

Office of the Adjudicator – Broadcast Transmission Services

Report for the period:

1 January 2026 – 31 March 2026

An explanation of the background to the Undertakings, the Office of the Adjudicator Broadcast Transmission Services (OTA-BTS) and the role of Transmission Adjudicator can be found in Appendix A at the end of this report.

1 Key Events in the Quarter & Stakeholder Meetings

1.1 Work by Economic Consultants NERA

As previously reported, the economic consultancy NERA has been working since last summer to review in detail the cost and pricing models Arqiva uses to generate Reference Offers and assess them against the requirements of the Undertakings and current Guidance. The consultants are also analysing Arqiva's profitability.

A four-page update about NERA's work is provided as Appendix B to this report.

NERA has also provided advice related to Arqiva's Regulatory Accounts.

1.2 Arqiva Efficiency Plans

On 18 March, in parallel with communications with Arqiva's employees and customers, the Adjudicator was provided with initial information about Arqiva's plans for changes to its business. These include reducing people-costs and third-party costs.

I have requested a meeting with Arqiva to be briefed about:

- Any parts of the plan which raise issues linked to the Information Security Strategy and paragraph 16 of the Undertakings. That is the section that relates to how confidential information is handled within Arqiva. I have asked to be briefed about how those requirements from the Undertakings are being addressed.
- Reassurance that the changes planned will not, when completed, impinge on Arqiva's ability to deliver Transmission Services in accordance with the existing contracts / standards which could reasonably be expected of an efficient supplier of comparable services being supplied in accordance with good technical and operational practices.

Arqiva has underlined to me that its aim is to deliver efficiencies, while maintaining service delivery.

There have been previous reorganisations and efficiency programmes and Arqiva has been willing to engage with OTA-BTS and answer appropriate questions from the Adjudicator. Arqiva has indicated it will follow past practice in this regard.

If stakeholders want to raise issues related to Arqiva’s plans which link back to the Undertakings, they should email glyn.jones@ota-bts.org.uk. Feedback will help the Adjudicator judge how to prioritise his dialogue with Arqiva against other things in the 2026/27 workplan.

1.3 Reviews of Sample Reference Offers

It is now one year since Simon Mason started working in the Adjudicator’s team as a part-time consultant. A key part of his role has been to review a sample of offers made by Arqiva for contract renewals. Feedback to the Adjudicator about this work has been positive. Stakeholders should be aware that Simon only looks at a confidential sample of offers (i.e. not every offer is reviewed).

Based on the experience of the past twelve months, the Adjudicator has reviewed the process with Arqiva and made some changes to the system. The aim is to increase effectiveness while seeking to ensure the regulatory burden on Arqiva is proportionate.

1.4 Meetings with Stakeholders

During this period the Transmission Adjudicator, Glyn Jones, and his team held meetings either face-to-face or via video conference using Teams with:

Arqiva	BBC	CMA
Comux	Ofcom	

The Adjudicator believes that meeting a range of Arqiva’s customers is an important part of the role. Given there have only been two customer meetings this quarter, he aims to meet with more stakeholders in the next three months to ensure he remains properly in touch with the current views of Arqiva’s customers.

1.5 The Adjudicator’s Team

Glyn Jones has been Transmission Adjudicator since March 2024. Megan Donald is the Executive Assistant and Office Manager. Jeff Astle works with the Adjudicator on consultations and other projects. All three work part time.

In addition, Alice Wallace-Wright of Hogan Lovells International LLP provides legal advice, Professor Geoffrey Myers provides ad-hoc advice on economics and regulation, and Simon Mason provides ad-hoc technical expertise and advice.

Megan Donald is based at Ofcom’s offices at Riverside House. The rest of the team have access to desks and meeting rooms in Ofcom’s building when needed.

Website:	www.ota-bts.org.uk
Adjudicator:	glyn.jones@ota-bts.org.uk
Executive Assistant:	megan.donald@ota-bts.org.uk

2 2025/26 Budget

Expenditure from 1 April 2025 to 31 March 2026 was £720,200 against an annual budget of £793,525. In addition, a contingency of £470,000 was available but not required.

3 2026/27 Budget

While the Adjudicator is independent from Ofcom, the annual budget for OTA-BTS is set by Ofcom.

Following consultation with stakeholders including Arqiva, Ofcom has set the budget for the year from 1 April 2026 to 31 March 2027. The annual budget has been increased to £991,029 with a contingency of £470,000. As noted above, this compares with £793,524, with a contingency of £470,000 in the previous year.

More detailed information has been published on the OTA-BTS website:

[Consultation 1/2026: Publication of Budget for the Office of the Adjudicator – Broadcast Transmission Services](#)

As agreed in the Undertakings, once approved, the budget is paid for by Arqiva during the year.

4 Routine Reporting Items

4.1 Arqiva's Performance

Paragraph 35 of Appendix 1 requires the Adjudicator to comment on the performance of Arqiva over this period, in relation to the Undertakings.

