2012/13 Annual Business Plan & Budget

A Statement by PhonepayPlus following its consultation published 2 December 2012

Issued by PhonepayPlus on 30 March 2012

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1. STATEMENT ON BUSINESS PLAN & BUDGET 2012/13

PhonepayPlus regulates premium rate telephone services (PRS) in the UK. These are the premium rate goods and services that you can buy by charging the cost to your phone bill or pre-pay account.

PhonepayPlus issued a public consultation on its Business Plan & Budget for 2012/13 on 2 December 2011, with a closing date for responses of 20 January 2012. Six responses from stakeholders were received and a meeting of the Industry Liaison Panel (ILP) was also held to discuss the proposals.

A summary of the responses is set out in this document along with our comments on the issues raised; the full responses can be found on the PhonepayPlus website.

Following consideration of the consultation responses and the ILP discussion, PhonepayPlus submitted the Business Plan & Budget 2012/13 to Ofcom for approval without alteration. Following a period of scrutiny, Ofcom approved the Business Plan & Budget in February 2012.

During 2011, we launched a new Code of Practice as well as introducing the first ever industry-wide Registration Scheme.

The development of the new Code involved two years of consultation. The result was a regulatory framework that enables positive outcomes for consumers while also giving premium rate providers flexibility in how they achieve those outcomes. We have listened to industry members when they told us that the Code's success will be measured by how these consumer outcomes are realised and judged in practice. Our business plan and priorities for the coming year reflect this advice.

Bearing the above in mind, the key priorities for PhonepayPlus in 2012/13 are:

Priorities for next year: Unlocking the value in the new regulatory framework

During 2011, we launched a new Code of Practice.

The success of the new Code has a number of interlinked dependencies, including clear Guidance that keeps pace with the market and a Registration Scheme that facilitates good due diligence and risk control, while also driving efficiencies in enforcement and intelligence. Supporting these activities, especially in the first year, will require a range of resources, expertise and considerable effort.

Priorities for next year: New Guidance

It is clear that, with the new Code, we must provide an appropriate balance between regulatory certainty (in the form of Guidance) and flexibility (in terms of how Code outcomes are achieved). PhonepayPlus intends to continue to consult and collaborate with industry on effective Guidance, particularly in relation to due diligence and risk control, the promotion of PRS services on social networking sites, and in creating integrated payment experiences between web and phone. We have recently issued guidance on PRS billing with smartphone apps.

Priorities for next year: Realising the full benefits of the new Registration Scheme

This coming year will be the first under the operation of the new Registration Scheme. In order to apportion responsibility at the appropriate point in the value-chain, we must maintain

accurate data in the Registration Scheme. The accurate provision of data by providers is mandatory under the new Code. However, we recognise that the more the Registration Scheme benefits its users, the more industry will take ownership of the Scheme – with better outcomes all round. We aim to work with the industry through our ILP so that the Registration Scheme continues to improve in terms of functionality and value-for-money, and remains a useable and useful allocation of resources in the coming years.

Priorities for next year: Importance of due diligence and risk control in the new framework

The new Code aims to apportion responsibility for ensuring compliance to the appropriate provider in the value-chain. This is a step change, the importance of which should not be under estimated in securing greater compliance. Although the Registration Scheme will facilitate our investigations, our aim, wherever possible, is to prevent harm from occurring in the first place – as we have done with some success under the Eleventh Edition of the Code. Due diligence by PRS providers on their clients has a vital part to play in helping us to pre-empt consumer harm and has been something that has been lacking in some parts of the industry. By checking the breach histories of potential partners and then developing and *implementing* risk control plans, providers can better manage risks and carry out their due diligence responsibilities under the new Code. Our focus this coming year is to ensure that we work in collaboration with providers to ensure that due diligence and risk control processes are both proportionate and effective in continuing to prevent harm. Early discussions with some providers have been positive about this, but we do not underestimate the work we need to undertake to drive changes in some business and cultural practices.

Priorities for next year: Strengthening our implementation of the "polluter pays" principle

As part of our efforts to keep the cost of regulation down for the PRS industry, PhonepayPlus will take forward work in 2012/13 to strengthen implementation of the "polluter pays" principle – that is the principle that the regulatory costs caused by non-compliance should be paid by those responsible for the harm and not by industry as a whole. A key element of this will be ensuring that we collect fines and administrative charges that are due to PhonepayPlus.

When fines are levied, we will work with the all providers and Network operators to ensure that, wherever possible, fines are recovered. We take the enforcement of sanctions extremely seriously and, whenever it is proportionate to do so, we will use debt enforcement action in the courts, as well as issuing directions to withhold revenue when it is appropriate to do so. Where individuals persist in offending, we will not shy away from taking enforcement action to bar them as "named individuals" from providing all PRS for a defined period.

Priorities for next year: Research strategy

Effective research underpins PhonepayPlus' activities as a regulator by helping to ensure that our regulatory activity is well-targeted and informed by evidence. It also provides useful information to the industry about trends in the market. We will publish our proposed research programme for 2012/13 in due course and will consult industry on its contents. Broadly, our programme for this year will focus on the following three main themes:

- Overall market analysis and trends – through our annual market review

- How evolving technologies and services are impacting on the consumer experience of PRS and what this means for maintaining effective but flexible regulation

- Understanding and addressing emerging risks that could have a significant impact on the market – in particular mobile malware

We will look to drive greater efficiencies in our research programme through more use of research partnerships, where appropriate, and by seeking to develop a wider field of bidders for PhonepayPlus research projects.

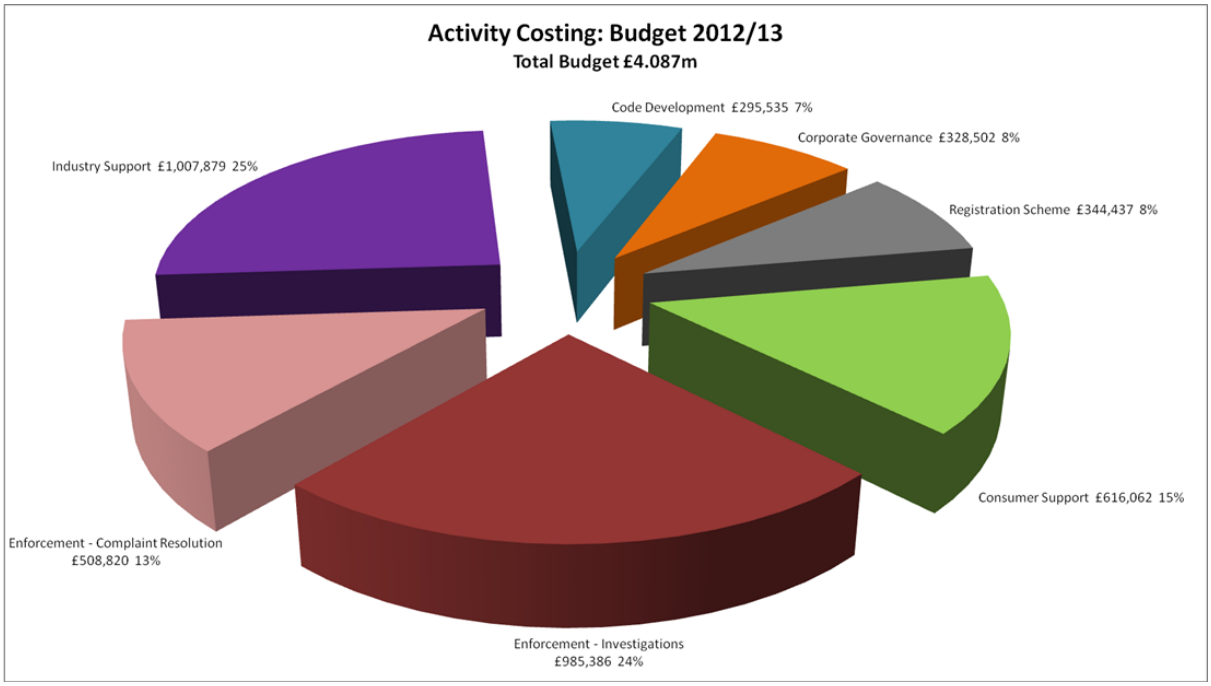
Priorities for next year: – Thematic monitoring

We are also committed to gathering evidence of both best practice and non-compliance in the market in order that we can gauge the effectiveness of the Code and Guidance, or take action, as appropriate, to prevent consumer harm. We will continue to undertake this through a combination of analysis of complaint trends, stakeholder engagement, consumer-focused research and in-market testing of services.

