

## **Phonepay Plus- Business Plan and Budget 2010/11**

### **Response by FCS to the consultation issued on 2 December 2009**

**January 2010**

#### **Introduction**

The [Federation of Communication Services](#) is pleased to have the opportunity of responding to the Phonepay Plus draft business plan and budget for 2010/11 on behalf of our members who deliver telephony and numbering services. We welcomed the presentation and clarification of the plan to the Industry Liaison Panel on 16 December 2009.

We are concerned that the consultation period was truncated well short of the Better Regulation guidelines and expect that Phonepay Plus [PPP] will recognise and act to these guidelines in future

We are encouraged that PPP has listened to industry feedback during the year.

*Q1. PhonepayPlus will be developing a new Three-Year Strategic Plan in 2010. Do you think our purpose and role as set out above still describes the priorities for regulation in the phone-paid services sector? If not, how do you think this should develop?*

The scope of PPP was not clarified in PRS scope review but deferred to the work on the next PPP code We encourage Ofcom as the regulator to apply its definitions of PRS in a further consultation in conjunction with its own stakeholders; PPP would implement the outcome when that is reached. We are concerned that this lack of clarity could lead to unwarranted regulatory creep

The value of the PRS sector has reduced in recent years and it is unclear whether this trend will continue. Anecdotally the new PPP role of regulation of 0871 numbers has led to a severe blight on this market; we perceive that this is due to 0871 company users recoiling from any association with "PRS".

We do not think that PPP should place any certainty on the expansion of its role but seek to be more proficient in the conduct of its existing tasks. In the next 3 year period developing and implementing the 12<sup>th</sup> code will be the major occupation, which "always takes longer than you think". Achieving an effective code will provide a significant contribution to the good order of this sector

*Q2. What information or evidence do you have about market trends and about the overall size of the phone-paid services market in 2009/10?*

Taking into account the economic climate and PPP's own analysis the market appears to be stable at best.

*Q3. What information or evidence do you have about any specific segments or content areas and their potential for real growth or decline over 2009/10?*

We have no comments

*Q4. How do you see the phone-paid services market developing in 2010/11?*

We have no data to offer at this time.

*Q5. What comments do you have on the priorities for 2010/11? Are there other projects or issues that you think PhonepayPlus should consider for the coming year?*

PPP appears to have set reasonable priorities. We caution that more effort may be required to communicate the changes and new aspects of the 12<sup>th</sup> code to the wider PRS community and their customers to ensure a successful implementation. In order to maintain the total budget this may lead to a diversion of expenditure from less important activities.

*Q6. Do you agree that PhonepayPlus should increase consumers' PRS literacy, in so far as it builds an appropriate level of trust in the market?*

In the coming year PPP should focus its efforts on the 12<sup>th</sup> code and not dilute this activity; PPP is advised to leave any proposals for consumer PRS literacy to at least the 2011-12 plan

*Q7. How should PRS literacy work be funded, through the industry levy or through a new fine sanction imposed for breaching the PhonepayPlus Code of Practice?*

As noted in our answer to Q6 we believe these proposals should be set aside and we are surprised that a total of 3 out of these 11 questions should address consumer PRS literacy which we regard as outside the core activity of PPP.

*Q8. What is an appropriate initial level of funding for our PRS literacy programme?*

Please see our answers to questions 6 and 7

*Q9. What areas should PhonepayPlus focus its core research programme in the coming year? Do you have knowledge of any industry research initiatives in these areas?*

We cannot see a need for dedicated market research but expect PPP to work with industry and Ofcom to gain the data to support their activity.

*Q10. Do you support our proposed budget changes for 2010/11 having regard to the activity and strategy that drives the changes? If not, please explain why.*

We welcome the reduction in the PPP budget as a reflection of the economic reality of the industry and note that staff salaries, but not bonuses, have been frozen.

We would welcome activity to look in detail at the different types of reported "breaches", categorising minor code infringements such as administrative errors or mistakes separately from deliberate deception and fraud. Other regulators including other parts of Ofcom have experience in this area and collaboration might be of assistance

*Q11. Do you have any comments as any other risks that PhonepayPlus might face that are not identified above as part of the business plan design?*

We have no comments

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