



Response to DCMS consultation:

Digital Communications Infrastructure Strategy

1 October 2014

This response is submitted by Digital UK on behalf of its Members – the BBC, ITV, Arqiva and Channel 4 - the holders of the terrestrial Broadcasting Act and Wireless Telegraphy Act licences.

1. Introduction

About Digital Terrestrial Television (DTT)

Digital Terrestrial Television (DTT) is the UK's most popular TV platform. At the heart of DTT in the UK is Freeview – a universally available service offering a range of more than a hundred free-to-air TV, radio and text-based services. It is watched in more than 19 million homes, three-quarters of the total. Freeview is the sole television platform in more than 10 million homes (40%)

Prior to digital switchover (DSO), more than four million UK households could not access Freeview and elsewhere signal strength was variable. Thanks to industry investment in excess of a billion pounds, switchover made Freeview available to 98.5% of homes.

Viewers are overwhelmingly satisfied with the Freeview service, and post-switchover research demonstrated viewers enjoyed the selection of channels, picture quality and functionality.

About Digital UK

Digital UK supports the UK's terrestrial TV service and its viewers.

The company is responsible for day-to-day operational management, including the Freeview electronic programme guide, and leads on developing platform strategy, working with its broadcast partners and industry. It also provides viewers with information and advice about terrestrial TV channels, services and reception.

Digital UK is owned by the BBC, ITV, Channel 4 and Arqiva

2. Executive Summary

Digital UK welcomes the opportunity to respond to the DCMS's consultation on its Digital Communications Infrastructure Strategy. The consultation document outlines the aim to ensure that the UK builds on its strong digital foundations and continues to benefit from world class communications networks, which as the document notes generally contribute £105 billion to the UK economy and employ 1.3 million people. We welcome the focus on digital infrastructure as an important contribution to supporting further economic growth and wider social benefits.

As we noted in our response to the Terms of Reference we agree that the UK should not only benefit financially from the significant investment opportunities available in the next 10-15 years, but also continue to provide consumers, businesses and society with all the benefits offered by reliable, universal communications technologies and enable them to receive the level of services they require in an increasingly digital age.

There is no doubt that this decade and the next one will see significant changes in the way content is delivered and consumed across the globe. As an increasing number of consumers and businesses have access to devices that allow them to share and consume content, data and services, this will place growing demands on the networks that allow these services to be provided.

However, we believe the foreseeable future is very much a multi-platform world where broadcast, IPTV and mobile can and should all coexist. As many reports are highlighting, an increase in data demands and an increased reliance on connected, mobile technology, while a very important factor in the future of broadcasting, should not be at the expense of linear TV.

We noted in our previous response that linear consumption is still by far the most popular way for viewers to consume television and there is no sign that this will change any time soon. Social media and the use of second screens are fuelling the enjoyment of that shared experience – a social aspect that should not be overlooked. Digital Terrestrial Television (DTT) offers that shared linear experience (in both SD and HD) to 98.5% of the UK population. It does that reliably, efficiently and subscription-free. There are clear demands for more choice, flexibility and mobility, which are all valid and should be addressed, but consumer behaviour shows that there is still very much a place for linear television that efficiently delivers the same high-quality content to everyone.

Innovation and evolving technologies will drive changes in the communications sector over the next decade, and enable consumers to adapt to a more mobile, connected lifestyle. Connectivity is improving rapidly, there are benefits and opportunities available from a shift to IP networks, but they are not yet ubiquitous and as the consultation suggests it may be some time before they are. DTT is an established, extremely resilient and reliable platform – reliable to a high level guaranteed by service level agreements between multiplex operators and the DTT network provider, Arqiva. This enables PSBs to deliver their public service obligations to millions of viewers simultaneously, with certainty that the network will be able to cope with any level of demand. As we move into a more converged, multi-platform world it will be important for alternate forms of delivery to seek to match these high levels of reliability and resilience.

In the meantime the UK's communications strategy should focus on that multi-platform world – solutions that have the flexibility to offer what is available today and can evolve to embrace technologies that are being developed for tomorrow. In TV this is primarily about combined broadcast/broadband offerings. The success of YouView has shown how IP services can complement the existing range of linear channels. The Freeview-branded connected solution, currently in development, will build on that success and bring it to the mass market, allowing many more viewers who can access a reliable broadband connection to take advantage of the opportunities offered by IPTV, without excluding those that won't be able to connect for some time.

Innovation is not restricted to IP technologies – DTT has evolved and is continuing to do so, using spectrum more efficiently and offering more and better-quality services universally across the UK. Digital switchover, the launch of HD, the adoption of better compression technologies and statistical multiplexing, as well as more recently in some areas the launch of local TV and an additional DVB-T2 multiplex providing yet more HD services, have all ensured DTT is able to offer increased choice and quality. They also ensure, with around 75 per cent of households using the service, that it remains the most-popular TV platform in the UK.

DTT also fulfils Government's objectives in meeting public service broadcasting requirements, and the broader choice that it offers creates competition with alternative pay-TV options. This commitment puts the UK ahead of much of Europe and the world in terms of the social benefits offered by free-to-air, universal, reliable quality television services, as well as providing huge value to the UK.

We support the Government's desire to assess ways of developing the UK's infrastructure network while avoiding any negative impact to the current benefits offered by DTT services, and ensuring the valuable evolution opportunities for DTT can continue.

Considerations on the Scenarios (Qs 8-22)

We welcome the DCMS's scenario approach to consider how levels of demand may be required in a 2025 timeframe. This approach, as explained in the consultation document, allows the strategy development to be informed by changing demand across a number of services and the consequent requirements for networks to meet such changing demands. This contrasts with a rather two-dimensional approach of planning on the basis of unstable fixed and mobile data demand forecasts.

