

INDEPENDENT AUDIT OF SPECTRUM HOLDINGS

STATEMENT ON PROGRESS AGAINST THE GOVERNMENT RESPONSE AND IMPLEMENTATION PLAN

December 2006

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In consultation with the Office of Communications (Ofcom)

INTRODUCTION

The Government is pleased to report on progress since its response to Professor Martin Cave's December 2005 report *The Independent Audit of Spectrum Holdings*¹. The response, published in March 2006, welcomed Professor Cave's report and agreed there was scope for more effective use of public sector spectrum through the introduction of market mechanisms and increasing sharing with other users. The Government committed to working with Ofcom and other parties throughout this substantial programme of work. The response also included an implementation plan, committing the public sector to specific actions from 2006 onwards.

This is a progress update against that plan and is timed to coincide with the Chancellor's 2006 Pre-Budget Report². The early stages of implementation are vital to establishing the necessary frameworks delivering future spectrum efficiencies. Encouraging progress has been made with several positive developments in line with the timetable set out in the implementation plan but much remains to be done. The Government takes this opportunity to re-affirm its commitment to the implementation plan.

SUMMARY OF PROGRESS

The implementation plan outlined sixteen actions for 2006. Thirteen actions are either completed or on track; timings for two actions have been revised and one is to be reviewed in 2007. Substantial progress has been made on the two actions with revised timetables, in particular assessing options for greater bandsharing. Additionally, supplementary resource has been allocated to spectrum management within the Ministry of Defence.

Table 1: Progress against 2006 implementation plan³

Item	Deliverable	Status	Next Milestone	Date
1	Ofcom: clarify application of RSA for Crown bodies	On track	Consultation on proposals	Spring 07
2	MOD: identify priority bands for release or sharing	On track	Report to Government	December 06
3a	MOD: assessment of current spectrum usage	On track	Input to 2007 Forward Look	December 06
3b	MOD: assessment of future spectrum requirements	Revised timeframe	Inputs to CSR	Early 2007
4	UKSSC: public sector to acquire spectrum via market	Complete	-	-
5	Ofcom: publish regulations on RSA for radio astronomy	On track ⁴	Finalise regulations	Early 07
6	CAA/Ofcom: resolve issues in Channel 36 (590-598 MHz)	On track	To be included in Ofcom consultation ⁵	Late 06/early 07
7	Ofcom: initiate study of AIP in aeronautical-maritime bands	On track	Finalise report	Early 07

¹ See www.spectrumaudit.org.uk for the Audit Report and the Government's response

² Published on 6 December 2006 see: <http://www.hm-treasury.gov.uk>

³ 2006 Actions from the Government's implementation plan (see Appendix A for full text)

⁴ See <http://www.ofcom.org.uk/consult/condocs/rsa/>

⁵ Ofcom's Digital Dividend Review consultation is expected to be published shortly

8	CAA, MOD, Ofcom: initiate review of Navigation aids	On track	Initial report	Late 07
9	Ofcom-CAA: review aeronautical bands for AIP	On track	Confirm timing and specific bands*	Early 07
10	Ofcom-MCA: review maritime bands for AIP	On track	Confirm timing and specific bands	Early 07
11	UKSSC: establish radar and bandsharing groups	Complete ⁶	-	-
12	UKSSC: define bandsharing safety criteria	Revised timetable	Initiate study	Winter 06/07
13	UKSSC: responsibility for pricing disputes	Complete	-	-
14	MOD: establish Spectrum Acquisition Authority	Complete	-	-
15	Ofcom: initiate study of demand for spectrum	Revised timetable	Review status	Summer 07

*Items 9 & 10 also subject to consultation in 2007

Meeting public sector spectrum needs

In June the UKSSC adopted a presumption that the public sector will, in future, acquire spectrum through the market; also that the UKSSC will take responsibility for resolving disputes on public sector spectrum pricing levels⁷. Bandsharing Group and Radar Group sub-committees of the UKSSC were established in June and August respectively to facilitate delivery of the implementation plan. After consultation with the UKSSC Bandsharing Group Ofcom decided that it would not represent good value for money to conduct a study into demand for spectrum so soon after the Audit's own demand study. The value of such a study will be reassessed in summer 2007.

