



Peter Barker
Director of Corporate Services and Operations
PhonepayPlus
25th Floor, 40 Bank Street
Canary Wharf
London E14 5NR

By email only to pbarker@phonepayplus.org.uk

29 January 2016

Dear Peter,

PhonepayPlus Business Plan & Budget 2016/17

UKCTA is one of the leading voices in the UK fixed telecommunications industry, counting the majority of the market's main players as our members. We focus on the issues that we believe are fundamental to the success of a competitive fixed telecommunications market in the UK.

We welcome the opportunity to comment briefly on the PhonepayPlus business plan and budget for next financial year 2016/17. We fully appreciate that PhonepayPlus must have in place sufficient resources to meet its statutory objective and duties. Although we welcome the projected saving of 5% in real terms, we are concerned that the proposed budget is not sufficiently ambitious in its cost reduction objective.

We believe it is commonly accepted that consumer spending on premium rate services has been reducing significantly over the last ten years. Meanwhile profit margins from services are also likely to be much tighter across the board. The budgeted costs therefore represent an increasingly disproportionate financial burden on the industry.

We would therefore urge PhonepayPlus to closely re-examine the draft budget, with a view to proposing further reduction in the final version, together with a commitment to and provide funding to streamline and automate operations in the coming year. Areas where we believe cost savings should be sought are:

- Contact centre: the cost of operating the contact centre accounts for approximately 20% of costs. There must be savings to be made from reviewing the hours the call centre is available and the number of complaints that are resolved by the front-line staff. One alternative would be



to merge the PhonepayPlus contact centre with that of Ofcom. This would allow PhonepayPlus to maintain a smaller team dedicated to PhonepayPlus issues but would allow fixed cost savings and other synergies to be realised.

- Monitoring: we agree that it is important for PhonepayPlus to be able to monitor effectively services offered in the PRS market. We do believe however that it would be worthwhile to explore external expertise solutions rather than relying on in-house monitoring to understand whether the former could be more cost-effective.
- Fine collection levels: We are concerned about the seemingly high level of non-collection of levied fines. There must be a continued discussion with industry and other stakeholders about how these can be improved. We would also urge PhonepayPlus to consider what else can be done to ensure that money in the value chain, destined for non-compliant providers, could be identified in a timely manner and used as a source of funds to meet the costs of fines and administrative overhead.

Please do not hesitate to contact us should you have any questions regarding the above.

Yours sincerely,

A handwritten signature in black ink that reads 'Rosaleen Hubbard'.

Rosaleen Hubbard
Company Secretary
UKCTA