In particular, the monitoring and testing of services will form the evidential basis for activities designed to increase levels of compliance, with a view to reducing consumer detriment and increasing consumer trust. In 2012/13, we will develop and implement a thematic monitoring plan focused on those sectors or issues that are emerging as the main drivers of consumer harm under the new Code. A more thematic approach will help us identify more precisely the causes of harm and best practice to help resolve it. Given the dynamic nature of the PRS market, it is expected that additional issues will emerge and require attention during 2012/13.

Total cost of PRS regulation in 2012/13

We expect the total cost of PRS regulation in 2012/13, covering PhonepayPlus' core activity and the new Registration Scheme, to be approximately £4,087,000. The split of this cost by activity is shown in the chart below. In 2011/12 the total cost of PRS regulation was £4,071,674. The overall cost of PRS regulation, taking into account the core budget and the Registration Scheme, has marginally increased by 0.4% in cash terms. The proposed PhonepayPlus budget for levy-funded activity in 2012/13 is £3,742,183. In cash terms, this budget is 1.5% lower than the current year. Moreover, figures showing an increase in Registration Scheme costs by 27% in cash terms this year do not represent a true like-for-like comparison with last year for two reasons. Firstly, this year's Registration budget includes an additional £25,000, requested by industry, to improve the technical functionality of the Registration Scheme database and number checker facility. Secondly, as the Registration Scheme only became operational midway through 2011/12, last year's budgeted costs were very much a projection. This year's budget represents a more accurate picture of the actual costs of operating the Scheme based on experience from its first six months of operation. Whilst PhonepayPlus is committed to seeking ways to reduce costs in the Registration Scheme as it beds in, the Scheme has strong industry support and we remain convinced that it provides good value for the industry and remains in line with the agreed total costs over the five year period.

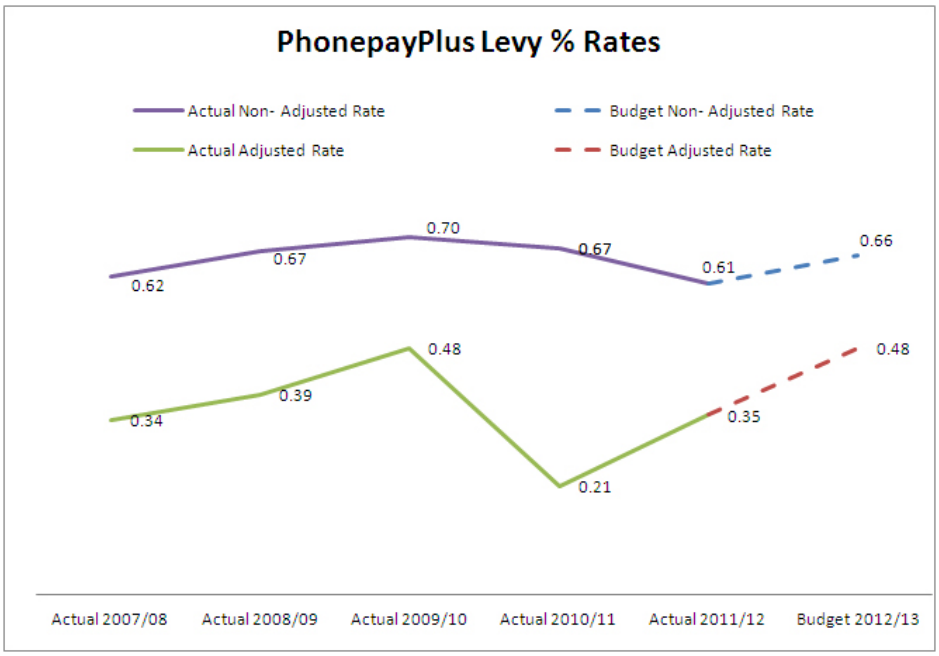


As registration is funded separately through fees, we do not include registration in our calculations of like-for-like costs for our levy-funded activity.

Industry levy

PhonepayPlus' adjusted levy for 2012/13 will be 0.48% plus VAT. This adjusted levy applies to all outpayments payable by network operators to providers in respect of revenue generated by premium rate services (PRS). The PhonepayPlus levy is calculated as a proportion of every outpayment to ensure that PhonepayPlus continues to receive adequate funding to carry out its activities, as required by Section 121 of the Communications Act 2003. The budget for levy-funded activity does not include the costs of implementing the new industry Registration Scheme, as this is funded separately through registration fees. The registration fees and structure have also been confirmed for 2012/13 and are detailed below under 'Registration Scheme structure and fees for 2012/13'.

The graph below shows the non-adjusted levy and adjusted requirement for the last few years. This non-adjusted rate would be the levy PhonepayPlus would need to raise if it did not receive any other income (such as fines, administration charges or bank interest). Although PhonepayPlus' levy-funded budget for 2012/13 has decreased, the predicted value of the UK premium rate market in 2012/13 has also decreased. This means that the non-adjusted levy will rise from 0.61% in 2011/12 to 0.66% for the coming year.



The adjusted rate is the amount PhonepayPlus is required to levy once the costs of regulation are offset by other income. A number of factors contribute to the calculation of the actual rate levied. Further information on how the PhonepayPlus levy is calculated can be found in our consultation document on our Business Plan & Budget.

The rise in the adjusted levy rate from 0.35% in the current financial year to 0.48% in 2012/13 reflects two main factors: the rise in the non-adjusted levy rate due to the decline in the size of the market and the reduction in fine income between 2010/11 and 2011/12. The amount of fine income received fell from £1.4 million in 2010/11 to £517,000 in 2011/12 as at 31st January 2012. When calculating the levy rate we look at our requirements for the forthcoming year and adjust for capital, depreciation and fines received. For our budgeted requirements for 2012/13, we estimated that after these adjustments, we need to raise approximately £2.5 million through the levy.

Registration Scheme

The Registration Scheme was launched on 27 April 2011 and became mandatory with the publication of the new Code of Practice on 1 September 2011.

After almost a full year of operation we now have fuller data available from which we can plan and adjust the required level of annual fee to recoup the build costs of the Registration Scheme and cover ongoing operational and administrative costs.

The Registration Scheme budget for 2012/13 is £344,437. At the heart of the Registration Scheme, is the provision of a Customer Relationship Management (CRM) system. As the CRM is now built and delivered, the associated build costs which are fixed and contractual are now spent costs. We intend to review ongoing costs, such as continuing staff support, during the first full year of the Scheme in 2012/13, in order to test our assumptions and to drive further efficiency savings.

The registration fee for 2012/13 will be £135 plus VAT for all providers unless they are eligible for an exemption. There are important changes to the fee structure and exemptions in 2012/13 that providers should be aware of. These changes are explained below.

In setting the fee and fee structure for 2012/13, PhonepayPlus took into account the number of fee-paying registrants after almost a full year of registration. We also considered what revenue needs to be generated by the fee and these paying registrants in order to recoup the capital costs of the Registration Scheme build and to cover the ongoing operational and administrative costs of the scheme. PhonepayPlus concluded that to cover these costs we needed to raise the registration fee for 2012/13 while also increasing the number of paying registrants. In doing so, we aimed to keep the fee increase as low as possible for the majority of providers while at the same time making sure barriers into the market are also as low as possible for new entrants and charities.

We have therefore maintained the exemption for registered charities and re-designed the exemption for new entrants. New entrants to the market whose turnover for premium rate services is less than £10,000 in their first year of operation will be exempt from the registration fee. After this first year of registration, the exemption for providers whose PRS revenue is less than £5,000 has been removed. This means that after the first year of registration all providers (except charities and those exempt from registration) will be required to pay the registration fee, whatever their PRS revenue. This better targets the exemption to support new entrants to the market while also ensuring that more providers contribute to the costs of the Registration Scheme.

This means that those providers currently claiming an exemption because their PRS revenue is under £5,000 will be liable to pay the £135 plus VAT registration fee when their renewal date is due in the coming financial year.

Renewal notices outlining the change in fee and in the exemption structure will be sent to all providers in good time for them to renew their registration.

