



Enhancing stakeholder engagement: an ICSTIS statement

A statement issued by ICSTIS on 1st August 2007

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Section One

Executive Summary

Our vision is to ensure that anyone who uses a premium rate services (PRS) can do so with absolute confidence. In pursuit of this vision, we have created the ICSTIS Code of Practice, which sets appropriate standards for the promotion, content, and overall operation of PRS. We advise providers of premium rate services on compliance with the Code and investigate complaints about those services which appear to be in breach of it.

In our consultation document we suggested that if we are to deliver this vision then we have a responsibility to all stakeholders to:

- provide information about our work and our future regulatory plans through an effective dialogue, supported by formal consultation mechanisms;
- raise awareness about the work of ICSTIS and the industry we regulate;
- educate consumers about PRS so that they are best able to protect themselves and children from possible problems that can arise;
- set standards for the regulation of PRS which meet the test of good regulation;
- support industry and others when developing and operating services and assist them in being compliant with the ICSTIS Code of Practice thus preventing problems from arising which could generate consumer complaints and so undermine trust in PRS.

On the 10th April 2007 we issued a consultation document setting out our views on why the need for effective engagement with our stakeholders is vital to delivering our new agenda for consumer protection. That agenda is based on the following approach:

- a more proactive approach to industry engagement so ensuring that ICSTIS is better placed to respond to market developments and “designing in compliance”;
- a more proactive approach to using communication and education to empower consumers to protect themselves before problems occur, thus reducing a need for regulatory intervention;
- an enforcement agenda which as well as reacting to issues, is also proactively driven and targeted on known areas of potential risk in the PRS market , again minimising the potential for consumer harm and the consequential loss of trust in PRS.

We are grateful to those organisations who took the time to respond and give us feedback, which we see as important if we are to enhance engagement with all stakeholders. This document sets out our statement on enhancing stakeholder engagement having regard to the feedback we received.

Section Two Background

On the 10th April 2007 we issued a consultation document setting out our views on why the need for effective engagement with our stakeholders is vital to delivering our new agenda for consumer protection. That agenda is based on the following approach:

- a more proactive approach to industry engagement so ensuring that ICSTIS is better placed to respond to market developments in products, platforms and payment mechanisms thus minimising public harm and “designing in compliance”. Strengthening the industry support and advice we provide is integral to this as is making a closer link of the development of policy and standards to industry engagement in a variety of forms;
- a more proactive approach to using communication and education to empower consumers to protect themselves before problems occur, thus reducing a need for regulatory intervention;
- an enforcement agenda which as well as reacting to issues, is also proactively driven and targeted on known areas of potential risk in the PRS market and uses effective monitoring tools to identify issues earlier in the product lifecycle, again minimising the potential for consumer harm and the consequential loss of trust in PRS.

We received eight responses to the consultation (as detailed in Annex 1), most of which were providers in the value-chain for PRS and three were trade bodies who represent a number of companies in the same chain. We are grateful to those organisations who took the time to respond and give us feedback, which we see as important if we are to enhance engagement with all stakeholders. To have received only eight responses and all from industry stakeholders only is a disappointment and underlies the need for ICSTIS to be proactive in engaging with a wide range of organisations who might not otherwise place us at the heart of their priorities. This makes the need for this statement, and the work plans that will lie behind it, all the more important if we are to better engage all stakeholders in ensuring that we can work to deliver our vision that consumers can use premium rate services with absolute confidence.

Section Three

Our vision and why stakeholder engagement matters

Our vision is to ensure that anyone who uses a PRS can do so with absolute confidence. In pursuit of this vision, we have created the ICSTIS Code of Practice, which sets appropriate standards for the promotion, content, and overall operation of PRS. We advise providers of premium rate services on compliance with the Code and investigate complaints about those services which appear to be in breach of it.

In our consultation document we suggested that if we are to deliver this vision then we have a responsibility to all stakeholders to:

- provide information about our work and our future regulatory plans through an effective dialogue, supported by formal consultation mechanisms;
- raise awareness about the work of ICSTIS and the industry we regulate thus providing an opportunity to build consumer trust in PRS through assisting consumers to understand how they can protect themselves and what to do if concerns or problems arise;
- educate consumers about PRS so that they are best able to protect themselves and children from possible problems that can arise. An example here is the recent launch of the children's website Phonebrain – www.phonebrain.org.uk. We recognise that for the most part the provision of educational tools should be undertaken with stakeholders who are best able to reach consumers. This will usually be industry and we encourage the collaborative efforts from company's who appreciate the need to educate their consumers and work in partnership with us;
- set standards for the regulation of PRS which meet the test of good regulation. In order to achieve this an effective approach to on-going dialogue and fully considered consultations which are evidence-led and supported by business impact assessments are a pre-requisite;
- support industry and others when developing and operating services and assist them in being compliant with the ICSTIS Code of Practice thus preventing problems from arising which could generate consumer complaints and so undermine trust in PRS.

