

**NOTES OF THE ILP BUSINESS PLAN MEETING NO 58th HELD ON  
TUESDAY 12<sup>th</sup> DECEMBER 2017  
10am-11.10am**

**At Phone-paid Services Authority Ltd, 25th Floor, 40 Bank Street, Canary Wharf, E14 5NR**

**Present:**

Ann Cook – ITV (Chair & PSA Board Member)  
Jennie Avery – EE  
Eric Feltin – Safari Mobile  
Peter Garside - EE  
Phil Jones - Ofcom  
Nitin Khattar - TNUK (118118)  
Rory Maguire – aimm  
Tony Maher - TUFF  
Jeremy Stafford Smith – Vodafone  
Mike Steel – BT Agilemedia  
Steve Ricketts – PSA Board Member  
Rob Weisz – Fonix

**Phone-paid Services Authority Executive:**

David Edmonds – (PSA Chairman)  
Joanne Prowse (Chief Executive)  
Peter Barker  
Mark Collins  
Ayo Omideyi  
Simon Towler  
Stephanie Ratcliffe (minutes)

**Apologies**

Andrew Ailwood – BBC  
Danny Barclay – Telefonica  
Holly Fairweather – Channel 4  
Julia Freeman - aimm  
Cathy Gerosa – FCS  
Suzanne Gillies – Action 4  
Rickard Granberg – UKCTA  
Kat Heath – Comic Relief  
Ladi Sanusi - Three  
Mark Stannard – Boku Inc  
Dave Stephens - Vodafone

**Welcome:**

Ann Cook welcomed representatives to the meeting and apologies were noted.

The ILP **NOTED** that the minutes and actions from the previous meeting, held on 10<sup>th</sup> October 2017, will be covered at the next ILP meeting, taking place on 13<sup>th</sup> March 2018.

Ann Cook advised the ILP that Jo Prowse and Peter Barker will present on the business plan and budget 2018/19. Discussion will then follow.

**1. Presentation of PSA Business Plan and Budget 2018/19**

**1.1. Business Plan activities**

Jo Prowse started by providing an overview of the business planning context, including confirming that PSA remains committed to its vision of a healthy and innovative market. Jo explained that our business plan sets out our activities to support this and to meet our obligations as a regulator as required by Ofcom. In addition, Jo stressed that the business planning process was underpinned by PSA's desire to:

- continue to provide value for money, cost efficiencies and financial stability;
- ensure longer-term regulatory certainty.

Jo provided a broad summary of activities carried out in 2017/18 (including those planned for the remainder of the year), and highlighted how we are delivering our mission to protect consumers from harm and further their interests through encouraging competition, innovation and growth in the market. Key activities and decisions that Jo set out included:

- rebalancing our resources (including reducing FTE staff time on call handling by half) to ensure robust Code 14 processes and better support for consumers
- a commitment to retaining the current Code until at least 2020;
- quickly and informally resolving 80% of cases;
- support to industry regarding the implementation of PSD2;
- delivering financial control to achieve the real terms savings identified in the 2017/18 budget.

Jo then explained that while for 2018/19 we have planned for similar revenues and compliance in the market, PSA will keep a watching brief on potential step-changes in our operating environment. Jo outlined PSA's view that maintaining health in the market is as important as enforcement, and that to achieve this our current allocation of resources (staff, overheads and project expenditure) was broadly right. Jo presented an overview of key activities planned for 2018/19, including:

- ensuring we continue to add to our body of consumer knowledge and apply this learning to enhance consumer confidence in the market;
- continuing to review guidance, especially with regard to areas of high interest and impact;
- an ongoing commitment to supporting industry, through e.g. workshops on our investigations and enforcement processes to new entrants to the market;
- building on strong working relationships with partners to ensure we are able to act with regulatory clarity and increase joined up approaches and consistency;

- ensuring our governance, finance, systems and HR continue to meet the high standard embedded in the organisation, through a process of ongoing review and development.

## 1.2. Levy and budget

Following Jo's review of activities, Peter Barker then confirmed PSA's budget process was based on:

- a zero-based approach to identifying activity costs;
- recognising that as a knowledge-based organisation, most of PSA's costs are for people and overheads, with very little elective spend;
- undertaking a detailed review of overheads (particularly IT and legal costs);
- continuing to look at whether PSA can do things better/smarter, and for less money.

Peter then set out financial proposals for 2018/19:

- PSA's budget to be cash flat at £3,850k;
- the amount of levy funding required from industry to be further reduced by £75k to £1,800k;
- based on current financial modelling, this level of funding to be held (as previously reported) to 2020/21;
- the levy to be 0.44%, based on an estimated PRS market size (as measured by network out payments) of £410m;
- registration fees will remain unchanged at £155 + VAT.

In summary, Peter noted that these proposals represented:

- a 4% real-terms budget saving over last year;
- £1m (20%) real terms budget savings since 2015/16;
- a 34% reduction in required funding from industry over the same period.

## 2. Discussion

The ILP **NOTED** the presentation of activities and financial proposals, and were invited to comment.

Rory Maguire raised concern around fine collection rates and whether imposed fines acted sufficiently as a deterrent in the market. The Executive outlined that while the collection of fines was maximized (as confirmed by Steve Ricketts as Chair of the PSA Resources Committee), our recent review of sanctions (of which fines is one part) aimed specifically to ensure that the deterrent effect was maximized within PSA's remit.

The ILP **NOTED** PSA's extensive work around fine collection and **AGREED** industry can do more together to encourage due diligence and deter harmful services from operating in the market.  
**(Action: ILP Members)**

Eric Feltin requested a status update on the overall nature of legal costs manifesting under Code 14. The Executive advised it was too early to assess, but did confirm that since most costs were recovered as administrative charges, they did not affect the budget proposals.

Mike Steel asked whether there were any risks associated with PSA's intention to hold the levy funding level over the next four years. The Executive advised that, based on current financial modelling, these risks were minimal.

In response to other discussion points, and to ensure the effective and efficient delivery of current and future business plans, the Executive agreed to:

- liaise with mobile network operators on expectations around new registration requirements, ahead of completing any consultation process;
- review ways of improving due diligence and to hold a DDRAC (Due Diligence Risk Assessment and Risk Controls) roundtable workshop in the new year;
- review policy on subscription models;
- review individual e-money business models, to provide greater regulatory clarity between PSA and the FCA.

**(Action:PSA Executive)**

### 3. Conclusion

The ILP **NOTED** the budget as outlined and **WELCOMED** PSA's intention to build on the improved collaboration with industry stakeholders and provide greater consumer awareness and engagement.

The ILP was invited to provide feedback on the consultation, which will be circulated on 14<sup>th</sup> December. Responses are required by the deadline date 26<sup>th</sup> January 2018.

**(Action: ILP Members)**

A final statement confirming the levy and registration scheme fee will then be published ahead of the start of the financial year 1<sup>st</sup> April 2018, subject to formal approval by Ofcom, which will be sought early March 2018.

Ann Cook thanked the ILP for their contributions over the year and wished everyone a very happy Christmas and festive period.

#### **ILP meetings in 2018 at Phone-paid Services Authority Offices**

- Tuesday, 13<sup>th</sup> March 10.00am-12.30pm with a networking lunch at 12.30pm-1.00pm
- Tuesday, 22<sup>nd</sup> May 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 10<sup>th</sup> July 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 9<sup>th</sup> October 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 11<sup>th</sup> December 10.00am-11.30am (Business Plan Meeting only)