Market Report

In early April, PhonepayPlus will publish our latest report on the current and future market for premium rate services. Headline findings from that report are previewed in this statement. The report estimates that premium rate revenues, excluding VAT, totalled £796.5 million in 2011, including charity text donations that were not calculated in the 2010 market estimate. Without the inclusion of charity text donations, the PRS market in 2011 totalled £764 million, a 6.5% like-for-like decrease compared to the 2010 equivalent of £816.2 million. We set out further key themes emerging from the report later in this document (see section 3).

2. SUMMARY OF RESPONSES TO THE CONSULTATION

We received six formal responses to the consultation on the PhonepayPlus Business Plan & Budget for 2012/13.

This section summarises the responses received to the questions set out in the consultation, with our response where appropriate.

Consultation Questions

Q1. What information or evidence do you have about market trends and about the overall size of the phone-paid services market in 2010/11?

AIME: AIME believes that the PRS industry is beginning to comprise more corporate focused providers with a greater interest in their reputational integrity. The growing maturity of the market has arguably led to a reduction in the number of complaints. A clear market trend is the migration of PRS services and increasing competition from other micropayment mechanisms. AIME predicts that likely PRS billing outcomes should be estimated at £0.75bn for financial year 2011/12. Based on AIME's key performance indicator (i.e. annual costs of regulation vs. revenues generated), AIME comments that this is an increasing regulatory cost in proportion to the size of the industry.

BT: BT agrees with the projection of a contraction in the size of the market.

UKCTA: UKCTA predicts that that total revenues will be flat at best during 2012/13.

Our response:

PhonepayPlus' annual market review (see section 3 of this document) estimates PRS revenue in the UK market in 2011 to be £796.5 million, including charity text donations that were not calculated in the 2010 market estimate. Without the inclusion of charity text donations, the PRS market in 2011 totalled £764 million, a 6.5% like-for-like decrease compared to the 2010 equivalent of £816.2 million. Although this reflects industry estimates, the picture is not uniform across the industry with some sectors experiencing significant decline while others are growing. Where there is decline, this can be attributed to several underlying trends, as well as the impact of continuing problems in the wider economy. Underlying trends contributing to sector decline in the PRS market identified in our market review include: the erosion of revenues from previously successful services by the internet or non-PRS-paid applications and increased competition from other micropayment mechanisms.

PhonepayPlus accepts that whilst the overall cost of regulation continues to fall, the projected decline in the market means that the cost of regulation in proportion to the size of the industry will increase this year. PhonepayPlus continues to make every effort to drive efficiencies and decrease costs to industry. At the same time, we must ensure that we are sufficiently resourced to deliver competent and effective regulation of the market and deliver the outcomes that industry and consumers expect from us.

To illustrate the efficiencies we have made in the core budget, the unadjusted levy rate for next year will be lower than it was in 2009/10 when the market was significantly larger at £920 million.

Q2. What information or evidence do you have about any specific segments or content areas and their potential for real growth or decline over 2011/12?

AIME: AIME identifies a decline in traditional services (fixed line, directory enquiries and mobile content) and sees PRS becoming more of a subset in a broader micropayments environment.

MEF: MEF notes the "break-through" of mobile banking apps in 2011 and also cites the use of mobile to research for, or pay for, products.

BT: BT anticipates a continuing decline in the directory enquiries sector.

UKCTA: UKCTA identifies that the directory enquiries market is in serious decline, and thinks this is likely to impact on PhonepayPlus' levy receipts.

Our response:

PhonepayPlus' annual market review (see section 3 of this document) identifies decline in some 'traditional' PRS sectors, such as directory enquiries, as they come under pressure from the mobile internet. At the same time, our research shows that the mobile internet is also opening up opportunities, which are often capitalised on by newcomers to the market. For example, a number of intermediaries have found a new niche in the market by facilitating mobile payment access across a range of markets for global sites.

The annual market review also shows that PRS has been used to build new income streams from established markets. Both PSMS and Payforit revenues are projected to have grown in 2011 and charities and gambling services have benefitted from PRS payment bringing in new audiences who would not otherwise have used these services.

We agree with UKCTA's point that the significant decline in the directory enquiries market is having an impact on levy receipts although this is to some extent being offset by the growth in other sectors of the market.

Q3. How do you see the phone-paid services market developing in 2012/13? In particular, do you have any insight into how PRS might develop on social media, smartphones or other platforms?

AIME: AIME sees emerging technology environments/developments that could affect PRS as including connected TV/tablet devices and smartphone applications. Although AIME identifies potential growth areas as mobile betting and gaming, it also recognises the limitation of this area as payments tend to be credit card based.

MEF: MEF sees the average purchase price of apps as decreasing due to increasing monetization via freemium.

BT: BT sees the PRS Market continuing the trend away from fixed-line voice services to mobile SMS services, in part due to the unfair regulatory regime around higher rate premium

rate services which strongly favours mobile operators– e.g. a £1.53 limit compared to a £10 limit on SMS. As such BT sees fixed-line providers as cross-subsidising mobile services.

Our response:

PhonepayPlus' annual market review (see section 3 of this document) sees the continuation and intensification of trends relating to smartphones, the mobile internet and m-commerce, including the rapid take up of smartphones coupled with an increased use of PRS as a payment method for web-based services.

We look forward to continuing to work with the industry through the ILP to share information on market developments and to manage emerging market and consumer risks through appropriate guidance and advice.

We note the point that BT raised about the higher-rate premium call limit and we understand that fixed line providers are in discussions with Ofcom on this matter.

Q4. What comments do you have on the priorities for 2012/13? Are there other projects or issues that you think PhonepayPlus should consider for the coming year?

AIME: AIME recommends that PhonepayPlus might consider partnering on research projects and investigate alternative funding sources for non- core services (e.g. separate charge for accessing compliance advice). AIME notes the continued progress made through regular ILP meetings but would also welcome a review of how non-core activity is funded (particularly the provision of project specific compliance advice which perhaps could be funded by a separate usage charge as opposed to the levy).

MEF: MEF believes PhonepayPlus should allocate more resource to collecting fines and administration charges in support of "polluter pays". MEF agrees that guidance is an essential area of investment when a new and ground breaking code is in its infancy. PhonepayPlus should continue to work with industry to identify new areas within the Code where companies may be confused as to how best to achieve compliance. PhonepayPlus should publish "case studies" of Best Practice on the website in order to reduce the need for ad-hoc advice. However PhonepayPlus' proposed budget in the area of regulatory development is too high. MEF is concerned by the high research budget. MEF highlights the work conducted by other organisations and believes PhonepayPlus should aim to partner with other organisations in commissioning research. In addition, PhonepayPlus should seek to plug the gaps in research rather than commissioning new studies. MEF is concerned that PhonepayPlus research is asking the same questions as other studies. PhonepayPlus' research agenda should only be focused on uncovering potential harm. MEF supports thematic monitoring work and PhonepayPlus should cross refer to MEF's global consumer survey.

BT: PhonepayPlus should focus on the regime identified in the new Code of Practice along with implementing the Registration Scheme and Number Checker, informal and formal enforcement and identifying and pre-empting new threats and potential harm.

UKCTA: PhonepayPlus must not take as a 'given' that the logic of the current funding mechanism dictates that as revenues fall the quantum of the levy should increase. Instead UCKTA urges that the burden of regulation does not become too onerous. Part of ensuring against this is PhonepayPlus curtailing non-essential projects to offer best value. There is a

perception that the improved consumer landscape throws into light the real costs of regulation. PhonepayPlus' budget should refocus costs, addressing those areas likely to cause issues and consumer harm.

Communications Consumer Panel: Communications Consumer Panel wishes to see continued support of consumer 'empowerment projects' including: extending use of the 'Number Checker' facility, 'PhoneBrain', behavioral analysis of vulnerable consumers and children, mitigation around bill shock, transparency around issues of in-app payment via PRS and continued research in micropayments. In general, the Communications Consumer Panel feels there should be an explicit priority around operational efficiency to help improve consumer awareness and experience.

Our response:

As detailed throughout this document, PhonepayPlus is committed to driving efficiencies and delivering value to the industry it regulates while at the same time ensuring it is an effective regulator, able to protect consumers and prevent damage to the PRS market.

