

Action 4 welcomes this opportunity to respond to your Consultation on Business Plan and Budget 2022/2023.

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

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

Your plan is clear in what you want to achieve but as we are all too well aware your level of work can change rapidly according to what happens in the market place and whether one provider or type of service causes issues. As always engagement and transparency with the industry will enable you to be able to predict market trends and it is clear in your document you want to continue to work towards achieving this, and that you are working towards the introduction of 15th Code of Practice in April 2022. We recognise that your work has still been carried out in the difficult arena of COVID.

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.

We note with interest that you are now looking “office size and location” in light of the fact that COVID has for most businesses’ proven that a fixed office location can now be flexible with home working via technology such as teams and zoom as always we question the rationale of you being based in London you could significantly lower your rental budget from £433,597 by moving outside of London. Technology now means as has happened within many telecoms companies that fund you for a number of years, their employees can be home based as you have also demonstrated. We believe you should also consider this approach in order to lower costs. Certainly COVID 19 has proven that face to face meetings are a thing of the past and remote working is now a day to day practice for most employees including your own. Moreover when you dig down into the true cost of the premises this must include a portion of the overhead figure of £68,081 and the depreciation figure in your budget which includes leasehold improvements with a figure of £101,546, therefore with the premise figure of £433,597 then the budget figure is in fact £603,224 then you look at the cost for staff by moving or going largely to home based working you would make huge savings. One thing that we do notice in the document is your increased reference to “increasing levels of litigation” and note the increase in legal fees from £32,400 last year to a predicted £108,541 this year. One question we have is why you see an increase in legal work with the implementation of the new code? We do appreciate the impact of Data protection issues.

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

Whilst we agree with the approach of the levy being paid based on the true income of a market player. It seems incredible that in 2014/2015 the industry was worth circa £763.7 million yet regulation cost £4,444,465. You estimated the industry in 2021/2022 to be worth an estimated £470 Million and regulation to cost £4,087,290, this budget you estimate the industry to be worth £450 million and the cost of regulation to be £4,062,720 this figure seems disproportionate and we believe as an organisation that you need to look at costs very carefully again. You clearly state that staffing levels are to lower again, but there will be pay reviews presumably rises, in reality your staff’s travelling costs are reduced due to home working.

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

volume of work you have dealt with across this period. Therefore the industry could accurately see what “complaint”, “enquiry” and breaches actually cost the industry.

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

We are happy to see that last year the revenue within the market was £480,517,144 we agree that predicating accurately is difficult due to the uncertain of the economy and the political climate currently, therefore an estimate of the industry being worth £450 million would seem realistic. It would be good to have an analysis of how you predict the revenue figures you quote by market sector - we note and agree with the decrease revenues from fixed line services to 11%. It will be interesting to see if there is an increase in market size due to people being at home due to COVID 19 and therefore contacting services such as information or entertainment services to enable human interaction particularly in the dating arena. One question we do have is why the registration figure is predicted to be £151,000 a decrease of £58,000 is this due to fewer market players?

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

When looking at the split of regulatory activity our main and recurrent comment is that PSA should always strive to offer effective, proportionate and best value regulation. Which means keeping costs firmly confined within their scope of regulation and remit; PSA must not be drawn into other arenas of regulation. As we have previously suggested it would we believe, be a useful exercise for an independent chartered accountant to review your budget. In point 4.6.1 you refer to a “refreshed organisation structure” but you do not set this out, it would be helpful to have overview of this.

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

Regards

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