

Title: Media Bill Overarching Impact Assessment IA No: RPC Reference No: RPC-DCMS-5202(3) Lead department or agency: Department for Culture, Media & Sport Other departments or agencies: N/A	Date: November 2023
	Stage: Final
	Source of Intervention: Domestic
	Type of Measure: Primary legislation
	Contact for enquiries: enquiries@dcms.gov.uk
	RPC Opinion: Fit for purpose

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	Business Net Present Value	Net Cost to Business per Year	Business Impact Target Status Qualifying provision
NQ	NQ	NQ	
<p>What is the problem under consideration? Why is government action or intervention necessary?</p> <p><u>Television</u> Television remains a hugely important part of everyday life for millions of households. However, the rapid growth in the take-up of superfast broadband and the proliferation of devices capable of connecting to the internet is changing the way we access video content. Today’s viewers now have a huge amount of choice in terms of what they watch and how they watch it – and they are taking advantage of it. In particular, they have continued to move away from linear (“live”) to on-demand consumption. However, they are also shifting to different platforms (e.g. YouTube/social media), types of content (e.g. video games) and viewing modalities (e.g. on the go). Changes in technology and consumer habits have set the stage for new global players with deep pockets to emerge (particularly, but not exclusively, subscription video-on-demand (SVoD) services), with their content budgets driving up production costs across a number of parts of the sector.</p> <p>These rapid changes in technology, viewing habits and the entrance of global players have introduced new challenges for British broadcasters and for the continued viability of existing interventions/ regulations which were developed well before these changes came into existence. As public service content is still highly valued by audiences, it is critical that the Government intervenes to secure the long term sustainability of the public service broadcasting (PSB) ecosystem and protect the significant and wide-ranging benefits that it delivers to individual consumers, and to the wider society and economy. In light of the rapid shift towards on-demand viewing, new regulation of TV-like on-demand services is an essential update to content standard regulation to reduce the risk of harm to audiences and provide a fair competitive framework.</p>			

Radio

Radio also plays an equally central role in UK public life. Every week, 88% of the population tunes in to one of more than 600 stations across the country, and listens for an average of around 20 hours - for entertainment, for companionship, and for highly trusted news and information.

Over recent years, the rapid growth of connected audio devices (colloquially known as 'smart speakers', although strictly speaking the latter term describes a subset of the former), alongside improvements in connectivity as referenced above, has given UK listeners new ways of receiving live radio - and other audio - services. In parallel, the increase in usage of voice assistants (around a third of UK homes now have access to a voice-activated speaker) has begun to change the way in which audio services are discovered and accessed on these devices. While for now, listening to radio represents the majority of audio consumed over voice activated smart speakers (around 70% of audio listening on smart speakers¹), and smart speakers account for around 14% of total radio listening (up from nil in 2016), it is far from clear that this will remain the case. Given the risk of a shift in the balance of power between platforms and stations, it is important that the Government takes action to ensure that listener access to radio across these devices is protected over the years to come.

Alongside measures relating to radio's presence on connected audio devices, the Government is also seeking to update the regulatory structure for commercial radio, to remove disproportionate burdens on the sector and encourage stations to invest in new content and services while ensuring that the provision of high quality, locally sourced and relevant news and information - a core public service function of radio - continues to be protected.

Press

The response to the Government's consultation on the commencement of Section 40 of the Crime and Courts Act 2013 (s.40) recognised the media landscape has changed significantly since the Crime and Courts Act 2013 passed, and commencement of s.40 could be considered at odds with steps the Government is taking to support press sustainability. There has also been a raising of standards across industry and commencement of s.40 is no longer required to improve regulation of publishers. The Government therefore no longer considers s.40 necessary nor proportionate. Repeal of s.40 has been a manifesto commitment for the last two administrations.

What are the policy objectives of the action or intervention and the intended effects?

The strategic aim of the proposed Media Bill is to deliver the key parts of the Government's vision for a British broadcasting landscape which is fit for the future, continuing to drive the economic success of the sector and the creative economy, supporting the provision of free and universal public service content and delivering high quality content and choice for audiences across the UK. Overall, the measures in the Media Bill are an ambitious package, which together will strengthen and secure the long term sustainability of the UK's system of public service broadcasting, better protect television audiences from harm, secure radio's continued access to its listenership, and deliver the Government's manifesto commitment to repeal section 40 of the Crime and Courts Act 2013.

¹ RAJAR - [MIDAS Spring 2023](#) (Slide 14)

What policy options have been considered, including any alternatives to regulation? Please justify the preferred option (further details in Evidence Base).

Option 1: Do nothing (counterfactual).

Option 2: Introduce the complete set of measures as part of a Media Bill.

Alternative options are considered within the individual impact assessments for each measure of the Bill.

Will the policy be reviewed? It will not be reviewed by DCMS. **If applicable, set review date:** N/A

Does implementation go beyond minimum EU requirements?		N/A		
Is this measure likely to impact on international trade and investment?		Yes		
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.



Signed by the responsible:

Date: 24/10/2023

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1. This overarching impact assessment supports the Government's package of measures for the television, radio and press sectors brought forward in the Media Bill. Some provisions within the Bill have been assessed through individual published regulatory impact assessments. All of these impact assessments have been published alongside the introduction of the Media Bill, alongside individual appraisals of other measures which are not presented in the format of a regulatory impact assessment, and are available on GOV.UK.
2. As the Channel 4 Television Corporation (C4C) is a public authority, the measures being taken to support its long term sustainability are not regulatory provisions and are therefore outside the scope of the better regulation framework under Section 27(3)(a) of the Small Businesses, Enterprise and Employment Act 2015.² Nevertheless, DCMS has published an assessment of the impact of the measures alongside introduction of the Bill. Additionally, to ensure that this overarching impact assessment provides a full overview of the Bill as a whole, a high level summary of the potential impacts of C4C measures is set out in Section 2, below.
3. This overarching assessment outlines the policy background and rationale for intervening, summarises the costs and benefits of each individual measure, and provides an assessment of the overall impact of the Bill on affected stakeholders.

1.0 Policy Rationale

Policy Background

Public Service Broadcasting

4. The concept of public service broadcasting ("PSB") in the UK dates back to the foundation of the modern BBC in 1927 – and in particular the Reithian conception of television to "inform, educate and entertain". Initially, it was judged that constraints on the use of electromagnetic spectrum would permit the broadcasting of only a small number of (analogue) TV channels. There was therefore a role for the Government in prioritising use of these channels to ensure the available channels represented a genuine public service.
5. The emergence of cable and satellite television in the UK in the 1980s and 1990s as mainstream competitors to analogue forced a change in thinking about the role of PSB. The consensus that emerged was that the additional choice (and hence competition) provided by cable and satellite would be good for viewers. But it also necessitated a distinction between public service broadcasters (PSBs) on the one hand and commercial (or 'multichannel') broadcasters on the other. All broadcasters would be subject to a baseline set of requirements, for example in relation to content standards, but only the PSBs would be subject to public service obligations. To ensure that PSBs were not unduly disadvantaged as a result, PSB status would also grant certain benefits. This exchange is known as the 'PSB compact' and is predominantly set out in the Communications Act 2003³, as amended by the Digital Economy Acts 2010⁴ and 2017⁵ in particular.

² Section 27(3)(a) of the [Small Business, Enterprise and Employment Act 2015](#)

³ [Communications Act 2003](#)

⁴ [Digital Economy Act 2010](#)

⁵ [Digital Economy Act 2017](#)

6. The 2003 Act describes the “purposes of public service television broadcasting” as:⁶
 - a. the provision of relevant television services which secure that programmes dealing with a wide range of subject-matters are made available for viewing;
 - b. the provision of relevant television services in a manner which (having regard to the days on which they are shown and the times of day at which they are shown) is likely to meet the needs and satisfy the interests of as many different audiences as practicable;
 - c. the provision of relevant television services which (taken together and having regard to the same matters) are properly balanced, so far as their nature and subject-matters are concerned, for meeting the needs and satisfying the interests of the available audiences; and
 - d. the provision of relevant television services which (taken together) maintain high general standards with respect to the programmes included in them, and, in particular with respect to—
 - i. the contents of the programmes;
 - ii. the quality of the programme making; and
 - iii. the professional skill and editorial integrity applied in the making of the programmes.
7. The Act goes on to list a number of “objectives”, for example that PSB “services (taken together) provide, to the extent that is appropriate for facilitating civic understanding and fair and well-informed debate on news and current affairs” and that they “include what appears to OFCOM to be an appropriate range and proportion of programmes made outside the M25 area”.⁷ In addition, it is widely understood that to qualify as public service broadcasting, a service must be universal (at least within a certain geographic area) and offered without charge.
8. These purposes and objectives (together known as the “PSB remit”) are to be delivered by the “public service broadcasters”, namely:⁸
 - a. the BBC;
 - b. the Welsh Authority (the Welsh language broadcaster S4C);
 - c. the providers of the licensed public service channels (currently ITV, STV, the Channel Four Television Corporation (C4C) and Channel 5) and
 - d. the public teletext provider.
9. For the purpose of the remit, the only relevant activities of the PSBs are the provision of “relevant television services”:⁹
 - a. the television broadcasting services provided by the BBC;
 - b. the television programme services that are public services of the Welsh Authority (S4C);
 - c. every Channel 3 service (currently ITV1 and STV);
 - d. Channel 4;
 - e. Channel 5;
 - f. the public teletext service.
10. The BBC, S4C and C4C are publicly owned, while ITV, STV and Channel 5 are privately owned. Other (non-public-service) broadcasters may choose to produce public service content, but they are not obliged to in the same way as the PSBs.

⁶ Section 264(4) of the 2003 Act

⁷ Section 264(6) of the 2003 Act

⁸ Section 264(12) of the 2003 Act

⁹ Section 264(11) of the 2003 Act

11. In addition to the overall “public service remit”, individual PSB services have their own statutory remits (referred to in this document as “channel remits”) which shape that service’s particular contribution to the overall remit.
12. PSBs also have quotas. A ‘quota’ is a quantitative obligation placed on a channel, generally to make and/or broadcast (at least) a certain amount of a certain type of content. For example, a channel might be required to broadcast 200 hours of news programmes per year. Most broadcast TV quotas apply to PSBs but there are also a small number of quotas that apply to non-PSB TV channels. For example 25% of PSBs’ qualifying hours of output must be commissioned from independent producers, whereas for other digital TV channels the level is 10%.
13. Not all quotas are applied to all public service broadcasters; and the same quota may apply to multiple broadcasters but be set at a different level for each. Generally, in this case, power to set the level of the quota is delegated to Ofcom. The main quotas currently in force are as follows:
 - a. requirements for the broadcast of independent productions;
 - b. requirements for the broadcast of original productions (programmes commissioned directly by the PSB, rather than acquired from another broadcaster or intermediary);
 - c. requirements to provide high quality news and current affairs programming throughout the day; and
 - d. requirements for a proportion of programmes to be made outside London, and for a proportion of expenditure to be on making programmes outside London.
14. The listed events regime is designed to help ensure that events of national importance are available to be shown on free-to-air television so that they can be enjoyed by as wide an audience as possible. The listed events regime works by prohibiting the exclusive broadcast of an event on the list without prior consent from Ofcom. Legislation ensures the availability of broadcast rights for coverage of listed events to free-to-air broadcasters who meet certain criteria. Under the Broadcasting Act 1996, broadcast services which are received by 95% of the UK population and which are free-to-air are categorised as ‘qualifying services’ (currently only the PSBs are deemed to meet this criteria). All other broadcasters are categorised as ‘non-qualifying services’. Non-qualifying services are not permitted to show exclusive live coverage of a listed event unless the rights have also been made available to qualifying services on fair and reasonable terms and Ofcom’s consent has been obtained (and vice versa). Although not currently formally a PSB benefit, the listed events regime has helped to contribute to the sustainability of public service broadcasting.
15. Ofcom is required to make its best endeavours to issue a licence for the provision of a public teletext service. However, it is no longer commercially viable to provide this service. By 2009 the teletext service was making significant losses and the licence holder withdrew the service, causing Ofcom to revoke their licence in 2010. A subsequent report by Ofcom (December 2010) found that the benefits of providing a public teletext service were “limited and diminishing, and outweighed by the disadvantages of reserving” DTT capacity for the service, which was “unlikely to be commercially sustainable” in the future.¹⁰ All subsequent attempts by Ofcom to find an alternative provider have been unsuccessful, and we are not aware of any desire from business to operate the public teletext service in over a decade.

Prominence

16. As mentioned above, PSBs receive certain benefits and benefits-in-kind for delivering on their respective obligations. These include:

¹⁰, Ofcom (2010). [Report to the Secretary of State on the public teletext service](#)

- a. **Public funding** for the BBC and S4C through the licence fee;
- b. **'Must carry' obligations on platforms.** Ofcom have powers to set general conditions to secure the broadcast or transmission of the PSB channels on a given electronic communications network which is used by a significant number of end-users as their principal means of watching television programmes.
- c. **Guaranteed prominence.** There is a duty on Ofcom to create a code of practice requiring PSB services to be afforded prominence on electronic programme guides. Ofcom uses this flexibility to require EPGs to always have the first five places on the linear EPG. In England, this means BBC 1 and 2, ITV, Channel 4 and Channel 5. In Wales, S4C appears in the fourth position on the EPG; and in the 'Central Scotland' and 'North of Scotland' regions STV appears in the third position.¹¹
- d. **Access to spectrum**¹². PSBs are guaranteed access to spectrum, with reserved capacity on digital terrestrial television (DTT) multiplexes, available on commercial terms. This facilitates reach of the PSB channels to 98% of the population via Freeview.
- e. **Ability to cross-subsidise.** It is an implicit but long standing feature of the UK's PSB system that PSBs are able to cross-subsidise their public service obligations – that is, that as long as they have met those public service obligations, they are free to operate as a commercial broadcaster would, i.e. attracting new viewers, offering additional services, etc. This ensures that they can remain financially sustainable over an extended period of time.

17. The prominence regime underpins the delivery of PSB by making PSB content easy to find and watch. This is currently achieved for linear broadcasting through rules set out by Ofcom that affect the position (or "prominence") of specific linear channels on an electronic programme guide (EPG) (screen-based list of TV channels)¹³. Prominence is provided in exchange for certain obligations such as original programming or local news provision. As mentioned above, this balance of obligations and benefits is known as the 'PSB compact' with prominence forming a key element of the compact.
18. The current regulatory framework for prominence does not extend to video-on-demand services. As audiences watch more content on-demand, PSBs argue they are finding it difficult to maintain their prominence and secure traction (and revenue generating deals) with platforms when seeking carriage for their services/content. The Covid-19 pandemic has further accelerated shifts online, and PSBs are calling for prominence to be extended to cover PSBs' services online in order to maintain the value of the 'PSB compact' and to ensure their future sustainability.

VoD Regulation

19. The emergence of global content providers is driving fundamental shifts in viewing habits and industry structures. Whilst there is a high standard of regulation to protect audiences watching broadcast TV, including the 9pm watershed and certain content standards, the same is not currently true of TV-like video-on-demand (VoD) services - BBC iPlayer excepted. Most VoD services either aren't regulated to the same extent as traditional UK linear television channels, or they aren't regulated in the UK at all.

¹¹ In Wales, S4C appears in the fourth position on the EPG; and in the 'Central Scotland' and 'North of Scotland' regions STV appears in the third position.

¹² Spectrum refers to the frequency range of the Electromagnetic spectrum that is used to broadcast TV and radio.

¹³ [Section 310 of the Communications Act 2003](#) gives Ofcom specific powers and duties in relation to the granting of prominence to 'designated linear channels' - as it considers appropriate. The 'designated channels': all BBC channels; the Channel 3 services (ITV and STV); Channel 4; Channel 5; S4C and local TV channels

20. Ofcom currently regulates all programming on UK VoD services (or defined as On-Demand Programme Services ODPS). This includes TV catch-up, online film services and those providing a library of archive content. There are specific criteria for determining whether a service falls within regulation and is therefore required to notify Ofcom and comply with their rules. These criteria and the content standards requirements are set out in Section 4A of the Communications Act 2003.
21. Unlike linear TV regulation, where Ofcom sets standards through their Broadcasting Code, Ofcom must secure compliance by VoD providers who are legally obliged to comply with requirements set out in legislation, including that material which would be unsuitable for children is not easily available, and that material does not contain incitement to violence or hate speech.
22. While there are some rules that VoD providers must currently follow in protecting children from harmful content (though limited in comparison to broadcasting regulation), there are little or no rules to protect audiences over 18. These existing EU-derived UK rules for VoD do not provide Ofcom with the power to regulate wider content matters, for example considering the accuracy of information. The overwhelming majority of content currently available from UK VoDs would not be considered as harmful. But there are increasing concerns over some content. For example, there is concern about VoD programming which promotes factually incorrect health solutions and pseudoscience documentaries without any warnings.
23. With regards to audience protection, there is no direct oversight or regulation of audience protection measures, particularly for adult audiences. However, all major VoD services provide viewer content information/warnings, and voluntary parental guidance locks with pin controls for parents. Whilst there is a good deal of conformity across PSBs' VoD services, audience protection measures implemented by other major VoD services are less consistent. In addition, Ofcom are not required to objectively assess these, and the audience protection they provide, meaning that appropriate oversight is not achieved.

