

**NOTES OF THE ILP BUSINESS PLAN MEETING NO 68<sup>th</sup> HELD ON  
TUESDAY 10<sup>th</sup> DECEMBER 2019  
10am-11.25am**

**at**

**Phone-paid Services Authority Ltd, 25<sup>th</sup> Floor, 40 Bank Street, Canary Wharf, E14 5NR**

**Present**

Ann Cook – ITV (Chair & PSA Board Member)  
Danny Barclay – Telefonica  
Kevin Butcher – BBC  
Joanna Cox – aimm  
David Edmonds – PSA Chairman  
Holly Fairweather – Channel 4  
Peter Garside - EE  
Neil Johnson – aimm  
Ortensa Lepouri – Boku Inc  
Tony Maher – TUFF  
Caroline Press- Three  
Steve Ricketts – PSA Board Member  
Jeremy Stafford Smith – Vodafone  
Rob Weisz – Fonix  
Imogen Willdigg – Cancer Research

**Phone-paid Services Authority Executive:**

Joanne Prowse (Chief Executive)  
Peter Barker  
Gavin Daykin  
Jonathan Levack  
Alex Littlemore  
Ayo Omideyi  
Simon Towler  
Stephanie Ratcliffe (minutes)

**Apologies**

Michael Barford – The Number UK  
Lorna Bryant - Three  
Eric Feltin – Safari Mobile  
Suzanne Gillies – Action 4  
Rickard Granberg – UKCTA  
Ladi Sanusi – Three  
Mark Stannard – Boku Inc  
Mike Steel – BT Agilemedia

## Introductions and Apologies:

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

The ILP noted that the minutes and actions from the previous meeting, held on 22<sup>nd</sup> October 2019, will be covered at the next ILP meeting, taking place on 11<sup>th</sup> February 2020.

## 1. Presentation of PSA Business Plan and Budget 2020/21

### 1.1. Business Plan activities

Jo Prowse presented an overview of the business plan activities.

Firstly, she outlined the timetable for consultation on the plan (and subsequent approval by Ofcom), and asked the ILP to note that it was similar to that of previous years.

Jo then provided a brief review of the current 2019/20 year, commenting that it had been a busy year of policy and operational deliverables to meet consumer expectations and support a compliant market.

Jo reported that the PSA Board had considered its strategic approach to regulation, and had taken the following factors into account:

- the increasing market share of mobile phone-paid services over fixed-line, with growth in operator billing expected to continue in the longer term;
- a changing landscape of new providers and services, with increasing engagement from blue chip organisations;
- an increasingly compliant and healthier market from regulatory interventions and responsible providers;
- greater engagement from consumers, with increasing numbers using phone-paid services.

As a consequence, the PSA has developed a new strategic purpose (replacing the previous vision, mission and strategic priorities) to better articulate what we are here to do. In summary:

We build consumer trust in phone-paid services and ensure they are well served through supporting a healthy market that is innovative and competitive. We do this by:

- establishing regulatory standards for the phone-paid services industry
- verifying and supervising organisations and services operating in the market
- gathering intelligence about the market and individual services
- engaging closely with all stakeholders
- enforcing our Code of Practice
- delivering organisational excellence

Using this new strategic purpose as a guide, Jo outlined the range of activities we plan to undertake in 2020/21. Jo asked the ILP to note that much of this work will be in relation to a new Code of Practice, and that PSA will be seeking to work closely with industry and all stakeholders as we consider and develop Code 15 during the year.

## **1.2. Levy and budget**

Following Jo's review of activities, Peter Barker provided an overview of the finances behind the business plan.

Peter outlined that activities continued to be carefully costed through a zero-based approach to budgeting. He explained that most of PSA's costs continue to be fixed, with 70% of the budget being in relation to staff costs and 26% being in relation to non-staff fixed costs (IT, premises, overheads).

Peter set out the proposed budget for 2020/21 of £4,042k, a neutral change in real terms over 2019/20 and a cash increase of £103k, and noted that real-terms savings of 21% (£1.1m) have been delivered since 2015/16.

