

Ofcom Consultation

British Entertainment Industry Radio Group (BEIRG)

PMSE clearing the 700 MHz band – Additional Costs

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- BEIRG's members are responding individually to the consultation, and this response reflects a number of different views.
 - BEIRG questions whether a flat 5% mark-up is sufficient and fair for all and whether it should be the only option offered and suggests an alternative.
 - The principles of the Lamy report – that no party should be any worse off – through this move from 700MHz which was not at the request of the PMSE sector, must be adhered to. BEIRG members would like to see a scheme with variations so that all those who claim are fully recompensed for their costs. Such a scheme would also ensure that no organisation receives more than their costs incurred.

BEIRG disagrees with the decision to exclude certain parties from the scheme. Those who do not own equipment, but rent from an external supplier, are impacted by the move from the 700MHz band. Current proposals create circumstances which treat certain parts of the PMSE and creative industries community differently to others.

There are certain productions that have chosen to change from renting equipment to purchasing it instead. Therefore they would be eligible under the criteria set out by Ofcom in their statement of August 2018. However, whilst the value of their equipment would total a certain amount not incurred by those who rent, additional costs would be incurred by any production whether they own or rent equipment. These additional costs are as a direct result of the migration and it is essential that they are covered in all circumstances. Ofcom could operate 'exceptional circumstances' – as they are doing with the surrender of equipment and the qualifying criteria in respect of licences – ie equipment owners who don't license because the producer/venue licenses can still qualify after satisfactory proof. This would then allow those producers who rent equipment to cover their costs incurred.

There are currently 20 large scale, long running musicals in the West End. Additionally, there are a further 20 (at some time more at some time less) smaller scale shows running on the fringe of London or in regional theatres at any given time, and all use wireless production tools (wireless microphones/in-ear monitors). As well as these productions, there are also many other forms of live entertainment that use similar equipment.

The estimated cost to West End and London producers of effectively putting in new equipment and rehearsing these shows would be circa £801,700 excluding suppliers' costs which are shown separately.

It is estimated that a change of approach would more accurately reflect these costs. Please see Annex 1 for a detailed breakdown. Whilst these figures are estimates, they are based on large scale productions and therefore will be lower for smaller productions. It should also be noted that costs associated with touring productions will be similar, and costs within the different categories outlined in Annex 1 will vary from production to production. As the enforced migration from the 700MHz band is not one requested by the industry but forced on them by international changes in spectrum allocation, no-one impacted by the move should be any worse off. Unless adequate funding for additional costs is made available, this will be an unreasonable burden for producers to bear.

For each production, already tightly budgeted, to generate an additional £20,000 surplus (the individual show costs to each producer) to fund the costs of migration would be all but impossible, as well as unreasonable. It would be likely that shows would need to generate considerably more than the £20,000 shown in our figures with some producers speculating that the same amount again would need to be generated doubling the cost.

Theatre and live entertainment adds hugely to the quality of cultural life, to the tourism and hospitality industries and to employment in this country. Jeremy Wright MP told the Conservative Party Conference last week that "The creative industries more broadly add a huge amount to our economy and to our identity." DCMS statistics value the sector at £92bn. This has been endorsed by the Prime Minister who at PMQs on 10th October 2018 stated that "Performing arts are being encouraged around the whole country" in response to a question from Pauline Latham asking about Government support for the performing arts outside London. This proposal does, in fact, do the direct opposite and penalises certain areas of the performing arts.

Ofcom's modelling has estimated additional costs of 5%. However, this is a vast generalisation, and in many circumstances, will leave smaller businesses considerably worse off.

BEIRG believes that there should be a minimum payment made to those that incur ancillary costs. If businesses find that their expenses are greater than the minimum payment, then they should be able to apply for further funding to cover those extra additional costs. It is essential that all costs related to the move from 700 MHz are covered so that no business is worse off.

It has been suggested that for smaller organisations, the 5% figure is not appropriate as it will not cover their costs. There are a large number of steps that any organisation will have to go through in order to swap equipment, including applying for new licences, training and fitting equipment. Allowing for suitably qualified staff to oversee the project and additional costs such as accountants, it estimated by one BEIRG member that the average cost for a changeover is £2,400. To break even, they would have to surrender £80,000 worth of

equipment. One option to negate this and stop smaller claimants being disadvantaged could be a minimum payment with a top up over a specified threshold.

It has been estimated by another BEIRG member that the process will be nearly twice as time consuming as last time – 855 man days identified compared to 500 last time. Additionally, there will need to be a greater number of skilled personnel involved for longer this time due to the complexity of the changes required. Early indications suggest that the cost will be over 10% of the amount claimed for equipment, therefore the additional funding should increase to 10% from 5%.

Conclusion

In conclusion, the clearance of the 700 MHz band represents a huge cost burden for the PMSE sector. Funding should include all ancillary costs such as time for training, swapping out systems and additional rehearsal time. These will differ from company to company and production to production. Therefore, a flat 5% cannot be a fair system to ensure that these significant costs are covered.

BEIRG is aware that 100% of costs are being covered with regards to DTT infrastructure. Any discrepancy between DTT and PMSE and their respective incurred costs seems somewhat unjust.

British Entertainment Industry Radio Group

The British Entertainment Industry Radio Group (BEIRG) is an independent, not-for-profit organisation that works for the benefit of all those who produce, distribute and ultimately consume content made using radio spectrum in the UK. Venues and productions that depend on radio spectrum include TV, film, sport, theatre, churches, schools, live music, newsgathering, political and corporate events, and many others. BEIRG campaigns for the maintenance of 'Programme Making and Special Events' (PMSE) access to sufficient quantity of interference-free spectrum for use by wireless production tools such as wireless microphones and wireless in-ear monitor (IEM) systems.

As well as being vital in producing live content, wireless audio PMSE technologies play a key role in helping to improve security and safety levels within the entertainment industry and other sectors. Their benefits include improving the management of electrical safety, the reduction of noise levels, the development of safety in communications and reducing trip hazards as well as providing an essential tool for the security orientated services. Wireless equipment and the spectrum it operates in are now crucial to the British entertainment industry.

BEIRG is a member of the Association of Professional Wireless Production Technologies (APWPT)¹, which promotes on an international level the efficient and demand-driven provision and use of production frequencies for professional event productions, as well as safeguarding such production frequencies for the users on the long run.

¹<http://www.apwpt.org/>