In setting our business priorities this year we listened to industry and the need to ensure clear and effective guidance as well as offering appropriate regulatory support in the first full year of the new Code's operation. We expect a continuing heavy policy workload this year as guidance is developed and refined in light of practical experience of the new Code's operation. We also note that the regulatory development budget has decreased from £575,000 in 2010/11 when it accounted for 14% of the budget to £296,000 in 2012/13 when it accounts for 8% of the levy budget (or 7% of the total cost of regulation).

Our research budget remains at the same level as last year. To reduce the research budget further risks compromising our ability to carry out quality, independent research that informs the industry, enables us to act on evidence and also benchmarks compliance and consumer trust. However, we will seek to make further efficiencies in our research budget by sharing costs, where appropriate, with industry and other partners. In doing so we recognise that there will inevitably be limitations to such shared research because of current financial restraints on industry and the importance of maintaining sufficient independence for the research to be credible. We will drive efficiencies in the research budget by broadening out our supplier base to stimulate greater competition in response for our requests for proposals.

We continue to support consumer literacy work and in particular our award-winning PhoneBrain schools and youth club project that saw a 330% increase in entries in 2011. We plan to develop Number Checker so that it is more widely available and easily accessible to consumers at point-of-need. Our research programme continues to focus on the consumer experience and understanding the risks involved in developing technologies.

Q5. Do you support our proposed levy budget changes for 2012/13, having regard to the activities and priorities in the first full year of the new Code that drive those changes? If not, please explain why.

AIME: AIME is generally supportive of the direction of the budget given the current economic climate but feels there remains scope for further reductions. PhonepayPlus, should not be pinned to the financial movements of the market but should instead focus on the core purpose of protecting consumers from harm. With this in mind AIME wishes to see PhonepayPlus link the scale of its operation to the prevailing trends in consumer harm.

In relation to specific areas of the proposed budget, AIME notes: increased expenditures for industry support and development (6.9%), legal support (27%), and code development. AIME also questions the justification for maintaining a £1 million investigations budget. AIME is generally concerned at the low administration fee collection rate for 2011/12 (circa. 46%) and would like to see evidence of what factoring has been made for fee collecting during 2012/13. AIME also wishes to see further evidence around improvements and likely resource for Number Checker facility.

MEF: MEF believes that the budget decrease this year is a “drop in the ocean”. However, MEF does support the general decrease since 2010/11. MEF believes that PhonepayPlus should not decrease the consumer service team budget because a spike in complaints is likely. MEF also believes that channelling resource to support Number Checker is important because it can reduce costs to industry – especially Mobile operators in terms of customer service centre traffic. MEF also supports PhoneBrain “which has demonstrated clear value and a return on investment”. MEF welcomes the proposal to reduce spending on consumer education so agrees with the proposed budget in this area. MEF does not understand why there is an increase in the budget for the Industry Services team in the year following implementation of the new Code. MEF does not understand the increase in the budget for Code development for the same reasons.

BT: BT supports the reduction in PhonepayPlus’ proposed budget for 2012/13, the budget aligns planned resources with agreed aims whilst recognising that effective regulation is needed as new technologies and/or channels appear. The proposed costs for Consumer Support and Complaint Resolution should be provisions and not commitments and should be reported as such. PhonepayPlus should make plans to deal with a large-scale malware problem in 2012/13 and should consider how reserves could be deployed.

UKCTA: UKCTA broadly welcomes the steps as taken by PhonepayPlus to control and manage its budget. However, UKCTA states its deep concern around distribution of resource in relation to PhonepayPlus’ funding and argues that PhonepayPlus should adopt a cost causation principle for the levy. Further concern is depletion of the levy funding (one third of all levy receipts are ultimately sourced from providers operating directory enquiries or 087x services). Given the limited numbers of complaints received (91 informal cases during 2011) for both sectors, UKCTA questions the continued subsidy of traditional PRS and regulation of directory enquiries/087x number ranges.

Communications Consumer Panel: Communications Consumer Panel notes that the budget for industry support has risen at the expense of consumer support.

Our response:

As stated in our response to Q4 above and throughout this document, PhonepayPlus is committed to driving down costs while ensuring we retain robust and effective regulation in practice, which benefits both consumers and industry.

In our response to Q4 we outlined the continuing need for policy and Code development in the first full year of the new Code’s operation. We also detailed why we retained our small but effective and efficient research budget, while also seeking further efficiencies in supplier base and shared project costs.

Our investigations budget decreased from £1,066,000 in 2011/12 to £986,000 in 2012/13, a reduction of 7.6%. We need to retain a significant budget for investigations as cases are likely to both increase in complexity and number under the new Code. The increase in number is due to the fact that for every breach of the Code, we can now potentially bring two cases – one for the provider potentially responsible for the breach and one against providers contracted higher up the value chain, such as aggregators or operators, if there has also been a failure of due diligence and risk control. An increase in complaints is also likely to lead to an increase in investigations, a trend we are already seeing.

In a similar vein, we need to ensure that our legal costs can be met in a year in which cases are highly likely to increase in number and complexity. In addition, we are now targeting providers lower down the value-chain, where potential sanctions are likely to be more significant for their businesses and because of this we expect more oral hearings and legal challenges.

As detailed previously, we are determined to increase our fine and administration fee collection rate. We are working with industry representatives to put in place a 'polluter pays' strategy that aims to raise both collection rates and ensure that those who cause consumer harm and disrupt the market pay the most towards the cost of regulation.

Our reduction in the consumer support team was a sensible reallocation of resources in the context of a significant fall in consumer complaints (a 77% decrease over two years). We remain sensitive to needs of consumers and have the capacity to increase resource in consumer support should complaints rise. We have already taken action to temporarily increase consumer support resource in the light of recent increases in consumer complaints.

Our funding arrangements and the industry levy were reviewed less than two years ago by KPMG. The review concluded that our current model is not broken and the review indeed found board stakeholder/funder support for its retention. Changing the funding model would create winners and losers and there does not seem to be an industry consensus as to what an alternative fair model would be. In addition, any change to the funding model would require considerable investment in terms of modelling and consultation and need a relatively long lead time to implementation.

However, we do recognise the related concern that those who drive regulatory costs should carry the burden of the cost. To that end a key project that PhonepayPlus will be running during 2012/13 relates to optimising the principle of ensuring that "polluters pay" for the incremental cost of regulation that they drive, in particular in relation to enforcement activity where fines and administrative charges remain uncollectable. We will be working with the industry, through the ILP, on refining our approach in this area.

Q6. Do you agree that we should make a provision in the Registration Scheme budget for improved usability of the Scheme? Are there particular functions of the scheme you would like to see enhanced? If so what are they and what benefits would they bring?

AIME: AIME considers the figure suggested (£15,000) is an underestimate and should be revised upwards (circa. £60,000), which it deems a more appropriate funding level.

MEF: MEF suggests that PhonepayPlus should facilitate commercial developments to the registration scheme but not expend resource.

BT: BT agrees that there should be a provision for improving the Registration Scheme and that particular attention should be paid to due diligence search functionality.

UKCTA: UKCTA believes that all projects should be considered in light of their cost benefit. Does the notion of "improved usability" warrant further funding? There is the potential of the registration project becoming gold plated at the expense of the industry.

Our response:

PhonepayPlus believes that the general consensus from industry is that it wishes to see improvements to the Registration Scheme that will increase functionality and aid better compliance throughout the industry. We are committed to delivering these improvements to a high-standard and at a reasonable cost.

PhonepayPlus has increased the provision for improvements to the usability of the Registration Scheme from £15,000 to £25,000. We believe this will provide for more functionality while limiting cost increases at a time when it is still unclear how many paying registrants we will have next year.

Q7. Do you agree with our Registration Scheme financial model assumptions?

MEF: MEF agrees with the assumptions regarding the Registration Scheme.

BT: Yes.

UKCTA**:** UKCTA supports such a stance but only if it is economically viable and sustainable (example being exemption to all providers with revenues below £5,000). UKCTA does not believe this exemption can continue in an environment where other registrants face up to a 100% increase in their annual fee. UCKTA would be content to support PhonepayPlus' option 4 (i.e. limiting exemption to smaller new entrants/charities) but subject to the question of whether this can be justified in practice.

Our response:

PhonepayPlus has listened to industry and its preference out of the options presented for the new Registration Scheme fee structure. As such, we have adopted option 4.

Q8. Do you agree with our assessment of the options, with particular reference to our assumptions and our preference, or do you have other suggested options?

AIME: AIME prefers option 4 with first year exemption then a flat fee (excluding charities) as the most appropriate way to fund the Registration Scheme going forward.