VoD accessibility

24. As set out above, the viewing habits of UK audiences are rapidly changing, with an increasing proportion of people accessing video-on-demand services alongside or instead of linear broadcasting. VoD services provide huge value to UK audiences, and in many cases provide significant, and growing, contributions to the UK economy.
25. Thousands of hours of on-demand programmes are now available at the touch of a button - but not enough of these programmes are easily accessible to those with sight or hearing loss. We estimate that there are approximately 5.8 million people in the UK with hearing impairments who may use subtitles, and a further 930,000 with visual impairments. There are also 87,000 people in the UK who use sign language as a first language. Organisations like the Royal National Institute of Blind People and the Royal National Institute for Deaf People say that lack of access to content on VoD services can make people who are living with sight or hearing loss feel left behind.
26. There are currently no specific targets for video-on-demand services for the provision of access services. In comparison, in linear broadcasting the Government previously legislated to put in place targets for the implementation of access services to ensure the provision of these vital services. For most TV channels with larger audiences, 80% of their linear TV programmes have to have subtitles, 10% have audio description, and 5% of their programmes have to have signed interpretation.
27. Viewing habits have changed significantly in recent years, with more than three quarters of households now using video-on-demand services; it is now essential that these services provide

appropriate accessibility. Without sufficient access services, those with sight and/or hearing loss are unable to participate fully in social and cultural life in the UK. Furthermore, although accessibility on these services is slowly improving, it is inconsistent across services.

Radio over Voice Assistant Platforms

Definition: Voice Assistants

The term “Voice Assistant” describes the software that interprets, analyses, and responds to natural language commands from users by offering access to content services information stored in the cloud. Typically, users interact via voice commands (but can also interact in other ways). Voice Assistants are integrated into many different types of consumer devices, including smart speakers, laptops/desktops, watches, smartphones, cars, TVs and on IoT (Internet of things) devices.

Voice Assistant services in the UK are principally provided by large digital platforms (“Voice Assistant platforms”) such as Google, Amazon (Alexa) and Apple (Siri). These Voice Assistant platforms incorporate their Voice Assistant services on their proprietary hardware (including smartphones, smart speakers and other smart home devices and integrated car systems) and may license their Voice Assistant technology to third party providers to include on third party devices or interoperate with third party services.

Voice assistants open the way for the development of a wide variety of new digital services through integration with a range of devices. Developments in voice AI are expected to greatly improve the sensitivity and reliability of voice assistants.

28. The government’s Digital Radio Action Plan, launched in 2010 and finalised in January 2014¹⁴, set out a framework to encourage the radio industry to work together towards a robust and viable digital future. Supported by the work put in place as part of this plan, radio listening has continued its transition away from traditional analogue (AM and FM) and towards DAB and online, to the extent that 70%¹⁵ of radio listening is now via digital means.
29. The joint government / industry Digital Radio and Audio Review (the final report of which was published in October 2021) underlined that online listening is projected to grow steadily over the coming decade. By 2035, forecasts provided for the review projected that listening over the internet would represent around a third of all radio listening, with a significant majority of this expected to be via a smart speaker (which is already running ahead of forecasts, and currently represents around 14% of all radio listening).
30. The increase in online listening has opened new avenues for radio to reach its listeners. However, the growing use of connected audio devices significantly strengthens the role of intermediary platforms and content aggregators, as they facilitate access to content for listeners and disrupt traditional relationships between radio broadcasters and the end user. As a result, the tech platforms have the potential as gatekeepers to limit radio’s ability to reach audiences by controlling which content is provided in response to a listener’s request. There is already evidence of this. For example, some audio listeners have found that when requesting access to certain licensed radio stations using a voice assistant, they are redirected to a connected platform’s own (radio-like)

¹⁴ DCMS (2014). [Digital Radio Action Plan](#)

¹⁵ RAJAR (2023). [Data Release Q3 2023](#)

services¹⁶. This is particularly important for newer radio startups, who tend to have a larger share of listening via smart speakers (e.g. Times Radio, for which this share is around 40%), as well as smaller stations, who are not in a position to develop bespoke arrangements with the platforms.

31. For the time being, radio is likely to be adding more value to the platforms (including by supporting listeners on smart speakers and giving information on how to access services) than the platforms add to radio. However, as smart speaker penetration and usage grows and platforms continue to develop complementary and competing services, there is a significant risk of a shift in bargaining power in favour of the platforms.

Commercial radio deregulation

32. Commercial radio is regulated under legislation developed in the late 1980s, which is no longer fit for purpose as radio transitions from an analogue past to a digital future. As such, in February 2017, the Government launched a consultation¹⁷ outlining proposals to deregulate analogue commercial radio licensing, citing significant and ongoing changes affecting the sector including: the emergence of connected audio and the growth of DAB; a drift of younger listeners away from radio; increased competition for advertising; and the revenue challenges presented by the impacts of the 2008 financial crash. Since 2017, these challenges have continued or accelerated. Connected audio has further increased its market share, and the coronavirus pandemic resulted in large-scale revenue challenges due to the reduction of advertising spend.
33. This legislation will relax the content and format requirements on commercial radio, allowing stations a much larger degree of flexibility to update or adapt their services without needing consent from Ofcom, thereby reducing the sector's regulatory burdens and costs. The reforms will replace requirements based on commitments given in licence applications (in some cases 20 or 30 years ago) with new, clearer requirements for commercial stations to provide national and local news and relevant local information (traffic and travel) to reflect the importance and value of these services to the public. The reforms also include additional provisions to help manage an eventual switchover of radio to digital and to enable Ofcom to licence overseas radio stations.

Section 40

34. S.40 of the Crime and Courts Act 2013 could require news publishers to pay costs in the event of a legal claim brought against them if they are not a member of a Press Recognition Panel (PRP)-approved regulator, regardless of the outcome. While the PRP was created in 2014, the Government did not opt to commence s.40 at that time.

C4C Reform

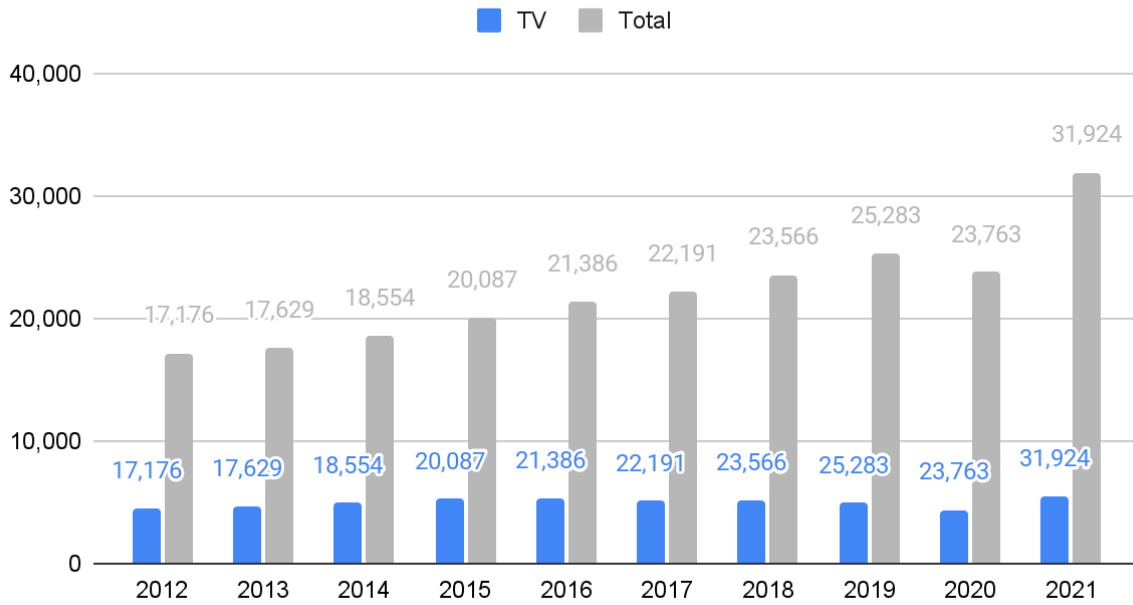
35. Over the ten years prior to 2021, total advertising spend has been increasing, while spend on TV advertising has been largely flat. Spending on linear advertising has been in decline, with similar implications for revenue. Indeed Enders analysis from 2020 showed that "Linear advertising...has

¹⁶ The Digital Radio and Audio review sets out further examples of this behaviour.

¹⁷ DCMS (2017). [Commercial radio deregulation consultation](#)

been declining across the market at a compound annual growth rate (CAGR) of 2.5% since 2015."¹⁸

UK Advertising Spend - TV and Total (£m)

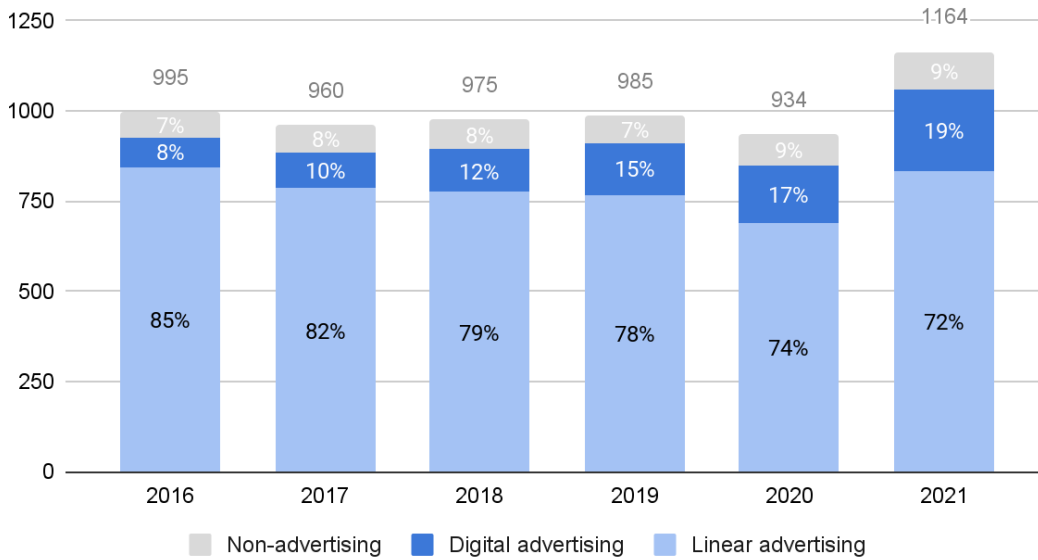


Source: AA WARC

36. Market wide, the reduction in linear TV advertising revenue has somewhat been compensated by digital TV advertising, which includes revenues from advertising on video-on-demand, as well as on video-sharing platforms such as YouTube. C4C's revenues have followed those broad trends but with digital advertising revenue not fully compensating for the decline in linear TV. BVoD providers are seeking to attract viewers who are also likely to be users of SVoD services like Netflix and ad supported social video services like YouTube. This competition will soon intensify further; several SVoD services are moving, or have already moved, into ad-supported tiers, meaning that advertisers will have even more options for reaching TV and video audiences. In 2022, 89% of C4C's revenues were from advertising, with 67% from linear advertising, making the company significantly dependent on advertising and leaving it vulnerable to further contractions in the linear advertising market, as well as increased competition in the overall TV advertising market. Furthermore, C4C is more constrained than other broadcasters by way of its operating model, and these factors combined pose challenges to its long-term sustainability. For comparison, ITV generated 56% of its revenue from advertising in 2021, as it has the ability to diversify its revenue streams via production.

¹⁸ Enders Analysis (2020). *Channel 4: 2019, 2020 and onwards*

C4C Revenues by source (2016-2021, £m)



Source: C4C Accounts

37. 2021 was an outlier in this trend with TV advertising revenue up by 24% to £5.4bn, with a post-Covid rebound in advertising boosted by the return of major live sporting events like Euro 2020 and in part due to a steep increase in prices advertisers are willing to pay to reach hard-to-reach younger audiences which is not yet clear can be sustained.¹⁹ The TV advertising market suffered only a small decline in 2022, with spend falling by 1.4% year on year.²⁰ However, it appears the difficult macroeconomic environment and post-pandemic recalibration will have a greater impact in 2023 with some commercial broadcasters reporting that their advertising revenues were down more than 10% versus 2022 in the first half of the year.

38. The recent economic downturn leaves advertising revenues vulnerable and the spike in revenues is not expected to be sustained.

Market Context

Television

39. Television remains a hugely important part of everyday life for millions of households. In 2021 the average adult in the UK watched almost 40 hours of video content a week.²¹ However, the way we 'tune in' is changing. The rapid growth in the take-up of superfast broadband and the proliferation of devices capable of connecting to the internet is changing the way we access content. 79% of households with a TV set now choose to connect it to the internet, giving them access to a wide array of additional services.²² The proliferation of connected devices means that people are no longer restricted when it comes to where they watch TV, with this becoming increasingly fragmented (see Figure 1).

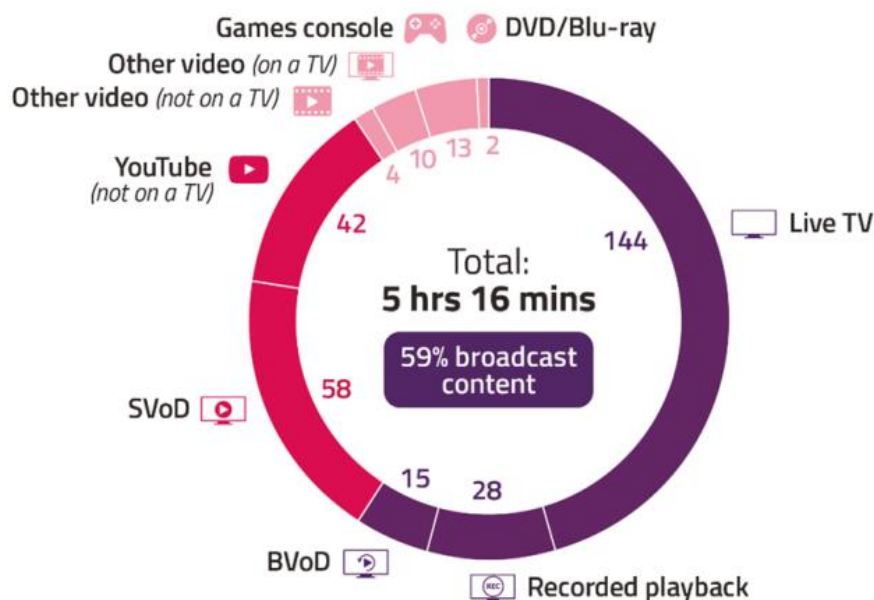
¹⁹ Ofcom (2022). [Media Nations 2022](#)

²⁰ Ofcom (2023). [Media Nations 2023](#)

²¹ Ofcom (2022). [Media Nations 2022](#)

²² Ofcom (2021). [Media Nations 2021](#)

Figure 1: Average minutes of viewing per day, all individuals, all devices (2021). Ofcom Media Nations 2022



Source: Ofcom estimates of total video viewing. Modelled from BARB, Comscore and TouchPoints.

40. The result is that the consumption of linear television, as a proportion of all media use, is reducing. Less than half of video viewing went to traditional live services in 2021 (see Figure 1). Broadcast TV audiences have declined, particularly amongst younger viewers, as PSBs have become increasingly challenged by global competitors which command an increasing share of viewing. In 2021 broadcast content represented only 30% of total viewing for people aged 16-34²³. The main beneficiary of this change has been video-on-demand (VoD) services. More than two-thirds of UK households now use a VoD service, including those offered by existing broadcasters (BVoD, like BBC iPlayer, ITVX) or available on subscription (SVoD, like Netflix, Amazon Prime Video).²⁴ While both younger and older audiences are increasing their time spent on VoD services, this is particularly apparent with the rate at which young audiences are viewing content. 16-34 year olds spent 70 minutes per day viewing SVoD content in 2021, more than the 67 minutes across live TV and BVoD services combined.²⁵
41. SVoD services have grown enormously. The number of households that subscribed to a VoD service rose almost 350% between 2014 and 2020.²⁶ Nearly half (48%) of UK adults consider online video services to be their main way of watching TV and film, and 42% of subscription VoD users can imagine not watching broadcast TV at all in five years' time.²⁷ In 2022, 67% of UK households say they have used at least one subscription VoD service.²⁸ SVoD platforms often boast larger content libraries than broadcast services, though some of this content will have originated with the broadcasters themselves. In April 2022, Netflix had 41,000 hours of content, Amazon Prime Video had 27,000 hours, NOW TV had 21,000 hours, Disney+ had 14,000, and Apple TV+ had 600 hours of content available to UK users.²⁹

²³ Ofcom (2022). [Media Nations 2022](#)

²⁴ Ofcom (2022). [Media Nations 2022](#)

²⁵ Ofcom (2022). [Media Nations 2022](#)

²⁶ Ofcom (2021). [Media Nations 2021](#)

²⁷ Ofcom (2020). [Media Nations 2020](#)

²⁸ Ofcom (2022). [Media Nations 2022](#)

²⁹ Ofcom (2022). [Media Nations 2022](#)

42. TV production sector revenues have rapidly increased as a result of greater international investment, consolidation and the entry of streaming giants. As a result, PSBs now account for a smaller share of UK production revenues and have faced challenges in competing for on- and off-screen talent. This has also resulted in marked inflation within some parts of the sector. Across High-End TV, the average spend per hour on purely domestic productions is well under £2 million per hour, whilst the budget for shows with international investment has increased to almost £6 million per hour. Netflix and Amazon spend as much as £15 million per hour on production.³⁰ Total UK production sector revenues from international commissions exceeded £1 billion in 2019, 30% more than 2018. In the 10 years between 2010 and 2020, the contribution of PSB commissions to sector revenue fell from 58% to 41%. Of the £2.9 billion sector revenues in 2020, PSBs accounted for £1.2 billion.³¹
43. Lastly, the emergence of VoD services linked to broader changes in viewing habits has changed the advertising market upon which commercial TV broadcasters depend as a key revenue source. The switch to digital advertising has accelerated over the past five years with UK online advertising revenues increasing from £9.4bn in 2015 to £16.5bn in 2020, whilst linear TV advertising revenues have fallen 31% from £5.5bn in 2015 to £3.8bn in 2020,³² with the increase in digital advertising expected to continue.