Recognised Spectrum Access - RSA

Ofcom provided guidance to the Government in November to clarify how RSA will operate to facilitate spectrum trading and sharing in the public sector and expects to consult on proposals in spring 2007. Subject to that consultation, RSA may be introduced for some Crown spectrum from late 2007. In November, Ofcom also issued a statutory notice and draft regulations on RSA for radio astronomy.

Administered Incentive Pricing - AIP

In June, Ofcom initiated a study into the application of AIP to aeronautical and maritime bands. The study is due to report in early 2007 and will be published alongside Ofcom's consultation on introducing AIP in these bands; this consultation is also planned for spring 2007 with a view to initial introduction of AIP from 2008. The Civil Aviation Authority (CAA), Maritime Coastguard Agency (MCA) and MOD are contributing to this process.

Bandsharing

The MCA, CAA and MOD, as principal members of the Public Safety Spectrum Testing Group (PSSTG) are working closely with Ofcom and industry to agree safety criteria and the development of spectrum bandsharing solutions. The relationship with industry has been both positive and constructive and Government welcomes the continuation and expansion of this relationship in 2007. The MCA has actively

⁶ See Appendix B

⁷ Relating to Government spectrum use, where charges should be comparable with the private sector, and intra-Government charging arrangements.

supported and co-ordinated a maritime bandsharing trial in October and November; the findings of which will be published early in the New Year. The timeframe for action 12 has been revised due to the complex nature, scale and sensitivity of the work involved; however significant progress has been made and bandsharing safety criteria are expected to be confirmed in 2007. A document detailing work underway, and planned, on bandsharing will be available early in the New Year. Separately, the CAA has commissioned and is leading, with MOD and Ofcom, and other relevant stakeholders, a review of aeronautical navigation aids.

MOD spectrum management resources

The MOD has taken positive steps to improving its spectrum management capability with the establishment, in April 2006, of a Spectrum Acquisition Authority to oversee MOD-wide spectrum related issues. Additionally MOD has embarked on a recruitment drive and has taken steps to meet its short to medium term commitments in the implementation plan. The output of actions 2 and 3 from the MOD will inform the Government's Forward Look document in spring 2007.

In summary, progress in the first eight months has been encouraging. The Government recognises, and highlights that the coming twelve to twenty-four months require a further escalation in spectrum management focus, resources and commitment.

NEXT STEPS

The coming year will see a number of important further steps. RSA for Crown bodies and AIP for aeronautical and maritime applications will be progressed subject to public consultation in the spring of 2007. In parallel, the programme of work on bandsharing will progress in accordance with a plan to be published early in the New Year and MOD will continue work on band by band audits and assessments of future spectrum requirements to be submitted to HM Treasury.

In addition to the Ofcom consultations planned for spring 2007, a Forward Look document will be published by the UKSSC in March 2007. The Forward Look will incorporate a comprehensive report on progress as well as assessing current spectrum use and forecasting future needs. Coverage will include the following areas:

- MOD
- Aeronautical
- Maritime
- Emergency and public safety services
- Science services

The Department for Trade and Industry will coordinate production and publication of the Forward Look. In view of the important role of, and the implications for, stakeholders in the radiocommunications industry, every effort will be made to be as transparent as possible about progress of the implementation programme. A section containing information relating to this implementation programme will be added to the spectrum audit website www.spectrumbaudit.org.uk early in the New Year.

Work by departments in 2006 and early 2007 with HM Treasury will culminate in the Comprehensive Spending Review 2007. Informed by departmental assessments of current spectrum allocations and proposals for release, along with the information

contained in the *Forward Look*, the CSR will set specific spectrum targets within departmental budgets from 2008/09 onwards, with the aim of providing effective and proper incentives for more efficient management of public sector spectrum. HM Treasury and departments will finalise the framework for the treatment of proceeds from trading or sharing of public sector spectrum.