Question 1 asked: Do you agree with the responsibilities we have outlined above? If not, why not?

Most respondents were in broad agreement with the list of responsibilities outlined above. There were some concerns raised about the responsibilities to educate consumers and raise awareness about the work of ICSTIS especially in relation to the potential costs involved in such campaigns. One respondent also raised the point that ICSTIS is primarily a regulator, not an educator and that consumer education should be a natural by-product of good regulation but not a primary focus of ICSTIS' work. Finally, one respondent suggested that ICSTIS remit is merely to provide an enforcement role for Ofcom in the field of premium rate services.

Our response

We note that most respondents were supportive of the responsibilities we had identified above recognising our responsibilities to regulate premium rate services. With respect to the issue of consumer education and awareness, we note the sensitivity about this issue and the potential associated costs that are or can be involved. We believe this issue is dealt with through the process by which we consult stakeholder annually about our budget and we would also agree that in taking responsibility to educate consumers we are of the view that the means by which this is achieved needs to be practical and cost effective and where possible use existing

relationships that exist between industry providers and their customers. An example would be to work with Originating Communication Providers to promote key messages to consumers in a way that bring benefits to both industry and a well regulated industry.

On the point made about ICSTIS being an enforcement agency only, whilst we do have that function, this appears to miss the critical point that ICSTIS sets the regulatory standards for PRS through the Code of Practice. Whilst the ICSTIS Code is approved by Ofcom this does not mean that ICSTIS is not a regulator with the responsibilities identified above. Most respondents appear to recognise and endorse this.

Section Four

Our key stakeholders

Our consultation identified six key stakeholder groups to whom we have specific responsibilities. These are (in alphabetical order):

- Consumers and those who represent them
- Government and other regulators/enforcement bodies
- Industry
- Legislators/Parliamentarians
- Media
- Ofcom

The consultation further acknowledged that despite the different perspectives and needs of these different stakeholder groups, there are some general requirements and needs that all stakeholders share. These were identified as:

- clarity of purpose – we should be clear about what we do and how we deliver it. We develop and enforce a Code of Practice and support industry with compliance, we assist consumers in a variety of ways through education, information and have a public service responsibility to assist in building trust in PRS, we provide support to other stakeholders as outlined below;
- responsiveness to needs – we need to recognise the needs of stakeholders and find ways that best respond to them in a timely and efficient manner, which is practical and consistent with good regulation;
- professional approach – we should be professional in all our dealings with all stakeholders;
- impartiality – we should draw on objective information and evidence in support of the decision we reach and have a governance structure that ensures we remain impartial in all decision-making;
- operate in a way that engenders the principles of good regulation – we should be accountable, proportionate, targeted, transparent and consistent in all that we do.

Question 2 asked: Do you agree that all stakeholders require these things from ICSTIS. Are there other requirements which are generic to stakeholders?

There was broad agreement by respondents to the requirements set out above. One respondent suggested that there needed to be an additional stakeholder responsibility to be “accessible and receptive to questions and information”. Another respondent suggested that we need to be more accountable to Ofcom (as the “employer”) and industry as the “funder”.

Our response

We welcome the broad support for the general requirements we have identified that we believe all stakeholders share in their relationship with us. We believe that the second of these, “responsiveness to needs” is sufficiently broad to deal with the concern to be “accessible and receptive to questions” which we should be. We also recognise that the relationship with industry and Ofcom have different components. It is for this reason we have a comprehensive Memorandum of Understanding (MOU) with Ofcom, which amongst other things sets out lines of funding accountability to those who provide funding for what we do. We would continue to expect that MOU to cover the accountability we must have for our funding and to demonstrate value for money and efficiency in the way in which we deploy resources – financial and otherwise.

Specific stakeholder needs

As well as these general requirements, we identified in the consultation paper that each stakeholder group will have some more specific needs. We set out below the specific stakeholder needs identified along with respondents' feedback about these and our response:

Consumers and those who represent them

Consumers need to have confidence in PRS. The market will not grow unless they do. Consumers need to understand how PRS operate and what is involved in using them, including cost issues. They need to understand how to protect any vulnerable members of their household and steps they can take to do this. If they have an inquiry or complaint they need straightforward mechanisms for having it handled and they need certainty about who will be doing this. If they have a complaint they need to have confidence that the body handling it will be efficient and effective in dealing with the matter, keep them informed about progress with it and they need to trust the body to handle the matter in an objective way. Finally, if they are entitled to a refund they should have confidence that, if demanded, this will be provided.