Radio and Audio

44. Smart speakers facilitated by voice assistants first entered the UK market in 2016, when Amazon launched the Amazon Echo. Devices such as this and the Google Nest allow users to access a number of IP-driven services (e.g. online shopping, weather and travel updates, music streaming) and to navigate these through the underlying platforms' voice assistants (and their interpretation of spoken requests), rather than more directory-style screen-based interfaces (though many devices still allow for both screen-based control and voice control). As touched on above, one of the main uses of smart speakers is to listen to radio, and overall, smart speaker listening accounts for 14% of all radio listening.
45. This shift of radio listening from radio devices and from other online devices has been driven by the rapid adoption of smart speakers in the UK, with around 40% of UK households now owning a smart speaker device.³³ Currently, the UK domestic smart speaker market is dominated by Amazon (who account for about 75% of smart speaker ownership), and Google (15%). Apple also sells smart speaker devices, as well as supporting integrations in the car. Historically, the car has been an important market for radio (accounting for 25% of radio listening³⁴). The car environment has evolved rapidly over the past five years due to the emergence of new connected technologies which support integrated infotainment systems and which increasingly use voice activation and voice assistants. The leading services within the UK car market currently are those that connect to (or mirror) phones, namely Google's Android Auto and Apple CarPlay, while Amazon also offers an Alexa-enabled in-car service.
46. While designation of a given platform will be determined following advice from Ofcom, these three organisations (from the platform perspective) are the likeliest to be affected by the legislation and are expected to incur costs from the partial value exchange away from voice assistant platforms towards radio stations. However, other organisations may come into scope in the event that they become

³⁰ Lords Communications Committee (2019): Public service broadcasting: as vital as ever

³¹ [Oliver & Ohlbaum: Pact UK Television Census 2021](#)

³² Ofcom analysis of AA/WARC Expenditure Report & IAB UK/PwC Digital Adspend Study (2021)

³³ GfK. [techuk Connected Home report 2022](#)

³⁴ RAJAR (2023). [Quarterly Data Release Q3 2023](#)

significant players in the voice-activated connected audio device market. The provisions will not directly affect the services or business of audio aggregators (such as TuneIn or Radioplayer) which facilitate radio's access to the platforms.

47. The adoption and use of connected audio devices in the home and car signals a major change in UK media distribution, with access to radio and audio content increasingly moving from being free and open to listeners to being intermediated. The platforms have this role in particular because the audio stream distributed via IP needs to be managed by the voice assistant which supports the connected audio device, something which the platform facilitates. To ensure that a service is available, there needs to be a direct relationship with the platform or an agency-type relationship with an aggregator who then manages the relationship with the platform. Unlike a website or app, when provided over a smart speaker, a radio service carried across a voice assistant interface is dependent on the platform and on the software and algorithms that facilitate access to that service on the particular device.
48. The way in which the voice assistant interface operates contributes to the asymmetrical relationships between the platforms and even the larger station operators, as characterised by:
 - a. the multifunctional nature of connected audio devices, which means that radio is no longer the default option on a device which is providing it;
 - b. the growing vertical integration of platforms and content (e.g. with the Amazon devices providing access to Amazon Music); and
 - c. the absence, in the context of voice activation, of a directory or similar browsing option.
49. The effect of this is the creation of a gateway through which UK regulated free-to-air radio services - of which there are currently more than 600 across the UK, albeit that a significant number of these are operated by the three major commercial station owners (Global, Bauer and News UK) and the BBC - must pass to continue to reach audiences who use these devices. While the transition of UK radio towards IP-based listening has so far been a generally positive experience (through opening up new routes to audio for listeners and new opportunities for content creators), the ability of the UK radio industry to thrive in the medium and long term is dependent on listeners continuing to have unimpeded free to air access to its services, and this access is potentially under threat given the absence of comparable scale between the broadcasters and the platforms, and the lack of regulatory structure around radio's carriage when provided on smart speakers. Therefore, these stations are the main beneficiaries of this legislation, as a result of the value exchange mentioned previously.
50. Considering commercial radio deregulation, the legislative framework for the licensing and regulation of commercial radio was developed in the late 1980s, before the emergence of online listening. The regulatory regime is complex and increasingly out of date and it adds unnecessary costs and burdens on the sector at a time of increased competition from new online audio providers, particularly in the context of a projected decline in analogue radio listening (which consultancy service Mediatique believes will account for just 12%-14%³⁵ of all radio listening by 2030).

Rationale for intervention

51. These rapid changes in technology, audience behaviour and the entrance of global players have introduced new challenges for British broadcasters which requires that the existing regulatory framework is updated. Public service broadcasters (PSBs) – those providing Channel 3 services, Channel 4, Channel 5, S4C and the BBC – are at the centre of this broadcasting sector, operating

³⁵ Mediatique - [Future Audio Consumption in the UK, December 2020](#); and [Forecast of Audio Device Trends, June 2021](#)

within a system that ensures impartial and trusted news, UK-originated programmes and distinctive content. As public service content is still highly valued by audiences, it is critical that the Government intervenes to secure the long term sustainability of the PSB ecosystem and protect the significant and wide-ranging benefits it delivers to individual consumers, and to the wider society and economy.

52. PSB is best seen as a merit good with positive externalities, as well as a public good, which serves an important purpose in the UK's broadcasting ecology, as it is non-rivalrous, and non-excludable in the way it is currently formulated. Research has found that the UK public regard the PSBs as uniquely positioned to bring UK audiences together for national 'shared moments'. 7 in 10 people said they relied more on PSBs to keep them informed in terms of news/information than any other broadcaster or on-demand service. Approximately 8 in 10 agreed that PSBs are good at producing content for UK audiences.³⁶ Other social benefits include building viewers' knowledge of specific issues (e.g. via documentaries or factual programming) and supporting informed democratic debate with news and current affairs on both domestic and international issues. Everyone should have access to this content to be able to enjoy social and cultural life in the UK, but in the case of video-on-demand services, market outcomes lead to suboptimal provision of accessible content for audiences with sight and/or hearing impairments. There is a role for the Government in ensuring more equitable access to audiovisual content. In addition to contributing to the social and cultural life of the UK, public service broadcasters play a vital role in supporting the wider film and TV sector that contributed £21.6bn GVA in 2019, and also drive growth in the creative industries (£115.9bn GVA in 2019³⁷), with the PSBs externally commissioning approximately £1.2 billion in programming each year, almost all of it spent in the UK.³⁸
53. There are also substantial benefits associated with minority language PSB services such as S4C and BBC ALBA. As part of a House of Commons inquiry into the future of PSB, they were described as playing a "vital role in sustaining linguistic vitality and cultural diversity". For instance, S4C makes a critical contribution to the future of the Welsh language as a modern language and an everyday language in Wales for people of all ages, in line with the Welsh Government's target of 1 million Welsh speakers by 2050, which was supported in the UK Government's 2019 manifesto. In the Government's response to the Independent Review of S4C in 2018, it affirmed that S4C plays a vital role in reflecting Welsh culture and society and promoting the Welsh language. In Scotland, BBC ALBA – the result of a partnership between the UK's (Scottish) Gaelic language media service MG ALBA and the BBC – is pivotal to the revitalisation of Gaelic, seeking to both reflect the lives of speakers of Gaelic and to normalise Gaelic for non-speakers.
54. Radio continues to play a central role in UK public life. Every week, 88% of the population tunes in to one of more than 600 stations across the country, and listens for an average of just over 20 hours.³⁹ Radio is first and foremost a trusted medium⁴⁰, to which people turn for news, vital information and as a crucial source of company (as recently demonstrated during the coronavirus pandemic). While the proliferation of devices such as smartphones and tablets has made it possible for listeners to download and/or stream content on the move, the intimate feel of radio and its ability to mix news, information, music and entertainment have ensured its enduring popularity. Without intervention, the ability of the UK radio industry to thrive and prosper and make the most of the shift towards online listening faces significant challenges.

³⁶ Research Findings - Freeview 'Outside the Box' Conference (18 - 20 May 2021)

³⁷ [DCMS Economic Estimates](#)

³⁸ [Oliver & Ohlbaum: Pact UK Television Census 2021](#)

³⁹ RAJAR (2023). Q3 - 2023 [Data Release Q3](#)

⁴⁰ Eurobarometer Trust in Media survey, 2022

55. Radio provides consumers with increased choice of media content and in particular, culturally relevant media content. Cultural relevance to under-represented groups is a key consideration in regaining trust in the news and media⁴¹. Furthermore, around 40 community stations are targeted at ethnic minority communities, with a reach of around 2% of black and Asian adults in the UK.⁴² Absent regulation, it is likely that radio listening could decline, particularly listening to radio stations that are more difficult to access. Radio also plays a vital role in providing high-quality, trusted local news and information. The structure of UK regulations, based on Ofcom licensing and content regulation, helps support this trust. However, the changing landscape for UK radio, with increased competition within the audio landscape, means it is important that the regulatory structure keeps pace with these changes and is set in a way which encourages commercial organisations to invest in new content and services whilst still ensuring the availability of local news, which matters to audiences.

Bill Aims

56. The strategic aim of the proposed Media Bill is to deliver the Government's vision for a British broadcasting landscape which is fit for the future, continuing to drive the economic success of the sector, supporting the provision of free and universal public service content and delivering high quality content and choice for audiences across the UK. Overall, the measures proposed to be included in the Media Bill are an ambitious package of measures which will update the existing rules and regulations to make them fit for the digital age. These will strengthen and secure the long term sustainability of the UK's system of public service broadcasting, better protect television audiences from harm, update radio's outdated regulatory framework and secure its continued access to its listenership, and deliver the Government's manifesto commitment to repeal section 40 of the Crime and Courts Act 2013.

57. The measures packaged together as a proposed Media Bill are made up of four key themes which aim to:

1) Strengthen the UK's system of public service broadcasting

58. The Bill aims to look again at the public service obligations associated with being a PSB, to make sure that they target the areas where intervention is still required, and do not unnecessarily constrain PSBs' ability to attract audiences and compete effectively.

59. The Bill also aims to update the benefits that accrue to PSBs in exchange for taking on public service obligations (in particular the prominence which they are afforded) in order to maintain the value of these benefits, including ensuring that PSBs remain eligible for the listed events regime.

60. The Channel 4 Television Corporation (C4C) is part of the UK's PSB ecosystem, and plays an important role economically, socially and culturally, including through its unique remit and focus on producing content for a diverse range of audiences. The Government aims to support the long term sustainability of C4C.

61. The Government will also take this opportunity to implement the commitment in the 2013 policy paper *Connectivity, Content and Consumers* to remove references to the public teletext provider from the Communications Act 2003. The public teletext service ceased in 2009, and, as such, DCMS considers that this measure will have a very minimal impact on business⁴³.

⁴¹ Reuters Institute Trust Research Programme

⁴² Audience estimates for community radio stations April 2021

⁴³ A [Regulatory Triage Assessment](#) was undertaken on this policy measure in 2013

2) Better protect video-on-demand audiences from harm and ensure that these services are accessible for all UK audiences

62. Video-on-demand (VoD) services provide huge value to UK audiences, and in many cases make significant, and growing, contributions to the UK economy. Viewers now have access to thousands of hours of on-demand programmes at the touch of a button. However, these on-demand services are regulated far less robustly than traditional broadcast television. In some cases they are not regulated in the UK at all, and that creates risks to audiences and the lack of consistency across broadcasting regulation. This Bill aims to provide better protection for video-on-demand audiences.

63. There are currently no requirements for access services on VoD services, whilst there are statutory requirements in place for broadcasters. Although there have been improvements in provision of access services over recent years, they are still below the levels seen in linear broadcasting. Reforms will create consistency in the requirement for provision of access services between broadcasters and TV-like streaming services, ensuring that UK audiences receive a similar level of accessibility no matter how they watch television, enabling those with disabilities to better enjoy and participate in social and cultural life in the UK.

3) Update radio's outdated regulatory framework and secure its continued access to its listenership

64. Companies such as Amazon, Google and Apple, who support more than 95% of voice-activated smart speakers in the domestic market, are able to act as gatekeepers, with the power (and, increasingly, an incentive) to restrict listeners' access to radio services. Given this rapid change in UK radio and audio distribution, the Bill will put in place specific platform regulation to protect radio's access to its listeners. The measures do not seek to undermine mutually beneficial commercial arrangements for other services beyond live, licensed content, but rather to ensure the continuation of the wide availability to the public of radio content that has been an essential feature of radio broadcasting in the UK.

65. The Bill will also update the licensing framework for commercial radio and reduce regulatory burdens, to enable commercial stations to compete effectively in a rapidly expanding audio market, while ensuring that the core public service function of radio - the provision of important local news and information - is retained.

4) Repeal s.40

66. In addition, the proposed Bill includes a single measure to deliver the Government's manifesto commitment to repeal s.40 of the Crime and Courts Act 2013.

Rationale for Intervention by Measure

Table 1 - Rationale for Intervention by Measure

Theme	Measure	Rationale
<i>Strengthening UK PSB</i>	Modernising the UK's system of public service broadcasting	The regulation of the PSB system needs to be updated in line with industry trends to ensure that PSBs are able to evolve to meet the challenges of the new landscape. Current legislation, including the Communications Act 2003 which underpins much of the current system, is focused on broadcast television and consequently does not reflect the

	(PSB)	<p>fundamental changes taking place in the industry and the multiplicity of ways people now consume TV programmes and content. This assertion has been supported strongly by the PSBs themselves. For example, in their response to Ofcom’s latest PSB consultation, ITV said that “legislation... needs a radical update for the global online era if the system is to continue to deliver for the people of the UK in the ways Ofcom’s research suggests that they want it to.” To account for these changes, and to enable PSBs to better deliver value for audiences, the PSB system needs updating. To update the regulatory environment, the Bill package includes introducing an updated, singular remit and several changes to the quota system to ensure PSBs can operate flexibly across their linear and on-demand services, and to introduce additional protections for content areas that are underserved.</p> <p>In the context of changing consumption habits and more fragmented viewing, it is possible that PSBs could fail to meet the qualifying criteria set out in the listed events regime. The Bill package updates the listed events regime to make it a PSB specific benefit, in line with Ofcom’s recommendations. It also ensures the regime covers where and how audiences are choosing to watch listed events today. This will help ensure that events of national importance remain largely on free-to-air, and continue to be accessible for the majority of audiences. Also, there has been no public teletext service for over a decade. The Bill will remove outdated references to the public teletext provider, removing Ofcom’s requirement to endeavour to find a provider.</p>
	Online Prominence	<p>The current prominence regime, covering traditional broadcast TV, underpins the delivery of PSB by making PSB content easy to find. Although linear TV remains the most popular means of viewing TV content, viewer behaviour and the wider market are changing rapidly. The growth in internet-enabled connected devices, coupled with faster broadband speeds, has helped stimulate the growth of new on-demand TV platforms and devices. As viewing shifts towards online, it is critical that the Government intervenes to ensure that designated public service broadcaster (PSB) on-demand and livestream services remain easily discoverable for UK audiences, recognising the important benefits PSB provides. Moreover, as viewing patterns shift, so too does the balance of benefits and obligations to PSB providers, known as the PSB compact. Prominence is a key benefit of this compact, and intervention is necessary to ensure that the benefits of inclusion and discoverability are extended to regulated TV platforms to ensure the future sustainability of PSBs. It is also vital that regional prominence for regional PSBs is secured, recognising the social and economic contribution of services provided by STV and S4C.</p>
	C4C reform	<p>The growth of online streaming platforms, changing viewing habits in particular across younger audiences, and increased competition from well-funded global players present challenges to UK PSBs. Whilst all broadcasters are having to respond to these changes, C4C is more constrained than other broadcasters by way of its operating model, which poses challenges to its long-term sustainability. Unlike its competitors, C4C cannot generally make its own content and generate new intellectual property for subsequent sales worldwide due to its</p>

		<p>'publisher-broadcaster' restriction.⁴⁴ This means it is currently heavily reliant on advertising, which contributed 89% of C4C's revenue in 2022,⁴⁵ and are cyclical in nature, with linear TV advertising also in structural decline. Through the Media Bill, the Government will therefore remove the 'publisher-broadcaster' restriction so C4C has a greater ability to produce and monetise its own content, which could put it on a more stable financial footing by growing its commercial income. The Government will put in place measures to safeguard C4C's investment into the independent production sector alongside removal of the restriction, including a new duty on C4C to put in place and adhere to procedures that facilitate fair competition for their commissions. Ofcom will also be required to consider the impact of C4C starting a production business, should they choose to do so, on the fulfilment of the PSB remit for television.</p> <p>These changes will be accompanied by new governance arrangements to ensure a focus on the corporation's long-term financial sustainability is enshrined in law. The government will introduce a new statutory sustainability duty, which will emphasise the importance of securing C4C's long-term sustainability, alongside its existing duties to deliver the Channel 4 remit, perform its media content duties, and to secure the provision of the Channel 4 service. Delivery of this duty will be evidenced via increased financial reporting by C4C, and as a report provided to the DCMS Secretary of State as part of C4C's Annual Report. The non-legislative alternative to introducing the sustainability duty would have been to continue the status quo - with no explicit sustainability duty on the C4C Board. C4C say they voluntarily abide by the principles of the general directors' duties (in the Companies Act 2006). However, not all of these apply to C4C's Board because C4C is a statutory corporation rather than a Companies Act limited company. (E.g. They cannot act in the best interests of the company i.e. their shareholders because they do not have any shareholders.) Inclusion of the statutory sustainability duty was considered necessary to give both Government and the taxpayer reassurance that the Board is legally bound to focus on C4C's long-term sustainability.</p>
	S4C regulatory and governance reform	<p>The Government is committed to the future of Welsh language broadcasting and supports the valuable service S4C provides to Welsh speaking audiences in Wales, the UK and abroad. In the context of changes to the broadcasting ecosystem there is a need to update legislation to enable S4C to adapt to rapid technological and market change, to maximise the social benefits to audiences wishing to watch content in the Welsh language, and to deliver increased value for money. The Government committed to implementing a number of recommendations made by the 'Building an S4C for the Future' Review published in 2018 which deliver on these objectives and require amendments to primary legislation so that they are placed on a statutory footing.</p>

⁴⁴ Section 295 of the Communications Act 2003 (the "publisher-broadcaster restriction") requires that C4C "is not to be involved, except to such extent as OFCOM may allow, in the making of programmes to be broadcast on Channel 4".