MEF: MEF agrees that option 4 is the best of those presented. However, MEF prefers Option 5 as presented by AIME at the ILP of a two-tier fee structure, subject to the costs of implementing this.

BT: BT supports option 4 – charities should continue to be exempt from the registration fee and currently exempt organisations below the £5,000 threshold should pay in their second year.

Our response:

As stated in our response to Q7, PhonepayPlus has listened to industry and its preference out of the options presented for the new Registration Scheme fee structure. As such, we have adopted option 4.

We believe a two-tier fee structure is highly likely to increase the administrative and operational costs of the Registration Scheme, and as such increase costs across the board for industry.

0871, 0872, 0873 providers all still remain exempt from registering and as such are not liable to pay the Registration Scheme fee.

3. 2011 PRS MARKET REPORT

PhonepayPlus commissioned SAND to carry out a review of the current and future market for premium rate services in the UK. SAND has now delivered this report, *Current & Future Market for PRS 2011*, and we will publish the report in full in early April, alongside research briefings that draw on findings from the report of particular interest or importance. In this section we outline headline findings from this year's report.

One objective of the PRS market report is to assess the commercial health of the market and its constituent service areas and to gauge likely market developments in the short to medium term. We believe this information is critical to PhonepayPlus, as it provides an indication of the impact that regulation and other factors have had on the PRS market, or a particular sector, which can then inform our regulatory activity.

The other key objective is to gain an understanding of developments in consumers' behaviours and attitudes to the PRS market, which is critical to ensure our Code of Practice and consumer support work is delivering an effective and proportionate regulatory regime. For that reason, we commissioned SAND to carry out a quantitative study of 16,000 plus consumers to inform the report. In addition, this year's report has a focus on children and their use of micropayments, including PRS. We commissioned two children's surveys as part of this research.

Stakeholders should note that the opinions and statistics set out in this section are those of SAND. PhonepayPlus will consider the findings of this report alongside feedback and other evidence from stakeholders when developing policy and deciding on priorities for its work regulating premium rate services.

Market size

Overall, premium rate services are estimated to have generated revenues of £796.5 million, excluding VAT, in 2011. This figure includes charity donations that have zero-rated revenue shares[1]. The largest single PRS payment type is PSMS/MMS (this segment also includes mobile voice shortcodes). This category as a whole makes up 40.6% of the total 2011 PRS market. That is followed by directory enquiries, at £177.4 million (22.3%) and 09 Voice at £174.4 million (21.9%).

A like-for-like comparison with the total market value in Analysys Mason's report on the 2010 market (e.g. excluding zero-rated charity services) shows an overall market decline of 6.4% in 2011 compared to 2010, the like-for-like comparison estimating the market at £764 million in 2011 and £816 million in 2010.

[1] *Operators do not take a share of the PRS revenues for these activities and therefore these are not reported in the PhonepayPlus returns*

2010 vs. 2011 UK Premium rate service revenues by payment type

PRS Market Size, 2010 vs 2011 (£ mil.)				
Payment type	**2010**	**2011**	**Change**	**Comment**
Directory Enquiries	£206.4	£177.4	-14%	
PSMS/PMMS (incl mobile voice shortcodes)	£297.4	£323.1	8.6%	Note that in 2010, market value did not include zero-rated charity donations, which predominantly fall within this segment – in reality the market is more stagnant or growing only slightly.
PayForIt	£18.3	£24.4	33.6%	
Voice 09	£195.3	£174.4	-10.7%	
Voice 087	£96.7	£95.5	-1.2%	
TV Red Button	£2.0	£1.7	-15.6%	
Total	£816.0	£796.5	-2.4%	The 2011 total market size includes estimated revenues generated through zero-rated charity donations, which was not the case in 2010.
2011 total excluding est. zero-rated charity add-on	*£816.0*	*£764.0*	*-6.4%*	

Source: Market sizing for PhonepayPlus. Revenues exclude VAT and are PRS only, i.e. do not include any operator surcharges occurring as a result of PRS activity

Major trends in the PRS market in 2011

2011 saw the continuation and intensification of several trends already evident in 2010. The continued rapid take-up of Smartphones throughout the year (penetration reached 46.9% at end-September[2]) coupled with increased use of PRS as a payment method for web-based services were some of the trend-accelerators identified in previous versions of this report.

Important trends in 2011 are closely linked to the increased decoupling of PRS – in other words, the use of PRS as a "pure" payment mechanism rather than a closely integrated payment-and-delivery method. This opens up new opportunities for PRS, but also pits it squarely against other micropayment options.

Trends linked to this development include:

Increased market internationalisation Intermediaries such as Boku or Zong (now owned by PayPal) have found a new niche in the market by facilitating mobile payment access across a

[2] Source: comScore MobiLens, 3 months to end-Sept. 2011

range of markets for global sites. While country-by-country deals are obviously struck with aggregators to enable these firms to serve as payment facilitators, they have made it easier for web-players to use mobile billing internationally. In turn, these developments have given PRS an international dimension it previously lacked. In addition, the PRS market is getting more international in another respect: the continued consolidation of the UK aggregator space means that most of the country's aggregators are now part of international consortia.

Shift in mobile operator attitudes to PRS The expectation among many interviewees is that operators will now increasingly treat PRS as a "payment mechanism like others". Previously, many in the PRS value chain complained about low out-payment rates, but this is now often something they expect to be addressed. Opinions diverge, however, on whether revenue shares closer to other payment alternatives will only be available for Payforit or also cover payment by text (PSMS). Underpinning all of this appears to be a clear shift in operator attitudes to PRS.

In addition, **the rise of a variety of alternative distribution channels** for content and services is accelerating the decoupling of PRS.

Alongside the causes and effects of decoupling, other key developments in 2011 include:

The economic climate having a generally negative impact on the sector. Industry opinion differs on how the general financial situation is affecting consumer spend, but there are signs that PRS spend is completely discretionary for consumers. Among 873 PRS users responding to our quantitative survey who said they are using PRS less in the past six months than they had done in the previous six, 38% said this was because they could no longer afford them, for example. An operator interviewee furthermore notes that consumers are displaying much more caution in mobile spend. A donation to charity may mean no mobile content is purchased by a regular content-buyer that month. The "spend block" services limiting mobile spend available from operators are also said to be proving popular well beyond the teen audience they were intended for.

Innovative solutions are often coming from relatively new players Many interviewees point out that traditional companies in the PRS sector are suffering as revenues from previously successful services are being eroded by the internet or non-PRS-paid applications. The companies carving out new, lucrative PRS revenue streams instead appear to be newcomers to the sector, who have taken advantage of the global reach of the web, removing an obstacle to PRS by providing one interface that can reach millions of mobile users across a number of markets.

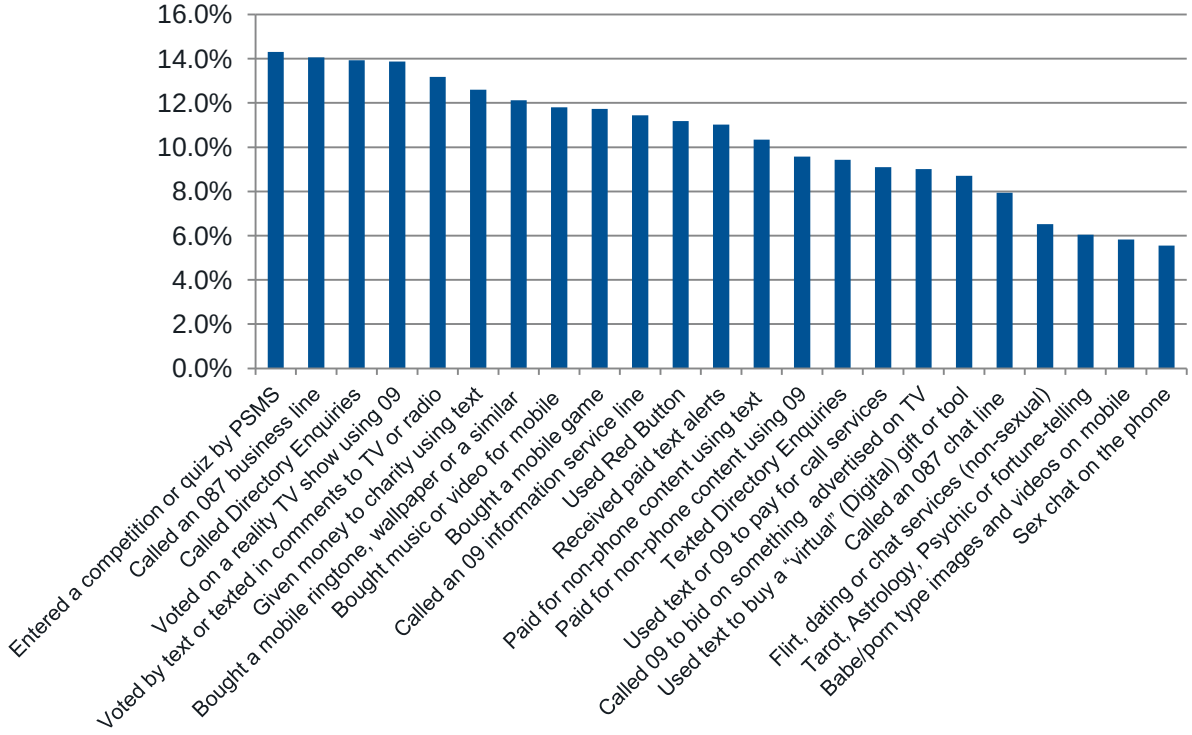
PRS is building new income streams for some established markets It seems that in the case of services such as gambling and charity, the ability to use PRS payment is bringing in audiences that would otherwise not be using these services.