Those who represent the views of consumers need to have confidence that ICSTIS will act in an impartial way and has a remit and focus on protecting consumers. They need to understand the proper scope of ICSTIS jurisdiction and they need to feel confident that the views they express to ICSTIS will be properly considered and acted upon when objectively justified and where not to do so would run counter to good regulation.

Government and other regulators/enforcement bodies

Civil Servants and Ministers require a clear understanding of ICSTIS' remit and purpose. They need to be satisfied that ICSTIS has the right powers to act in the public interest and is proportionate in their application and effective in meeting its goals. During the normal activity of Parliament scrutinising the government function, such as through MPs raising Parliamentary Questions, ICSTIS will support the relevant Department with timely and accurate advice and input when requested.

Other regulatory bodies also need to be clear about the regulatory scope of ICSTIS and know what and how they can refer issues to ICSTIS. They should have confidence that ICSTIS will deal with cases appropriately and keep them informed as to its handling of the matter.

There are occasions when other enforcement bodies – Trading Standards, OFT or the Police, for example - may also use their powers to bring enforcement actions against providers involved in the value chain of PRS. In these circumstances ICSTIS may be asked to provide information or advice in order to support such action, and where it is requested such co-operation should be provided with timely support. These bodies will also expect to have any information request treated in confidence by ICSTIS.

Finally, it is incumbent on ICSTIS to work with other regulatory bodies to ensure that where regulation overlaps occur in PRS these are understood and, where possible, regulatory double jeopardy issues are minimised.

Industry

The term "industry" has a broad meaning and includes providers in the telecoms value-chain such as service providers, bureaux, aggregators, content and information providers, mobile and fixed networks. Content and delivery channels widen the term further to also include production companies and broadcasters as well as niche providers of services for different communities of interest. In general industry is likely to focus on the regulatory functions and how far these meet the test of good regulation. Industry will be concerned with the need to stop problems that can have the effect of undermining trust in PRS as this damages legitimate business interests. They will also be concerned to ensure regulation provides value for money and some providers have legitimate brand equity that they will also be concerned to preserve.

Businesses will equally be concerned if the approach to regulatory risk is so stringent as to make the provision of PRS uneconomic. Regulation should foster competition, but deter activity which could be judged as unfair or likely to result in complaints or criticisms. Finally when regulatory action is required to prevent detriment or harm, industry will want that action to be swift and effective, again so that consumer trust in PRS is not eroded.

As the funders of the regulatory regime the industry will be concerned that ICSTIS acts in a way that demonstrates value for money. It will also be concerned that the arrangements for collecting monies and agreeing budgets are transparent, and subject to appropriate scrutiny.

Legislators/Parliamentarians

Parliamentarians have two particular interests with respect the regulation of PRS:

- in holding the Government to account, they satisfy themselves that the various organs of the state involved in protecting their constituents and consumers are fit for purpose. Whilst not strictly an “organ of the state”, ICSTIS nevertheless, as a public body in law with powers delegated to it by Ofcom through the approval it gives to the Code, needs to be fit for purpose. Through Ofcom, DBERR and DCMS, ICSTIS needs to account for its actions when challenged by Parliamentarians;
- as legislators, Parliamentarians need to ensure that when they are creating or amending legislation, they do so in a way that delivers appropriate consumer protection as this is judged within the prevailing political climate.

Media

The media expect bodies such as ICSTIS to provide them with information when reasonably requested. A free press and media will want to report a variety of activities to their audience. Our starting point should be to be open wherever possible, taking care to provide accurate information which reflects accurately the actions or investigations we may have in hand. We also need to preserve confidential information about individual consumers unless consent has been given to allow their details to be released to the media.

The media usually work to very tight deadlines and so need to be provided with comprehensive information in a timely manner so that they may accurately report news items which emanate from the PRS sector.