⁴⁵ Channel 4 (2020). [Channel Four Television Corporation Report and Financial Statements 2020](#)

<i>Protecting audiences from harm and ensuring accessibility of VoD services</i>	VoD regulation	The rapidly changing viewing habits of UK audiences and the accelerated growth in video-on-demand (VoD) services, set out above, have highlighted the differences between the traditional audience protection available on linear television and the regulation of video-on-demand services. VoD services are highly valued by UK audiences and in many cases provide significant, and growing, contributions to the UK economy. However, these services are regulated less robustly than traditional broadcast television stations – a distinction that is not well understood by audiences – and some services that UK audiences use are not regulated in the UK at all. To protect audiences from the potential harm arising from the gaps in the existing regulatory framework, new regulations will ensure UK audiences receive a similar level of protection no matter how they watch television – whether it be live or on-demand. The measures also aim to strengthen the UK’s regulatory sovereignty by enabling Ofcom to regulate larger, TV-like, VoD services that target UK audiences not currently regulated in the UK. The changes also create a strengthened, future-proofed system of regulation for video-on-demand better tailored to the needs of UK audiences than the existing EU-derived regime.
	VoD accessibility	As outlined above, VoD services provide huge value to UK audiences, and significant contributions to the UK economy. However, they are lagging behind traditional broadcasters in providing access services (subtitles, audio description, and signing) to ensure that their services are accessible for people with sight and/or hearing loss. Without sufficient access services, those with sight and/or hearing loss can feel isolated and unable to fully participate in social and cultural life in the UK. In linear broadcasting, the Government previously legislated to put targets in place for implementation of access services, but similar targets do not yet exist for video-on-demand services. Putting targets in place for video-on-demand services to provide a certain level of access services will bring levels of access in line with linear broadcasting, ensuring that provision is consistent across live television and on-demand services.
<i>Updating radio’s regulatory framework and securing its continued access to its listenership</i>	Radio over Voice Assistant Platforms	The intention of the proposed measures in this area is to ensure that radio is able to continue as a sustainable UK media sector over the coming years given the competition from online audio services. The measures ensure that BBC and Ofcom-licensed commercial and community radio stations remain available and accessible on what is likely to become one of the main ways of listening to audio content in the future. These proportionate and targeted measures will help level the playing field between UK radio and the global streaming platforms who act as gatekeepers, allowing the emergence of new stations and voices and investment in innovative content and services.
	Commercial Radio Deregulation	Intervention to remove outdated format and genre requirements for content on commercial radio would provide significant cost savings to the radio industry and allow stations to grow their UK and international reach.
<i>Press</i>	Repeal of s.40 of the Crime and Courts Act	The Government consulted on commencement of Section 40 of the Crime and Courts Act 2013 (s.40) (and commencement of part 2 of the Leveson Inquiry) in 2016. The response recognised the media landscape

	2013	has changed significantly since the Crime and Courts Act 2013 passed, and commencement of s.40 could be considered at odds with steps the Government is taking to support press sustainability. There has also been a raising of standards across industry and commencement of s.40 is no longer required to improve regulation of publishers. The Government therefore no longer considers s.40 necessary or proportionate.
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Options considered

The principles of options have been incorporated into policy development at the intervention level. The problem statement is broad, covering many different markets and market players, so it is more reasonable to consider this at a local level. More detail on options considered at the intervention level can be found in the individual impact assessments, including a discussion of non-regulatory options where appropriate.

Theme	Measure	Summary of options
<i>Strengthening UK PSB</i>	Modernising the UK's system of PSB	<p><i>An updated, singular remit for PSB:</i></p> <ol style="list-style-type: none"> 1. Maintain the relatively complex system of remits, comprising the PSB purposes and PSB objectives (together 'the public service remit'), and individual channel remits. (do nothing) 2. Set out a simplified statement of a single PSB remit: ensuring the continued provision of a wide range, but reduced list, of public service content on a free-to-air and universal basis.(preferred) <p><i>Updating the present quota system: Allowing the delivery of certain quotas via a wider range of services</i></p> <ol style="list-style-type: none"> 1. Maintain proportional hours and expenditure quotas, but apply them only to PSBs' linear PSB channel(s) (do nothing) 2. Maintain proportional hours and expenditure quotas and apply them across PSBs' entire outputs (linear channels and on-demand) 3. Replace certain proportional hours and expenditure quotas with a requirement to make a minimum number of hours of content available across a PSB's linear channels and on-demand services and/or to spend a certain amount on them (<i>preferred</i>). <p><i>Updating the present quota system: 'distinctively British' content:</i></p> <ol style="list-style-type: none"> 1. Introduce quota obligations based on self-certification by PSBs against genre-specific guidance issued by Ofcom; 2. Introduce quota obligations based on certification by Ofcom against their own genre-specific guidance; 3. Introduce quota obligations based on a clear definition of 'distinctively British' in legislation which public service content will need to adhere to. This could be modelled on the existing 'cultural test' component of several of the UK creative industry tax reliefs, including the high end TV tax relief⁴⁶; or 4. Introduce a general requirement to produce distinctively British programmes, potentially modelled on the existing requirement

⁴⁶ [Creative Industry tax reliefs for Corporation Tax](#)

		<p>for “programmes that reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom, and locally in different parts of the United Kingdom”. <i>(preferred)</i></p> <p>5. DCMS is still considering whether to go further and has announced that it will consult on embedding requirements to produce British content directly into the existing quota system in due course.</p> <p><i>Updating the present quota system: strengthened ‘Out of England’ quotas:</i></p> <ol style="list-style-type: none"> 1. Retain current non-legislated requirements and monitoring of out of England production (do nothing) 2. Put Channel 4’s existing ‘out of England’ quotas on an explicit statutory footing; 3. Introduce explicit statutory ‘out of England’ quotas for Channels 3 and 5; 4. Take forward non-legislative options for encouraging the increased production of content across the UK. (under review) 5. Embed ‘out of England’ production expectation into single PSB remit (preferred) <p><i>Updating the present quota system: Introducing a revenue cap for qualifying independent productions</i></p> <ol style="list-style-type: none"> 1. Retain the existing definition of a qualifying ‘independent production’; 2. Amend the existing definition of a qualifying ‘independent production’ to exclude independent production companies with a qualifying revenue of greater than a threshold (preferred). 3. Establish an additional quota, focussed specifically on commissioning from independent production companies with a qualifying revenue of less than £25 million. <p><i>Updating the Terms of Trade to reflect changes in technology and the way viewers are watching content from our PSBs</i></p> <ol style="list-style-type: none"> 1. Retain the current scope of the Terms of Trade regime (do nothing); 2. Make the law more explicit that for a programme to count towards a PSB’s independent production quota, it must be commissioned in compliance with that PSB’s code of practice for commissioning independent productions, whether or not it is “intended for use on licensed public service channels” <i>(preferred)</i>; and 3. Extend the Terms of Trade regime to cover all commissioning of independent productions for use on its main on-demand service and/or its portfolio channels, whether or not they are “intended for use on licensed public service channels”. <p><i>New PSB providers</i></p> <ol style="list-style-type: none"> 1. Retain the current model of a fixed number of PSBs and the associated system of incentives and obligations (do nothing) (preferred) 2. Ofcom considers that enabling providers of public service content to apply for PSB status could have benefits for UK audiences. At this
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		<p>moment in time, it is DCMS' view that, given current technology and business models, it is unclear that there are sufficient incentives for a new provider to take on the scale of public service obligations. As such, the Government does not intend to take forward this recommendation at the present time, but will keep the matter under review.</p> <p><i>Addressing outdated references to the public teletext provider</i></p> <ol style="list-style-type: none"> 1. Do nothing. In this option section 218 of the Communications Act 2003 and other relevant sections are left substantively unamended (and only updated to reflect the other proposals set out in this IA). 2. Amend the provisions relating to the public teletext service so as to encourage a new provider to come forward. 3. Remove outdated references to the public teletext provider (<i>preferred</i>). <p><i>Changes to the listed events regime's qualification criteria</i></p> <ol style="list-style-type: none"> 1. Make no changes to the qualification criteria in existing legislation (do nothing) 2. Update the legislation to make qualification for the listed events regime only possible for PSB services (<i>preferred</i>)
	<p>Online prominence</p>	<p>Early policy development by Ofcom and DCMS considered different levels of legislative intervention that could be employed in order to achieve prominence. Ofcom and DCMS work did not identify any plausible/appropriate non-legislative alternatives, aside from a voluntary approach to the prominence model set out here.</p> <p>Market driven solutions as alternatives to regulation, such as information and education, or incentives/market-based structures are not considered strong enough to achieve the intended policy objective of ensuring that prominence is extended as they would not remove the risk of non-compliance by TV platforms. Self-regulation would also not achieve the objectives, and an independent mediator like Ofcom is needed to enforce rules to prevent non-compliance, which would not be possible under self-regulation.</p> <p>An overly prescriptive framework was considered but discounted at an early stage of policy development. However, we received consistent feedback from PSBs, non-PSBs and Ofcom that it would be difficult to legislate a "one-size fits all" approach, given that prominence will look different across different platforms/devices.</p>
	<p>S4C governance and regulatory reform</p>	<p>The non-legislative alternative to introducing regulations in support of these changes would be to continue the status quo (prior to implementation of some of the measures on an administrative basis) which would prevent S4C from being able to adapt to rapid technological and market change and ensure sustainability (do nothing)</p> <p>Implement the recommendations of the independent review of S4C in full which are detailed in the next section. (<i>preferred</i>)</p>
	<p>C4C reform</p>	<p>We considered a number of options for providing C4C with further opportunities to diversify their revenues away from advertising, whilst</p>

		<p>ensuring competition and plurality in the television production market and seeking to mitigate the risk of shocks caused to the independent production sector through our intervention. These options included:</p> <ol style="list-style-type: none"> 1. Keeping C4C's publisher-broadcaster restriction in place (do nothing) 2. Remove the publisher-broadcaster restriction with no mitigations beyond fair and open access measures and a sustainability duty on C4C to consider the corporation's long term sustainability. 3. Remove the publisher-broadcaster restriction, introduce fair and open access measures and a sustainability duty, and increase the level of C4C's independent production quota. 4. Remove publisher-broadcaster restrictions, introduce fair and open access measures and a sustainability duty, increase the level of C4C's independent production quota and introduce a cap on C4C's in-house production. <p>As this intervention did not require a full impact assessment to be conducted, the above options were instead assessed using an Assessment of Impact (AoI), which has been published alongside this Impact Assessment.</p>
<p><i>Protecting audiences from harm and ensuring accessibility of VoD services</i></p>	<p>VoD regulation</p>	<p>Bring VoD services under a new Video-on-demand Code to strengthen content rules, bring out-of-UK services targeting UK audiences into scope and for larger VOD services create a parity with requirements on broadcast video content (preferred)</p> <p>We considered extending the code to mandate the use of specific audience protection measures but opted to give Ofcom enhanced obligation to assess VoD providers' protections for audiences to ensure proportionality.</p> <p>At consultation stage consideration was given to whether the objectives could be partly deliverable through self-regulatory models but concluded that voluntary models are unlikely to deliver stronger protections or a consistent approach which is unacceptable in the context of the risk of increasing audience harm following changing audience trends and the current imbalance in regulation for broadcast versus VoD content.</p>
	<p>VoD accessibility</p>	<p>Introduce specific targets for video-on-demand services to provide certain levels of access services across their catalogue of content, and introduce reporting requirements. (preferred)</p> <p>We considered through engagement with stakeholders whether the intended outcomes are deliverable through self-regulatory models. However, our and Ofcom's view is that voluntary solutions are unlikely to result in stronger provision or a consistent approach.</p>
<p><i>Updating radio's regulatory framework and securing its continued</i></p>	<p>Radio over Voice Assistant Platforms</p>	<p>Early policy development considered different approaches that could be employed in order to address the issues identified. These included a non-legislative approach that would involve encouraging an agreement between platforms and radio stations as to the behaviours they should adopt. However, this approach was considered to be inappropriate, as the likelihood of successful brokering and enforcement of an agreement</p>

<i>access to its listenership</i>		<p>would be limited due to the relative power of platforms and stations, with a few firms in the platform market having market power.</p> <p>An alternative approach was considered following the recommendations of the Digital Radio and Audio Review report, which would involve extensive intervention addressing matters including transparency of algorithms, data sharing and safeguards against self-preferencing. However, these issues are cross-sectoral, and so are more appropriately addressed through the Digital Markets, Competition and Consumer Bill and related work.</p> <p>The preferred approach involves targeted legislative provisions to secure radio's access to listeners through connected audio devices.</p>
	Deregulation	<p>The options considered were either to:</p> <ol style="list-style-type: none"> 1. Make no change. Do not relax the outdated regulatory requirements on the radio sector 2. Execute the Government's proposals, based on the consultation carried out in 2017 and the subsequent evolution of the UK radio market, to relax outdated regulatory requirements on the sector whilst protecting local news and information. Details of the measures can be found in Table 2.
<i>Press</i>	Repeal of s.40 of the Crime and Courts Act 2013	<p>The options considered were either to:</p> <ol style="list-style-type: none"> 1. Do nothing. Do not repeal s.40 of the Crime and Courts Act 2013. S.40 has never been commenced, and it is expected that even in a do nothing scenario, it will never be commenced. 2. Repeal s.40 of the Crime and Courts Act 2013. This removes the potential for s.40 to ever be commenced in the future. <p>Alternative options, and alternatives to regulation are not applicable here.</p>

Summary of interventions

Table 2 - Summary of the chosen options of each measure. More detail can be found in the individual assessments.

Theme	Measure	Summary of Chosen option
<i>Strengthening UK PSB</i>	Modernising the UK's system of PSB	<p>This measure has a number of elements:</p> <ul style="list-style-type: none"> • An updated, singular remit for PSBs • Allowing the delivery of certain quotas via a wider range of services • Introducing a general requirement to produce distinctively British content • Updating the Terms of Trade to reflect changes in technology and the way viewers are watching content from our PSBs • Introducing a backstop power to enable the Secretary of State to establish new quotas for underserved content areas, to be administered by Ofcom • Changes to the listed events regime to make qualification for the regime a PSB-specific benefit

		<ul style="list-style-type: none"> Addressing outdated references to the public teletext provider <p>The Government has committed to a review on whether to introduce a revenue cap for ‘qualifying independent’ producer⁴⁷ status, before moving forward with implementation. The Government has also decided to make the Listed Events regime a PSB specific benefit in line with Ofcom’s recommendations, and to remove the requirement for Ofcom to make its best endeavours to issue a licence for the provision of a public teletext service.</p>
	Online Prominence	<p>The chosen policy option will introduce a principle-based framework to be enforced by Ofcom. Ofcom will be given powers to designate PSB services which are to be made available and appropriately prominent on regulated TV platforms.</p> <p>Those TV platforms who will be in-scope of this new prominence regime will be designated by the Secretary of State in regulations, following recommendations from Ofcom, where they have relevant control of a user interface (UI); where distribution of TV is a core feature of the service; and where it is used by a significant number of UK viewers to watch TV online.</p> <p>Legislation will delegate guidance-making powers to Ofcom, and will also give Ofcom the necessary powers to enforce this new regime.</p> <p>The terms for carriage of designated PSB services will continue to be the result of independent commercial negotiations, as is precedent, to promote an outcome where parties have the flexibility to negotiate a “good deal” without government intervention. However, Ofcom will provide guidance to support commercial negotiations to provide clarity to both parties around “appropriate terms”. Ofcom will also be given a new dispute resolution function to help resolve matters when PSB and regulated TV platforms cannot agree commercial terms for the availability and prominence of designated PSB services.</p> <p>The decision has been made to include PSB livestream channels within the scope of the new prominence regime. This is to address a potential gap in regulation. When watching content online viewers can access both livestream linear and on-demand content on the same user interface (UI), and are increasingly accessing linear PSB channels where the main route to content is not a regulated Electronic Programme Guide (EPG). This important PSB linear content would not be captured by the existing prominence regime and would not be captured by a purely on-demand framework.</p>
	S4C governance and regulatory reform	<p>This measure has a number of elements:</p> <ul style="list-style-type: none"> Update S4C’s public service remit to include digital and online services and remove the current geographical broadcasting restrictions Amend current approval requirements to give S4C greater clarity

⁴⁷ A production company which is not tied to a UK broadcaster through significant common ownership. The Broadcasting (Independent Productions) Order 1991 (as amended) states that an independent producer is: (i) not employed by a broadcaster; (ii) does not have a shareholding greater than 25% in a UK broadcaster; or (iii) in which no single UK broadcaster has a shareholding greater than 25% or any two or more UK broadcasters have an aggregate shareholding greater than 50%.