FURTHER INFORMATION AND CONTACTS

Further information including the Chancellor's pre-budget-reports, Professor Cave's report and the Government's response can be obtained from:

www.spectrumentaudit.org.uk

Enquiries can be made to audit.implementation@ofcom.org.uk where they will be directed to the appropriate party for consideration and response.

Further information relating to organisations referenced in this statement may be found at:

Her Majesty's Treasury	www.hm-treasury.gov.uk
The Ministry of Defence	www.mod.uk
The Department for Trade and Industry	www.dti.gov.uk
The Civil Aviation Authority	www.caa.co.uk
The Maritime Coastguard Agency	www.mcga.gov.uk
The Office of Communications	www.ofcom.org.uk

APPENDIX A: IMPLEMENTATION PLAN – FULL TEXT

IMPLEMENTATION PLAN

- **Ofcom** will aim to clarify how Recognised Spectrum Access (RSA) will operate for Crown bodies, to facilitate trading and sharing.
- **MOD** will identify certain spectrum bands and outline specific proposals for release or sharing in these bands. Further band-by-band analysis will continue in subsequent years.
- **MOD** will provide to HM Treasury an assessment of current and future spectrum requirements and specific proposals for release or sharing, including an appraisal of any significant costs involved in implementation.
- **UKSSC** will adopt the presumption that public bodies will acquire spectrum through the market, subject to agreed criteria for exemptions.
- **Ofcom** expects to publish regulations on the first public sector RSA for radio astronomy by September 2006.
- **Ofcom** and **CAA** will seek to address issues in the 590-598 MHz band.
- **Ofcom** will initiate a study into pricing levels for aeronautical radar spectrum in the first half of the year and expects to complete it by early 2007.
- **CAA** will initiate a review, with **MOD** and **Ofcom**, of navigation aids, including radar and landing systems, by November 2006.
- **Ofcom**, in conjunction with **CAA**, will review candidate aeronautical bands for the initial application of spectrum pricing.
- **Ofcom**, in conjunction with **MCA**, will review candidate maritime bands for the initial application of spectrum pricing.
- **UKSSC** will establish new radar and band sharing subgroups, to better co-ordinate spectrum management.
- **UKSSC** will agree the criteria for safety authorisation of new band sharing techniques.
- **UKSSC** will take responsibility for resolving disputes on public sector spectrum pricing levels
- **MOD** will establish the Spectrum Acquisition Authority in April 2006 to improve internal co-ordination of MOD spectrum.
- **Ofcom** will commission and publish a study examining the market demand for spectrum

In 2007

- **HM Treasury** will discuss and set specific spectrum targets with relevant departments on the basis of the Audit's band-by-band study, and the assessments provided by departments in 2006.
- **HM Treasury** will agree with departments the framework for the treatment of gains from trading or leasing of public sector spectrum.
- **Ofcom** will work with the relevant Crown bodies to introduce RSA in key spectrum bands as required.
- **MOD** will deliver the first efficiency savings in bands where there are

no significant obstacles to release or sharing.

- **UKSSC** expects to establish a third party band manager to promote commercial access to public sector spectrum holdings
- **Ofcom** expects to address issues relating to how payments for secondary use should be handled.
- **Ofcom**, in conjunction with **MCA**, will consult on the initial application of AIP to maritime bands.
- **Ofcom**, in conjunction with **CAA** and **DfT**, will consult on proposals for the application of pricing to aeronautical spectrum.
- **UKSSC** will publish the first Forward Look for public sector spectrum in March 2007. **DTI** will co-ordinate the production of the UKSSC Forward Look.
- **UKSSC** will review progress in implementing changes to public sector spectrum management, as outlined in this response, and report on progress in the Forward Look in March 2007.
- **Ofcom** will compile and maintain information about public sector spectrum use and tradability within the UK Frequency Authorisation Plan.

