

Office of Communications Section 400 Licence Fees and Penalties 20-21

Year ended 31 March 2021

Office of Communications Section 400 Licence Fees and Penalties 20-21

Presented to Parliament pursuant to Section 400(6) of the Communications Act
2003

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The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2020, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £926 million.



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A. Section 400 Accounts

Review of 2020/21

Introduction

These accounts present receipts collected on behalf of Parliament and surrendered to the Exchequer. The receipts and payments shown in these accounts are not included in Ofcom's corporation accounts. The administrative costs of maintaining the Section 400 accounts are borne by, and shown in, the main corporation accounts which can be found here:

<https://www.ofcom.org.uk/about-ofcom/annual-reports-and-plans>

Background

Under Section 400 of the Communications Act 2003, Ofcom is required to collect fees and payments. The revenue collected is from five main sources:

- Wireless Telegraphy Act (WT Act) licence fees
- Government Department spectrum fees
- Financial Penalties
- Additional Payments from television and radio licensees; and
- Geographic Numbering

The Digital Economy Act 2017 introduced legislative amendments which permit Ofcom to retain sums received in connection with its functions under the WT Act. Ofcom may retain such sums to fund its general spectrum management functions, as well to meet the costs of undertaking its other functions for which it cannot levy fees and charges.

The remaining revenue collected is passed to the UK Consolidated Fund at HM Treasury, the Department of Finance - Northern Ireland and to the Treasuries of the Isle of Man, the Bailiwick of Jersey and the Bailiwick of Guernsey under Statutory Instrument 1991, Numbers 998, 1710 and 1709 respectively, directly or via the Department for Digital, Culture, Media, and Sport (DCMS) as Ofcom's sponsoring body.

Wireless Telegraphy Act licence fees – excluding Auction receipts

In 2020/21 there were 371,806 (2019/20: 367,650) WT Act licences in issue. WT Act licences are held by a wide variety of spectrum users, from taxi companies and amateur radio providers to mobile phone operators and television and radio broadcasters.

In 2020/21 Ofcom passed £328.3m (2019/20: £312.8m) collected from WT Act licensees and the interest earned on cash balances to DCMS. The increase in 2020/21 is primarily due to higher annual licence fees paid by mobile operators for the public wireless networks.

Ofcom retained £63.8m (2019/20: £56.8m) primarily to fund its general spectrum management functions.

Total receipts 2020/21

£415.5m

WT Act Retention

£63.8m

Payments to the Exchequer

£349m*

*an additional £13.8m is to be transferred to the Exchequer in 2021/22

Wireless Telegraphy Act licence fees – Spectrum Auction

Ofcom's principal statutory duties under the 2003 Communications Act are to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In doing so, Ofcom has a duty to secure the optimal use of spectrum.

In this auction, we have awarded 80 MHz of spectrum in the 700 MHz band, following an eight-year programme to clear the band of its existing uses for digital terrestrial TV and wireless microphones. These airwaves are ideal for providing good-quality mobile coverage, both indoors and across very wide areas – including the countryside. Releasing these airwaves will also boost the capacity of today's mobile networks – offering customers a more reliable service. Additionally, we have awarded 120 MHz of spectrum in the 3.6-3.8 GHz band. These airwaves are part of the primary band for 5G and capable of carrying lots of data-hungry connections. All four of the biggest mobile operators have launched 5G in the last year and releasing these airwaves will help increase the capacity and quality of mobile data services.

We awarded the spectrum by auction because we considered that this will secure the optimal use of the spectrum, in accordance with our statutory duties: we expect the operator which ascribes the highest value to a given portion of the spectrum to be most likely to use it efficiently to deliver the services consumers most want.

The auction consisted of five phases: the receipt of applications; qualification of bidders; principal stage, (in which bidders placed electronic bids for spectrum lots); the assignment stage, (in which bidders placed electronic bids for the particular frequencies in each band to which their lots would be assigned) and the licence grant stage. During the assignment stage, winners of spectrum in the 3.6-3.8 GHz band also had the opportunity to negotiate their spectrum positions among themselves.