		<p>in their ability to invest and generate commercial revenue</p> <ul style="list-style-type: none"> • Enable S4C and the BBC to come to an alternative arrangement to deliver BBC support for S4C rather than the current fixed requirement of 10 hours of programming per week • Replace the S4C Authority with a new unitary board comprising executive and non-executive directors, to reflect what has already been implemented administratively • Appoint the Comptroller and Auditor General as S4C's external auditor, again to reflect what has already been implemented
	C4C reform	<p>Measures to support C4C's sustainability while safeguarding its role driving investment into the production sector, including:</p> <ul style="list-style-type: none"> • introducing a duty on C4C's Board to ensure a focus on the corporation's long-term sustainability. • removing C4C's 'publisher-broadcaster' restriction. • a duty on C4C to put in place and adhere to procedures that facilitate fair competition for their commissions. • a requirement for Ofcom to consider the impact of C4C starting a production business, should they choose to do so, on the fulfilment of the public service remit for television.
<i>Protecting audiences from harm and ensuring accessibility of VoD services</i>	VoD regulation	<p>Bring appropriate VoD services under a new Video-on-demand Code to strengthen content rules, but do not mandate audience protection measures.</p> <ul style="list-style-type: none"> • Bring larger, TV-like, VoD services outside the UK which target UK audiences under UK jurisdiction. • Implement a two-tiered system and bring in enhanced regulation for Tier 1 (larger and potentially harmful) services (both UK and non-UK based) including a new Video-on-demand Code, similar to the Broadcasting Code, with practical implementation led by Ofcom. • To ensure proportionality, smaller, lower risk on-demand services in the UK will continue under existing rules, ensuring services that have a smaller audience size and pose lower-risk to viewers, are not unfairly or unnecessarily penalised. • Do not mandate specific protection measures (like compulsory age ratings), but give Ofcom an enhanced obligation to assess VoD providers' protections for audiences.
	VoD accessibility	<p>Introduce specific targets for video-on-demand services to provide certain levels of access services across their catalogue of content, and introduce reporting requirements.</p> <ol style="list-style-type: none"> 1. Require that video-on-demand services offer subtitles on 80% of their catalogue, audio description on 10%, and signing on 5%. 2. Allow for exemptions to fulfilling these targets on the basis of audience benefit, affordability, and technical difficulty. 3. Require video-on-demand providers to report annually to the regulator on the extent to which and how they have met the requirements. <p>To ensure appropriate proportionality, the access service requirements will be linked to wider changes to the video-on-demand regulatory framework, where enhanced regulation is being introduced for larger, TV-like services that will be designated as 'Tier 1'. Public service broadcasters' video-on-demand services, as well as any other providers</p>

		designated as Tier 1 will be required to meet these access services targets.
<i>Updating radio's regulatory framework and securing its continued access to its listenership</i>	Radio over Voice Assistant Platforms	<p>This measure contains a number of elements which will act to underpin the free access of live, licensed UK radio services to the platforms, and their findability by listeners on request:</p> <ul style="list-style-type: none"> • 'Must facilitate' - Ensure that all BBC and Ofcom-licensed commercial and community UK radio stations that have notified Ofcom that they want to be made available to listeners via these designated radio selection services (DRSS) are available when selected by a listener using a voice interface. • 'Integrity of service' - a requirement that radio stations are given to the listener in the form provided by the station, without providers of DRSS inserting or overlaying their own content (e.g. advertising) into radio station streams. • 'Findability' - a set of requirements which would ensure that if a UK licensed radio station wants to be carried on a platform, it will be available, and will be easily found if a listener requests it. • 'Default route' - provisions that would enable radio broadcasters to be able to control their preferred route to listeners (e.g. that requests for LBC are carried through the Global app, or BBC services are routed via BBC Sounds), and thereby help them to access data enabling them to personalise and monetise their content, unless the listener has specifically requested an alternative route or the preferred route is unreasonable for the DRSS to implement. • 'No cost access' - provisions that prevent providers of DRSS from levying charges on stations in relation to the provision of their licensed services via the DRSS.
	Deregulation	<p>This measure involves:</p> <ul style="list-style-type: none"> • Enabling Ofcom to licence overseas radio services • Reframing the regulatory requirements on local commercial radio stations so that analogue services no longer have any 'character of service' requirements, and any localness requirements are limited to the provision of local news and other information • Extending the Secretary of State's legal powers to provide financial assistance to radio services and to producers of audio content • Making changes to help facilitate any future analogue-to-digital switchover (which is unlikely to take place before at least 2030) • Removing Ofcom's functions of overseeing the line-ups of national and local digital radio multiplexes, to enable increased competition and innovation between service providers and allow for much simpler arrangements between multiplex operators and Ofcom
<i>Press</i>	Repeal of s.40 of the Crime and Courts Act 2013	Repeal of s.40 of the Crime and Courts Act 2013

2.0 Costs and Benefits

67. The measures contained within this Bill are diverse. Therefore, the analytical approach chosen for this Bill was to appraise each measure individually. This overarching impact assessment brings together the various elements of the Bill as a whole, summarises the costs and benefits of each measure, and provides an assessment of the cumulative impact on affected groups of stakeholders. For the components of the Bill with the largest expected impact on business - PSB reform, the online prominence regime, VoD regulation, VoD accessibility, and smart speakers - full regulatory impact assessments have been completed, rated fit-for-purpose by the RPC and are available on GOV.UK. The measures with a smaller impact on business - repeal of s.40, S4C reform and radio deregulation - have been appraised in separate documents attached to this IA. These will be considered by the RPC as part of their review of this overarching Media Bill IA.

68. The Better Regulation Unit in DCMS have confirmed that the measures being taken to ensure the future sustainability of C4C are exempt from the business impact target requirements. This is a result of the proposal falling under a statutory exemption, given that C4C is a public authority.⁴⁸ Nevertheless, DCMS has published a separate assessment considering the impact of removing the publisher-broadcaster restriction and accompanying mitigations on both C4C's sustainability and the television production sector, alongside this Impact Assessment. A high level summary of the potential impacts is set out later in this overarching IA.

69. In the case of online prominence, modernising the UK's system of PSB, and VoD regulation, it has not been possible to provide a robust Net Present Value (NPV) and Equivalent Annual Net Direct Cost to Business (EANDCB). This is because the finalisation of these policies are dependent on the details of future secondary legislation and Ofcom work following the passage of the Media Bill. Following direct engagement with a large number of stakeholders, DCMS has concluded that there is too much uncertainty over the impacts of the proposal to provide a meaningful EANDCB figure for validation at this stage. Instead, DCMS has provided an indication of the likely scale of impact through a comprehensive qualitative and quantitative analysis combined with illustrative monetised costs and benefits where appropriate. We have provided an indicative NPV and EANDCB for VoD accessibility, however this is subject to the same caveats as above. These values also have a degree of uncertainty: benefits are likely to be underestimated whilst costs are likely to be overestimated, for reasons set out below.

70. For measures relating to S4C regulatory and governance reform, radio deregulation, and the repeal of section 40, it has been possible to provide an EANDCB for validation by the RPC, largely because the details of the measures will all be set out in primary legislation, making appraisal possible. The EANDCB for these three measures taken together is less than £0.1m. However, the S4C measure is not a regulatory provision, and so is not in scope of the Better Regulation Framework.⁴⁹ It does not scope against the BIT.

71. Therefore, appraisal of the Media Bill aligns with scenario 1b of the RPC's primary legislation guidance with some aspects being validated at this stage and other aspects being validated at secondary legislation stage. For measures being validated at secondary legislation stage, further

⁴⁸ [Section 27\(3\)\(a\)](#) of the Small Business, Enterprise and Employment Act 2015

⁴⁹ S4C is a public body, and legislation that impacts public bodies is usually exempt from requiring a regulatory impact assessment as set out in the Better Regulation Framework. However, DCMS have chosen to undertake a de-minimis impact assessment because these changes could have a small and/or indirect impact on UK businesses.

assessments will be carried out by Ofcom in the course of their work, and further impact assessments will accompany any future secondary legislation by DCMS.

Table 3 - Summary of Impact Assessment NPV and EANDCB, £m

Theme	Measure	NPV (£m)	EANDCB (£m)
<i>Strengthening UK PSB</i>	Modernising the UK's system of PSB	NQ at primary	NQ at primary
	Online Prominence	NQ at primary	NQ at primary
	C4C reform	NQ at primary	NQ at primary
	S4C regulatory and governance reform	£7.1 (not for validation)	£0.016 (not for validation)
<i>Protecting audiences from harm and ensuring accessibility of VoD services</i>	VoD regulation	NQ at primary	NQ at primary
	VoD accessibility	£<	£<
<i>Updating radio's regulatory framework and securing its continued access to its listenership</i>	Radio over Voice Assistant Platforms	N/A	N/A
	Radio deregulation	£6.7m	-£0.8m
<i>Press</i>	Repeal of s.40 of the Crime and Courts Act 2013	£0	£0

72. The following sections set out a summary qualitative appraisal of each set of measures included in the Bill, and highlights where secondary legislation will follow. These are high-level summaries; for more detail on the impacts of each measure, please consult the individual IAs, and the attached annexes. In the case of C4C reform, a separate assessment considering the impact of removing the publisher-broadcaster restriction and accompanying mitigations on both C4C's sustainability and the television production sector has been published alongside this Impact Assessment.

Modernising the UK's system of PSB

73. The impact of the changes is largely focused on the six PSBs, creating both costs and benefits to these organisations. The change to the PSB remit and the preferred option to protect distinctively British content are likely to have minimal direct impacts on PSBs. Allowing the delivery of certain quotas via a wider range of services, whilst creating indirect costs for PSBs to take advantage of this change, will lead to benefits stemming from enhanced flexibility and efficiency. Lastly, a future power to set quotas may create costs for PSBs in the future, but this is similarly dependent on the way in

which it is enforced. Across these measures, PSBs will have relatively small transitional familiarisation and set up costs.

74. In addition, the changes are expected to have a positive impact on UK audiences. The supply of distinctively British content will be future proofed, and the extension of quotas to online will allow PSBs to meet the needs of their audiences more effectively. A revised PSB remit will increase their accountability to Ofcom and help them focus on their core objectives which in turn deliver value for audiences.
75. Secondary legislation will be needed to make a small number of these changes. These include:
- a. A revenue cap for qualifying independent productions, if the Government decides to progress this following a review.
 - b. A specific quota on distinctively British content, if the Government decides to progress this following consultation.
 - c. Implementing the power to set additional quotas for underserved content areas.
76. Further impact assessments will accompany any secondary legislation.
77. The decision to update the listed events regime to make qualification dependent on being a PSB will help ensure the sustainability of public service broadcasting into the future. While making the Listed Events regime an exclusive PSB benefit will be a change in policy, in practice only PSB services have thus far been deemed qualifying services of the current Listed Events regime, therefore it maintains the status quo in cost terms.
78. Addressing the outdated reference to the public teletext provider, which has also been added to the package of measures after the RPC issued their fit-for-purpose opinion on the Modernising the UK's system of PSB IA, will remove Ofcom's requirement to make its best endeavours to issue a licence for the provision of a public teletext service. This will have no cost to business. All attempts by Ofcom to find an alternative provider, since the licence holder deemed the service unviable in 2009, have been unsuccessful. DCMS are not aware of any desire from business to own the licence and operate the public teletext service in over a decade. Repeal of the relevant provisions in law will therefore have no direct impact on viewers, because the service has not existed since 2009. However, this policy could provide some small scale benefits to business as the 3% of Multiplex 2 UHF (ultra high frequency) spectrum currently reserved for it could be released for use by other digital terrestrial television (DTT) services. In addition, repeal of these provisions will also help simplify the existing legislative framework, and Ofcom will receive the minor ongoing benefit of not having to commit resources on searching for a service provider. Departmental engagement with Ofcom has indicated that this benefit is minor.

Online Prominence

79. This measure is likely to impact⁵⁰ the six PSBs, a small number of pay-TV services, smart TV manufacturers (estimated at 15-23 organisations)⁵¹, streaming sticks/set top boxes (estimated at 5-

⁵⁰ These numbers are only estimates to give a scale of the potential number of organisations that will fall in scope of the new regime. As set out above, the exact parameters of capture are yet to be set by Ofcom. The following numbers should not be considered a definitive list.

⁵¹ The three largest smart TV manufacturers that operate in the UK are Samsung, LG and Sony. Ofcom estimates that there could be around 15-20 smart TV manufacturers that are reliant on third-party operating systems (including HiSense, Toshiba, Panasonic, Philips), and may therefore not be in control of the platform service and set up of the user interface.

10 organisations)⁵² and potentially relevant games consoles (estimated at two organisations), as well as Ofcom and online audiences.

80. Extensive research and engagement with PSBs has found that TV platforms generally already make the larger and more high-profile PSBs' services available, and in some cases prominent. As a result it is estimated that there are no costs when compared to the do nothing option where carriage for larger services would continue in absence of legislation. However, the smaller PSBs services, in particular those provided by regional PSBs, are not currently universally available nor easily accessible on TV platforms. Legislating to ensure that the regional PSBs' services have to be carried and easily discoverable will bring transitional and ongoing costs to TV platforms. Exact cost data is not available, but a high level estimate based on the costs of providing regional prominence estimated by one platform indicated that the total one-off cost to business could be in the range of £12.6-£16.8m. However, this is highly uncertain, and depends on the number of platforms in scope which is yet to be decided.
81. The terms for carriage of designated PSB services will continue to be the result of independent commercial negotiations, as is precedent. However, Ofcom will provide guidance to support commercial negotiations and will also be given a new dispute resolution function to help resolve matters when PSBs and regulated TV platforms cannot agree commercial terms. This new dispute resolution function is expected to introduce savings to all parties as a result of shorter and simpler negotiations. This intervention will ensure smaller PSBs are available and appropriately prominent on regulated TV platforms and remove the risk that larger PSBs lose the position they may currently hold. Ensuring prominence for designated PSB services which already benefit from this in linear broadcast (and do not already appear in a 'regulated' EPG), as well as ensuring prominence and availability for designated PSBs services, will help boost viewership and engagement, resulting in increased viewer exposure to high-quality UK PSB content. This in turn provides social benefits to individual viewers and UK society as a whole.
82. Ofcom will have to familiarise themselves with the legislation, and will have to incur the transitional, set up costs associated with the new regime for online prominence. These are the costs associated with drafting and consulting on guidance, setting up the dispute resolution and enforcement procedures, and designating PSB services, as well as introducing any IT/supporting infrastructure arrangements. Ofcom will recover these costs through proportionate fees on businesses that are in-scope of the new regime.
83. Affirmative secondary legislation will give the Secretary of State powers to designate in-scope platforms/devices, subject to recommendations/consultation with Ofcom. A further impact assessment will accompany secondary legislation.
84. The inclusion of livestream services into the prominence regime is unlikely to capture any new platforms. In-scope platforms will only be required to give appropriate prominence to PSB livestream channels where they are offered as part of their designated online service. This is to ensure proportionality and regulatory clarity, given there is a potential overlap with the existing prominence regime here.. Where a PSB offers their livestream main channel as part of a designated PSB service it would fall under the new prominence regime. If it is standalone (and is included in a regulated EPG) it would benefit from the existing prominence regime. Otherwise it is outside of scope. This approach will support the new prominence regime to ensure it's clear to those in scope what framework they have to comply with - particularly where the two prominence regimes may intersect on the same platform. Furthermore, the criteria for designation remains unchanged which means

⁵² Estimate from Ofcom.

only those TV platforms used by a significant number to watch TV content would be considered in scope.

85. This is not anticipated to create significant additional cost, given in most cases these platforms already carry livestream content and will already be required to carry the designated online service which the livestream channel forms a part of. In the cases where there is not necessarily an EPG to deliver linear prominence on the UI, it would either be a case of carrying a prominently-placed on-demand app or surfacing more livestream PSB content on relevant parts of the UI (i.e. a rail, tab or section). Ofcom will ultimately determine the appropriate level of prominence and will take into consideration proportionately (i.e. it would be disproportionate for one platform to give prominence to the on-demand service, the EPG and then surface live services elsewhere on the UI.) Furthermore, the decision to require platforms to make their user interfaces accessible to all audiences, is also not expected to generate significant impacts to business. Platforms already invest in making their user interfaces more accessible for those with hearing/sight impairments⁵³. This is simply replicating a duty which already exists under the existing prominence regime, whereby EPG providers must ensure their EPGs can be accessed by those with disabilities⁵⁴. These impacts will be assessed alongside secondary legislation, when the details of the designated platforms, and Ofcom's guidance are clear.

VoD Regulation

86. This measure will mainly impact VoD Services, Ofcom and audiences. There are currently more than 280 notified ODPS providers currently regulated by Ofcom.⁵⁵ At this time, there is no way to accurately measure the majority of VoD services across the rest of the world or which audiences they target. Broadcast VoD (BVoD) services operated by PSBs comprise of BBC iPlayer, ITV Hub, Clic (S4C), All4 (Channel 4), My5 (Channel 5), STV Player (STV).