The performance of Arqiva continues to be generally satisfactory.

4.2 Disputes

In this period there have been no disputes requiring the use of the formal Dispute procedure described in Appendix 2 of the Undertakings.

In 2025, the Transmission Adjudicator published some additional information about the Dispute process set out in Appendix 2. This information can be found at:

<https://ota-bts.org.uk/dispute-process-non-binding-advice-and-information/>

4.3 Guidance

During this period, no new Guidance has been issued. The Transmission Adjudicator has previously issued Guidance covering Paragraphs 6 and 9–12 of the Undertakings and is of the opinion that no Guidance is required in relation to Paragraph 3.

The Transmission Adjudicator will continue to monitor compliance with the Undertakings and existing Guidance and will consider whether any further Guidance is required.

Documents related to Guidance previously issued by Ofcom and the Office of the Adjudicator can be found on the website at www.ota-bts.org.uk.

4.4 Publication of Reference Offers

In July 2025, Arqiva updated the “Radio Rate Card for Network Access” which is used to generate pricing proposals for some customers when Arqiva judges it is appropriate. The RPI figure used was 4.47% for the year to April 2025.

The updated rate card can be found at:

https://www.arqiva.com/documentation/reference-offers/broadcast-radio/Arqiva_Radio_Rate_Card_for_Network_Access_2025-26.pdf

and other reference offers are available at:

<https://www.arqiva.com/documentation/>

4.5 Compliance Report

Paragraph 18.1 of the Undertakings requires Arqiva to deliver an annual report to the Office of Fair Trading (now the Competition and Markets Authority), setting out steps taken to comply with the Undertakings plus details of any breaches or potential breaches and the steps taken to remedy them.

The report for the year from 1st July 2024 to 30th June 2025 was delivered to the CMA, Ofcom, and the Adjudicator in September 2025. Arqiva reported no instances of non-compliance.

4.6 The Undertakings

The Adjudicator believes that the Undertakings, the Adjudication Scheme and Adjudication Rules are satisfactory at the present time and that no changes are needed. As required by the Undertakings, this will continue to be kept under review.

4.7 Information Security Strategy

Paragraph 16.2 of the Undertakings requires Arqiva to produce an Information Security Strategy which defines the measures to be taken to ensure that confidential information held in one part of the company cannot be used by another for commercial advantage.

In June 2025, Arqiva published an updated version of its Information Security Strategy with minor changes. This can be found under the “Corporate” tab at <https://www.arqiva.com/documentation>.

5 Feedback

The Undertakings require certain things to be included in each quarterly report and for the reports to be sent to the Competition and Markets Authority and Ofcom. In addition, the reports are published on the website of the Office of the Adjudicator at www.ota-bts.org.uk.

Any stakeholder comments about this report, its contents, or suggestions for how it could be improved would be welcome and should be emailed to the Transmission Adjudicator glyn.jones@ota-bts.org.uk.

Appendix A - Background

Whether you are a new reader or came here for a refresher (or by accident), welcome. The aim here is to explain why OTA-BTS exists, what its job is, and what the Transmission Adjudicator is here for.

Back in 2008, Arqiva took over the only other major company providing transmission services to radio and TV broadcasters (i.e. National Grid Wireless).

At the time, the Competition Commission judged the deal "...may be expected to result in a substantial lessening of competition...and...may be expected to result in...adverse effects...". After consulting with broadcasters and other stakeholders, the deal was allowed to go ahead on the basis of a detailed set of promises made by Arqiva. These are known as the Undertakings.

One requirement of the Undertakings was the setting up of the Office of the Adjudicator and the appointment of a Transmission Adjudicator. While that appointment is made by Ofcom, the Adjudicator takes decisions independently of Ofcom, Arqiva and UK broadcasters.

The Office of the Adjudicator exists to ensure the promises in the Undertakings are being kept and followed, to issue guidance and directions to Arqiva and to adjudicate in certain disputes between Arqiva and its customers.

The goal of the Undertakings is to ensure any substantial lessening of competition does not result in adverse effects and help replicate the outcomes that would be expected in a competitive market.

The Undertakings can be found at:

<https://www.ota-bts.org.uk/undertakings.html>

Although the Adjudicator has independence when carrying out their functions, the Undertakings give Ofcom certain roles (e.g. setting the budget each year, appointing Adjudicators and in some circumstances terminating their contracts).

Finally, alongside the Adjudicator, overarching responsibility for compliance with the Undertakings sits with the Competition and Markets Authority.

Appendix B – An Update from the Adjudicator about NERA’s Work

1 Introduction

Economic consultants from NERA have been working with the Adjudicator’s team since last summer.

Much of the work has involved scrutinising data provided by Arqiva and follow-up discussions with Arqiva’s regulatory and finance teams. In some cases, the pressure of work and volume of requests from NERA and the Adjudicator and some of the information being requested not being readily available have meant a delay in this project.

