,814,087	247,447,958	255,432,468	66,025,958	58,840,494	61,961,428	60,557,597	247,385,477	57,351,364	56,787,338			114,138,702
<b>Total Mobile</b>	<b>285,235,337</b>	<b>332,257,623</b>	<b>296,010,925</b>	<b>393,562,287</b>	<b>429,315,217</b>	<b>107,764,569</b>	<b>98,614,883</b>	<b>109,496,231</b>	<b>97,939,020</b>	<b>413,814,703</b>	<b>95,578,621</b>	<b>95,960,218</b>	<b>0</b>	<b>0</b>	<b>191,538,839</b>
118	47,247,590	38,394,807	30,250,965	27,770,672	11,107,549	1,795,556	2,119,389	1,835,268	1,551,112	7,301,325	1,650,692	1,344,020			2,994,713
09	53,333,641	52,750,424	49,072,375	49,099,569	56,633,660	11,208,474	11,138,728	11,809,395	11,359,572	45,516,169	11,125,767	9,918,608			21,044,375
087	37,228,417	34,693,967	31,298,757	20,084,738	16,614,826	3,589,339	3,797,448	3,486,548	3,011,612	13,884,947	3,043,165	2,990,877			6,034,042
<b>Total Fixed line</b>	<b>137,809,648</b>	<b>125,839,198</b>	<b>110,622,096</b>	<b>96,954,980</b>	<b>84,356,035</b>	<b>16,593,369</b>	<b>17,055,565</b>	<b>17,131,211</b>	<b>15,922,296</b>	<b>66,702,441</b>	<b>15,819,624</b>	<b>14,253,506</b>	<b>0</b>	<b>0</b>	<b>30,073,130</b>
<b>Total Outpayments</b>	<b>423,044,985</b>	<b>458,096,821</b>	<b>406,633,021</b>	<b>490,517,267</b>	<b>513,671,251</b>	<b>124,357,938</b>	<b>115,670,448</b>	<b>126,627,442</b>	<b>113,861,316</b>	<b>480,517,144</b>	<b>111,398,245</b>	<b>110,213,724</b>	<b>0</b>	<b>0</b>	<b>221,611,969</b>

### 2021/22 calculation

- in February 2021 we estimated the market size for 2020/21 would be in the region of £470.0m - £490.0m (compared with the actual size of £480.5m)
- our prudent and cautious estimate for 2021/22 was £470.0m.

### 2022/23 calculation

- based on quarterly data for 2021/22 received to date (Q1 and Q2) and industry insights given by networks, aggregators and merchants as part of the Annual Market Review, we are currently forecasting that the market for the whole year will be in the region of £450.0m - £470.0m
- our assumption for 2022/23 at this stage is that overall it will be broadly the same as 2021/22 (with small growth in mobile services offsetting continued decline in fixed line services), and that the levy should be cautiously based on an estimated market size at the lower end of expectations i.e. £450.0m.