87. The chosen policy option will create costs to VoD services as a result of adhering to a future VoD Code, which will be drafted and enforced by Ofcom. Whilst direct transitional and ongoing costs to UK broadcasters will be minimal to zero given existing regulatory arrangements, more substantial costs may be incurred by non-broadcast VoD services. The regime will have a two-tiered framework, where only Tier 1 services will fall in scope of enhanced regulation, and other services will continue under existing rules. For the Tier 1 non-broadcast VoD services, a primary driver of these costs will be the review of content across their existing catalogue, and ongoing monitoring of new content. As an illustrative estimate based on incomplete data, the total one-off cost could reach approximately £13m-£16m for major VoD services for which library size data is available, but may be reduced substantially by the way in which Ofcom chooses to implement.

88. The chosen option does not mandate specific audience protection measures (like age ratings or PIN codes), but gives Ofcom an enhanced obligation to assess VoD providers' protections for audiences in line with regulation. Providing an enhanced Ofcom obligation to assess VoD providers' protections is unlikely to create significant costs for VoD services. This is because on-demand services, in general, currently already provide adequate audience protections.

89. This option will deliver benefits to audiences by protecting them from harmful content, and from insufficient protection controls, which is particularly important in the context of rising VoD use. For

⁵³ [Amazon Fire TV](#) and [Samsung](#), for example, provide a number of services and features to ensure accessibility already

⁵⁴ [Section 310\(3\) of the Communications Act 2003](#)

⁵⁵ Ofcom (October 2022). [List of on-demand programme service \(ODPS\) providers currently regulated by Ofcom](#)

instance, these benefits relate to the new controls on harmful disinformation or dangerous health advice. Given that many of the large services have strong audience controls and are confident that the majority of their current content would fall into line with the future VoD Code, the benefits of this option are likely to be marginal in immediate terms. In protecting against risks, for instance in terms of changing audience expectations or reduced SVoD commitment to audience protection, the option does provide substantial benefits in the future.

90. Ofcom will have to familiarise themselves with the legislation, and will have to incur transitional, set up and ongoing costs associated with new Tier 1 VoD obligations and drafting, consulting and implementing the new VoD Code and guidance. Ofcom will recover these costs through proportionate fees on businesses that are in-scope of the new regime.

91. Under the two-tier framework, it is expected that small or micro businesses will not fall in scope of new content regulation, and will remain under existing rules. Secondary legislation will give the Secretary of State powers to set and amend which VoD providers fall under enhanced regulation, subject to a review from Ofcom. A further impact assessment will accompany secondary legislation.

VoD Accessibility

92. This measure will mainly impact VoD services, Ofcom and audiences who require access services. As set out above, there are more than 280 notified ODPS providers currently regulated by Ofcom. We estimate that there are 5.8 million people in the UK with hearing impairments who may use subtitles, and a further 930,000 with visual impairments. There are also 87,000 people in the UK who use sign language as a first language. Therefore, many people stand to benefit from these regulations.

93. The chosen policy option will create costs to VoD services as a result of needing to set up access services and roll them out across their existing content, as well as making new content accessible. The main cost is expected to be the cost of ensuring existing content has the appropriate accessibility features - this is estimated to total £3< (redacted) across the first four years, as this is the timeframe for providers to fill the gap between the targets and current provision on existing content. The other main set up cost is the cost of developing the technology required to provide access services, estimated to be a total cost to business of £3< (redacted) per year over the first four years.⁵⁶ The only other set-up costs are familiarisation costs, but we estimate that these will be small.

94. We also estimate the ongoing costs to VoD providers. The largest of these is the cost of ensuring that new content hits accessibility features, at approximately £3< (redacted) per year from the year the policy is introduced. Additional ongoing costs to business include the cost of annual reporting to Ofcom, but these are assumed to be minor as businesses already report to Ofcom on their access service provision. There is potentially also a benefit to businesses via increased revenue through attracting more subscribers and/or higher advertising revenue. However, it is unlikely that this benefit outweighs the cost of implementing these measures - we assume that this is the reason why businesses are not already providing access services at these levels.

⁵⁶ There is a degree of uncertainty over how providers will choose to operate across multiple platforms and how Ofcom will choose to enforce requirements. Ofcom will specify the details of how services need to meet the requirements in its code, which will mean this value is likely to differ across providers.

95. Ofcom will have to familiarise themselves with the legislation, and will have to incur transitional, set up and ongoing costs associated with this accessibility regime, including the costs of drafting, consulting and implementing the new Code, and the costs of monitoring and enforcement (such as determining exemptions, enforcement action, and gathering information on costs to businesses). Ofcom will recover these costs through proportionate fees on businesses that are in scope of the new regime.
96. The main beneficiaries of the measure will be consumers with hearing and/or visual impairments who will enjoy a greater range of online viewing. As outlined in the impact assessment assessing this individual measure, the average annual benefit to consumers of being able to view more content from year four onwards is estimated to be £1,963,000. It is likely that this value is an underestimate, as it is based on willingness to pay for a single VoD platform, and only considers the value of accessibility services to people who need to use them, not those who use them for other purposes, such as learning English or a foreign language. There are potentially additional indirect wellbeing benefits arising from reduced social isolation and loneliness which may have health implications.
97. All costs to VoD providers are dependent upon which providers come into scope of Tier 1, so there is uncertainty over these values. As a result, costs to business are likely to be overestimated.

C4C reform

98. The broadcasting landscape has evolved radically, and is continuing to do so, with the growth of online streaming platforms, changing viewing habits and increased competition from well-funded global players. With the broadcasting sector having evolved radically and continuing to evolve at pace, now is the right time to act to ensure the long-term sustainability of C4C and future-proof its economic and social contributions across the UK. The impact of the introduction of a statutory duty on C4C is largely dependent on the choices that Board members make to promote the Corporation's sustainability. The new statutory duty will reflect the importance that C4C attach to the corporation's long-term sustainability, and for the C4C Board to be held accountable for that aim. C4C Board members already voluntarily abide by the principles of the general director duties (under the Companies Act) through the C4C-DCMS Memorandum of Understanding. Inclusion of a statutory sustainability duty therefore intends to formalise what is already in place, in a way that is appropriate for C4C as a statutory corporation rather than a Companies Act limited company. There may be negligible costs to C4C through providing increased financial reporting on performance against the statutory duty, and through the introduction of additional reporting relating to the duty in their Annual Report. There may also be relatively small transitional familiarisation and set up costs for C4C.
99. The statutory duty, which will require C4C's Board to consider the corporation's long-term sustainability in their decision making, should benefit consumers over the long term via continued access to public service content commissioned and made available by C4C. There is a risk the duty could present potential costs to the consumer, if less PSB content were provided by C4C in favour of more commercial content to meet their new duty. However, the Government is mitigating this impact by ensuring that the statutory duty is considered by the Board *alongside* their existing duties to fulfil Channel 4's public service remit, abide by its media content duties and to continually provide the Channel 4 service. Delivery against the new statutory duty will therefore not take precedence over delivering the Channel 4 remit, which will continue to be monitored and assessed by Ofcom.
100. Removing the publisher-broadcaster restriction could benefit C4C by providing an opportunity to diversify its income streams, which are currently heavily dependent on advertising revenues. However, the independent production sector has expressed concern at the removal of C4C's

publisher-broadcaster restriction, with the potential for content spending to be lost to an in-house production arm. The Government has worked closely with the sector to consider necessary steps to ensure that C4C's important role in driving investment into the sector is safeguarded. For example, this will include increasing the level of C4C's independent production quota, which is currently set at 25 percent of programmes, and a new duty on C4C to put in place and adhere to procedures that facilitate fair and open competition for their commissions. Additionally, the Terms of Trade will be preserved, which enable independent producers to retain the underlying copyright and intellectual property rights to their content, which they can sell internationally. There could be costs to other producers who may lose commissions when C4C are able to make some programmes in-house. The Government has considered the impact of removing C4C's publisher-broadcaster restriction and accompanying mitigations on both C4C's sustainability and the independent production sector as part of a separate assessment published alongside this Impact Assessment.

S4C Governance and Regulatory Reform

101. S4C is a public body, and legislation that impacts public bodies is usually exempt from requiring a regulatory impact assessment, as set out in the Better Regulation Framework. However, DCMS has chosen to undertake an appraisal, Annex A, due to the fact that these changes could have a small and/or indirect impact on UK businesses.
102. These changes are needed in order to enable S4C to better serve Welsh language audiences. Without change, S4C's regulations will remain outdated and not fit for the digital age, and will continue to not fit either the Government or S4C's views of how S4C should operate.
103. Following the introduction of these measures, S4C will experience some minor transitional familiarisation costs, as well as ongoing costs associated with the Comptroller and Auditor General taking over as their auditor.
104. However, there are significant benefits to S4C and wider society arising from these changes which outweigh these costs. The largest benefits include greater clarity for S4C in when it can undertake its commercial activities without the need for Secretary of State approval, and greater flexibility by removing the need for that approval to be given via a Statutory Instrument rather than simply in writing. This is likely to lead to S4C increasing the volume and breadth of its commercial investments. This increased investment will result in a benefit to the private sector, and will also generate a commercial return to S4C, strengthening their financial sustainability. S4C, and its audiences, will benefit from having an updated remit which facilitates the provision of greater social value to audiences through an additional focus on improved digital and online offerings. The new remit will help S4C keep pace with the ongoing migration of audiences from linear to digital platforms, and the ability for them to reach an alternative agreement on the BBC's support will help S4C secure support that is as relevant as possible to its operation in the digital age. Another significant benefit of these changes is reflecting in legislation the greater external accountability and scrutiny arising from appointing the Comptroller and Auditor General as S4C's new auditor (this change has already been implemented administratively).

Radio over Voice Assistant Platforms

105. This measure will mainly impact radio stations, voice assistant platforms, consumers and Ofcom. In the UK, the market for smart speakers is dominated by three large, US-owned providers operating in the UK: Amazon, Google and Apple.⁵⁷ Between them, they support more than 95% of voice-

⁵⁷ Ofcom (2023). [Technology Tracker 2023 data tables](#)

activated smart speakers - the current leading brand-integrated devices being the Echo, Nest and HomePod respectively - as well as in-car integrations.

106. Conversely, the radio sector is made up of a large number of stations of various sizes. To illustrate, Radiocentre - the industry body for commercial radio - has more than 50 members, who operate more than 300 analogue and digital radio stations across the UK. There are also around 320 community stations operating in the UK.⁵⁸ There are also some public sector radio stations. BBC radio stations make up approximately half of all radio listening hours in the UK. Although these stations are not funded via advertising revenue, they will also stand to benefit from the provisions in this legislation.
107. There is uncertainty around the monetisation strategies that platforms may choose to pursue in the future. As a result, the impact assessment for this individual measure details a counterfactual of four potential scenarios, determined by how platform behaviour and trends in the market could affect the relative bargaining dynamics between radio and voice assistant platforms. These are set out in the figure below.
108. As a result of shifting trends in radio listening, the rapid proliferation of smart speakers, and the resulting shift in bargaining outcomes, there is an expected shift in the value exchange between radio and voice assistant platforms. In a 'benign' scenario, the share of voice assistant platforms' gross profits that can be attributed to radio is estimated to be between £45 million and £93 million. For comparison, in the same year, the share of total radio value that is attributable to voice assistants is estimated to be approximately £314 million.

⁵⁸ Ofcom (2022). [Media Nations 2022](#)

Figure 2: Conditions for a benign and non-benign outcome for radio

	Low Incremental Revenue Scenario [for Voice Assistants]	High Incremental Revenue Scenario [for Voice Assistants]
Benign [for radio]	<ul style="list-style-type: none"> Radio is an important driver of Voice Assistant take-up and Voice Assistant platforms heavily rely on radio to increase Voice assistant and smart speaker usage (bargaining power lies more heavily with the radio). Voice Assistant platforms' monetisation strategy is not focused on competing with radio. They are focused on indirect incremental e-commerce sales, non-competing services, and the direct sales of smart devices. 	<ul style="list-style-type: none"> Radio's contribution to Voice Assistant's value decreases as the proportion of usage derived from radio declines. Voice Assistant platforms are used for a wide variety of other services. Voice Assistant platforms' monetisation strategy are not focused on competing with radio. They are focused on indirect incremental e-commerce sales, non-competing services, and from the direct sales of smart devices.
Non- Benign [for radio]	<ul style="list-style-type: none"> Radio remains the core use case for Voice Assistants alongside music streaming (implying a degree of bargaining power lies with radio). The Voice Assistant platforms attempt to directly monetise their investment through radio (by charging access fees or charging a commission based on the profits radio receives for advertising). 	<ul style="list-style-type: none"> Radio is very dependent on voice assistants for distribution. Voice Assistant platforms' monetisation strategy is focused on increasing profits from competing audio services e.g. their own music streaming service (including radio-like services) / podcasts/news services; and/or extracting value from third-party skills/actions; and/or Audio advertising is an important driver of incremental growth for Voice Assistants, which could be harmful to radio. Exists a risk that Voice Assistants self-preference their radio-like services or by competing in audio advertising.

Source: Frontier Economics.

109. The chosen policy option will incur costs to voice assistant platforms as a result of the value transfer, transition costs related to familiarisation and implementation, and ongoing costs such as reporting to Ofcom. The main cost is the extent of reversal of the value exchange from radio towards voice assistant platforms, and the opportunity cost that arises from limiting future monetisation options. By 2032, this is estimated to be between £36,900,000 and £142,559,000 per annum. There is some uncertainty in the value of this transfer, as there is likely to be some overlap in the mechanisms through which these impacts are realised. Therefore, the values range from the minimum possible transfer as the revenue impact of integrity of service, and the maximum as the sum of all three impacts.

110. Voice assistant platforms will also have to familiarise themselves with the legislation, which could include engaging their in-house legal teams as well as seeking external legal advice - we expect this cost to total £24,600. Voice assistant platforms may also incur some implementation costs from adapting their products to fit the new requirements, but as they are currently compliant, we do not expect that they will have to change their actions for 'day-one' compliance. They may also have costs associated with engaging with radio stations, but we expect these will be low, as platforms already have simplified solutions that enable them to engage with radio and manage costs efficiently. Voice assistant platforms may also have to develop new processes to engage with Ofcom, but we expect these costs to be small.

111. The main benefit to radio stations is from the transfer of value from voice assistant platforms. This is estimated to be between £36,900,000 and £142,559,000 per annum. There is some uncertainty in the value of this transfer, as there is likely to be some overlap in the mechanisms through which these impacts are realised. Therefore, the values range from the minimum possible transfer as the

revenue impact of integrity of service, and the maximum as the sum of all three impacts. Furthermore, community radio will benefit from the same protections as commercial radio. Radio stations will also incur some costs from familiarisation with the legislation - we expect this cost to total £59,000.

112. Ofcom will incur both set-up costs and operational costs as a result of developing the new radio selection services regime and associated guidance. Ofcom note that the information and figures provided are intended to be regarded as estimates only. Ofcom will have costs associated with the set-up of their regime, which are estimated to be between £3.2 million and £3.4 million. Ofcom will also have ongoing costs of monitoring and enforcement, estimated to be between £1.6 million and £1.8 million per annum. Where Ofcom will need to undertake additional activities, such as reporting to the Secretary of State on the adequacy of the regime and reviewing the Code of Practice, these are estimated to be a one-off cost of between £1 million and £1.2 million. As per Ofcom's fees principle, these costs to Ofcom will represent a cost to businesses.
113. The main benefit to consumers is expected to be from wider choice in live radio content and easier access to radio. By making radio stations easier to access, consumers are better able to listen to their chosen stations, including niche community stations which might otherwise be difficult to find on a voice activated platform. This regulation will also protect the existing social benefits of radio, including benefits of content covering a diverse range of cultures and interests, benefits to society from news and information, and wellbeing benefits from reduced loneliness. There is a potential cost to consumers if this regulation has the unintended effect of reducing the number of voice assistant platforms that enter the market, reducing consumer choice. However, as barriers to entry in the market are high, we expect this cost will be negligible.
114. While designation of a given platform will be a matter on which Ofcom will need to advise, the three organisations listed above (from the platform perspective) may be affected by the legislation at this stage and may incur costs from the partial value exchange away from smart speaker platforms towards radio stations which would result from these measures. However, other organisations may come into scope in the event that they become significant players in the provision of radio across voice-activated devices.

Radio deregulation

115. The main affected groups are the radio sector and Ofcom. This intervention is largely deregulatory, and is expected to reduce the overall burdens on business and on Ofcom. These changes have a small impact on business - see Annex C.
116. Evidence for the associated cost savings to business was gathered by directly surveying a sample of commercial radio businesses of different sizes and number of stations, alongside considering the responses to the consultation in 2017 and subsequent stakeholder engagement. We directly engaged with the three largest commercial radio businesses which cover the majority of stations (Global, Bauer and News Broadcasting), as well as Radiocentre, the industry body for commercial radio.
117. There are a range of potential costs for businesses, but these are expected to be small. It is possible that removing the remaining requirements on local commercial radio stations to play specific genres of music (their "formats") could result in indirect costs associated with a narrowing of consumer choice for listeners, but these are expected to be minimal. There is also a possibility that these changes could have an indirect cost in delivering a competitive advantage to the largest commercial groups by enhancing their market positions or weakening competitive dynamics in radio

markets. For instance, this could be through influencing advertising prices or altering the market for inputs such as on-air talent and commercial sales staff. However, these impacts are also expected to be small. Finally, there is expected to be a small cost to the radio sector associated with familiarising themselves with the proposed deregulatory measures.