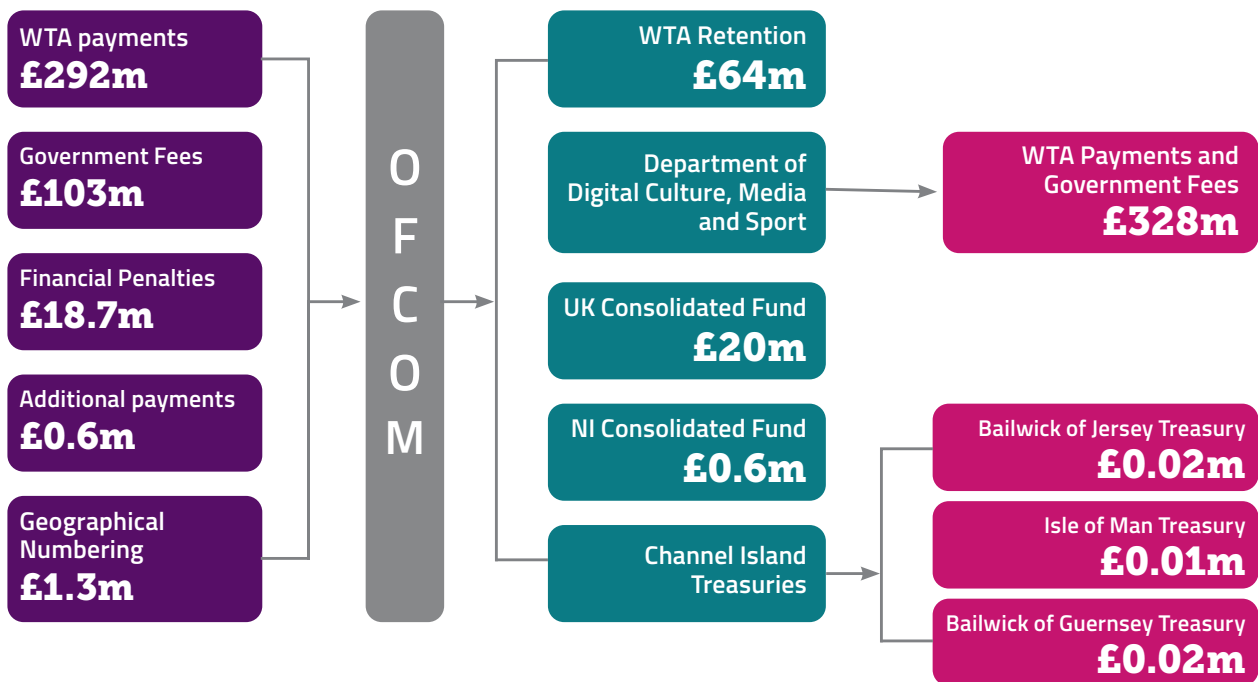
This stage was an important step towards helping companies bring their spectrum holdings in the wider 3.4-3.8 GHz band closer together by giving them the opportunity to discuss post-auction trades to consolidate spectrum won in the 3.6-3.8 GHz band and airwaves they already held in the 3.4-3.6 GHz band. Telefónica UK Limited and Vodafone Limited entered into an agreement during the negotiation period.

Bidders were required to pay deposits on application and before the start of the principal stage, which commenced on 12th March 2021. Two bidders also paid further deposits prior to the assignment stage. As a result of this on 22nd of March Ofcom held deposits from the bidders, as set out in the Statement of Cash Balances and Note 7 to the accounts. At the end of the principal stage, we calculated and announced the quantities of spectrum won by each bidder, and the base prices they had to pay.

After granting the spectrum licences on 27th April 2021, Ofcom transferred to Government, the amount bidders paid for the spectrum they had won in the principal stage and for the particular frequencies which had been bid for in the assignment stage. Any excess deposits held were also returned to the bidders at this time. The receipts and payments relating to this spectrum auction will be disclosed within the 2021/22 Section 400 Accounts.

Government Department spectrum fees

Under Section 163 of the Communications Act, Ofcom receives fees for spectrum use from certain Government departments. 2020/21: £103.2m (2019/20: £106.9m) These include Ministry of Defence, Department for Transport, Department for Business, Energy and Industrial Strategy and the Home Office. The fees are agreed with the departments by HM Treasury as part of the spending review settlements. These receipts are not Wireless Telegraphy Act payments but are treated in the same manner with cash received from commercial licensees.



Additional Payments

Television

Holders of the Channel 3 and Channel 5 television licences and the national radio and additional services licences are required to make an annual fixed payment (known as cash bids). In 2020/21 Ofcom received £0.2m (2019/20: £0.2m) in additional payments from TV broadcasters.

In February 2014, Ofcom announced that it had renewed the Channel 3 and Channel 5 licences for a further ten years from 1 January 2015. Ofcom determined that the financial terms for each licence in the renewed period would be set an annual cash bid of £10,000. The cash bid amount will increase by RPI each year. Details of the financial terms can be found on the Ofcom website at:

<http://stakeholders.ofcom.org.uk/broadcasting/tv/c3-c5-financial-terms>

Radio

National radio licensees (Classic FM, Absolute Radio and Talk Sport) are required to pay a cash bid of £10,000 annually.