In terms of the levy calculation for 2020/21, Peter outlined that PSA expect the market (as measured by outpayments from networks) to remain buoyant. The forecast figure for 2020/21 is £500.0m, based on figures currently available for 2019/20 and industry expectations provided as part of our Annual Market Review.

Peter reported that the total amount of levy funding required from industry would again be £1,800k fulfilling our commitment to maintaining the amount required by the levy at this level for 4 years, but that 2020/21 is expected to be the last year in which retained funds (of collected fines) would be available to enable the levy to held at this level. Based on a market size of £500.0m, the proposed adjusted levy for 2020/21 is 0.36% on outpayments.

The ILP noted that from 2021/22 onwards, PSA is likely to require its full budget (less any income from registration fees) to be funded by the levy – and that the consequences of this would be the overall amount of levy required more than doubling to industry funders. The ILP agreed that the PSA and the four MNOs (as the ILP members responsible for collecting around 80% of the levy) should work together to consider the impact of the likely increase in overall levy funding and any possible changes that might be made to the funding model.

## **2. Other Business**

### **2.1. PSA upcoming consultations and publications**

The ILP noted the upcoming publications and consultations expected in January and February and that the main focus for 2020 will be on Code 15 development work. The Industry Forum, taking place in March 2020, is currently planned to provide an early opportunity for industry to engage with this process.

### **2.2. Code 15 Development**

Gavin Daykin provided a high-level overview of objectives and scope for the new Code and advised that the review would be wide ranging, taking account of the PSA's new strategic

purpose, and looking at market developments, and changing consumer behaviours, expectations and needs. The PSA intends to engage closely with all stakeholders (including industry) in developing the next Code. This will include a Stakeholder Forum, currently planned for March 2020. The ILP noted the key milestones for the Code development work and that a final statement is expected in April 2021.

### **2.3. Registration Update**

Alex Littlemore outlined that following the introduction of new Registration requirements in September, most organisations had been able to successfully register their services. He reported that the PSA's processes are broadly working well, but that to help resolve any remaining issues following the December deadline for getting all existing registrations fully compliant, a third industry workshop is planned in January 2020. Alex confirmed that where organisations were currently genuinely engaged with PSA in trying to meet their Registration obligations, we would not be pursuing any enforcement activity for breaches of such obligations in the short-term.

### **2.4. ILP Forward Plan**

The ILP noted plans for the forthcoming year include:

- A review of the ILP terms of reference and membership to ensure the panel meets the changing dynamics of the phone paid services market and reflects the nature of new entrants coming into the market.
- Four meetings to take place over the year, with a proposed forward plan of topics/areas for discussion and Code 15 development work featuring heavily throughout the year.

Ann welcomed the following industry topics for forthcoming meetings:

- 11<sup>th</sup> February: Steve Ricketts offered to present on high level adjacent subscription forms of payment and gifting.
- 16<sup>th</sup> May: Jeremy Stafford Smith, Peter Garside and Danny Barclay will provide a progress update on the second security detection project.

## **3. Conclusion**

The ILP noted PSA's continued commitment to work and engage 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, by the deadline date of Thursday 23<sup>rd</sup> January 2020.

**(Action: ILP Members)**

Subject to approval by Ofcom, a statement following the consultation process and a final Business Plan and Budget 2020/21 will be published in March 2020. The levy rate for 2020/21 will be confirmed as part of that process.

## **4. AoB**

Ann Cook thanked Steve Ricketts for his outstanding service, hard work and dedication over the years as member on the panel and Board member of the PSA, and wished him well as his terms of office expire at year end.

Ann wished everyone a very happy Christmas and festive period.

## **End of Minutes**

### **ILP meetings in 2020 at Phone-paid Services Authority Offices**

- Tuesday 11<sup>th</sup> February 10.00am-12.30pm with a networking lunch at 12.30pm-1.00pm
- Tuesday 19<sup>th</sup> May 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday 29<sup>th</sup> September 10.00am-12.30pm followed by a networking lunch at 12.30pm-1.00pm
- Tuesday 1<sup>st</sup> December 10.00am-11.30am (Business Plan Meeting)