Smaller players are exiting the market Several interviewees commented that smaller players are exiting the PRS market. This was remarked upon concerning several levels in the industry. It is due to both their vulnerability to the disruptive market changes and an inability to compete with larger players who can secure bulk discounts and similar advantages.

PRS Service usage and revenues

The PRS services most commonly used by respondents to the quantitative study carried out in December 2011 were competition and quizzes, followed by 087 business lines and 118 directory enquiries.

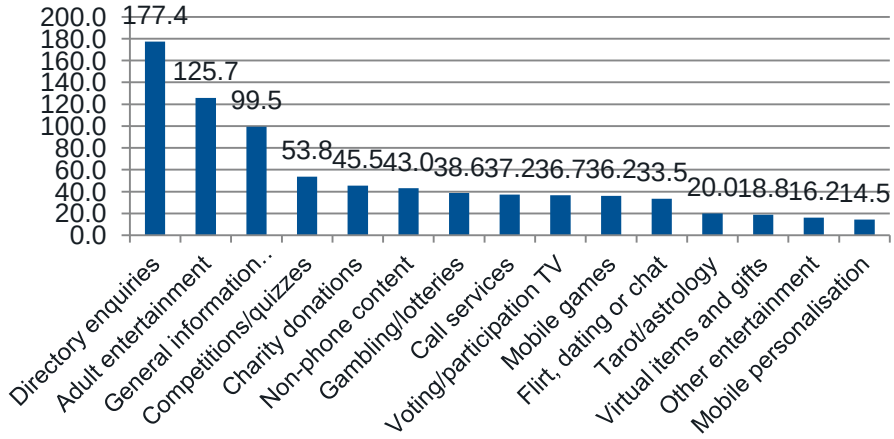
Consumer usage of specific Premium Rate Services, 2H 2011



Source: Phonepayplus quantitative consumer study, Dec. 2011. Base: Responses from 4,018 PRS users applied to a total 16,251 entering the survey

Directory enquiries (DQ) remained the PRS service segment generating the greatest amount of revenues in 2011, followed by adult, information services, competition/quizzes and charity donations. Together with virtual gifts, the value of the non-phone content category (though it encompasses a range of services) demonstrates the increasing importance of internet-originated payments for PRS.

Market value by type of service, 2011 (£ mil.)



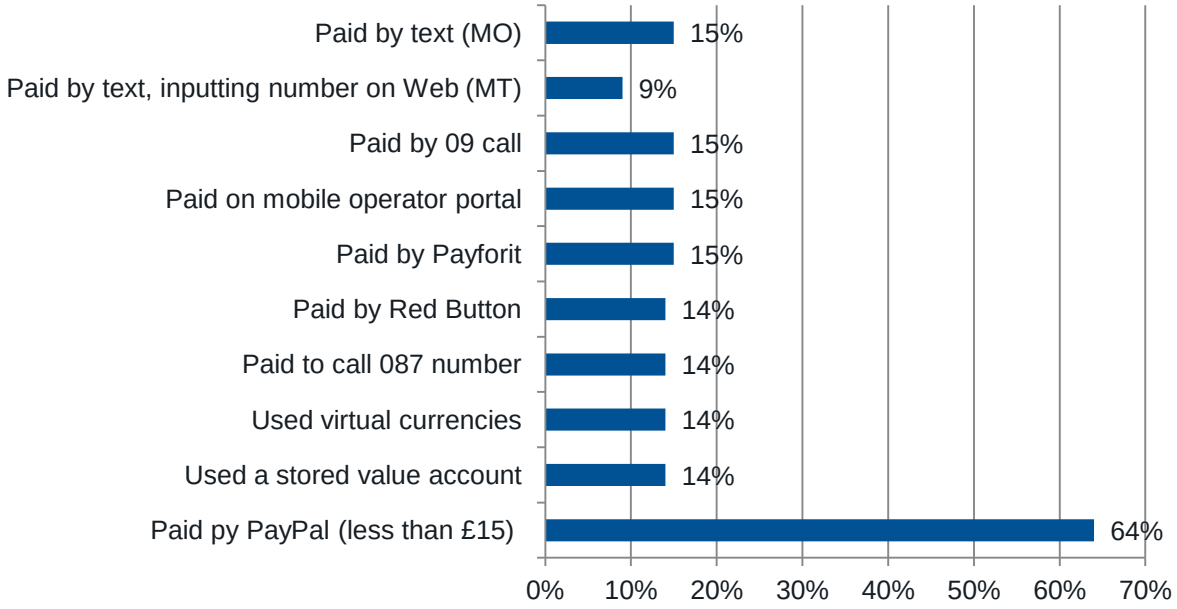
Source: PRS Market Sizing for PhonepayPlus

PRS and other micropayment mechanisms

Some 9% of all initial respondents to the quantitative study (a base of 16,251 consumers) had paid by putting in their mobile number online and receiving MT PSMSes, while usage of other micropayment and PRS methods were in the 14-15% range. PayPal usage stood in stark contrast to these figures – 64% of respondents said they had used the payment system to pay for something worth less than £15.

Overall, users' comfort level with different types of payment mechanisms unsurprisingly corresponds to their usage. PRS users were by far more comfortable with the different types of PRS payment methods than respondents to the micropayment questionnaire. For example, only 9% of micropayment questionnaire respondents thought paying by 09 was safe or fairly safe, while 20% though paying by text was safe or fairly safe. Among PRS users, the equivalent figures were 42% and 66%, for 09 and PSMS respectively.

Consumer usage of micropayment methods



Source: PhonepayPlus quantitative consumer study, Dec. 2011. Base: 16,251 consumers (MO=mobile originated; MT=mobile terminated)

