

**NOTES OF THE ILP BUSINESS PLAN MEETING NO 63rd HELD ON  
TUESDAY 11<sup>th</sup> DECEMBER 2018  
10am-11.10am  
at  
Phone-paid Services Authority Ltd, 25th Floor,  
40 Bank Street, Canary Wharf, E14 5NR**

**Present**

Ann Cook – ITV (Chair & PSA Board Member)  
Andrew Ailwood – BBC  
Danny Barclay – Telefonica  
Joanna Cox – aimm  
Gavin Daykin – Ofcom  
David Edmonds – PSA Chairman  
Peter Garside - EE  
Tony Maher – TUFF  
Ladi Sanusi - Three  
Jeremy Stafford Smith – Vodafone  
Mike Steel – BT Agilemedia  
Steve Ricketts – PSA Board Member  
Neil Roberts - Vodafone  
Rob Weisz – Fonix

**Phone-paid Services Authority Executive:**

Joanne Prowse (Chief Executive)  
Peter Barker (Director of Corporate Services and Operations)  
Ayo Omidéyi (General Counsel)  
Jonathan Levack (Head of Research and Communications)  
Stephanie Ratcliffe (Company Secretary - minutes)

**Apologies**

Holly Fairweather – Channel 4  
Eric Feltin – Safari Mobile  
Cathy Gerosa – FCS  
Suzanne Gillies – Action 4  
Rickard Granberg – UKCTA  
Mark Stannard – Boku Inc  
Simon Towler – PSA (Director of Policy and External Relations)

## **Welcome:**

Ann Cook welcomed representatives to the meeting and apologies were noted. Ann advised the ILP that Andrew Ailwood will be stepping down from the ILP and thanked him for his contribution and support. Kevin Butcher will replace Andrew as a member on the ILP in 2019.

The ILP **NOTED** that the minutes and actions from the previous meeting, held on 30<sup>th</sup> October 2018, will be covered at the next ILP meeting, taking place on 12<sup>th</sup> February 2019.

Ann Cook advised the ILP that Jo Prowse and Peter Barker will present on the business plan and budget 2019/20. Discussion will then follow.

## **1. Presentation of PSA Business Plan and Budget 2019/20**

### **1.1. Business Plan activities**

Jo started by outlining the timetable for consultation on the plan (and subsequent approval by Ofcom) which is similar to that of previous years.

Jo emphasised the ongoing importance and relevance of the PSA's vision and mission and explained that the business plan sets out the range of activities designed to efficiently and effectively achieve them.

Jo provided an overview of the headline activities being delivered in the current 2018/19 year. Jo then set out how PSA intends to build on this work in 2019/20 based on

- an increasingly healthier and bigger phone-paid services market;
- a changing landscape of new players and new services;
- a growing and more confident consumer base.

Jo then presented a broad summary of the work the PSA will undertake in 2019/20, which includes:

- laying the foundations for Code 15;
- improving consumer experience of phone-paid services;
- implementing key policy work developed in 2018/19 and supporting policy interventions with prioritised enforcement;
- supporting growth in operator billing;
- developing management and sharing of intelligence to maximum effect;
- using increased market understanding to target regulatory interventions with increased precision;
- delivering greater efficiency and effectiveness through low cost digital transformation projects;
- maintaining market compliance, including through developing key stakeholder relations with new and major market entrants;
- ensuring cyber security keeps pace with emerging threats.

### **1.2. Levy and budget**

Following Jo's review of activities, Peter provided an overview of PSA's budgeting process. He emphasised that the zero-based approach ensures we continue to

scrutinise all cost areas for efficiencies, which is particularly important given that two-thirds of PSA's costs are staff costs, and most of the rest of the budget is organisational overheads (rent, IT etc...).

Peter explained that one impact of this approach has been to see budgeted headcount reduced by 5% (from 48.0 FTE to 45.6), but that the budget has also had to incorporate inflationary pressure on IT costs and increases in business rates.

Peter presented the PSA's key financial proposals for 2019/20:

- PSA's budget to be £3,939k, a cash increase of £89k over 2018/19 but a 1% saving in real-terms based on current RPI
- the amount of levy funding required from industry to remain the same as 2018/19 at £1,800k
- based on a current estimated market size of £480m for qualifying outpayments in 2019/20, the levy to be 0.38%
- registration fees will remain unchanged for 2019/20 at £155 + VAT.

As a summary, Peter confirmed that the business plan and budget for 2019/20

- added to the real term savings in total since 2015/16, which now total 21% (£1m)
- allowed for the continued smoothing of the amount of levy required from industry
- expected significant growth in operator billing revenues and outpayments, leading to an overall increase in the size of the market

## 2. Discussion

The ILP **NOTED** the presentation of activities and financial proposals.

Mike Steel asked whether membership of the ILP will be reviewed, given the changing dynamics of the phone-paid services market. Jo confirmed that was indeed the case, with the review looking to ensure that the ILP accurately reflected the nature of the new entrants coming into the market.

Danny Barclay raised the possibility of considering alternative levy funding models to reflect differences in the nature of services and service providers in the market. Peter offered to build that into conversations with major funders in the New Year, in order to continue to see if there was a fairer way to calculate the share of the levy funding required from each funder.

## 3. Conclusion

The ILP **WELCOMED** PSA's continued commitment to work collaboratively with industry stakeholders to strive for a healthier and innovative market in the consumers interests.

ILP members were invited to provide submissions to the business plan and budget consultation, with responses required by the 24<sup>th</sup> January 2019. **(Action: ILP Members)**

Subject to approval by Ofcom, a statement following the consultation process and a final Business Plan and Budget 2019/20 will be published in March 2019. The levy rate for 2019/20 will be confirmed as part of that process.

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

## **End of Minutes**

### **ILP meetings in 2019 at Phone-paid Services Authority Offices**

- Tuesday, 12<sup>th</sup> February 10.00am-12.30pm with a networking lunch at 12.30pm-1.00pm
- Tuesday, 16<sup>th</sup> April 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 16<sup>th</sup> July 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 22<sup>nd</sup> October 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday, 10<sup>th</sup> December 10.00am-11.30am (Business Plan Meeting only)