

INVESTMENT & RISK MANAGEMENT GROUP

Project/Contract:	Radio Investigation Service (Ofcom)
Project/Contract manager:	Sara Elvidge-Tappenden, BBC Distribution
IRMG date:	26 th June 2009

A. Please summarise:-

1.) Objectives

The BBC has an obligation under the Agreement to make *"reasonable arrangements, for the investigation, at the BBC's expense, of complaints of interference by electro-magnetic energy affecting domestic television and radio reception within the UK"*.

Since 1998, we have met this requirement by contracting the Radiocommunications Agency (now Ofcom) to provide the Radio Investigation Service (RIS), which comprises a call centre, technical experts, investigation and enforcement teams. Only Ofcom has the statutory powers to enforce for a service of this type, but the other elements of the service could be provided by other parties.

2.) Milestones

The original 1998 contract was placed for one year, with a nine month notice period, but has never been formally renewed or extended. However, Ofcom has continued to invoice the BBC and we have continued to pay. Because of the value of this contract, we are currently in breach of EU guidelines for the procurement of this service, so on 16 June 2009, we gave notice of termination to Ofcom, to take effect in March 2010.

3.) Governance

We have been working with Ofcom over the last year to try to improve the quality of management information that it provides. In particular we have tried to identify in detail the volume and type of investigations it undertakes. Ofcom has been able to provide only very basic information on the numbers of calls it deals with and has been unable to demonstrate how it calculates the costs of the work it does.

4.) Costs

The RIS contract costs £2.1M per annum.

B. Please list the top 5 issues for the Project/Contract over the next 1 year:

1. Due to poor management information from Ofcom, we have been unable to determine whether we receive value for money, or whether licence fee payers are getting a good service. We also have limited ability within the current contract to reduce the cost to the BBC, and there is no incentive for Ofcom to improve efficiency or working practices.

2. Since we believe that the majority of calls to the RIS relate to problems with the consumer's own installation, we are working with MC&A's Reception Advice team to improve the BBC's call handling process and developing self-help tools to enable consumers to resolve many issues themselves. It is intended that these new processes will reduce or remove the reliance we have on Ofcom's investigation service.

3. With regards to the RIS contract with Ofcom, the BBC is currently in breach of EU procurement rules, and needs to re-procure an alternative service this year. Based on the work the BBC is doing to improve how it handles interference calls it is likely that any new service we procure will be

scaled down considerably from the service we are currently paying for. Ofcom has been made aware of our need to re-procure the service, and a termination letter has been sent to give the nine months' notice required under the current contract.

4. Ofcom has statutory powers under the Wireless Telegraphy Act to enforce compliance with its regulations and it is empowered to prosecute criminal offences in connection with the Wireless Telegraphy legislation. In order for Ofcom to continue to do this, it would need to carry out investigations in connection with potential prosecutions, and it is therefore possible that we will need to enter into an arrangement with Ofcom to hand potential prosecution cases over to it.

5. With the advent of Digital Switchover, there is likely to be a significant increase in cases of interference to the viewer or listener. We are working with Digital UK to ensure that the consumer experience is positive and that the consumer receives a consistent message from both the BBC and Digital UK. To avoid increases in the cost to the BBC of the RIS, it is important that interference issues created by Digital Switchover do not create an increase in referrals to the Ofcom service, therefore we are looking at ways that Digital UK's processes can interface with the BBC's own investigation work.

C. Please list the top 5 risks in the Project/Contract risk register

1. Due to the lack of information from Ofcom about the service it is currently providing, the level of use of the RIS may be greater than anticipated, and we may be unable to support it with the new processes.

Mitigation: We intend to use the nine month notice period to seek additional information from Ofcom on the numbers and types of investigations it is undertaking, and to refine and monitor our own processes to get greater clarity on the level of service required.

2. Assuming it is necessary to re-procure an alternative service, it is possible that the cost of providing the new service may increase, despite the level of service being reduced. The charges from Ofcom have remained at a nominally constant level for the last 12 years and it is possible that in re-procuring the service from an alternative provider, we will incur an increased charge.

Mitigation: We are working with Project Stretch to ensure that our new processes are embedded with the incumbent provider and will be migrated over to the new provider, and we are looking to get maximum value from our own survey resources and Reception Advice technical experts.

3. We intend to meet our obligations under the Agreement in the future with minimal use of Ofcom's services, however it will be necessary for us to refer enforcement cases to them. Ofcom has a statutory duty to enforce compliance, and as such it should fund this element of the service. It may be necessary for the BBC to have an MOU with Ofcom so that if the BBC has referred cases in error, Ofcom would be able to recover those costs.

Mitigation: If we were to enter into any type of arrangement with Ofcom will need to ensure that the BBC pays only for the service that it requests, and any investigation services that Ofcom initiates through its own processes (such as advertising on its website) should be paid for by Ofcom. The TV licence will also be modified to direct the consumer to the BBC website self-help pages rather than to Ofcom. The BBC will endeavour to keep any referrals to Ofcom to an absolute minimum.

4. Ofcom may wish to take issue with the DCMS over the BBC's withdrawal from the RIS. We have been told that at least three Ofcom engineers are assigned to the RIS contract, and a large proportion of Ofcom's RIS team's work is around managing the process. It is likely that the termination of the contract will impact that department significantly. It may be that as a result of their reduced income from the RIS, Ofcom will seek to regain that funding by an alternative means.

Mitigation: We have already informed DCMS, via Wilf White, of the BBC's intentions to terminate

the current contract.

5. If we are going to re-direct the consumer away from Ofcom, both the BBC and Digital UK need to ensure that their processes for handling reception issues are aligned. If the new process creates a situation whereby a caller is bounced between the two call centres without resolution, then there could be a reputational risk to the BBC.

Mitigation: We are working with Digital UK to ensure that our diagnostic tools are robust and the processes and responsibilities between the two organisations are clear.

D. Date of FC or IRMG PIR

N/A