Ofcom

Ofcom and ICSTIS have entered into a Memorandum of Understanding (MoU) which establishes the framework and the shared principles both parties will follow, thus ensuring efficient and effective regulation by ICSTIS based on providing value for money and operating in accordance with the principles of good governance. Ofcom and ICSTIS must work together if they are to ensure that the co-regulatory regime adopted for PRS is effectively enforced, and that a culture of compliance is maintained amongst all stakeholders. Ofcom expects ICSTIS to take responsibility for the operational arrangements for the regulation of the industry, through publication and enforcement of its Code. Ofcom creates the framework through its role in recognising the Code, approving the ICSTIS Budget and supporting Activity Plan and by continuing to provide backstop powers for the enforcement regime through the PRS Condition. The MoU between Ofcom and ICSTIS seeks to reflect the scope, nature and operation of the co-regulatory relationship between them. In particular, the document is intended to clarify:

- the respective roles and duties of both parties in the regulation of PRS;
- the activities to be carried out by both parties to support each other in respect of each other's role in the regulation of PRS;
- the framework for effective communications between them, and with third party stakeholders; and

- measures required to ensure good value, effective regulation and good governance.

The MoU and the arrangements must be kept under review to ensure they remain fit for purpose in a fast-changing converging market.

Question 3 asked: Do you agree with our assessment of the needs and the specific stakeholder groups identified above? If not, where do you disagree and why?

There was broad support for the assessment we had made of the specific needs of the various stakeholder groups in respect of their engagement with ICSTIS. There were also a number of detailed points and suggestions. A number of respondents made comments about the need to develop the role of the Industry Liaison Panel (ILP) and one respondent suggested that their feedback about the ILP had been “negative”.

A number of respondents made comments about how we handle the media relationship and some suggested that we should take more responsibility with industry to promote more positive stories about the sector.

Our response

In respect of the ILP, we agree with the need for it to develop and to work to the terms of reference which have been agreed. We agree that the ILP can be a success if the members collectively focus on delivering those terms of reference at Annex 2. We note that at least one respondent however has a view of the purpose of the ILP which is not in keeping with the agreed terms of reference. This may cause confusion and we should stress that the ILP's primary purpose is to act as a two-way exchange between ICSTIS and industry on key issues and developments that are likely to affect the overall regulation of PRS. To that extent it is an advisory body; not a decision-making body which is responsible for the governance of ICSTIS.

Turning to the media, we would be willing to support initiatives that promoted a more positive image of the sector. We believe, however, that the primary responsibility for promoting the industry rests with the sector itself and trade bodies in particular. We would encourage them to co-ordinate their resources in this area. If we could support such initiatives then it would be our intention to do so.

Section Five

Forms of engagement

This section of the consultation document set out the forms of engagement about which all stakeholders have concern. These are set out below. We then follow with a detailed assessment of engagement, taking each stakeholder in turn.

Website

We will maintain a website and make available and publish on it all information relevant to our work and our regulations. We will strive to make the website accessible to the general range of users and we will order the content in a way that users find clear and beneficial. We will minimise the need to search for information generally and specifically for areas that we know to be popular for viewing/downloading. The website will contain feedback forms about its content and structure and we will respond to feedback as best we can and continue to develop the site so that users find it helpful and clear. We will also promote the e-alert system on the website so that those with an interest can be kept informed and updated on new information placed on the website.

Question 4 asked: How could we improve our engagement through the ICSTIS website?

Most respondents thought that the website was a helpful tool and there were a number of detailed comments about areas for improvement. One respondent also suggested that it could be enhanced to create internet-based community discussion areas with stakeholders.

Our response

The comments about the website are very helpful and it is noted that they were made in the context of a website which is generally well received. These comments will be passed to the IT Team to consider as part of their on-going development of the website. We are also currently considering the potential benefits of developing a social networking element to the site as a further way to enhance and complement engagement and communication with all stakeholders.

Publications

We will continue to produce a variety of publications, some targeted at specific audiences such as consumers or industry and some more generic. We will produce an Annual Statement setting out priorities for the year ahead. This will be aligned to the agreed budget. We will produce an Annual Report which will outline the main areas of our work in the last year and report on our financial position in that same period. We will make the Code of Practice widely available in both paper and electronic formats as well as being downloadable on the website. We will produce bespoke publications and literature (including research) as and when necessary and when in keeping with our broad objectives and strategy.

We will continue to publish (on the ICSTIS website) full adjudications arising from investigations made by ICSTIS as well as publishing summaries of all ICSTIS Board meetings.

ICSTIS Forum

We will continue to hold ICSTIS forums at least three times annually which will be open to all stakeholders to attend as advertised on the ICSTIS website. We will continue to evaluate the effectiveness of these events, through feedback questionnaires from participants, and adjust them in accordance with clearly expressed views about how they may be improved. We will hold at least one of these three meetings away from London.

Annual meeting for stakeholders

We plan to time the launch of the Annual Report with an open meeting to which any stakeholder can attend. The open meeting will include a question and answer session for all participants.

