

On Demand Programme Service Fees

Background

Under section 368NA of the Communications Act 2003 (“the Act”), Ofcom may levy fees on ODPS providers to cover its regulatory costs each financial year. The amount of any fee must represent the appropriate contribution of each provider towards meeting these costs and must be justifiable and proportionate having regard to the provider who will be required to pay it and the functions in respect of which it is imposed.

Ofcom is required to consult with providers likely to be required to pay such a fee and in March we wrote to notified providers with our proposals for the 2023/2024 financial year, inviting them to provide comments on the following:

- the likely costs to Ofcom of carrying out the relevant functions relating to ODPS regulation during the financial year 2023/24;
- the resulting aggregate amount of fees that are required to be paid; and
- the estimated fees payable under each turnover band.

We received comments from one provider in response to the consultation which did not relate to the information listed above. As these comments concerned the way in which Ofcom calculates turnover for the purposes of determining which tier of the fee structure should be applied to a particular provider, this was considered to be outside the scope of our consultation¹.

Section 368NA(6) of the Act requires Ofcom to publish a statement as soon as reasonably practicable after the end of the financial year setting out, for that year:

- (a) the aggregate amount received by it in respect of fees required to be paid under subsection (2);
- (b) the aggregate amount outstanding and likely to be paid or recovered in respect of those fees; and
- (c) the cost to it of carrying out its relevant functions during the year.

In respect of the period 2022/2023:

- (a) the total amount received by Ofcom in respect of ODPS fees was £194,393;
- (b) there are no outstanding fees from this period; and
- (c) the cost to Ofcom of carrying out its functions in respect of ODPS was £359,377.

¹ The fee structure in question was put in place in 2017 following a separate consultation, more information about which can be found [here](#).

2023/24 Fees

The total sum of fees to be paid by all providers for 2023/24 will be **£273,055**. This figure is established each year by calculating the cost base for the year and adjusting this to account for any over/under recovery of costs from the prior year. This produces a net view cost to be recovered from the qualifying stakeholders based on their qualifying turnover. The budgeted costs are peer reviewed and externally audited².

The total sum of **£273,055** is higher than the aggregate fee last year. This is due to (i) new research undertaken by Ofcom into audience expectations of Video on Demand content, (ii) further work relating to enforcement and access services and (iii) the shortfall in recovery of costs in respect of the period 2022/2023. The fees in relation to Categories A and B will therefore be higher than last year, as set out below:

Category	Turnover Band	2023/24 Fee (2022/23 fees in brackets)
C	Under £10m	£0 (£0)
B	>£10m but less than £50m	£4,137 (£3,702)
A	>£50m	£8,274 (£7,403)

² A fuller explanation of how Ofcom calculates cost base figures can be found in Annex A of our [Statement of Charging Principles](#).