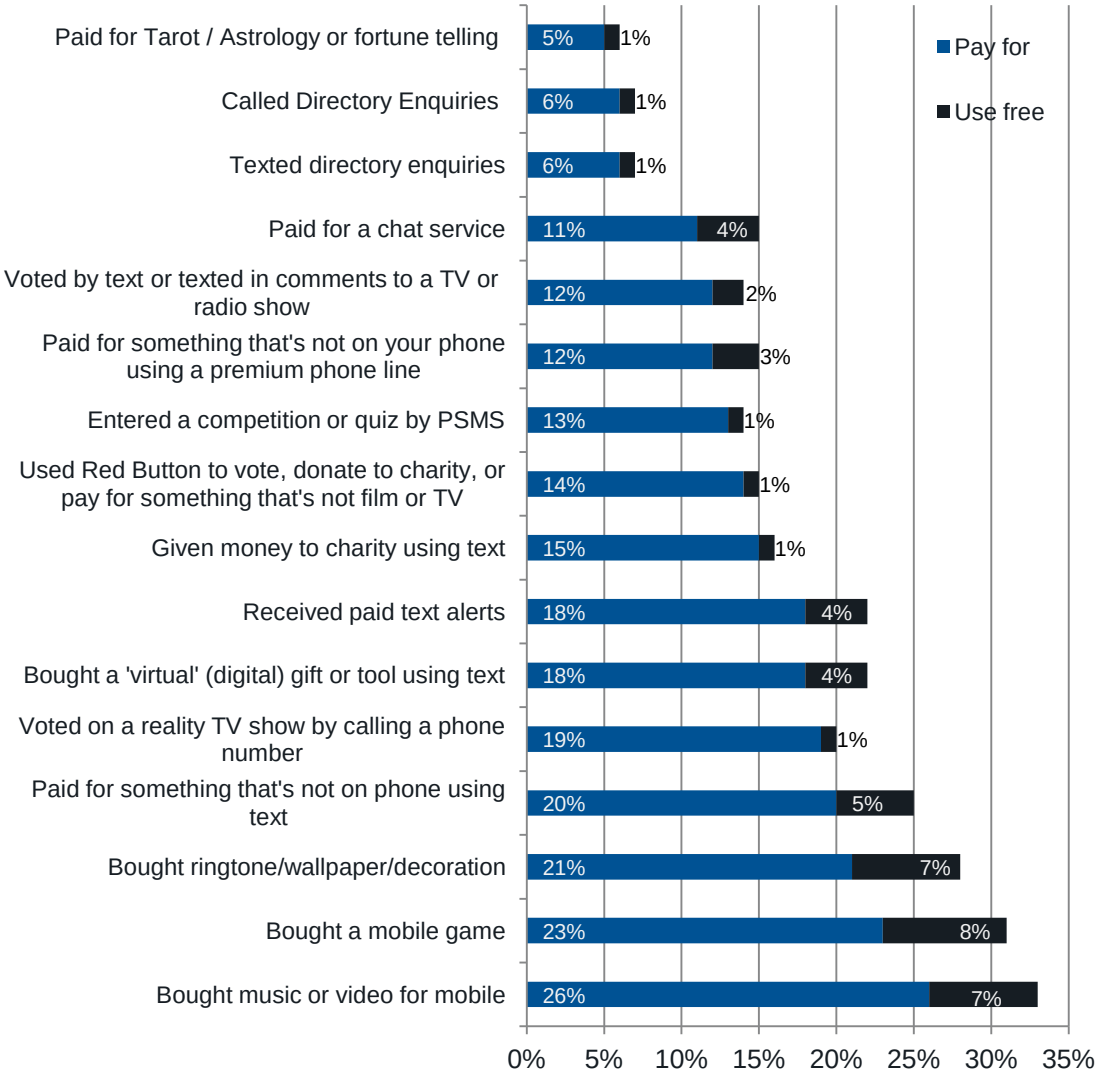
Children and PRS

The study this year placed additional focus on children, their use of PRS and potential for harm caused.

Although it was clear from qualitative research with children that many focused on finding and using free content and apps, an in-school survey of 11-16 year olds found that 65% of children surveyed who had phones had used one of the types of PRS considered. While entertainment services were most common, a large proportion had paid for something not on their phone or to acquire virtual gifts or tools using text.

Most PRS-using children had not had any problems when using services, but 27% had. Most commonly, they had received unwanted marketing messages or been charged more than they had expected.

PRS usage, children 11-16 years old



Source, PhonepayPlus in-school quantitative survey of children 11-16 years old, Dec. 2011 . Base: 416 children who have mobile phones. Please note category names have been modified to fit chart – explanations to children were more detailed.

The qualitative research showed that while many of the children considered themselves quite digitally savvy and able to see through potential scams, several still had had some sort of problems with services.

Only 12% of children responding to the in-school survey had used virtual currencies, while 31% had paid for a mobile application. While this usage level is relatively low, both our quantitative and qualitatative research suggests that children often have problems understanding exactly how much they are spending when buying items or services using virtual currencies. They don't necessarily see this as an issue, however – to their minds, the buying of a virtual currency is something of an upfront, sunk cost.

While the confusion about actual spend of virtual money is a concern, it was clear that the frequent use of free content and apps came at something of a price for the children.

The majority of the children in our sample had come across things they said “weren’t for people their age” - but this wasn’t because they were looking for it and it wasn’t actual content that was classified 18+.

Rather, many of them played free, ad-funded games, and they complained of inappropriate ads featuring in these. Seeing ads for dating and scantily clad women clearly made them feel uncomfortable. In addition to ads including what one boy referred to as “censored stuff” that they “shouldn’t see”, the children were also exposed to more salubrious ads that were simply intended for grown-ups, such as insurance or banking products.

Appendix A: PhonepayPlus Budget 2012/13

	Note		Budget		Budget	Variance	% Change
			2012/13 £		2011/12 £	(Inc)/Dec £	
Staff	1		2,376,478		2,366,891	(9,857)	0.4
Communications	2		103,850		138,150	34,300	-24.8
External Professional Services	3		146,000		155,000	9,000	-5.8
Legal	4		123,333		97,000	(26,333)	27.1
Intelligence	5		150,000		150,000	0	0.0
External Audit	6		23,205		17,750	(5,455)	30.7
Overheads	7		295,029		290,375	(4,654)	1.6
Premises	8		306,914		325,433	18,519	-5.7
Publications	9		10,740		11,315	575	-5.1
Telecoms	10		44,030		43,463	(567)	1.3
Website	11		37,850		51,000	13,150	-25.8
Depreciation			124,754		153,367	28,613	-18.7
Total budget funded by Levy	=		£3,742,183		£3,799,743	£57,560	-1.5
Registration Scheme (see Annex B)			344,437		271,931	(72,506)	26.7
Total Budget			4,086,620		4,071,674	(14,946)	0.4

This expenditure budget is presented in traditional accounting style to allow stakeholders to compare the proposed spending in 2012/13 with the previous year. The presentation by function in Section 5 of the document splits these costs proportionately to the different activities PhonepayPlus carries out.

1. The increase is due to temporary staff costs to cover maternity leave and additional recruitments costs as two Board members term of office is complete.

2. The decrease is a result of a new approach to deliver consumer and industry campaigns.

3. This budget allows PhonepayPlus to bring in external expertise as required, this keeps overall costs down by not requiring full-time specialist staff. The decrease is due to the reduced need for these services during 2012/13.

4. The increase is due to a provision for additional legal costs as a result of Code 12 implementation.

5. This budget is for external market intelligence and research work.

6. We have allowed for more activity in external auditing for 2012/13.

7. This overhead budget includes costs such as energy costs and stationery. The increase is due to higher costs relating to business continuity support.

8. Reduction reflects the renegotiation of lease in 2011 on current premises.

9. This budget is for printed publications which are primarily online documents, with the exception of the Annual Report and the Code of Practice where there will be limited print runs.

10. Telecoms costs are continually reviewed to ensure the most cost effective price plans are obtained.

11. This reduction reflects further planned changes to the hosting and management of the website.

Appendix B: Registration Scheme Expense Budget 2012/13

	Budget 2012/13	Budget 2011/12	Budget Variance (Inc) / Dec	% Change	Key points:
Staff	**108,974**	84,000	(24,974)	30%	Includes direct staff plus recharge of staff time from core budget. These costs will be under review as the scheme matures.
External expertise	**5,000**	5,500	500	(9%)	For PhonepayPlus-initiated developments of the scheme.
Overheads	**85,229**	82,148	(3,081)	4%	Mainly fixed costs of hardware and software maintenance.
Premises	**16,054**	0	(16,054)	n/a	Recharge of costs from the core budget, driven by staff time (direct & indirect) spent on the scheme.
Website	**18,541**	(6,505)	(25,046)	385%	Includes £25,000 for industry-initiated developments of the scheme, which is a non-mandatory spend. Offsetting this is £6,000 of recharge to the core budget for support of network returns.
Depreciation	**110,639**	106,788	(3,851)	4%	Fixed cost of depreciated build, depreciated over 5 years.
TOTAL	**344,437**	271,931	(72,506)	27%	Note that the scheme is still forecast to be within the original £1.625M budget over 5 years.

