



Ofcom's Tariff Tables 2007/08

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Section 1

Ofcom Funding for the year 1 April 2007 to 31 March 2008

Ofcom Funding for the year 1 April 2007 to 31 March 2008

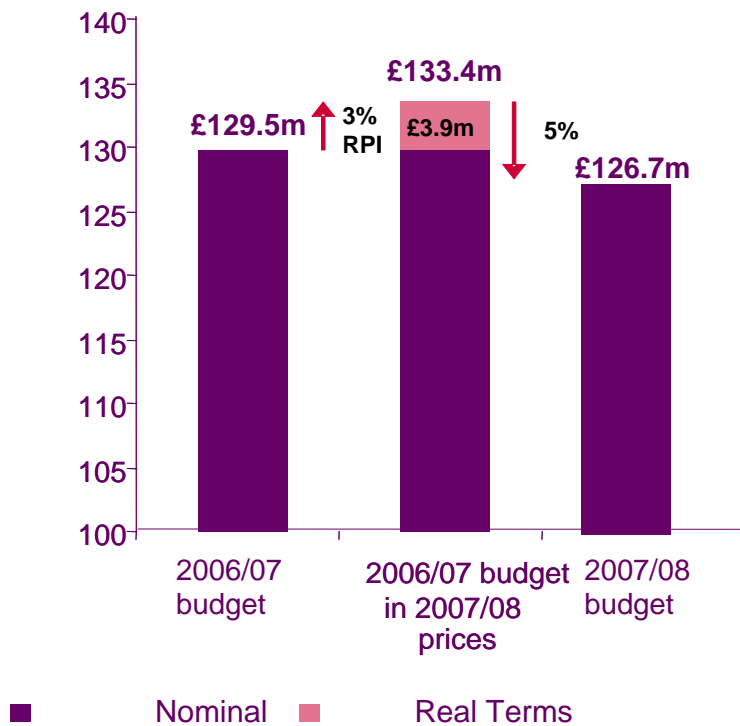
2007/08 Budget and 2006/07 Outturn

- 1.1 Ofcom's proposed work programme is set out in its Annual Plan, which was published in draft for consultation on 12 December 2006. The consultation period closed on 20 February 2007 and, having considered responses to the consultation, the final version of the Annual Plan will be published in early April 2007.
- 1.2 For the fourth successive year Ofcom will operate under a budget which is lower in real terms than the budget for the previous year. Ofcom's budget for 2007/08 will be £126.7m, which is 5% lower in real terms than its budget for 2006/07 and 9.8% lower than its budget for 2005/06.
- 1.3 The £126.7m operating budget is reflective of anticipated RPI increases and the rescheduling of some projects from 2006/07. The budget is based on an adjusted cash basis, which includes capital expenditure and actual contributions to pension schemes, but excludes depreciation.
- 1.4 As a result of recent discussions with HM Treasury, there has been a minor change to Ofcom's funding arrangements. In the past, technology research was funded directly by HM Treasury under the Spectrum Efficiency Scheme. In the future, this research, which is expected to cost £3.5m in 2007/08, will be included in Ofcom's budget. However, because the research will relate predominantly to the management of the radio spectrum, it will be funded by the Department of Trade and Industry. This gives a total budget on the new basis of £130.2m.
- 1.5 In 2007/08, Ofcom will finish repaying the loan received from the Department of Trade and Industry to set up Ofcom, meaning that in subsequent years stakeholders will no longer have to contribute to repayments.
- 1.6 Greater efficiency savings and the re-phasing of some projects means that Ofcom expects to complete its work for 2006/07 at £128.5m, £1m below budget. The underspend will be remitted back to industry – in line with Sections 38 and 347 of the Communications Act 2003 – in the form of reduction in regulatory fees for 2007/08.
- 1.7 However, some stakeholders will experience a real terms increase in their regulatory fees for 2007/08 when compared to the previous financial year.
- 1.8 Ofcom's operating costs are allocated to each sector according to the extent of work proposed for that sector. In 2004/05 and 2005/06 Ofcom spent less than its projected budget across a number of sectors. In these cases the underspends reduced the relevant sector fees for 2006/07. Therefore, while there is a clear reduction in the underlying cost of regulation, the actual fees that some stakeholders will pay in 2007/08 will increase.