118. The radio sector stands to benefit from the removal of these regulations. Removing the remaining Ofcom regulation of music formats and of multiplex line-ups would have the direct benefit of enabling commercial radio operators to make changes to their music content, and multiplex operators to make changes to their line up, without needing to go through the process of securing approval from Ofcom. This cost saving is the main direct monetised benefit to stations. It is captured in the EANDCB, based on projecting current practices out, not assuming any behavioural change by businesses in response to the new freedoms. There is also a direct cost saving to stations and Ofcom from not having to maintain compliance with the format and localness rules and investigating non-compliance/complaints. This has considerable time savings and financial savings. There are also some non-monetised benefits to the radio sector as a result of cost savings from not having to apply for format changes, changing local content rules, and the short extension of analogue licences. There are additional non-monetised benefits as a result of the relaxation of requirements allowing stations greater room for innovation which can also bring benefits to radio stations by potentially attracting more listeners, and allowing international services on UK digital platforms.
119. Ofcom provided early cost estimates for activities they would need to undertake in order to implement these changes to the regulation. Ofcom note that the information and figures provided below are intended to be regarded as estimates only. Ofcom has not undertaken a comprehensive assessment of the required resources as the final scope of the new regulations and the extent of Ofcom's regulatory duties are still to be precisely determined.
120. The total one-off estimated costs to Ofcom of making changes to their localness guidance for commercial radio and extending the licensing regime would be around £0.15-0.25m. Ofcom is also expected to make cost savings as a result of these changes and they provided rough estimates for these, which can be found in Annex C.

Repeal of s.40

121. There are no direct costs or benefits associated with this intervention. The repeal of s.40 removes the risk that some publishers could be made vulnerable to potential legal costs, regardless of the legitimacy of any claims made against them. S.40 was not commenced, and so until now there have been no costs to UK businesses associated with this measure. Therefore, the removal of s.40 will provide no further costs or benefits to UK businesses - it will be a continuation of business as usual. The 2019 Conservative Party manifesto also set out the intention to repeal section 40 of the Crime and Courts Act 2013.

Aggregate Impact of Media Bill Measures

122. Due to limited quantification of impacts, the most appropriate method to consider overall impacts is to consider them across different groups of stakeholders most affected by Media Bill measures.

PSBs

123. A key aim of the Media Bill is to strengthen the UK's system of public service broadcasting in the context of changes and challenges in the media sector. Overall, PSBs will benefit from these policies as a result of updates and adaptations to existing regulation. The new prominence regime will

safeguard the accessibility of PSB to audiences, driving increased engagement and - for commercial PSBs - increased revenues. Wider PSB reform will benefit PSBs, most notably by allowing them to deliver their remits through a wider range of services and their quotas through their on-demand services. PSBs will also benefit from the levelling of the regulatory playing field introduced by VoD regulation, removing the current imbalance between the regulation of PSBs and large VoD services. The listed events regime will also be updated to make it a PSB-specific benefit.. A final benefit will be to C4C's long term sustainability through the removal of the publisher-broadcaster restriction and the introduction of a new statutory sustainability duty, thereby allowing further diversification of income streams.

124. Smaller PSBs such as S4C and STV in particular are likely to benefit. The new prominence regime will provide a vital boost given that regional broadcasts do not enjoy widespread prominence or availability on TV platforms. For S4C, these benefits will be complemented by those delivered through changes to their regulation set out above, including the increased freedom and flexibility in their commercial investment capability.

125. These measures will lead to small-scale familiarisation costs for PSBs, and a transition cost associated with the regulatory reform to remit and quotas. There is the potential that PSBs could experience future costs, for instance if the backstop power to create a new quota was enacted. However, such changes would require secondary legislation and impacts would be re-appraised.

Audiences

126. UK audiences will, on balance, benefit significantly from these measures as a whole. As a result of the above measures they will benefit from a sustainable and adapted PSB system providing high-quality content, which meets wide-ranging needs, including that which is distinctively British. In the increasingly popular on-demand space, prominence will ensure that audiences can easily find and watch PSB content, whilst VoD reform will ensure that they receive sufficient protection across broadcast and large, TV-like VoD services. Specifically, they will benefit from better protection on VoD services from harmful content such as disinformation or dangerous health advice, the safeguarding of audience controls, and increased provision of access services, which benefit hearing and/or visually impaired audiences the most. The inclusion of livestream in the new prominence regime could deliver further social benefits, ensuring important linear PSB content - which would otherwise be missed is easy to find. Audiences in Wales and Scotland will benefit from the increased availability and discoverability of S4C and STV, in turn bringing wider socio-cultural benefits to the nations as a result of engagement with regional content and, in the case of S4C, the Welsh language. Indeed, the measures in this Bill not only benefit individual viewers, but also safeguard and increase the set of positive externalities that PSBs provide across society and the economy. Ensuring that the rights to broadcast events of national importance are offered to PSBs will not only benefit PSBs, but will also ensure that audiences can continue to access these events on free-to-air TV, as opposed to being behind a paywall. Audiences will also benefit from the regulation on smart speakers, protecting the social benefits that radio provides and ensuring that content is easier to access on smart speakers. These social benefits include the plurality of news provision, supported by radio by broadcasting high-quality and reliable news, as well as increased awareness of issues that affect listeners' lives and communities.

127. It is possible that there could be some costs to audiences arising from these measures. The online prominence and VoD regulation measures could result in higher prices passed onto consumers by regulated TV platforms and SVoD services. However, this was rarely raised by these organisations during consultation as a knock-on consequence of the interventions; only one TV platform indicated that they are likely to pass on any higher costs to consumers.

Regulated TV platforms and SVoD services

128. Beyond small-scale familiarisation costs, regulated TV platforms - which we expect to include Pay-TV services, Smart TV manufacturers, Streaming stick/set top boxes and potentially some relevant game consoles - will only be directly affected by the introduction of a new online prominence regime. As regulated TV platforms generally already make the larger and more high-profile PSBs' services available on their platforms, the costs are likely to be constrained. However, the smaller PSB services, in particular those provided by regional PSBs, are not universally available or easily discoverable on regulated TV platforms. Legislating to ensure that the regional PSBs' services have to be carried, and regional PSB livestream services have to be made appropriately prominent, will bring technical costs to platforms, which remain small in the context of their revenues and well-balanced against the benefits set out above. Furthermore, there may be a slight difference in implementation costs for platforms as a result of the inclusion of livestream. However, these are not yet quantified.
129. SVoD services are likely to experience costs from the new prominence regime if it creates a situation in which PSB services are placed in key positions on regulated TV platform user interfaces that were previously held by SVoDs. At this stage the size of this impact is unknown since Ofcom's guidance is yet to be produced. In addition, large, TV-like, SVoD services are likely to experience costs from the updated VoD regulation, predominantly as a result of the new requirement of having to comply with the new VoD Code. They could also experience costs from Ofcom's new obligation to assess audience protection, but it is expected to be minimal at this stage as VoD providers audience protection measures are currently considered adequate for purpose, though these could change in the future as services evolve and audiences habits and needs change. Furthermore, SVoD services will experience costs from the VoD accessibility regime as a result of the introduction of access service requirements, however these will only apply to larger, 'Tier 1' services. Any costs remain small in the context of the streaming services' revenues, and we believe are necessary to protect audiences from potential harm.
130. In some cases, businesses may operate both regulated TV platforms and SVoD services, leading to a larger aggregate impact. Again, however, these costs will be small in comparison to revenues.

Ofcom

131. All measures, excluding the repeal of s.40, will impact Ofcom, together forming a significant and costly programme of work for the regulator. Across the individual impact assessments, Ofcom have provided estimates on how much the individual policy changes are likely to cost them which are outlined in the cost/benefit section of each document. An exact quantification of the overall, cumulative, one-off and annual ongoing impact of these measures has not been undertaken at this stage because their estimates are early-stage. Any costs to Ofcom will be appropriately and proportionately recovered through incremental fees levied on the businesses in scope of any regime. The regulator has been closely involved in the development of these measures. Ofcom will receive the minor benefit of not having to commit resources on searching for a public teletext service provider.

Voice Assistant Platforms

132. The main costs to voice assistant platforms are likely to be the partial reversal of the value exchange from radio towards voice assistant platforms, the opportunity cost that arises from limiting future monetisation opportunities, implementation costs, familiarisation costs and reporting costs to

Ofcom. Compliance costs are likely to be minimal given that the platforms have to date - while the value exchange remains in radio's favour, and while the platforms are growing their market share - largely refrained from taking steps to directly monetise their radio provision, so their products are currently compliant. We do not expect that platforms will have to change their actions in response to these measures in a way that would increase costs, although it may mean some platforms change their prioritisation decisions on updating algorithms, as part of business as usual.

UK Radio sector

133. Radio stations are likely to benefit from the regulations on voice assistant platforms, as the regulations aim to reverse some of the potential transfer of value from radio towards voice assistant platforms and reduce the risk of voice assistant platforms seeking to capture some of the value currently generated by radio (i.e. a "non-benign outcome" for radio). There is some uncertainty around the behaviours that these platforms will take in the future, so this regulation aims to future-proof against this risk, given the expected shift in bargaining power over the coming decade. More detail on the value transfer can be found in the impact assessment for this intervention. There will also be benefits to community radio, however these are expected to be substantially lower than the estimated benefits to commercial radio. There will be some small familiarisation costs for the UK radio sector, but these are expected to be much lower than the benefits of this regulation.
134. Radio stations are also expected to have a net benefit from radio deregulation. This will be mainly through cost savings as well as the relaxation of requirements allowing for greater innovation which could attract more listeners, and therefore generate additional revenue. There may be some costs associated with deregulation, but these are expected to be small and the Government expects that the benefits will outweigh the costs.

Press Sector

135. The press sector will largely be unaffected, aside from by the repeal of s.40 which beneficially removes the risk that some publishers could be made vulnerable to potential legal costs, regardless of the legitimacy of any claims made against them.

3.0 Wider Impacts

136. This section will summarise the major wider impacts that have been identified in each individual impact assessment. Please consult the individual documents for more detail.

Small and Micro Business Assessment

137. While not exempt by default, the measures contained within the Media Bill are not intended to capture any small or micro businesses. On this basis, the impact of the whole Bill on small and micro businesses is estimated to be zero. If - through development of the associated secondary legislation and regulator guidance - there are in fact a small number of small and micro businesses in scope, a full assessment of impacts will be conducted at that stage.

138. The PSB reform changes will not negatively impact small or micro businesses. There may be a small positive impact on small or micro businesses. The proposed review into the introduction of a revenue cap on the definition of a qualifying independent producer will help ensure that the policy supports SME producers and ensures a more level field between them and the PSBs. The new framework for online prominence will not impact small or micro businesses because the aim of the policy is not to capture all TV platforms capable of carrying on-demand/livestream content. Instead, our intention is to capture only the major or most popular TV platforms - ie. those services that are used by a “significant number of UK users” to access TV online. This means only capturing those TV platforms used by a ‘significant’ number of UK viewers to watch content (i.e. the Smart TV), and not multi-use devices (i.e. smartphones, laptops) where their main function is not the delivery of TV content. Similarly, under new VoD regulation, and the two-tiered approach, it is expected that small or micro businesses are unlikely to fall in scope of this regime - therefore remaining under existing rules - unless they are deemed at risk of providing substantive harm to audiences. The change to allow S4C greater commercial clarity in their ability to invest may positively impact small and micro businesses if S4C chooses to invest in these types of businesses. However, this will be down to S4C and would not be a direct impact of this legislation.
139. The voice assistant platform regulations will not negatively impact small or micro businesses. SMBs in the radio sector will incur some small familiarisation costs of approximately £158 per business. However, small radio stations could benefit substantially from increased protections against the potential harmful actions of voice assistant platforms, and some of the value transfer will accrue to small and micro businesses. This regulation could potentially benefit smaller stations more than larger stations, as they are potentially more at risk from some of the harmful behaviours this regulation aims to prevent, and are protected through securing the prominence and inclusion of their content. Radio stations do not come into scope of the regulation, so a small and micro business exemption is not required. Furthermore, only large voice assistant platforms will come into scope of the regulation. The intention of the regulation is to capture the largest platforms, so smaller players are not intended to come into scope. Therefore, no small or micro businesses come into scope of the requirements.
140. For radio deregulation, format and localness changes could potentially benefit larger station groups more than smaller ones and could therefore deliver a slight competitive advantage to such large organisations. However, the only direct costs to small and micro businesses are familiarisation costs that all businesses will bear, and these are directly proportionate to the number of small and micro businesses in commercial radio. Small stations are expected to experience benefits of the same nature as large station owners. Although the value of cost savings is likely to be smaller for small businesses, these businesses will benefit from time and resource savings from no longer having to submit format change requests to Ofcom, which could be significant for smaller operators with few employees. As these changes are deregulatory by nature, an exemption for small and micro businesses would not be appropriate.
141. As set out above, the PSB reform measure is not expected to impact small or micro businesses, and therefore no exemption is needed. For online prominence and VoD regulation, small and micro businesses are not expected to be in scope of the regimes, however, it will be down to Ofcom to set out which businesses are in scope of the regimes. For example, for VoD accessibility, the exemptions framework suggested by Ofcom includes exemptions based on technical or operational obstacles, low audience size and disproportionate cost, meaning that providers will not be required to meet targets where it is not deemed to be feasible. This was put in place to ensure certainty and proportionality for the long-tail of small providers, while capturing the large providers offering the

majority of on-demand content. Therefore, no exemption for small and micro businesses can be applied to these measures as this would constrain Ofcom's decision making.

142. Similarly, the C4C reforms are not expected to disproportionately harm small or micro businesses, and as the intervention would only apply to C4C, there is no need for exemption. The intervention also comes with mitigating actions in the forms of fair and open access measures and increasing the independent production quota from 25% to 35%. These mitigations provide further protection to small and micro independent producers from any impacts brought about from the removal of C4C's publisher-broadcaster restrictions.
143. Therefore, taken as a whole, the measures included in the Bill are not expected to disproportionately impact small or micro businesses.

Medium-sized business assessment

144. The measures contained in this Bill are not intended to capture medium-size businesses. On this basis, the impact of the whole Bill on medium-size businesses is estimated to be zero. If - through development of the associated secondary legislation and regulator guidance - there are in fact a small number of medium-size businesses in scope, a full assessment of impacts will be conducted at that stage.
145. Similar to the argument used for the small and micro business assessment, the PSB reform changes will not affect medium-size businesses. The new framework for online prominence will not impact them either because the aim is to capture only the major or most popular TV platforms. This means only capturing those TV platforms used by a 'significant' number of UK viewers to watch content (i.e. the Smart TV), and not multi-use devices (i.e. smartphones, laptops) where their main function is not the delivery of TV content.
146. The intention for VoD measures is that only large, TV-like video-on-demand services will come under Tier 1 enhanced regulation, and therefore be required to adhere to access service targets and fall in scope of the VoD regulation regime. We anticipate that the services defined as Tier 1 will not include any medium-sized businesses with up to 499 employees. However, the exact services in scope of enhanced regulatory requirements will be determined following a review of the market by Ofcom and then set out by the Secretary of State in secondary legislation. Furthermore, even if any medium-sized businesses are required to come under enhanced Tier 1 regulation, Ofcom's exemptions framework is designed to exclude relatively smaller services due to size-related factors such as limited audience benefit and disproportionate cost. As such, we do not anticipate that any medium-sized businesses will be impacted by this policy.
147. The voice assistant platforms regulations will not negatively impact medium-size businesses as only the large voice assistant platforms will come into scope of the regulation. These are large, multinational corporations with thousands of employees, and so do not fit the definition of a medium-size business. Some radio stations are likely to be classed as medium-sized businesses. Medium sized radio stations may benefit from the regulations through the same mechanism as small and micro businesses in the sector, and likely to the same degree. For radio deregulation, format and localness changes could potentially benefit larger station groups more than smaller ones and could therefore deliver a slight competitive advantage to such large organisations. However, there are no direct costs to medium-size businesses - they would experience benefits of the same nature as large station owners.

148. Therefore, taken as a whole, the measures included in the Bill are not expected to disproportionately impact medium-size businesses.

A summary of the potential equality impacts

149. Taken as a whole, the measures included in the Bill are not expected to negatively impact individuals with protected characteristics, and instead will positively impact these individuals.

150. Introducing a VoD Code that has similar rules as a Broadcasting Code could provide a positive impact on individuals with protected characteristics, who - due to their characteristics - could be at more risk of harm from some types of content, like disinformation targeted at their characteristic. Securing prominence for PSB services will benefit individuals with protected characteristics since PSBs have special requirements to produce content that provides public benefits which stand up for diversity across the UK and which reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions. Ensuring that designated PSB services are given appropriate prominence on regulated TV platforms will allow them to continue to provide this type of content and allow it to be accessible to UK audiences.

151. The Government recognises that as part of a digitally inclusive society, television content should be accessible for all UK audiences regardless of which platform is used to view that content. Therefore, under the new online prominence framework, regulated TV platforms in scope of the regime will need to ensure their user interfaces can be accessed and used by those with hearing and visual impairments. There is already a legal requirement under the existing prominence regime to ensure 'regulated EPGs' are accessible to those with disabilities. This is something most major TV platforms are already doing, so is likely to present minimal costs to the platforms, given the importance of ensuring their platform is accessible to all their viewers. For example, Amazon Fire TV already provides voice search and remote control functionality, screen magnification, and design features to help make text easier to read on their platform.

152. Ofcom produced an Equality Impact Assessment as part of their consultation response on VoD accessibility, and found that the proposals set out for the implementation of this policy are unlikely to have any detrimental impact on any of the relevant equality groups, including people with disabilities and older people. Furthermore, the form of the regulations should lead to measurement progress in both the quality and quantity of access services. The intention is that this policy will increase access to video-on-demand services to these groups by bringing about progress in the amount and choice of accessible on-demand content. This will result in increased inclusion for the relevant equality groups and reduce frustrations caused by the current lack of accessibility of on-demand content.