Annex C – Notes of the ILP meeting of 13 December 2011

Present:
Hamish MacLeod – MBG (Chair)
Simon Bates - MEF
Gavin Daykin - Ofcom
Jeremy Flynn – AIME
Hugh Griffiths – PP+ Board and Mobile Services
Jeremy Hallsworth –PP+ Board and BT Agile Media
Vildan Hasanbegovic - MEF
Andy Martin – FCS
Graham Pottie - BT
Katerina Vlachavas - Ofcom

PhonepayPlus
Sir Alistair Graham (Chair)
Paul Whiteing (Chief Executive)
Shirley Dent
Patrick Guthrie
Neil Hardwick
Alex Littlemore
Joanne Prowse
Stephanie Ratcliffe (minutes)

Apologies:
Paul Berney – MMA
Jacqui Brookes – FCS
Shawn Brown - MDA
Ann Cook – ITV
Michael Eagle - FCS
Suzanne Gillies – PRA
Mark Hawkins – MDA
Nik Hole – The Number
Justin Hornby - UKTA
Hannibal Latuff – BBC
Rory Maguire - H3G, MBG commercial
Neil Pepin – Channel 4
Emma Renaud - ITV 2

Welcome:

Hamish MacLeod welcomed representatives to the meeting and apologies were noted.

1.0 Business Plan and Core Budget 2012/13

Presentation

Paul Whiteing presented an overview of the PhonepayPlus Business Plan and Budget for 2012/13.
He started by summarising what PhonepayPlus had delivered in 2011: the new Code of Practice; 22 pieces of more detailed guidance; the launch of the registration scheme; new investigations and sanctions procedures; a new strategic plan for 2011/14; a consultation on In App Billing guidance and a joint contribution with industry to DCMS's review of the Communications Act. Paul thanked the ILP for their contribution to and support for this work.

Paul noted that at the same time the Executive had restructured, reducing headcount and delivering a real terms budget reduction of 13% in 2011/12.

Paul explained that a key priority for 2012/13, consistent with the Strategic Plan, is to ensure that the new Code and investigations and sanctions procedures are embedded and the full value of the new approach delivered in practice. Other priorities are to help support growth and innovation in the market (for example in areas like text giving); to work with industry on a new thematic approach to improving compliance; and to ensure that we pre-emptively tackle emerging risks in the market, in particular around apps and malware.

Paul set out that the proposed budget for 2012/13 is £3,742,183. This represents a reduction in budget from the current year by 1.5% in cash terms and a 6.5% decrease in real terms, taking into account the current CPI rate. Together with this year's reduction, the proposed budget will mean a nearly 20% real terms reduction in the budget over only two years.

In terms of specifics budget elements, Paul noted that underlying staff costs are continuing to reduce – the staff budget is only rising by 0.4% next year because of some specific extra costs around the replacement of Board and Chair members and maternity cover. The legal budget is being increased by 27% because we expect a greater volume of more complex litigation in the first year of the new Code. Overall, of 12 budget headings 6 will be reduced and one remain static next year in real terms and, in line with our approach of seeking to pre-empt harm rather than just respond after it has occured, there is an marginal shift in the budget away from enforcement and towards industry and consumer support.

Based on the above budget, it was explained that the expected levy for next year will be within the range of 0.42% to 0.54%. The exact levy rate will depend on a number of factors that are not yet clear: the size of the market, our VAT status (which is under review by HMRC) and the amount of fines and other income. Paul noted that the outcome of Ofcom's current consultation on the scope of regulation may also affect the levy: if PhonepayPlus's regulatory remit were narrowed, this would tend to exert upward pressure on the levy, as the cost of regulation would fall on a narrower range of services.

Discussion

In discussion, a number of points were raised by the ILP. These included:

- Whether expected increased legal costs should be funded for in the legal budget, or rather in a contingency fund, as they may not need to be called upon. Paul said the Executive would reflect on this.

- How PhonepayPlus should prepare for the possibility of increased VAT costs next year in the event of HMRC's review not being complete by the time the budget is finalised. Paul said that the Executive would reflect on this, but we would wish to avoid a situation of the levy having to be adjusted in year.

- The need for the new monitoring strategy to focus on the genuine drivers of consumer harm rather than taking a "tick box" approach. Paul agreed with this and stressed that the new thematic approach was intended to deliver a more outcome and harm-based approach.

- The importance of ensuring that fines and admin charges are collected so that the costs for non-compliance are borne by those responsible for causing it and not by the industry as a whole. Paul agreed with this and said that the Executive would be reviewing what more could be done to entrench the "polluter pays" principle.

- One person raised the question of whether there should be a reduced levy rate for parts of the industry that caused less harm/fewer complaints. Paul noted that the levy system had been reviewed a couple of years ago, but it had not produced an alternative to the existing flat rate levy that commanded industry-wide consensus. Sir Alistair Graham noted that whilst differential rate levies could be introduced, experience from other regulators showed that such models could be very complex and more costly to administer.

2.0 Registration Scheme

Presentation

Paul Whiteing explained that the Registration Scheme has a separate budget from the core budget, with a cross-charging mechanism to reflect transparently the transfer of specific costs and benefits between the two. Paul explained that we hadn't this year amalgamated the Registration Scheme and core budgets into a single budget for the overall cost of regulation. Because there was no Registration Scheme last year, amalgamating the two this year would give a misleading impression that overall costs have increased, when in fact they have decreased. But an amalgamated budget could be something to be considered for 2013/14.

Paul set out that whilst many of the costs for the Registration Scheme were fixed costs and therefore couldn't be changed from now on, PhonepayPlus would look to continue driving down the costs of the Scheme where there is scope to do so, in particular on staff support.

The registration fees had been set on the basis of the scheme paying back over a 7-year period. Fees for this year had been set on the basis of uncertain projections. So far, around 3,200 PRS providers have registered, but only 1,800 of these are paying registrants.

Paul explained that we have looked at four main options for the fee structure for next year (although we recognise that other options are also plausible):

1. Maintain the status quo
2. Remove all exemptions and have a flat fee rate for all registrants
3. Remove the exemptions for organisations with a PRS turnover of less than £5K per annum
4. Keep the exemption on charities and re-design the exemption for smaller, new entrants into the market.

PhonepayPlus's recommended option is Option 4, as we think this will spread the cost of the Scheme more equitably, whilst still supporting charities and new entrants to the market. It would also create a simpler model, helping to make the Scheme easier to administer and therefore supporting our goal of cost reductions.

Discussion

In discussion, a number of points were raised by the ILP. These included:

- A question about whether providers currently benefiting from the small business exemption were really small businesses, or larger businesses with only a small PRS operation. Paul explained that we had looked at this. It was not possible to answer this for all registrants, but our analysis suggested that many providers were likely to be larger businesses with just a sideline in PRS.
- This was one reason why we favoured Option 4.

- Jeremy Flynn suggested that the budget for the IT development of the database should be increased as that would enable improved functionality for businesses, for example to search on directors. Paul said the Executive would consider this.

- Jeremy Flynn said that AIME had been considering a further option on the fee structure: all charities exempt; businesses with small PRS turnover to pay nothing in their first year and then around £75 after that; larger organisations pay around £125 per annum. Paul said that we had considered a similar proposal, but didn't include it in our final set of options because we thought our Option 4 was simpler to administer and may be fairer if a large proportion of benefiting from a lower rate would be large businesses with a small PRS turnover. But the Executive would be happy to consider further if there was industry support for this alternative option. We very much supported the view behind the proposal that the fee structure should not act as a deterrent for small businesses looking to enter and develop in the PRS market.

3.0 Conclusion

Paul Whiteing concluded the discussion by asking whether there was ILP support for the proposed business plan and budget for 2012/13. There was an agreed view round the table that the business plan and budget were very credible and should be supported.

4.0 AoB

08xx call for inputs – Hamish MacLeod asked whether there was scope to extend the deadline for responses to the call for inputs beyond 30 January to allow providers more time to respond. The Executive said they would explore with Ofcom as the deadline had been set to feed in to the next stage of Ofcom's consultation on non-geographic call services. Subsequently, it was confirmed that the deadline for the call for inputs could not be extended for this reason, but there would be scope for interested parties to submit more detailed evidence if they wished in response to the Ofcom consultation.

Annex D – List of responses

PhonepayPlus' consultation on its proposed 2012/13 Annual Business Plan and Budget generated the following resposnes:

Association for Interactive Media & Entertainment (AIME) (Trade association)

British Telecom (BT) (Industry stakeholder)

Communications Consumer Panel (Communications Consumer Panel) (Consumer association)

Mobile Entertainment Forum (MEF) (Industry stakeholder)

UK Competitive Telecommunications Association (UKCTA) (Trade association)