From 2008

- **Ofcom** and **CAA** expect that, subject to the outcome of consultations, spectrum pricing will be applied in selected aeronautical and maritime navigation bands
- **Ofcom** and **MCA** will, subject to the outcome of consultations, extend the application of spectrum pricing to selected navigation bands used in the maritime sector.
- **CAA** will formally report on the review of aeronautical navigation aids, and determine a UK position for international negotiations by June 2009.
- **Ofcom** expects to undertake a review of AIP levels. This will include the current differential between 'fixed' and 'mobile' prices.
- **Ofcom** expects to continue to progress its programme of spectrum awards and to review options for the 1.4 and 1.5 GHz bands.
- **UKSSC** will publish the second Forward Look for public sector spectrum in 2009. This will include a report on progress in implementing changes to public sector spectrum management.
- **Ofcom** will clear with UKSSC, the UK proposals for WRC10 and associated international forums, and set these in the context of the efficiency savings recommended by the Audit.
- **HM Treasury** will commission a review of the impact of market mechanisms on public sector spectrum management to report in 2012.

APPENDIX B: UK SPECTRUM STRATEGY COMMITTEE SUB GROUPS

Figure 1: UK Spectrum Strategy Committee: Recommended Structure (ref: Annex G, *Independent Audit of Spectrum Holdings*, December 2005)

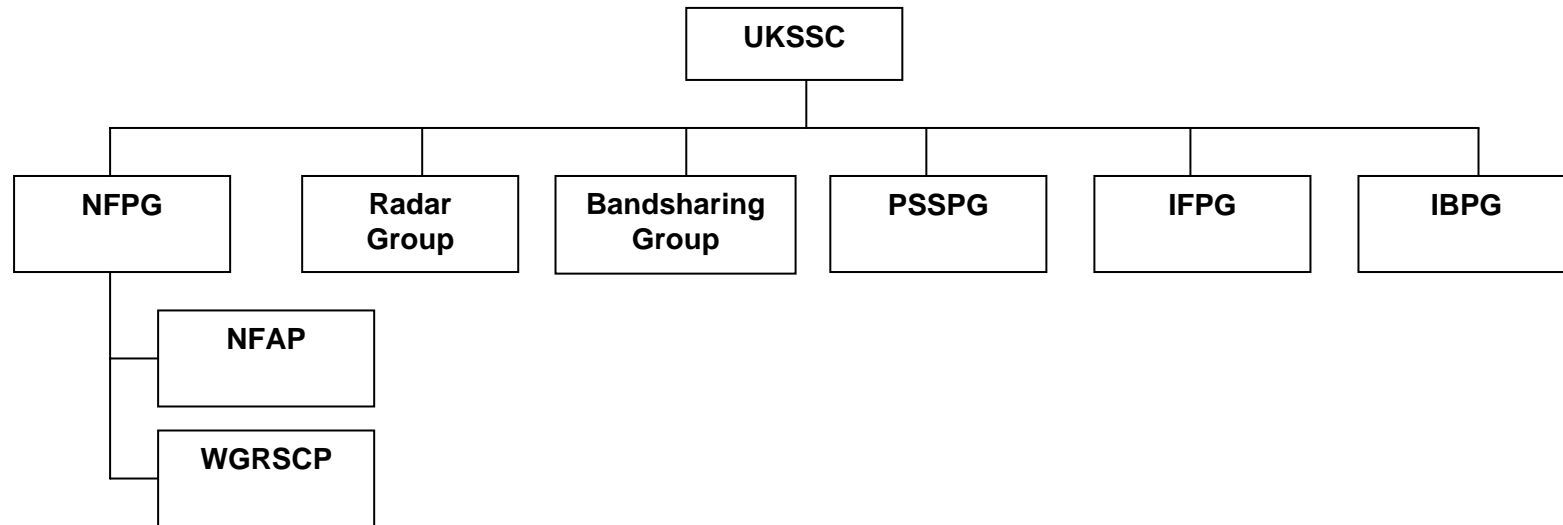


Figure 2: UK Spectrum Strategy Committee: Structure as implemented – showing Audit related sub groups highlighted