- 1.9 Specifically for the radio sector, fees are affected by the phasing of the transitional relief (paragraph 5.3) from prior years, with the actual fees for some stakeholders increasing or decreasing disproportionately to changes in relevant turnovers.
- 1.10 Despite the necessary adjustments explained in paragraph 1.8 sector regulatory fees will still rise by less than RPI. Specifically they will increase by:
- an average of 1.4% for the radio sector;
 - an average of 2.9% for network and services operators; and
 - an average of 1.1% for the television sector before the inclusion of costs for additional regulatory duties specifically chargeable to the BBC Trust.

Comparison of 2006/07 Planned Costs with those for 2007/08

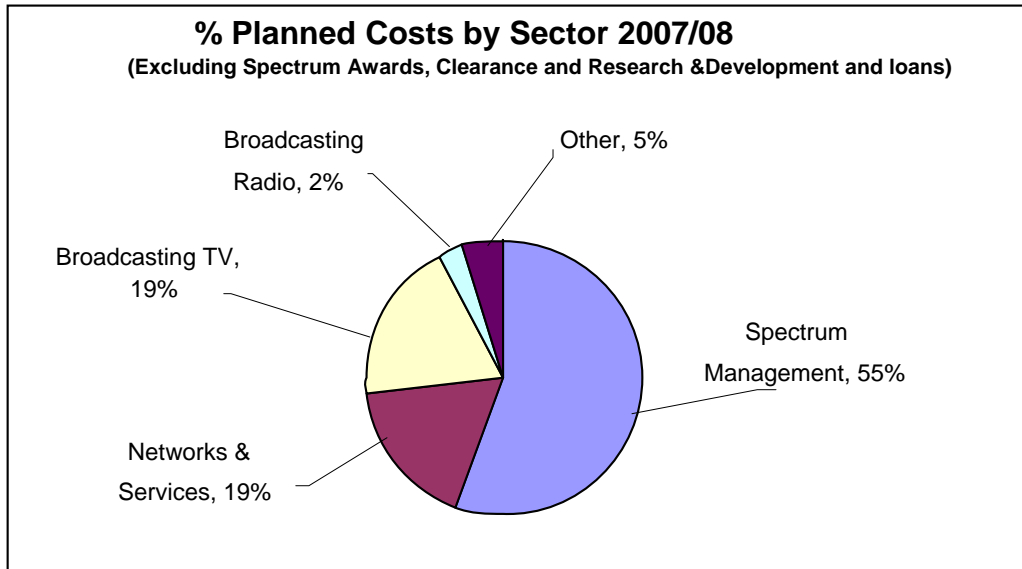
Table 1: Ofcom Costs



- 1.11 The analysis in Annex 1 sets out in tabular form the planned expenditure and fees and charges for 2007/08 by sector.

Allocation of 2007/08 Costs across Sectors

- 1.12 The allocation of costs is determined in accordance with the methodology described in the Statement of Charging Principles published on 8 February 2005. The use of Relevant Turnover in determining the fees and charges, as specified by the Statement of Charging Principles, means that actual costs for some individual licensees will vary from the sector average.



- 1.13 These 2007/08 Tariff Tables set out the payments due by sector, but do not include details broken down by licensee; these remain confidential to the companies concerned.

Section 2

Ofcom's Launch Costs

- 2.1 The costs of restructuring from the former regulators to Ofcom and the cost incurred by Ofcom since its establishment under the Office of Communications Act 2002 have been met through loan funding of £52.3m from the Department of Trade and Industry. These loans, which were made in the period from 31 March 2003 to 2 January 2004, are repayable in the period from March 2004 to March 2008.
- 2.2 The phasing of repayments is determined under the loan agreement with the DTI. We have allocated the launch costs for the complete repayment period until March 2008 on a proportionate basis to the amount of expenditure incurred by the legacy regulators in each Regulatory Sector. The result of this allocation is shown in Table 2.

Table 2: Loan Repayments

Loan Repayments (inc. interest)	Paid 2003/04 £000	Paid 2004/05 £000	Paid 2005/06 £000	Paid 2006/07 £000	2007/08 £000	Total £000
Networks & Services		2,723	2,592	2,672	2,560	10,547
TV Broadcasting		2,578	2,454	2,530	2,423	9,985
Radio Broadcasting		403	383	395	379	1,560
Other	7,328	13,948	13,425			34,701
Total	7,328	19,652	18,854	5,597	5,362	56,793

- 2.3 The recovery of these allocated costs is part of the costs for each Regulatory Sector.