Specific forms of stakeholder engagement – applicable per stakeholder group

Consumers and those who represent them

We would expect to:

- produce consumer literature and information that assist consumers in understanding how PRS operate and how they can protect themselves. Where appropriate we would expect to develop such information with third parties who have existing relationships with consumers and are better and more effectively able to assist us in communicating and educating them. Specifically, we think here of Originating Communication Providers, who have contractual arrangements with consumers and provide on-going consumer advice materials;
- provide a clear website with consumer information and tools designed to assist consumers in resolving their enquiries quickly;
- provide an efficient and effective Contact Centre for consumers to use in order to obtain more information about PRS;
- engage and periodically meet with bodies such as the NCC, Consumer Direct, CABx, OFT and Trading Standards Offices to ensure that we understand any policy concerns that these organisation have with the delivery of PRS and consumer protection in the wider sense;
- work with Originating Communication Providers and others to assist in ensuring their customer facing staff have the right processes and referral arrangements to ensure the interface with ICSTIS works effectively.

Government and other regulators/enforcement bodies

We would expect to provide:

- timely advice on areas of public policy concern which impact on the regulation of PRS;
- intelligence and information in relation to on-going investigations by other enforcement agencies in the area of PRS;
- advice and assistance to Civil Servants who are drafting response to Parliamentary Questions about matters relating to the regulation of PRS;
- hold regular meetings to ensure any issues of shared interest are properly considered.

Industry

We would expect to:

- stay abreast of technological and commercial developments within the industry as they may come to affect the regulation of PRS;
- meet industry players (individually or collectively) to discuss areas of interest with the regulation of PRS and the provision of particular services;
- meet quarterly with the established trade bodies in the sector as part of the wider remit of the Industry Liaison Panel (terms of reference at Annex 2);
- meet with trade bodies and others as and when they make reasonable requests for such meetings with ICSTIS Executive or Board members;
- attend trade shows and, where appropriate, give talks about the work of ICSTIS;
- undertake industry visits to providers of PRS in different segments of the value chain;
- work with different sectors of the industry – such as mobile – to develop bespoke solutions and co-operation on areas of mutual interest to customers and consumers;
- support industry initiatives where they are found to be, or likely to be, beneficial to consumer of PRS.

Legislators/Parliamentarians

We would expect to:

- keep Parliamentarians apprised of our work and of any issues which are likely to affect their constituents;
- keep Parliamentarians apprised of the effectiveness of the regulatory regime for PRS and the implications for its effectiveness as a consequence of planned legislative changes emanating either from the UK or EU;
- respond to MPs' requests for advice and information following correspondence that they may receive from constituents.

Media

We would expect to:

- provide timely and clear information to journalists requesting information in relation to a PRS or the sector more generally;
- publish in a user-friendly manner comprehensive information about the adjudicatory functions of our remit including clarity about responsibility for the provision of the service in the value chain.

Ofcom

We would expect to:

- keep Ofcom officials informed as to the co-operation and agreed actions arising from the MoU with Ofcom;
- keep Ofcom apprised of regulatory issues arising which could impact on consumers and industry;
- maintain an effective dialogue between the two organisations' Contact Centres to minimise consumer confusion when contacting either party about a matter which could affect both Ofcom and ICSTIS;
- maintain a dialogue about new technological or commercial changes in the market which could impact on the scope or effectiveness of the regulatory regime;
- maintain an effective means of escalating compliance matters to Ofcom where appropriate;
- develop an annual budget for ICSTIS funding which is subject to sufficient checks by Ofcom as to its appropriateness.

Question 5 asked: Are there stakeholder expectations here that we may have overlooked?

There was broad agreement from respondents that we had not overlooked any particular issues. There were also some helpful suggestions which will be considered further. One respondent suggested that all forms of proposed consumer information be initially offered to the ILP for comment on the ground that such contact could affect the market.

Our response

We welcome the comments made by stakeholders which were supportive of our analysis. With respect to the proposal that ILP become a body which considers all proposed consumer information to be used by ICSTIS, this would appear to stray significantly from the purposes of the ILP which were discussed earlier in this paper. On this basis the point has little merit. However, we do recognise that where possible we should work with industry providers who have customer facing relationships, such as Originating Communication Providers so that we can maximise our value for money and impact when providing information to the public. In such situations we would expect to engage such partners in agreeing the content and design of such information or literature.

Section Six

Public consultation principles

In 2004, the Better Regulation Executive¹ produced a code of practice on how better to consult. Listed in the code are six consultation criteria that we expect to adopt. These are listed below together with an explanation of how we expect to meet them.

