

## Consultation 1/2025: Operating Budget for The Office of the Adjudicator - Broadcast Transmission Services

The Office of the Adjudicator-Broadcast Transmission Services (OTA-BTS Ltd) was set up as a requirement of the Competition Commission’s report into the merger of Arqiva and NGW in 2008. The purpose and functions of the Office are set out in the Undertakings <https://www.ota-bts.org.uk/undertakings.html>.

Paragraph 17 of Appendix 1 to the Undertakings requires Ofcom to set an annual budget for the operation of OTA-BTS. Among other matters, the Undertakings set out that the “budget will be for an amount sufficient in the view of Ofcom alone to enable the Adjudicator properly to discharge his functions in an effective and timely manner”. They also require Ofcom to consult with the Adjudicator, Arqiva and its customers in ways it considers appropriate.

In preparing the Draft Annual Budget for the year 1 April 2025 to 31 March 2026, Ofcom has considered inputs from the Adjudicator and OTA-BTS. Ofcom will now consult with Arqiva (which agreed to bear the cost of this budget as part of the Undertakings) and Arqiva’s customers for broadcast transmission services.

The Draft Annual Budget is composed of two parts. The first is the operational budget which reflects staff costs, the use of office and IT facilities, book-keeping and the provision of legal, expert consultancy and economic advisory work that can be anticipated and is necessary for the functions of the Adjudicator. The second is a contingency sum that will only be called on for the additional expense relating to the determination of any Dispute (as defined in the Undertakings) and any non-budgeted work that meets certain criteria. None of this contingency has been used over the years.

The operational budget for 2024/25 was **£698,402**, with a contingency sum of **£470,000**. For the 2025/26 the Draft Annual Budget is **£795,000** with a contingency sum of **£470,000**.

Appendix 1 below sets out the elements of the 2025/26 Draft Annual Budget for the Adjudicator’s proposed workplan alongside a financial summary.

Any person wishing to comment should do so either by emailing a PDF or Microsoft Word document to [contact@ota-bts.org.uk](mailto:contact@ota-bts.org.uk), marking the response with the reference Consultation 1/2025. The response should be in answer to two questions:

Question 1 - Do you consider the proposed budget is adequate to allow The Adjudicator to fulfil his functions as set out in The Undertakings?

Question 2 – In Appendix 1, the five bullet points under the heading ‘Additional Activities’ set out reviews some stakeholders have said they believe are needed and areas where new guidance should be issued. It is not an exhaustive list. What ‘Additional Activities’ do you believe should be prioritised by OTA-BTS in the year covered by this budget and why?

The closing date for responses is 5.00pm on Friday 14 February 2025. The responses will be forwarded to Ofcom for its consideration and may be published on the OTA-BTS website. If you would prefer your response to remain confidential to OTA-BTS and Ofcom, then please mark your response as “Not for Publication” and explain why confidentiality is required.

Ofcom will consider all responses from Arqiva and other stakeholders and will then set the budget for 2025/26. The finalised budget will be published on the OTA-BTS website.

**The Office of the Adjudicator - Broadcast Transmission Services**

Riverside House  
2a Southwark Bridge Road  
London  
SE1 9HA

## Appendix 1: Draft Annual Budget 2025/26

### Core Continuing Activities

During 2024/25 the new Adjudicator, Glyn Jones, developed a small team to provide support and advice. Megan Donald continues as part time Executive Assistant. Alice Wallace-Wright of Hogan Lovells International LLP provides legal advice. In addition, Professor Geoffrey Myers is economics adviser, and Jeff Astle provides support on consultations, communication, and projects (both on a part-time basis).

The workplan for 2025/26 provides for certain activities which are either already in progress or form a predictable part of the Adjudicator's role as defined in the Undertakings. This includes the annual work linked to Arqiva's Regulatory Accounts and day-to-day stakeholder engagements and communications.

Several times during the past budget year, stakeholders raised issues which required resource to ensure they were appropriately investigated. By its nature, it is difficult to predict how much resource will be needed to respond to new issues or questions raised by stakeholders during the next budget period.

Recently, the Adjudicator has discussed with Arqiva restarting a routine flow of information about new contracts, renewals and responses to questions asked by stakeholders during negotiations. The Undertakings provide for Arqiva to provide certain information in particular circumstances. An additional part-time adviser is being contracted to review the information and provide advice to the Adjudicator (see Note 1 in the Financial Summary).

### Additional Activities

In addition to the standard annual workflow, in discussions with the Adjudicator, stakeholders have identified reviews they believe are needed and areas where new guidance should be issued. The following list is not exhaustive, nor is it in priority order.

- A review of the inflationary mechanism
- A review of the Weighted Average Cost of Capital (WACC)
- A review of Arqiva's processes for calculating prices for NA and MTS
- Guidance on elements of the Undertakings which are not well understood by stakeholders
- Assessment of Arqiva's Information Security Strategy

It will not be possible for all these projects to be carried out in 2025/26. The budget has been set so that, subject to other work, two or three major pieces of work can be resourced (e.g. including commissioning inputs from external consultancy firms). In prioritising and selecting projects, the Adjudicator will take into account the Undertakings, the views of stakeholders (including responses to Question 2 of this consultation).

The Undertakings allow for Ofcom to review and change the budget during a financial year. However, to avoid the need for this type of change, the budget for 2025/26 includes an in-year contingency (which, by its nature, may not be required). The contingency has been set at 7.5% of the budget.

## Financial Summary

Due to the structure and status of OTA-BTS Ltd, and in line with previous years, the Draft Annual Budget figures include VAT at 20%.

Category	2025/26 Budget (including VAT)	Notes
Core Team	£465k	1
External Advice	£204k	2
Office rental	£31k	3
Overheads	£39k	4
In-year Contingency	£55k	5
<b>TOTAL</b>	<b>£794k</b>	

In addition to the operational budget of £794,000, a contingency budget of £470,000 will only be called on for the additional expense relating to the determination of any Dispute (as defined in the Undertakings) and any non-budgeted work that meets certain criteria.

### Notes

1. The core team consists of Glyn Jones, Megan Donald, Geoffrey Myers, Jeff Astle plus the part-time consultancy to review information provided by Arqiva.
2. External advice includes legal fees and budget to commission reports and analysis from external consultancy firms.
3. A revised agreement with Ofcom, to provide office space and meeting rooms at Riverside House, is under discussion but has not yet been finalised. £31k is a prudent assessment of the expected cost. Any variation will either be taken from or added to the in-year contingency.
4. Overheads include travel expenses, training, attendance at conferences, insurance and audit.
5. The in-year contingency had been set at 7.5% of total costs.