The Adjudicator has received requests from stakeholders for an update about NERA’s work. As outlined in this paper, the nature of NERA’s analysis has properly involved regular contact with people within Arqiva. It is hoped that providing this information for other stakeholders will help them better to understand how NERA’s work is proceeding and contribute to transparency in relation to information about Arqiva’s pricing and costs.

2 Profitability

A key part of NERA’s work has been to assess Arqiva’s approach to setting charges and whether this is in line with the framework of regulation (i.e. the things set out in the Undertakings and current Guidance). NERA has also assessed Arqiva’s level of profitability over time based on two approaches:

- Valuing the assets used in the regulated business (i.e. providing Broadcast Transmission Services) based on Depreciated Replacement Cost (DRC) as defined in the regulatory pricing approach set by the Undertakings and associated guidance. This is summarised in 6.6 of the Reference Offer guidance at:
<https://ota-bts.org.uk/wp-content/uploads/2025/02/Reference-Offer-Guidance-v1.0.pdf>);
- Valuing those assets based on Historic Cost Accounting (HCA) for the whole Arqiva Group business as set out in the group statutory accounts and reconciled to the regulatory business in the regulatory accounts. It has been previously agreed with the Adjudicator to use this approach in the regulatory accounts, rather than current cost accounting.

NERA's view is that DRC is the most appropriate way to assess profitability. This is because it is the basis of calculating regulated prices for Broadcast Transmission Services. In the case of Arqiva, profitability assessed by NERA using DRC is lower than profitability calculated based on HCA asset values.

Based on NERA's estimates of asset values using DRC, their consultants have discussed the provisional estimates of profitability with Arqiva and it has provided additional information which it believes should be taken into account. The next steps include: i) for Arqiva to provide some outstanding information about incurred replacement cost expenditure ii) further discussions about the DRC valuations made by NERA and iii) for Arqiva to review NERA's draft profitability calculations.

3 Methods Used to Calculate Regulated Prices

The other part of NERA's work has been to examine the three models which can be used to calculate regulated prices for a new contract or a renewal.

NERA has assessed the computational and conceptual accuracy of the models, principally by testing whether changes to model inputs lead to expected changes in outputs. Overall, NERA has not identified any errors and considers the models conform to best practice.

3.1 The Radio Cost and Pricing Model

This is a complex Excel Spreadsheet with over 20 tabs, some of which have many rows. It was created by EY to an Arqiva brief in 2012. It can be used for calculating regulated prices for NA (see Radio Rate Card, below, for the alternative method). While it can also be used to calculate regulated prices for MTS, these are often calculated outside the model using a simpler process.

NERA has prioritised its work to focus on the elements of the model which have most impact on prices for customers buying Broadcast Transmission Services. Some of the areas which have been subject to more detailed work by NERA and the Adjudicator's team include:

- The values used for maintenance costs which are capitalised (as opposed to being treated as operating costs).
- The way in which new NA assets, which are required to provide a particular Broadcast Transmission Service, are treated.
- The apportionment method used for dividing shared costs involved in providing NA at a particular site (and, generally, also used for some services which are not governed by the Undertakings).

- The process Arqiva uses to smooth prices during a contract term (albeit that an inflationary mechanism is generally included in contracts).
- How the Weighted Average Cost of Capital (WACC) is applied to NA assets acquired on different dates.

3.2 The Television Cost and Pricing Model

This is a separate Excel Spreadsheet. Like the Radio Model it is a relatively large and complex Excel file. It was created by EY to an Arqiva brief in 2013.

NERA's analysis and the areas of focus overlap with those summarised in the previous section.

Additional areas of focus which have been prioritised are:

- How assets created or acquired as part of the switchover process from analogue to digital television (i.e. the DSO project) are treated in generating prices for television and radio Broadcast Transmission Services.
- The values of capital costs used for Replacement Capex (i.e. capital spending which it was predicted would be needed in future years when the DSO project was being planned, executed and audited).

3.3 The Radio Rate Card

The Radio Rate Card was created by the BBC and National Transcommunications Limited as a result of the privatisation of the IBA in 1991. It is published on Arqiva's website and reissued annually with increases in line with RPI. Guidance issued in 2009 by the Adjudicator, who at that time was Alan Watson, stated that the rate card was accepted as an approach for radio NA that meets the FRND requirement.

NERA's analysis on the Radio Rate Card is underway and additional areas of focus are being identified. The Rate Card has been used mainly, but not exclusively, for calculating regulated prices for radio contracts and renewals.

4 Next Steps

NERA is working on a final report which will then be subject to a consultation with all stakeholders.

The timing of the completion and publication of NERA's report will depend on factors including the provision by Arqiva of outstanding information and the completion of the dialogue with Arqiva.

The Adjudicator has been advised that good regulatory practice is for a copy of the draft report to be sent to Arqiva to provide an opportunity for the regulated company to check facts and raise any concerns about confidential information.

Given these two steps, it is hard to judge when NERA's report will be published.

Glyn Jones, Adjudicator
6 May 2026