Criterion 1: *Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.*

We recognise that consultation is a continuous exercise that needs to be started early in the policy development process. It is not just about producing a consultation document but actively engaging with stakeholders through a continuous plan of meetings. This includes pre-consultative meetings and post-consultative meetings. Informal consultation with stakeholders prior to any written consultation not only leads to a more informed consultation exercise but also ensures that stakeholders are engaged early and have a better understanding of the policy objectives being sought.

We will try to:

- involve, as far as possible, all those whose voices need to be heard, whether big companies or small ones, industries, consumer and community groups or individuals;
- explain fully the different options that we are considering before we make our decision;
- help those with views to respond fully and in an informed way; and listen to those responses and use them to help understand the effect of any action we take.

We will also try to:

- do this clearly and openly so everyone can see what is happening when, and why;
- deliver value for money by making sure the cost to us of running the consultation process is not too high; and avoid taking too much time as the premium rate industry we regulate changes quickly.

How formal consultation will work

We will usually run each consultation with a full published document asking for the written responses of people and organisations who want to give us their views.

As well as asking people for written responses to formal consultations, we will also do the following:

- We will use research, where available and cost-effective, better to understand the views, needs and behaviour of people and organisations involved in or concerned about the PRS industry. We particularly want to reach smaller companies and organisations which normally struggle to get their opinions heard. Research may be based on surveys and opinion polls. Other studies may be based on techniques such as focus groups. Others may use a balance of both.
- We will speak regularly to a number of different people and organisations in an informal way to help us understand their concerns. These informal discussions will apply as well as – not instead of – the formal consultation process. They will give us a snapshot of

¹ The Better Regulation Executive's website can be found at www.cabinetoffice.gov.uk.

industry and consumer views. We can then 'test the ground' before issuing formal consultation documents. We expect to do this through a mixture of informal meetings, and on-going Industry Liaison Panel (ILP) meetings.

- We will communicate as widely as possible throughout each consultation. This will involve:
 - holding as many face-to-face meetings as possible in the time available;
 - using our website (www.icstis.org.uk) to gather feedback online and to provide detailed background information;
 - briefing the media using news releases and so on; and
 - communicating directly through the media by writing articles for magazines and newspapers.

We will make sure we keep accurate records of discussions which help us to understand the issues involved. But we will also respect the confidentiality of our sources and will not reveal details if we have agreed to keep discussions private.

We don't just want to know whether people agree or disagree with our proposals. We also want to know why people hold the views they do.

Wherever possible we would like people to back up their statements with evidence. We also encourage membership groups such as trade associations and consumer and community groups to explain exactly whom they represent.

Shorter consultations

There will sometimes be circumstances that require a consultation period of less than 12 weeks. We will try to avoid this wherever possible. In those cases we will usually aim to allow five weeks. However, the time may vary depending on the issue.

Consultations may be shorter than 12 weeks if:

- the issue or community involved is small or only affects a particular group which has been identified ahead of time;
- a proposal will have a limited effect on a market;
- a proposal is only a limited amendment to existing policy; or
- an issue needs to be looked at urgently;
- where re-consultation takes place on the basis of amendments made in the light of earlier consultation.

Where a consultation period is less than 12 weeks we will highlight this in the consultation document and we will also explain our reasons for this and the extra efforts taken to ensure that the consultation is as effective as possible.

Criterion 2: *Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.*

We will always ask focused questions and be clear about the areas of policy on which we are seeking views. Responses that do not refer to the specific questions asked will always still be accepted.

We will always explicitly state any assumptions made about those who are likely to be affected by the proposed policy and will encourage respondents to challenge these assumptions.

As far as possible, our consultations will be completely open, with no options ruled out. However, if there are things that cannot be changed because, for example, they are part of a European Directive then we will make this clear.

We will clearly state the deadline for responses on the front page of the consultation document and any alternative ways of contributing to the process in the consultation document.

Criterion 3: *Ensure that your consultation is clear, concise and widely accessible.*

We will always strive to use plain language and, as far as possible, avoid jargon and only use technical terms where absolutely necessary. We believe that a consultation should be as accessible as possible and will always explain complicated concepts as clearly as possible.

We will always provide an executive summary to any written consultation document that covers the main points. Even if the document is technical we will ensure that the executive summary is accessible to all. Our goal is to ensure that, having read the executive summary, consultees should be in a position to decide whether the consultation is relevant to them, and whether they need to read further.

We will always ensure that any consultation documents are available in paper format on request and we will make them be available on the ICSTIS website from the day that the consultation is launched.