In February 2017 Ofcom awarded the additional service license by auction to INRIX UK Ltd. As part of the license condition, the licensee is required to pay a fee based on percentage of its qualifying revenue in addition to the annual cash bid payment. Details of the financial terms can be found on the Ofcom website at:

https://www.ofcom.org.uk/_data/assets/pdf_file/0034/97756/Additional-Services-Licence-Statement.pdf

In 2020/21 Ofcom received £0.4m (2019/20: £0.6m) in additional payments from Radio broadcasters.

Financial Penalties

Under the Communications Act 2003 and the Broadcasting Act 1990 and 1996, Ofcom has the power to issue a penalty to individuals and organisations for breaches of a code or licence terms.

During 2020/21, Ofcom issued penalties totalling £19m (2019/20: £2.3m). The higher balance in 2021/21 issue to fines levied on Telefonica and BT. Penalties totalling £18.7m (2019/20: £1.9m) were collected in 2020/21.

A list of penalties imposed during 2020/21 is published on Ofcom's website and can be found at: <https://www.ofcom.org.uk/about-ofcom/annual-reports-and-plans/other-financial-reporting>

Geographic Telephone Numbers

Ofcom has a duty under section 63(1) of the Communications Act 2003 to secure the best use is made of numbers and encourage efficiency and innovation for that purpose. Ofcom's power to charge for the allocation of geographic numbers is based principally on section 58(1)(g) of the Act and is implemented by way of requirements in the General Condition relating to the allocation, adoption and use of telephone numbers (General Condition B1).

The annual charging year runs from 1 April to 31 March and invoices are generated one year in arrears. In 2020/21 Ofcom collected £1.3m (2019/20: £1.3m).

Forward look: Impact in 2021/22

Financial Penalties

In August 2018 Ofcom imposed a financial penalty of £50m on Royal Mail for a serious breach of competition law, after the company abused its dominant position by discriminating against its only major competitor delivering letters. In November 2019 the Competition Appeal Tribunal dismissed Royal Mail's appeal against the unlawfulness finding and the penalty. In April 2020, the Court of Appeal granted Royal Mail permission to appeal the Tribunal's judgment. The hearing took place on 20 – 21 April 2021. The obligation to pay the penalty is effectively suspended pending the determination of the appeal.

Penalties collected in 2020/21

£18.7m

91%

Incurred by
Networks &
Services

9%

Incurred by
Post, TV and
Radio

B. Accountability

Governance

The Section 400 accounts share the same governance arrangements as Ofcom's main accounts. The Ofcom Board leads the organisation and its core activities. The Board meets regularly and is provided with regular strategic updates and reports on Ofcom's operational and policy activities.

The Board is responsible for ensuring that proper records are maintained, which disclose with reasonable accuracy, at any time, the financial position of Ofcom, and enable it to ensure that the Statement of Accounts complies with the Communications Act 2003.

In addition, the Board is responsible for safeguarding Ofcom's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Full details on Ofcom's Board and full governance structure can be found in the main accounts.

Statement of Ofcom's Responsibilities with respect to the Financial Statements

Under Section 400(4) of the Communications Act 2003 Ofcom is required to prepare a statement of accounts for each financial year in respect of the Licence Fees and Penalties listed in Section 400(1), and the payment of such receipts to the Consolidated Funds of the United Kingdom and Northern Ireland respectively. The accounts also show payments to the Treasury of the Bailiwick of Jersey, the Treasury of the Bailiwick of Guernsey, and the Treasury of the Isle of Man.

The accounts are prepared on a cash receipts and payments basis and must properly present the receipts and payments for the financial year, and the cash balances held at the beginning and end of the year.

As the senior full time official of Ofcom, the Chief Executive is the Accounting Officer for these accounts. Her relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances for which she is responsible and for the keeping of proper records. The Chief Executive has specific responsibilities for ensuring that the terms of the Framework Document issued by the Secretaries of State are complied with.

Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Communications Section 400 Licence Fees and Penalties Account for the year ended 31 March 2021 under the Communications Act 2003. The financial statements comprise: the receipts and payments account, statement of cash balances and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law (the Communications Act 2003 S400)

In my opinion:

- the financial statements properly present the receipts and payments of the Office of Communications for the year ended 31 March 2021; and
- the financial statements have been properly prepared in accordance with the Communications Act 2003 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Office of Communications in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK.