Ofcom Licence Fees and Administrative Charges

Tariff Tables - 2007/08

The following tariff tables provide Ofcom's 2007/08 fees and charges for the year from 1 April 2007 to 31 March 2008. It is split into three sections:

- Networks and Services including Electronic Communications Code;
- Television; and
- Radio.

Section 3

Networks and Services Charges

Administrative Charges for the Networks and Services Sector

- 3.1 Network and Services administrative charges are payable by all Relevant Persons with a Relevant Turnover greater than £5m in the calendar year ended 31 December 2005.
- 3.2 Administrative charges are calculated by applying a percentage tariff to the Relevant Turnover. Where Relevant Turnover falls within a band, as set out in Table 3 below, Ofcom will use the lower figure of the turnover band to calculate the administrative charge payable.
- 3.3 The administration charge is based on 0.0658% of Relevant Turnover in the calendar year ended 31 December 2005.

Table 3: Networks and Services Administrative Charges.

Bands		Relevant Turnover (£)	Fee Payable (£)
Bottom (£)	Top (£)		
0	5,000,000	0	-
5,000,000	10,000,000	5,000,000	3,290
10,000,000	25,000,000	10,000,000	6,580
25,000,000	50,000,000	25,000,000	16,450
50,000,000	75,000,000	50,000,000	32,900
75,000,000	100,000,000	75,000,000	49,350
100,000,000	150,000,000	100,000,000	65,800
150,000,000	200,000,000	150,000,000	98,700
200,000,000	300,000,000	200,000,000	131,600
300,000,000	400,000,000	300,000,000	197,400
400,000,000	500,000,000	400,000,000	263,200
500,000,000	600,000,000	500,000,000	329,000
600,000,000	750,000,000	600,000,000	394,800
750,000,000	1,000,000,000	750,000,000	493,500
Above £1,000,000,000		Actual Relevant Turnover	0.0658%

Monthly Payment

- 3.4 If the annual administrative charge as calculated above is more than £75,000, Ofcom will allow monthly payment of the fee.

Administrative Charges for the Electronic Communications Code

Annual Administration Charge

3.5 Persons who have been granted the electronic communications code (the 'code') must pay an annual administration fee. The fee is as specified in Table 4 below for 2007/08.

Table 4: Electronic Communications Code Annual Administrative charges

	Tariff for 2007/08 (£)
Annual Administrative Charge	1,000

3.6 The beneficiary of Code powers is charged once for administration of the Code, regardless of how many sets of Code powers that beneficiary maintains.

Application Fee

3.7 Persons who have been granted the code in a particular Charging Year must pay a one-off charge in respect of the estimated costs of dealing with their application for the code.

Table 5: Electronic Communications Code Application Charge

	Tariff for 2007/08 (£)
Application Charge	10,000

Section 4

Television Licence Fees

4.1 The categories of licences are:

- i) **Category A** – Channel 3, Channel 4, Channel 5 and the Public Teletext Service Licence. (Note that this category includes associated TLCS licences where content is simulcast);
- ii) **Category B** – Television Licensable Content Service Licences, Digital Television Programme Service Licences, Commercial Additional Television Services Licences and Digital Television Additional Service Licences. (Note that this category does not include those TLCS licences which are included in Category A);
- iii) **Category C** – Restricted Television Service Licences (long-term and short-term);
- iv) **Category D** – Television Multiplex Licences;
- v) **Category E** – Teleshopping Channels.

4.2 The tariffs for categories A and B relate to the licensee's Relevant Turnover for the year ended 31 December 2005. The tariffs are progressive in that licensees pay proportionally more in fees as their Relevant Turnover increases, based on a cumulative sliding scale (see Table 6 below). There is a maximum Relevant Turnover cap of £300m, beyond which no fee is payable.

Category A and B licence fees

Table 6: Category A and B Licence Fees

Relevant Turnover	Category A PSB Revenues	Category B PSB Simulcast Revenues	Category B Non-PSB Revenues
Bands			
£0m - £10m	0.23603%	0.23603%	0.04324%
£10m - £35m	0.35405%	0.35405%	0.08659%
£35m - £75m	0.53107%	0.53107%	0.17317%
£75m - £300m	0.79660%	0.79660%	0.34635%
Over £300m	0.0%	0.0%	0.0%

Notes:

- i) Minimum Fee = £1,000
- ii) Rates are expressed cumulatively, e.g. for Category A licensees 0.23603% is charged on the first £10m of Relevant Turnover;
0.35405% on the next £25m;
0.53107% on the next £40m and
0.79660% on the next £225m.