We will encourage respondents to respond electronically if they can. We will ensure that the range of electronic response methods provides for a simple process that engages a broad range of people and encourages deliberation. We will also accept written responses

Criterion 4: *Give feedback regarding the responses received and how the consultation process influenced the policy.*

All responses received by ICSTIS will be carefully and open-mindedly analysed. Particular attention will be given to representative bodies, such as business associations, voluntary and consumer groups and other organisations representing groups especially affected.

We will always pay particular attention to:

- possible new approaches to the questions consulted on;
- further evidence of the impact of the proposals; and
- strength of feeling among particular groups.

We will aim to publish the summary of responses and potential outcomes within three months of the closing date of the consultation. Our summary will give an analysis of the responses to questions asked: for each question there will be a summary of responses to that question and then an explanation of how it is proposed to change the proposal in light of the responses received.

The summary statement we publish will also include a summary of the next steps for the policy, including reasons for decisions taken.

Criterion 5: *Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.*

All our consultations will be evaluated for effectiveness, looking at numbers and types of responses, whether some methods of consultation were more successful than others, and how the consultation responses clarified the policy options and affected the final decision. The Director of Policy & Innovation will act as the ICSTIS consultation co-ordinator.

Criterion 6: *Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.*

When consulting on a review of a policy area, we will ensure:

- consideration is given to opportunities for reducing bureaucracy and regulatory burdens, for example simplification or withdrawal of existing regulations.
- that we conduct, if possible, an impact assessment highlighting the potential costs, benefits and risks of the proposal.
- where it seems feasible, consider alternatives to regulations and encourage respondents to suggest alternatives when responding to the consultation exercise.
- consider any unintended consequences of the proposal and ask respondents to highlight these in their response.
- that we ask about the practical enforcement and implementation issues of our policy, including asking respondents for alternative approaches to implementation.
- that the Principles of Good Regulation are followed whenever policy is being developed. These are: proportionality; accountability; consistency; transparency; and targeting.

Question 7 asked. Do you agree that we should adopt these six criteria for consultation purposes? If not, why not?

There was broad support from respondents for the adoption of these criteria for consultation purposes. One respondent also suggested that that we should set a minimum of 5 weeks for any consultation undertaken. Another respondent suggested that ICSTIS should always commit to a post-consultation “round table” with “major Consultation responders” before finalising any position.

Our response

We have formally adopted the above criteria for consultation purposes and will publish these separately on our website.

In respect of a minimum time for consultation, on balance we take the view that we should aim for a minimum of 5 weeks but that we should not bind ourselves to a minima so that we can be flexible, especially if matters of urgency required a speedier turnaround.

Turning to the issue of “post consultation roundtable discussions”, we do this now where it is clear from the consultation response that clear agreement from respondents has not been forthcoming on a regulatory policy proposal and that we and stakeholders would benefit from further dialogue before a policy position is finalised. However, to commit to such a process as a routine, even where there is unanimous agreement as to a way forward, seems to be a costly waste of time and money and will serve no purpose.

Section Seven

Measuring success in improving engagement

Good stakeholder engagement and consultation matters to us and we see it as a prerequisite to good regulation. We therefore need to satisfy ourselves that we are making measurable progress in delivering improvements in the way we engage. Measuring success in this area has no one simple methodology or approach. Instead we think it will be made up of a combination of ways in which measures of success can be achieved. We set out below the seven ways in which we plan, on an annual basis, to evaluate success in enhancing engagement with all stakeholders:

Stakeholder perception audit undertaken by an independent third party

ICSTIS commits to undertaking an annual stakeholder perception audit, carried out by an organisation with expertise in this area. The audit will encompass stakeholder groups in media, Ofcom, Parliament, industry, DCMS/DBERR, Ofcom as well as consumer bodies. It will be designed to test stakeholders' perception of how we are engaging with them in order to deliver our vision. We will take the outputs from this, along with any recommendations, and feed them into future annual plans.

Consumer research

Our vision is to ensure that anyone who uses PRS can do so with absolute confidence. We need to benchmark the levels of consumer confidence in PRS through objective research and use that research to understand the key barriers to any lack of confidence. ICSTIS will need to consider how far regulation and the setting of different standards for PRS should or could be altered, having regard to full consultation and an impact assessment, to help build confidence.

Service feedback

All complainants to ICSTIS as well as applicants for permission to operate PRS are asked to complete a questionnaire at the outcome of the case/application as to how our service should be rated. This information will continue to be taken into account in shaping the provision of our service across these areas. The Board will be provided with periodic updates on an analysis of this data along with recommendations from the Executive as to how the service can be improved.