My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office of Communications' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office of Communications' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Review of 2020/21 but does not include, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate,

I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the information given in the Review of 2020/21 for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office of Communications and its environment obtained in the course of the audit. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Ofcom's responsibilities, the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Office of Communications' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Office of Communications will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Communications Act 2003

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Office of Communications' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office of Communications' policies and procedures relating to:
 - » identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - » detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - » the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office of Communications' controls relating to the Communications Act 2003
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: receipts recognition, posting of unusual journals

- obtaining an understanding of the Office of Communications' framework of authority as well as other legal and regulatory frameworks that the Office of Communications operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Office of Communications. The key laws and regulations I considered in this context included the Communications Act 2003;

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

7 July 2021

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

C. Financial Statements

Receipts and Payments Accounts

Year ended 31 March 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Payments under the Wireless Telegraphy Act		291,680	262,274
Fees received from Government Departments	3	103,162	106,978
Interest Received		15	51
WT Act Auction Receipts	2B	-	-
Interest Received on Auction Receipts		-	-
Total Spectrum Fee Payments received		394,857	369,303
Additional Payments by licensees		636	734
Net Additional Payments by licensees		636	734
Financial Penalties	6	18,684	1,931
Geographic Numbering receipts		1,305	1,316
Total Receipts for the year		415,482	373,284
WT Act Payments to DCMS	2A	(328,321)	(312,800)
WTA Act Receipts Retention (s.401)	4	(63,840)	(56,828)
Payments to the United Kingdom Consolidated Fund		(20,040)	(10,697)
Payments to the Northern Ireland Consolidated Fund		(564)	(275)
Payments to the Treasury of the Isle of Man		(11)	(1)
Payments to the Treasury of the Bailiwick of Jersey		(20)	(7)
Payments to the Treasury of the Bailiwick of Guernsey		(13)	(5)
Net Payments to Consolidated Funds and Treasuries		(20,648)	(10,985)
Total Payments for the year		(412,809)	(380,613)
(Deficit)/Excess of Receipts over Payments for the year		2,673	(7,329)

Statement of Cash Balances

Year ended 31 March 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Balance at beginning of the year		14,894	22,223
Excess/(Deficit) of receipts over payments for the year		2,673	(7,329)
TOTAL CASH BALANCE (exc. Spectrum auction deposits)		17,567	14,894
Spectrum Auction Deposits	2B	2,692,218	-
TOTAL CASH BALANCE		2,709,785	14,894
CASH BALANCE OWED TO			
UK Department of Digital Culture, Media and Sport		13,798	10,499
Consolidated Funds and Treasuries and MOD refund.		382	23
Amount to be retained by Ofcom (April 21)		3,387	4,372
	7	<u>17,567</u>	<u>14,894</u>

The Notes on pages 14 to 17 form part of these accounts.

Melanie Dawes

Melanie Dawes (Jun 24, 2021 18:07 GMT+1)

Dame Melanie Dawes DCB

**Chief Executive and Accounting Officer
Office of Communications**

24 June 2021

D. Annex

Notes to the Accounts For the year ended 31 March 2020

1. Basis of Accounting

These accounts are prepared on a receipts and payments basis in accordance with the provisions of Section 400(4) of the Communications Act 2003. They also show the amounts paid to the Treasury of the Isle of Man, the Treasury of the Bailiwick of Jersey, and the Treasury of the Bailiwick of Guernsey under Statutory Instrument 1991, Nos. 998, 1710, and 1709 respectively.

2. Payments under the Wireless Telegraphy Act 1998

Section 400(2) of the Communications Act requires that, subject to any refunds and the retention of funds to cover costs as described in Note 5, all amounts from the list in Section 400(1) paid to Ofcom, including payments under the Wireless Telegraphy Act 1998 (c.6), should be passed to the appropriate Consolidated Fund. The exception to this is Wireless Telegraphy Act receipts, which are paid to DCMS, as directed by the Treasury in accordance with its powers under the Government Resources and Accounts Act 2000 and the annual Appropriation Act.

2a. WT Act licence fees

In the period of these accounts, Ofcom paid £328.3m (2019/20: £312.8m) collected from WT Act licensees and the interest earned on any cash balances held to DCMS. The increase in the 2020/21 balance is mainly due to an increase in the annual licence fees paid by mobile operators for the public wireless networks.

