

PPP Business Plan & Budget 2015/16
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Introduction

The [Federation of Communication Services](#) is the UK trade association for the professional communication services sector. Our c400 members and associates deliver voice and data functionality and services to business and public sector users by means of copper, fibre and radio transmission infrastructures. We are pleased to have the opportunity of responding to the PPP Plan & Budget consultation.

Overview

Due to the level of input that PPP seeks via industry fora and meetings in advance of presenting the Plan and Budget for consultation (which is commendable), there is a limit to what new can be found to say in this response.

We put forward a suggestion last year regarding the outsourcing of the complaints and enquiry line which would allow an ADR operator to take incoming consumer telephone calls at an earlier stage in the process, and to handle the unstructured inputs from customers complaining and querying their bills. To date PPP has not commented on this suggestion. The FCS believes that the increase in consumer queries being fielded by PPP is not a function of increased levels of consumer harm. It is, rather, a reflection of the cavalier approach to customer service taken by (especially) the MNOs. While PPP continue to act as responder of first recourse, there is no incentive for network operators to improve customer service, because they know their costs are effectively being subsidised by the industry as a whole. Therefore, if PPP does not want to outsource this task, the whole cost of front line response (including establishment costs) should be identified separately, and recovered from the networks on a monthly basis, pro-rata to the percentage of their subscribers who called in that month.

The Budget shows a reduction of £570, but the Plan does not ask the bigger questions about whether a budget of £4.4m is appropriate and whether more can be done to reduce costs by changing location and reducing use of resource to produce consumer research pieces that are not strictly within PPP's remit.

Answers to PPP's Questions

Q1. What information or evidence do you have about market trends and about the overall size of the phone-paid services market in 2015/16?

FCS relies on the market information supplied by PPP and does not have any further evidence to add.

Q2. What information or evidence do you have about any specific segments or content areas and their potential for real growth or decline over 2015/16?

As above

Q3. What information or evidence do you have as to the types and overall volume of services which are likely to operate at higher price points and the most popular higher price points so far requested as a result of Ofcom's NGCS review?

We are not aware that any of the 80 service charge price points are being viewed as more popular than others, although we would hope that the introduction of higher price points, as long requested by the industry, may lead to new value-add services being introduced; perhaps live advice will become more viable than it is currently.

There may be a slight rise in 0870 services charged at a higher rate, which would bring them within PPP's remit, but there is no indicator of any significant issues arising as a result of this.

Q4. How do you see the phone-paid services market developing in 2015/16?



It seems that the year on year decline reported by PPP is unlikely to be reversed. The market is wary of the risk of over-regulation or being caught out on an unforeseen technicality and we believe that new entrants with big new service offerings are unlikely to be seen. Premium rate services are simply not the platform for new innovative services that they were 10 or 15 years ago – innovation is in mobiles and internet technology.

Q5. What comments do you have on the priorities for 2015/16? Are there other projects or issues that you think PhonewayPlus should consider for the coming year?

As suggested previously, we believe your fifth priority – “to deliver effective and efficient regulation” should in fact be your first. We believe that confident consumers will be a product of good regulation.

We welcome recent confirmation from Ofcom that PPP does not differentiate between residential and business consumers and would fully support work to deal with current problems on international non-content PRS which can result in significant loss to businesses. A return to the “follow the money” approach may be needed to tackle this.

Q6. Do you support our proposed resource allocation for 2015/16, having regard to the activities and strategy that drives the changes? If not, please explain why.

In our introduction we touched upon the size of the overall budget and would ask PPP to closely consider the amount of market research that is commissioned and whether an executive that contains nine complaint handling posts versus seven strategists and 14 customer services staff really reflects the heart of PPP’s remit.

Q7. Do you agree with our approach to the charging model, during 2015/16? If not, please explain why. We are seeking the views of all stakeholders

We had understood that there would be a point at which the Registration Scheme would have paid for itself and would not continue to incur costs. This does not seem to have happened; indeed there have been year on year increases in the cost of registration for some time.

We would hope that any re-tendering would look to a new system which may recoup its costs in a short time-frame, following which costs will be reduced for registrants.

We would like to understand how PPP will pay for the legal costs it incurred in the recent Judicial Review which it lost. Presumably funds for this would not be taken from money raised via the levy and paid in good faith by service providers? Perhaps the reserves should be used for this purpose.

Conclusion

We seem to have repeated several of the points that were made in our response to the previous year’s budget about the purpose of regulation and the distractions that can be built in by trying to be a consumer education body; PPP’s remit is to regulate premium rate services via a Code of Practice, everything else is peripheral.