



Vaughan John  
Ofcom  
2a Riverside House  
London  
SE1 9HA

28<sup>th</sup> September 2018

Dear Vaughan,

We write in response to Ofcom's recent statement and consultation 'PMSE clearing the 700 MHz band - Support for PMSE equipment owners'<sup>1</sup> and the proposal to reflect the costs of participating in the funding scheme by adding a 5% mark-up to the payment made to a claimant.

The BBC very much welcome the recognition that PMSE users will incur additional costs beyond just replacing affected equipment. Also very welcome is the proposal to avoid time consuming processes to assess these costs, instead reimbursing a simple mark-up on the equipment payment received. We think this is the right approach to take.

We do, however, question whether the five percent reimbursement level proposed accurately reflects the time and effort that PMSE users who need to modify complex studio infrastructure will have to spend to be ready for the expedited clearance date. We note that a mark-up figure of 5% appeared in the 700MHz Decision statement published on 19<sup>th</sup> November 2014. As set out a consultation response from BEIRG had quantified the proportion of the new equipment costs that were incurred by a stakeholder in decommissioning their original equipment during the Channel 69 clearance. The company committed 501 days effort at £250 a day, a total of around £125k which equated to 5% of the replacement equipment cost.

In contrast, the BBC response to the April consultation gave the cost to the BBC of the Channel 69 Clearance of £200k for project management compared to new equipment costs of £1.7 million. The 700MHz Clearance is a more complex project than the Channel 69 clearance which only involved equipment replacement. Delivering an expedited 700 MHz clearance programme will require more detailed management and system integrator effort - a result of additional decommissioning and re-engineering costs across many studios - and over a shorter timescale. Figures also given in the BBC response to the April consultation estimate the re-engineering costs for the 700MHz Clearance to be around £50k for equipment and £5k for installation for a small studio - and this would exclude acceptance testing and project management. These costs reflect the fact that this is a complex and highly technical infrastructure project to manage over

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<sup>1</sup> <https://www.ofcom.org.uk/consultations-and-statements/category-1/support-pmse-equipment-owners>

many studios which require re-engineering within a challenging timescale. As a result a mark-up figure in excess of 10% on the replacement equipment cost would more accurately reflect the costs likely to be incurred by PMSE users with complex installation bases to deliver a successful and timely PMSE 700MHz Clearance.

Please do get in touch if you have any further questions, or require additional information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Helen Charles', with a horizontal line underneath.

Helen Charles  
Senior Policy Adviser

Cc: Daniel Wilson, Head of UK Policy, BBC