Given the timeframe, however, it is difficult to believe a single scenario will dominate to the exclusion of others. In our view much of scenario 2 seems probable – in the TV sector we agree there's a strong likelihood that linear television will remain the dominant form of viewing while also being enhanced by use of OTT catch-up services. We also believe there will be an expectation from many of always-on connectivity and a continued shift towards interoperability and non-device specific content – but it is likely elements of scenario 1 will also feature.

It remains to be seen whether each mobile operator will fully exploit the opportunity to roll out 4G services universally, and, as scenario 1 notes, much of the country may be restricted to a single access medium and a geographic digital divide will be evident. There will still be large sectors of society who are not able to keep pace with the technological changes, whether that's through affordability, age, geography or lifestyle. It is also not clear, following this initial rapid take-up of smartphones and tablets, whether time spent on these devices is able to increase much further, or if it has reached saturation point – there's little evidence to suggest people's appetite for more video on the move will increase significantly.

Furthermore, we would recommend, as we did in our response to Ofcom's 700MHz Cost Benefit Analysis¹, treating data demand forecasts with caution and to ensure that any strategy focussing on large investment and significant infrastructure change needs to be based on the strongest possible evidence base.

Given this current lack of certainty, it is important that the strategy takes an approach that allows flexibility to respond to varying levels of demand, by both supporting the roll-out of mobile and fixed mobile infrastructure while ensuring existing technologies that are heavily used such as DTT can continue to deliver and evolve. Adopting such an approach would mean there is a place for the any outcome of scenarios 1, 2 and possibly elements of 3, to coexist together (Q26).

Communications infrastructure, spectrum availability and the need for spectrum security

The consultation highlights the important principle discussed in detail in both the DCMS's Spectrum Strategy and Ofcom's UHF Strategy, that radio spectrum plays a key part in the delivery of elements of digital communications infrastructure. With that in mind it would not be advisable to consider an infrastructure strategy without discussing the linked elements of the spectrum strategy.

Decisions taken at the WRC-15 conference in November next year are fundamental to the next 10-15 years of the delivery of communications. It is now looking likely that the 700MHz band will be cleared for mobile. If clearance does go ahead, it is essential that sufficient time is made available to plan and coordinate the change appropriately, both in the UK and with our international neighbours (Q23), and that the process ensures that viewers and broadcasters are not disadvantaged in any way, including ensuring that all infrastructure changes, communications and viewer support is funded in full in a timely manner (Q24).

If 700MHz is cleared, it is imperative that the remaining broadcasting UHF band (470-694MHz) is maintained for primary DTT use (Q25). If the UK confirms its proposal for keeping the remaining broadcasting UHF band for primary DTT use, as set out in Ofcom's consultation on UK preparations for the World Radiocommunication Conference 2015 (WRC-15) consultation, and that decision is agreed at WRC-15 next November (as supported by the recent Pascal Lamy report to the European Commission) the foundations will be laid for securing the long-term future of DTT. These foundations will facilitate further industry investments. This would be in stark contrast to the investment options available

¹http://www.digitaluk.co.uk/_data/assets/pdf_file/0005/87521/DigitalUKResponseOfcom700MHzCBA_29August2014.pdf

should a co-primary decision be taken, or a change in regulation to provide a scenario that does not allow DTT primary use of the band to be protected.

Terrestrial television has consistently offered more with less. It evolved from a purely analogue platform offering just four TV channels to a fully digital platform that offers over 100 TV channels, including 95 per cent of the most-watched channels for free, and it is going further to develop a connected proposition to complement that range of services.

There are now more channels available on Freeview than ever before – in the last 12 months we have seen the launch of a number of local TV public service channels as well as the launch of another HD multiplex and the planning of a second – and this is despite the reduced spectrum allocation available following DSO. In addition, the Multiple-Frequency Network (MFN) planning approach allows valuable services such as Programme Making and Special Events (PMSE) and, potentially in the future White Space Devices, to coexist in a spectrally efficient way. The likely clearance of 700MHz would reduce the DTT spectrum allocation by a further 96MHz, meaning services are squeezed again. If DTT is expected to do more with less there is no more room for uncertainty.

Ofcom's 'The Future of Free TV' discussion paper comprehensively sets out the challenges facing DTT evolving over the coming years. DTT is faced with a number of other uncertainties. Long-term security of spectrum access is one of those areas of uncertainty and the prospect of more UHF frequencies being earmarked for future mobile use could have a significant impact on the ability to make investment decisions in the future.

With protection of the lower UHF bands (470-694MHz) secured, the DTT platform would provide a stable environment for reliable, free, universal TV delivery over a timescale where no other platform can replicate that service. It would also provide the potential for users of that service to benefit to an even greater extent from the additional broadcast opportunities available. This will help to support significant investment into the industry and provide a future for the delivery of billions of pounds worth of creative content.

At the same time, if the strategy outlined above is to be successful, it is incumbent on Ofcom and Government to ensure that *all* spectrum users are using their allocated bands efficiently – that way spectrum demands stand a chance of being able to support the flexible network outcome outlined earlier. Just as broadcasters must consider how they can further evolve DTT's proposition and seek to improve spectrum efficiency, the mobile operators should also be encouraged to use their spectrum efficiently by sharing infrastructure, repurposing 2G networks and rolling out services universally (Q27). As the consultation highlights, there are some roads into this being made, but more is needed to ensure the optimum flexible solution is possible.

We would be happy to work with the DCMS and Ofcom to explore ways to develop this strategy further.