Spectrum Fees Transferred	31 March 2021 £'000	31 March 2020 £'000
Wireless Telegraphy Act Cash Transferred to DCMS	225,159	205,822
Fees received from Government Departments	103,162	106,978
Total spectrum fees transferred by Ofcom	328,321	312,800

2b. Wireless Telegraphy Act - Licence Fees received from the Auction of spectrum in 2020/21

No spectrum auctions were completed in 2020/21 (2019/20: nil). Please refer to: Wireless Telegraphy Act licence fees – Spectrum Auction, on pages 2 and 3 for further information regarding the spectrum auction that commenced in March 2021 and concluded on the 27th April 2021. Funds held on deposit at 31st March 2021, as set out in the Statement of Cash Balances, were transferred to Government on the 28th April once WTA licences were issued, and any excess deposits were returned to bidders. Both the receipts from the auction and payments to Government will be disclosed within the 2021/22 Section 400 Accounts. A summary of the award is included in the table below.

Name of bidder to whom licence granted	Frequencies	Total base price £000	Additional price £000	Total licence fee £000
EE Limited	723-733 MHz and 778-788 MHz	280,000	23,000	307,000
	738-758 MHz	4,000	-	
	3680-3720 MHz	168,000	-	168,000
Hutchison 3G UK Limited	713-723 MHz and 768-778 MHz	280,000	-	280,000
Telefónica UK Limited	703-713 MHz and 758-768 MHz	280,000	-	280,000
	3760-3800 MHz	168,000	-	168,000
Vodafone Limited	3720-3760 MHz	176,400	-	176,400
	Total	1,356,400	23,000	1,379,400

Full details including the licences granted and the licence fees paid can be found on our website at: <https://www.ofcom.org.uk/spectrum/spectrum-management/spectrum-awards/awards-archive/700-mhz-and-3.6-3.8-ghz-auction>

3. Fees Received from Government Departments

During the period under review, £103m (2019/20: £107m) was paid by Government departments. A refund of £0.4m is due to the MoD following a review of its 2020/21 fee by HMT.

4. Sums Retained from Wireless Telegraphy Act Payments

Under Section 401 of the Communications Act, Ofcom has the power, subject to Treasury approval, to make a statement of principles under which any or all the amounts collected under the Wireless Telegraphy Act, can be retained to offset the costs of carrying out the spectrum functions detailed in subsection 401(4) of the Act.

The Digital Economy Act 2017 introduced legislative amendments which permit Ofcom to retain sums received in connection with its functions under the Wireless Telegraphy Act. A total of £63.8m (2019/20: £56.8m) was retained to fund its general spectrum management functions and other relevant activities including our new Video Sharing Platform duties.

	31 March 2021	31 March 2020
	£'000	£'000
Spectrum Management	55,298	54,185
VSP and Online harms	6,005	-
Orphan expenditure (inc. Nuisance Calls)	1,058	1,497
ALF Litigation costs	1,479	1,146
Total Wireless Telegraphy Act receipts retained	63,840	56,828

The Statement of Principles underpinning this funding model can be found at:

https://www.ofcom.org.uk/___data/assets/pdf_file/0017/107702/statement-principles-wta.pdf

5. Grant in Aid Received:

Section 400(1)(c) of the Communications Act requires the inclusion within these accounts of Grant in Aid received for our ongoing spectrum clearance and awards programme.

During the year under review, grants totalling £23.9m (2019/20: £79.6m) were received from DCMS to cover the costs of Spectrum Clearance and Awards Programme. A full disclosure of the Income can be found in the Ofcom main accounts.

6. Financial Penalties

Penalties received in the year were as follows:

Sectpr	31 March 2021	31 March 2020
	£'000	£'000
Broadcasting TV	4	100
Radio	15	86
Post	1,620	10
Networks & Services	17,045	1,735
Total	18,684	1,931

During 2020/21, Ofcom issued penalties totalling £19m (2019/20: £2.3m) and collected penalties totalling £18.7m (2019/20: £1.9m). Details of all the penalties issued in 2020/21 can be found on the Ofcom website at: <https://www.ofcom.org.uk/about-ofcom/annual-reports-and-plans/other-financial-reporting>

7. Balance at End of the Financial Year

The cash balance of £17.6m (2019/20: £14.9m) at the end of the year relates to funds due to be transferred to the relevant stakeholders in April 2021. A further £3.4m was retained from March 2021 Wireless Telegraphy Act receipts relating to April 2021 budgeted expenditure.

- £13.8m: Wireless Telegraphy Act fees of transferred to DCMS in April 21
- £3.4m: Ofcom's April 21 retention amount to fund relevant expenditure.
- £0.002m: Geographical Numbering receipts to be transferred to HMT.
- £0.003m: Penalties transferred to the Consolidated Funds.
- £0.4m Q4 MOD refund
- Spectrum auction deposits held on behalf of bidders was £2,692m as at the 31st March 2021.

For further information about the National Audit Office please contact:

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