



# Procedures for the Management of Satellite Filings

Charges and amendments to procedures

Publication date: **19 December 2007**



# Contents

Section	Page
1 Additional Information	1

## Section 1

# Additional Information

Prior to receiving any formal responses to this consultation, we received a letter from the Isle of Man Communications Commission requesting clarification on a number of points. The letter firstly sought clarification and transparency on the breakdown of staff costs that result in the £400,000 annual figure we are seeking to recover and secondly sought clarification on the extent to which fees for Crown Dependencies and Overseas Territories would be lower as a result of them relieving Ofcom of certain functions.

Accordingly, we have decided to make this information available to all interested parties. We would be pleased to receive supplementary comments in relation to this additional information by **5pm on 17 January 2008**. These should be sent to Ofcom in accordance with **Annex 1** of the published consultation document.

### Financial Information

1. Detail & Justification of Ofcom's costs.
2. Likelihood of further increases in costs

**1. Detail & justification for Ofcom's costs:** The figure of approximately £400,000 for the satellite filing work in question was calculated by using the planned cost of this work for the 2007/08 financial year.

This was done by examining the number of staff involved (6 in total) and the amount of time they spent working on satellite filings. The full cost of their time, along with associated travel & subsistence costs then had an overhead cost element added, apportioned on the basis set out in our Statement of Charging Principles, details of which can be found in Annex A here: [http://www.ofcom.org.uk/consult/condocs/socp/statement/charging\\_principles.pdf](http://www.ofcom.org.uk/consult/condocs/socp/statement/charging_principles.pdf).

Currently, the staff cost is approximately £200,000 and the travel and subsistence cost is approximately £20,000. The cost of supporting this function, including items such as premises and IT costs, is £180,000. It should be noted however that these cost figures are subject to change.

Ofcom is unable to provide any further detail on staff costs such as salary details as this would breach the confidentiality of the individuals concerned.

Justification of Ofcom's costs is achieved by the requirement to provide suitable transparency, in that as stated in the Statement of Charging Principles "Ofcom has a duty under sections 38 and 347 of the Communications Act 2003 to publish for each Charging Year statements relating to the income and expenditure for that regulatory sector in the year. These statements will be included in Ofcom's annual report and accounts which are audited by Ofcom's auditors, the National Audit Office."

**2. Likelihood of further increases in cost:** Changes in cost each year are not known until the annual planning process has been finalised and agreed for the following year which includes a costing process, upon which our tariff tables are published, which show changes in cost by regulatory sector. These tariff tables are published annually in the spring.

The costs of the function will be subject to change to accommodate both salary and inflationary pressures.

As noted in section 5.5 of the consultation document, one area that could cause a noticeable increase in the overall cost to be recovered is an increase in staff. This could occur if the workload in processing satellite filings becomes so great as to require a change to the number of staff involved. However, it should be noted that if the number of filings increases to a point where more staff were required, then there would be more filings to bear this extra cost and so there may not be a material impact on the fee per filing.

## **Fees for Overseas territories and Crown Dependencies**

In Ofcom's February 2005 consultation it was stated:

*"Fees charged for filings on behalf of territories Ofcom represents would take into account any reduction in Ofcom workload resulting from functions carried out by the administrations of those territories. To the extent that a UK-represented territory relieves Ofcom of certain responsibilities and functions, the fee would be lower. It is for the administration concerned to set the level of any fees that it charges satellite operators registered in its territory."*

Central to that statement was the proposition that activities undertaken by the territories could relieve Ofcom of certain responsibilities and functions.

Pursuant to a direction by the Secretary of State under s.22 of the Communications Act 2003, Ofcom represents the UK Government at the ITU and acts as the UK notifying administration under ITU procedures in relation to international management of the radio spectrum and orbit resources.

In January 2005, the Secretary of State formally requested Ofcom to extend its ITU representation role to the Channel Islands, the Isle of Man and the British Overseas Territories and Ofcom accepted this role. The working arrangements for this representation are set out in a further MOU (the "MOU") between the Secretary of State and Ofcom that was finalised and signed on 15 October 2007.

As set out in paragraph 2.6 of the MOU:

*"...Ofcom will consider any applications for satellite filings submitted to them by any of the Channel islands, the Isle of Man, or a British Overseas Territory, or a regulator of any such territory, in accordance with Ofcom's Procedure for Authorisation of Satellite Networks, March 2007.*

The Explanatory Note to the MOU further clarifies Ofcom's role by explaining that Ofcom complies with HMG's requirements including all functions relating specifically to the ITU:

*"This means that ITU 'filings' for radio frequencies and orbital slots must be submitted by Ofcom in accordance with the ITU rules. Ofcom have no scope to depart from this and whereas HMG has the flexibility to delegate authority (as it has done in respect of Ofcom), Ofcom is not permitted to delegate its authority."*

Ofcom therefore needs to carry out these functions, including the performance of due diligence in relation to satellite filings to be submitted to the ITU, and activities carried out by regulators in the Channel Islands, the Isle of Man or British Overseas Territories do not relieve Ofcom of these functions.