Website feedback

The ICSTIS website provides a route for service users to give us feedback about ICSTIS in general and the website in particular. This data will be aggregated on a periodic presented to the Board with any recommendations for change as a consequence of the feedback provided.

ICSTIS Forums

At each ICSTIS Forum we seek feedback on the effectiveness of the Forum along with suggestions for changes. We will consider all the feedback we receive and take this into account in terms of the provision of future events.

Newsletter

From time to time we will undertake reader sample surveys to gather information about how far the publication provides editorial content that meets the needs of readers.

ILP

We will work with ILP members in playing our part in making that body effective and aid them in delivering the agreed terms of reference which is set out at Annex 2. We will take feedback on an on-going basis to try and ensure that we are playing our part in making ILP an effective body, recognising that its overall effectiveness rests as much with the industry members as it does with ICSTIS' engagement with it.

Question 6 asked: Are there other measures that would contribute to benchmarking our success in improving stakeholder engagement?

There was broad agreement as to the measures outlined above as means of measuring success in improving stakeholder engagement. One respondent also suggested that proposed consumer research should be placed before the ILP for comment.

Our response

We will use the measure above as a collective set of measures by which the Board can test and consider how well we are engaging stakeholders and so building better regulation. In respect of the ILP, we will engage it and commit to it on the basis of the agreed terms of reference. Where parties amongst the ILP membership have expertise to offer the Executive in commissioning research etc, then we will be sure to want to utilise them but we would not see that as a routine function of the ILP as currently composed and constituted.

Annex 1

Respondents to the consultation

The following individuals or organisations responded to the consultation:

BBC Audiocall
BT
Netcollex
Network for Online Commerce (NOC)
PNC Telecom Services
Premium Rate Association (PRA)
Thus plc
UK Competitive Telecommunications Association (UKCTA)

Annex Two

ILP Terms of Reference

Membership

Meetings will be open to one representative from each of the trade bodies accepted for membership by icstis. The nominated trade body attendee should be in good standing with icstis and should not have direct company association with any service provider or network whose breach record with icstis is such that their membership of the Industry Liaison Panel (ILP) would undermine its integrity. Such matters will be judged on their merits by the collective membership of the ILP and icstis.

In addition the meeting will be open to BT plc due to its position in the UK communications industry.

icstis may also at its discretion appoint up to four other associate industry members active in the delivery of PRS from amongst service or content providers where trade body representation does not sufficiently reach those particular sectors for example amongst broadcasters who are engaged in the use of PRS. These four members will not be permanent members of the Panel and will be rotated over time having regard to the needs of icstis and ILP and to ensure a balance of discussion with the widest range of interests.

The Chairman will be appointed by the membership and be from industry. The appointment shall be for a period of one year. The membership shall also include some representatives from icstis' Board, including at least one from industry, and from the Executive.

icstis will provide the Executive/administrative support, including note taking and distribution, as well as meeting space.

Role:

- To consider and advise icstis on issues relating to the development of regulation of the premium rate industry, especially with regard to the role that the various commercial stakeholders have in the facilitation of PRS
- To advise icstis on the general effectiveness of the Code of Practice. To provide comments on the effectiveness and workings of the Code of Practice with a view to strengthening trust and confidence in the provision of PRS
- To act as a forum for icstis to raise and inform on matters relevant to all commercial stakeholders
- Annually, to receive and comment on a presentation of the icstis budget when icstis consults with all stakeholders, including service provider funders
- To consider and advise icstis on suggestions for improvements to the collection arrangement for the icstis Levy, fines and Administrative charges
- To receive updates on the operational effectiveness of the icstis Contact Centre and discuss means of improving the signposting arrangements between networks, icstis and other relevant bodies to ensure a successful customer experience in relation to PRS and related customer information, support and advice. To identify trends in complaints and Contact Centre activity with a view to early identification of concerns and pre-emptive solutions.

- To act as a forum where matters relating to consumer information and education about PRS via telephone bills and other mechanisms can be discussed and agreed.

Frequency of meetings

The ILP will normally meet at quarterly intervals. Meetings of sub-sets of the main membership of the ILP may also be convened on an ad hoc basis where such a meeting would be desirable to either icstis or commercial stakeholder members, or a sub-set thereof. Membership of such meetings may be extended to others who are not ILP members where it is deemed desirable to do so and where the expertise of those others is generally recognised to be of benefit to the task or issue in hand.

Reporting of meetings

Notes of the meetings (and any sub-Panel meetings) will be circulated with any papers for subsequent meetings and be provided to the icstis Board. They will also be published on icstis' website. The icstis Activity Report will contain a summary report of the work of the ILP in the preceding year.