Monthly Payment

4.3 If the annual licence fee calculated is more than £75,000, Ofcom will allow monthly payment of the fee.

Categories C, D and E

4.4 Licence fees for categories C, D and E are shown below:

Restricted Television Service Licences (long-term and short-term) and Restricted Events Licences

Table 7: Category C Licence Fees

	Tariff for 2007/08 (£)
Restricted Event Licences	
Up to 1,000 seats	100
1,001 – 5,000	150
5,001 – 20,000	250
Over 20,000 seats	500
Restricted Services Licence	500

Television Multiplex Licences

Table 8: Category D Licence Fees

	Tariff for 2007/08 (£)
Digital Multiplex	
Fee per annum	10,000
Application / Renewal fee	25,000

Teleshopping channels

4.5 A fixed annual fee will be charged for these channels as below:

Table 9: Category E Licence Fees

	Tariff for 2007/08 (£)
Shopping Channels	
Fee per annum	2,000

Application Fees

4.6 Application fees are shown below:

Table 10: Application Fees

	Tariff for 2007/08 (£)	Transfers/ Variations
Television Licensable Content Service Licence	2,500	1,000
Restricted Events Licence	250	-
Digital Television Programme Service Licence	2,500	1,000
Digital Television Additional Service Licence	2,500	1,000
Digital Channel 3, Channel 5 and Public Teletext Licences	30,000	30,000

4.7 The amount that new licensees will pay is the non-refundable application fee plus the first years licence fee, which will be the minimum fee. For example, a new TLCS licence will cost £2,500 application fee plus the first year's annual fee (the minimum fee of £1,000).

Section 5

Radio Licence Fees

National and Local Licences - Application and Licence Fees

Application Fees

5.1 All new applications for national and local licences must be accompanied by a non-refundable application fee. The fees for each category of licence are:

Table 11: National and Local Licence Applications

		Tariff for 2007/08 (£)	
	Population (Aged 15+)	FM	AM
National Licences			
All Licences		100,000	100,000
Local Licences			
Category A	4,500,000 +	50,000	14,500
Category B	1,000,000-4,500,000	25,000	8,000
Category C	400,000-1,000,000	10,000	3,500
Category D	0-400,000	5,000	1,000

Annual Licence Fees

5.2 Annual licence fees are calculated as a percentage of the annual Relevant Turnover obtained from the licence for the calendar year ended 31 December 2005.

Table 12: National and Local Licence Fees

Bands		Tariff for 2007/08 % of Relevant Turnover
£0m	- £1m	0.248%
£1m	- £5m	0.371%
Over	£5m	0.557%

Transitional Relief

5.3 In 2004/05, after consultation with the radio sector, Ofcom implemented major changes to the tariff structure for national and analogue licence fees, basing them on the turnover rather than the population coverage of the licence. The scale of these changes required the use of transitional relief in 2004/05 to 2006/07 and again in 2007/08. Licence fee increases are capped at 45% for the year to 31 March 2008 compared to the fee payable in the year to 31 March 2007. Licence fee decreases for 2007/08 are capped at -46% compared to the fee payable in 2006/7. Transitional relief will not be applicable beyond March 2008 following the repayment of the foundation loan.

Monthly Payment

- 5.4 If the licence fee for a national or local licence is more than £5,000, Ofcom will allow monthly payment of the fee.

De Minimis Threshold

- 5.5 The fee for holding national and local licences is set at zero where the fee due would otherwise be less than £100. This is in the interests of efficient administration for both Ofcom and licensees. Therefore, the de minimis threshold is £100 for existing national and local licence fees.

Fees for Renewal of National and Local Licences

- 5.6 All applications for renewal of national and local licences must be accompanied by a non-refundable application fee. The fees for renewing each category of licence are:

Table 13: National and Local Licence Renewals

		Tariff for 2007/08 (£)	
	Population (Aged 15+)	FM	AM
National Licences			
All Licences		100,000	100,000
Local Licences			
Category A	4,500,000 +	21,200	14,500
Category B	1,000,000-4,500,000	11,800	8,000
Category C	400,000-1,000,000	5,000	3,500
Category D	0-400,000	1,500	1,000

National and Local Radio Multiplex Licences - Application and Licence Fees

Application Fees

- 5.7 All applications for national and local radio multiplex licences must be accompanied by a non-refundable application fee. The application fee for each category of licence is:

Table 14: Radio Multiplex Licence Applications – National and Local

	Population (Aged 15+)	Tariff for 2007/08 (£)
National Licences		
All Licences		50,000
Local Licences		
Category A	4,500,000 +	25,000
Category B	1,000,000-4,500,000	15,000
Category C	400,000-1,000,000	5,000
Category D	0-400,000	1,000

Annual Licence Fees

5.8 Annual fees for national and local radio multiplex licences have been set at a fixed rate as shown in Table 15.

Table 15: National and Local Radio Multiplex Licence Fees

	Tariff for 2007/08 (£)
National radio multiplex licences	10,000
Local radio multiplex licences	500

Community radio – Application and Licence Fees

5.9 Application and annual licence fees for community radio licences have been set as shown in Table 16.

Table 16: Community Radio Application and Licence Fees

	Tariff for 2007/08 (£)
Application fee	600
Annual licence fee	600

5.10 Any commercial revenue obtained from a community radio licence will be subject to the same tariff as that applied to national and local licences, which for the financial year 2007/08 is shown in Table 12 which is reproduced below. Any amount due will be offset against the £600 already paid.

Bands	Tariff for 2007/08 % of Relevant Turnover
£0m - £1m	0.248%
£1m - £5m	0.371%
Over £5m	0.557%

Reproduced from table 12

Restricted Service Licences (short-term) – Application and Licence Fees

Application Fees

5.11 A non-refundable fee is required for a short-term restricted service licence application, as follows:

Table 17: Short term RSLs Application fee

	Tariff for 2007/08 (£)
Restricted Service Licence (Short-term) Application Fees	
Application Fee	400

Licence Fees

- 5.12 For short-term RSLs operating over a period of consecutive days (which will not normally exceed a maximum of 28 days, but exceptionally may do so) licence fees will be charged on a daily rate as follows:

Table 18: Short term RSLs

	Daily Rate (£)
a) AM (medium wave)	
All power levels	10
b) FM (VHF) e.r.p.	
i) Up to and including 1W	10
ii) Above 1W, up to and inc. 25W	30

- 5.13 For short term RSLs operating over a period of non-consecutive dates where the period between the first date of the licence period and the last date of the licence period falls within a period exceeding 28 days the licence fee will be as follows:

Table 19: Short term RSLs (non-consecutive)

	Fixed Rate (£)
a) AM (medium wave)	
i) 29 to 140 days	675
ii) Over 140 days	1,250
b) FM (VHF)	
i) 29 to 140 days	1,000
ii) Over 140 days	1,550

- 5.14 All other short-term Restricted Service Licences will be subject to a licence fee of £100 for each 28 day period or part thereof.

Amendment Fees

- 5.15 An amendment fee is charged when an applicant wishes to amend details of its application after it has been approved by Ofcom.

Table 20: Short-Term Restricted Service Licences Amendment Fee

	Tariff for 2007/08 (£)
Restricted Service Licence (Short-term) Amendment Fee	
Amendment Fee	200

Restricted Service Licences (long term) – Application and Licence Fees

Application Fees

5.16 A non-refundable fee is required for a long-term restricted service licence application, as follows:

Table 21: Long-Term Restricted Service Licences Application Fee

	Tariff for 2007/08 (£)
Restricted Service Licence (Long-term) Application Fees	
Application Fee	200

Annual Licence Fees

5.17 The annual licence fee for a long-term restricted service licence varies according to the method of transmission as follows:

Table 22: Long Term Restricted Service Licences

	Annual Licence Fee (£)
a) Induction Loop (AM)	
Licence fee per annum	140
b) Low-powered (FM) Up to and including 50 mW e.r.p.	
Licence fee per annum	140
c) Low-powered (AM) Up to and including 1 watt.	
Licence fee per annum	275

Amendment Fees

5.18 An amendment fee is charged when an applicant wishes to amend details of its application after it has been approved by Ofcom.

Table 23: Long-Term Restricted Service Licences Amendment Fee

	Tariff for 2007/08 (£)
Restricted Service Licence (Long-term) Amendment Fees	
Amendment Fee	200

Audio Distribution Systems (ADS) Restricted Service Licences – Application and Licence Fees

Application Fees

5.19 A non-refundable fee is required for an ADS restricted service licence application, as follows:

Table 24: ADS Restricted Service Licences Application Fee

	Tariff for 2007/08 (£)
ADS Restricted Service Licence Application Fees	
Application Fee	200

Annual Licence Fees

5.20 The annual licence fee for an ADS restricted service licence is as follows:

Table 25: ADS Restricted Service Licences

	Annual Licence Fee (£)
Licence fee per annum	275

Amendment Fees

5.21 An amendment fee is charged when an applicant wishes to amend details of its application after it has been approved by Ofcom.

Table 26: ADS Restricted Service Licences Amendment Fee

	Tariff for 2007/08 (£)
ADS Restricted Service Licence Amendment Fees	
Amendment Fee	200

Radio Licensable Content Service Licences – Application and Licence Fees

5.22 Application and annual licence fees for Radio Licensable Content Service Licences have been set as shown in the following table:

Table 27: Radio Licensable Content Service Licences - Application and Licence Fees

	Tariff for 2007/08 (£)
Application fee	250
Annual licence fee	575

Digital Sound Programme Licences – Application and Licence Fees

5.23 Application and annual licence fees for Digital Sound Programme Licences have been set as shown in the following table:

Table 28: Digital Sound Programme Licences - Application and Licence Fees

	Tariff for 2007/08 (£)
Application fee	250
Annual licence fee	100

Digital Additional Services Licences – Application and Licence Fees

5.24 Application and annual licence fees for Digital Additional Services Licences have been set as shown in the following table:

Table 29: Digital Additional Services Licences - Application and Licence Fees

	Tariff for 2007/08 (£)
Application fee	250
Annual licence fee	100

Additional Services Licences – Application and Licence Fees

Application Fees

5.25 Application fees for Additional Services Licences have been set as shown in the following table:

Table 30: Additional Services Licences – Application Fees

	Tariff for 2007/08 (£)
Additional Services Licences (on National FM Services only)	
Application Fee	20,000

Annual Licence Fees

5.26 Annual licence fees for Additional Services Licences have been set as shown in the following table:

Table 31: Additional Services Licences – Licence Fees

	Tariff for 2007/08 (£)
Additional Services (on National FM Services only)	
Percentage fee of relevant turnover	10%
Minimum (per annum)	£25,000
Maximum (per annum)	£100,000

Annex 1

Analysis of Planned Expenditure and Fees and Charges for 2007/08 by Sector

	Planned Expenditure 2007/08 £	(Underspend)/ Overspend c/f from 2005/06 £	(Underspend)/ Overspend 2006/07 compared to Income £	Total Adjustment to 2007/08 Fees & Charges £	Fees & Charges for 2007/08 £	Fees & Charges for 2006/07 £	Fees Variance £	Fees Variance %
Spectrum Management (inc R&D)	73,154,141		54,752	54,752	73,208,893	78,287,245	(5,078,352)	(6.5%)
Spectrum Awards / Clearance	5,134,700		13,703	13,703	5,148,403	1,825,000	3,323,403	182.1%
Networks and Services	26,016,090	961,432	40,394	1,001,826	27,017,916	26,266,789	751,128	2.9%
TV Regulation Fees	26,453,860	(1,072,880)	200,845	(769,787)	25,684,074	23,092,325	2,591,749	11.2%
TV Application Fees *	445,000		102,249		445,000	455,000	(10,000)	(2.2%)
TV Broadcasting	26,898,860	(1,072,880)	303,093	(769,787)	26,129,074	23,547,325	2,581,749	11.0%
Radio Regulation Fees	2,858,867	(165,920)	(429,210)	(174,293)	2,684,574	2,648,449	36,125	1.4%
Radio Application Fees*	537,100		420,836		537,100	1,300,900	(763,800)	(58.7%)
Radio Broadcasting	3,395,967	(165,920)	(8,373)	(174,293)	3,221,674	3,949,349	(727,675)	(18.4%)
Other	6,112,516	(39,553)	31,811	(7,742)	6,104,775	5,301,922	802,852	15.1%
TOTAL	140,712,275	(316,921)	435,381	118,460	140,830,735	139,177,630	1,653,105	1.2%
Start Up Loan	(5,362,000)				(5,362,000)	(5,362,000)		
Former Spectrum Efficiency Scheme						(6,700,000)	6,700,000	
Spectrum Awards / Clearance	(5,134,700)		(13,703)	(13,703)	(5,148,403)	(1,825,000)	(3,323,403)	
TOTAL	130,215,575	(316,921)	421,678	104,757	130,320,332	125,290,630	5,029,702	4.0%

* (Underspend) / Overspend balances on TV & Radio application fees are included in the total adjustments to the relevant sectors regulation fees