153. There is the potential that the delivery of quotas through on-demand services, made possible through the PSB reform changes, could risk negative impacts for those who are not online, but PSBs stated explicitly that this change would not lead to negative impacts on their linear service. Moreover, as explained above, DCMS does not envisage extending this flexibility to the delivery of news and current affairs content in recognition of its unique social and democratic importance, which will continue to only count towards the relevant quota when delivered on a PSB's main channel. This will also help to guarantee that those audiences who cannot access content online can continue to access important, high quality, news and current affairs content. The other measures have minimal equality impacts.

154. In terms of potential risks to off-screen diversity, we understand that C4C has an extensive network of relationships with new, often untested talent which has, in turn, afforded it a certain creative energy and distinctiveness. Some stakeholders have expressed concerns that removing the

publisher-broadcaster restriction will, over time, reduce the overall number of external commissioning opportunities, including for minority cultural practitioners in its value chain, with knock-on consequences for whose stories ultimately get told on TV and how. The precise impact of removing the publisher-broadcaster restriction on off-screen diversity will ultimately be dependent on C4C's strategy and the protections that the Government puts in place following engagement with the sector. There is, however, clear demand for the types of differentiated content that C4C has become known for - programming that says new things, in new ways. We do not therefore consider that C4C would make sweeping changes to its content strategy in ways that would undermine the channel's distinctive positioning. By beginning to grow its own in-house production capabilities, C4C could also increase opportunities in terms of the number of jobs available with greater opportunities to contribute to skills and training within the industry, building skills pipelines in the sector.

155. The S4C governance and regulatory reform is not expected to have a negative impact on individuals with protected characteristics. The change will help S4C better serve Welsh language audiences both inside and outside of Wales.
156. The voice assistant platforms regulations are not expected to have any negative impact on individuals with protected characteristics. Given the risks that smaller radio stations could be negatively affected by the actions of large voice assistant platforms, there are potentially benefits associated with securing the inclusion of their content, which would increase the audio content diversity of smart speakers. Furthermore, radio listening is important to older and disabled audiences, and so this regulation could benefit these groups through protections for live radio.
157. The repeal of s.40 is not expected to have any direct costs or benefits. Therefore it is also not expected to have an impact on individuals with protected characteristics.
158. As the C4C reform will only introduce changes that apply solely to C4C, it is unlikely to have disproportionate effects on protected groups.

A summary of the potential trade implications of measure

159. Taken as a whole, the measures included in the Bill are not expected to have a significant impact on trade or investment.
160. The new online prominence regime could have the potential to impact the imports or exports of certain regulated TV platforms. Specifically, overseas TV manufacturers will have to follow new rules for online prominence set out by Ofcom, which in theory could in turn increase the cost of supplying TVs to the UK. However, as set out in the online prominence impact assessment, the direct impact of these rules on regulated TV platforms is likely to be minimal. Throughout our direct engagement with stakeholders, DCMS asked what the potential wider impacts of the new regime could be for TV platforms. No TV platform that responded suggested that this regime would impact their ability or willingness to trade in the UK. Platforms already have UI/Software variance to reflect differences across regions (i.e. one cannot access French services on UK devices because of IP restrictions).
161. It is not considered that the online prominence measure will impact regulated TV platforms' investment in the UK. The relatively small technical costs incurred, in the context of annual revenues, are extremely unlikely to affect regulated TV platforms' investment decisions, especially as other countries begin to consider their own prominence measures and given the importance of the UK market. In fact, by extending the benefits of prominence for PSBs, the measure increases the value of the PSB compact and will likely have a positive impact on PSBs' investment in the UK, for instance in terms of TV production spend across the UK.

162. Changes to the listed events regime are unlikely to have any substantial short to mid-term impacts on trade or investment compared to the counterfactual of making no regulatory changes. The changes to the qualifying criteria will have minimal impact as PSB services have thus far been the only qualifying services, therefore it maintains the status quo. The listed events regime has not appeared to have negatively impacted trade or investment in a significant way therefore it is deemed that this update will have similarly minimal impacts.
163. On prominence we have made the policy decision that the new online regime will not look to regulate hardware. Rather the focus will be on the software, i.e. how designated PSB services are made available and prominent within the user interface. TV hardware, such as remote controls, is currently not considered in scope of the legislation. This is to ensure our approach to regulation is proportionate and deliverable and takes into consideration any potential trade implications.
164. Similarly, the new VoD regulation regime could have the potential to impact the imports or exports of some VoD services. Specifically, a small number of tier-one overseas VoD services which 'import' into the UK will come in scope of the new VoD regulation regime. However, as set out in the bulk of the VoD impact assessment, the impact of these rules on services is likely to be minimal, and so the impact on trade or investment is also likely to be minimal. Through the consultation and direct engagement with stakeholders, DCMS asked what the potential wider impacts of the new regime could be for services. No VoD services that responded suggested that this new regime would impact their ability/willingness to trade with - or invest in - the UK.
165. The voice assistant platform regulations do not impact the value of imports or exports of smart speakers or other voice assistant platforms. The intention of the measure is not to restrict imports of smart speakers and other voice assistant platforms, nor to undermine mutually beneficial commercial arrangements for other services beyond live, licensed content. There may be some potential negative effects on investment if companies become less likely to invest in the voice-activated connected audio device market as a result of lower potential revenues of voice assistant platforms. However, these measures have been designed to have a narrow focus and will apply only to the largest platforms, so we expect these impacts to be small. The radio measure enabling the licensing of overseas stations (starting with the Republic of Ireland) has been included as the existing framework may not be compatible with "equal treatment" requirements in trade agreements - specifically, s245(1) of the Communications Act 2003 sets specific residence requirements which affect the ability of overseas businesses to acquire radio businesses in the UK.
166. It is possible that certain elements of an increase in S4C's commercial activity may result in greater trade and investment in the UK e.g. on the basis of investment by S4C, an independent production company may grow and attract investment from overseas. However, it is not possible to assess the likelihood or resulting impact of this.
167. We have considered the impact of the C4C measures on trade and investment within the assessment of impact of the removal of the publisher-broadcaster restriction, which has been published alongside this Impact Assessment. In this assessment, it was concluded that the C4C reforms are unlikely to have any significant negative impacts on international trade or on C4C's ability to receive third party investment. However, estimating the impact on both trade and investment accurately was not possible.
168. The other measures contained within the bill are not expected to have any impact on trade or investment.

Innovation Test

169. Taken as a whole, the measures included in the Bill are not expected to have a significant impact on innovation and have been intentionally designed to be sufficiently flexible to account for a rapidly evolving sector/marketplace. However, at this stage it is hard to thoroughly assess innovation impacts of prominence and VoD regulation measures given further development by Ofcom will follow.
170. The new regime for prominence has the potential to impact product innovation within regulated TV platforms, with impacts depending on what is contained within Ofcom's guidance. One TV platform highlighted concerns that their ability to innovate could be affected by excessive prominence rules. This in turn could lead to a reduction in differentiation of their product against our competitors and ultimately impacts the consumer, who will have less choice with all devices offering essentially the same set of features. However, Ofcom's approach will be proportionate and is intended to not be overly prescriptive.
171. The new VoD regime and the new Ofcom directive to assess services' audience protection measures is highly unlikely to impact services' ability to innovate. Under the preferred option, services will be allowed to continue to provide their individualised audience protection measures, as long as Ofcom deems them to be satisfactory.
172. Changes to the quota system to include delivery of quotas on other services, made possible through the PSB reform changes, may have positive innovation impacts as PSBs are able to adapt their commissioning strategies across their linear and online outputs, exploring new ways to deliver PSB obligations and reach audiences.
173. The intent of the voice assistant platform regulations is not to impact the freedom that these platforms have to innovate. However, it is possible that there could be some impact on future innovation due to the constraints on platforms to monetise the provision of access to radio services. We have not been able to find any evidence on these impacts. These provisions are relatively narrow, and do not preclude innovative partnerships between platforms and stations, such as the work that Amazon has done with Heart.⁵⁹ There could in fact be some positive impacts on innovation. For example, the 'findability' requirement could give platforms the incentive to improve their algorithms in order to generate more accurate responses to speech commands. It is possible that this could have wider reaching benefits in the range of uses for voice assistant platforms, such as speech-to-text technology.
174. The C4C reforms will not impact the broadcaster's obligation to provide innovative programming, which remains a key element of the Channel 4 remit under section 265 of the Communications Act 2003, and which Ofcom will continue to monitor. The reforms may have a positive impact on innovation, as the opportunity to increase its revenues through diversifying income streams would enable C4C to invest more in innovative content.
175. These changes will only have positive impacts on S4C's ability to innovate. The main consideration is that the greater commercial clarity in S4C's ability to invest that results from this legislative change will help S4C be innovative and fully deliver its commercial strategy. In addition, the updates proposed will allow S4C to innovate and develop the content it produces and distributes to audiences in ways that track changing consumption patterns.

⁵⁹ Recently, Heart and Amazon have teamed up for a joint advertising campaign across TV, audio, outdoor and social.

Justice Impact Test

176. Taken as a whole, the measures included in the Bill are not expected to have a significant impact on the justice system.
177. As part of the new online prominence regime, disputes will be handled by Ofcom's dispute resolution mechanism, but there could be some impacts around enforcement of unpaid financial penalties and appeals of the dispute resolution procedure by way of judicial review. Full compliance with a policy is assumed for impact assessment appraisal purposes, hence why the potential costs to business or the justice system from the enforcement of unpaid penalties is not appraised in the cost and benefit section of the prominence impact assessment.
178. Similarly, with regards to new VoD regulation, all legal disputes will be handled by Ofcom. Ofcom already uses the court system to enforce regulatory penalties for VoD services, such as pursuing non-payment of a fine. It is possible that under this new regulatory regime they may have to use this more (if more VoD services are sanctioned under enhanced regulation, and more services results in a greater level of non-compliance with regulatory penalties). But, as enhanced regulation would be limited to larger on-demand services and many of those services already adhere to similar regulation, this is considered less likely - particularly as there would be a reputational impact of refusing sanctions. The other measures are expected to have no impact on the justice system.

Competition

179. Taken as a whole, the measures included in the Bill which DCMS are required to produce a formal impact assessment for are not expected to have a significant impact on competition.
180. New VoD regulation will not directly limit the number or range of suppliers. The impacts of the updated VoD regulation regime are unlikely to be large enough to indirectly lead to suppliers dropping out of the market, block entrants to the market or change incentives for services to grow/expand. The new regime will be the same for all large VoD services in competing markets within the UK, and therefore will not provide particular firms with strategic advantages, or limit one side's ability to compete. The updated regime is likely to strengthen the ability for smaller, second tier services to compete, and also strengthen the ability for domestic services to compete with large overseas services as a result of the standardisation of regulation. Overall, it is likely that the measure may be supportive of competition and does not pose a negative risk.
181. The new regime for PSB online prominence will not directly limit the number or range of suppliers. Ofcom's approach will be proportionate and only capture platforms/devices who control the gateway to content for a significant number of UK viewers and where distribution of TV is the core feature of the service. The new regime will be the same for all in-scope regulated TV platforms in competing markets within the UK, and therefore will not provide particular firms with strategic advantages, or limit one side's ability to compete. The regime is likely to strengthen the PSBs' ability to negotiate platforms for the carriage of their services. Guaranteeing prominence for designated services will improve PSBs' - especially regional PSBs' - ability to compete with other larger, global services. Conversely, this intervention may limit the ability of non-PSB TV providers to compete. This impact is likely to be small given that prominence is already provided to most PSB services ahead of commercial TV providers, but the extent of the impact is dependent on future Ofcom guidance and how platforms fill the prominent slots on their UI based on this guidance.
182. A number of the smart speakers regulations are aimed at intervening in the market to improve competition given the recognised market imbalances. Currently, a few larger providers of voice

assistant platforms have market power. By reducing the potential benefits of entering the voice-activated connected audio device market and increasing requirements on platforms, these measures could discourage new entrants, which could limit the choice in platforms for consumers. However, the barriers to entry are already high. Instead, these regulations limit the competitive advantage that big players have, as they are designed only to apply to platforms which a significant number of people use to access radio. These regulations are likely to make the radio sector more attractive to new entrants, as they will provide greater protections to potential future revenues.

4.0 Monitoring & Evaluation

183. The Media Bill does not contain a statutory review clause. However, monitoring and evaluation plans have been developed on an individual measure level, reflecting the diversity of measures within the bill.

VoD regulation, VoD accessibility, PSB reform, and online prominence

184. For VoD regulation, PSB reform and Prominence, significant uncertainty remains on policy detail because Ofcom will be given powers which will enable them to then develop more detailed guidance recommendations, and further secondary legislation from DCMS, which may be subject to consultation, is required to set final interventions.

185. There will be future appraisals associated with these measures. For some of the PSB reform measures, further secondary legislation will be required, with accompanying appraisals. Public and targeted consultations will be used to supplement the evidence base. For prominence and VoD regulation, affirmative secondary legislation will give the Secretary of State powers to designate in-scope platforms/devices, subject to recommendations/consultation with Ofcom, with an accompanying appraisal. DCMS will appraise a number of the key measures in further depth ahead of the introduction of any secondary stage. We will work closely with Ofcom to address appraisal-relevant evidence gaps, identified in the respective IAs.

186. DCMS considers that Ofcom should play a key role in monitoring and evaluating these measures. Ofcom has existing reporting requirements in relation to the PSB system. Under sections 264 and 264A of the 2003 Act, Ofcom must report regularly (at least every 5 years) as to the achievement of the PSB remit in the UK and make such recommendations as it considers appropriate. It also has powers to consider the contribution of individual PSBs, under s.270 (for licensed PSBs) and the BBC Charter and Framework Agreement (for the BBC).

187. Ofcom's most recent review of the PSB system was in 2019-21, so future reviews will be well-placed to consider impacts of Media Bill measures. Ofcom's reviews focus on areas that align closely with the outcome measures listed above, including:

- a. The balance of the costs of provision and the sources of income available to the PSB broadcasters to meet those costs
- b. Viewership of PSB, and trends in media consumption and technology uptake relevant to PSB delivery
- c. The social and economic benefits of PSB content, PSB providers and the PSB system for UK individuals, society and the economy.
- d. Considering how the quality of PSB may be maintained and strengthened in the context of all changes relevant to the PSB system.

188. Ofcom's reviews are cross-cutting and therefore best placed to assess the intersecting and aggregate impacts of the prominence and PSB reform measures. Indeed, Ofcom's most recent PSB review resulted in many of the proposals which are being implemented through this legislation and therefore subsequent reviews will need to assess the impact of these.
189. As the regulator, Ofcom has the statutory powers including information gathering powers to undertake this work. This gives them access to vital but commercially-sensitive information from individual stakeholders that those stakeholders may not wish to share with the Government. In addition, Ofcom reviews incorporate market research and paid-for data sources alongside extensive public consultation, many aspects of which are not possible in the context of resource and budget constraints within DCMS.
190. For these reasons, and as a result of the particular sensitivities around the role of government in the media sector, DCMS has not historically played a strong role in the evaluation of measures delivered through Ofcom. Given that the VoD regulation measure focuses explicitly on content standards, DCMS will play a reduced role in monitoring and evaluation. Ofcom will be given the necessary powers to collect data to carry out its regulatory functions. Furthermore, for VoD accessibility, Ofcom will undertake its own comprehensive monitoring and evaluations (subject to parliamentary oversight) as it currently does under existing video-on-demand regulation.
191. Ofcom and/or DCMS may decide that Ofcom should collect additional data to assess whether the measures have been successful. This will be considered alongside Ofcom's work following the primary legislation to develop the details of implementation. DCMS will work with Ofcom to shape their M&E approach, considering whether an activity additional to the periodic (every five years or less) review is necessary, or where the 5-year review can be shaped in a way to meet DCMS's M&E aims.
192. DCMS does not expect these monitoring and evaluation commitments to require significant additional resources from Ofcom. As part of their role as the regulator, Ofcom has responsibility through existing reporting requirements in relation to the PSB system, and any monitoring and evaluation would fit into Ofcom's existing processes. It is for Ofcom to determine how they will raise revenue using fees levied on industry to meet their costs - including set up, running, enforcement, monitoring and evaluation costs. DCMS will continue to engage with Ofcom and stakeholders as these measures are implemented.

Radio (radio over voice assistant platforms and commercial radio deregulation)

193. The Government committed in its response to the Digital Radio and Audio Review to review the evolution of radio listening (in the context of a potential formal switch-off of analogue services at some point after 2030) in 2026. This review, which will be carried out in collaboration with stakeholders including radio stations and Ofcom and will take into account developments within the connected audio device market, will provide a framework to assess the impact of the measures in this Bill.

S4C and Section 40

194. The power to determine whether S4C is delivering its remit is the Secretary of State. DCMS and S4C have put in place quarterly discussions on S4C's performance, which may include monitoring of how S4C has responded to the regulatory changes DCMS are proposing to make. DCMS is intending to use these regular discussions to consider S4C reporting on a range of metrics, and this is expected to include those covered by the Bill. These quarterly discussions will continue indefinitely.

No formal evaluation criteria will be set, however, these discussions will assess the extent to which S4C's activities fulfil their remit and are permissible within their legal framework, and ongoing performance will be compared to previous reviews.

195. In addition, the Comptroller and Auditor General will have a formal role in auditing S4C's financial performance, which provides greater ability for the Government and Parliament to monitor S4C's spending. In addition, Ofcom is responsible for monitoring S4C's compliance with the broadcasting code. As a result of the multiple existing review mechanisms, there will be no formal Post Implementation Review.

196. There will be no monitoring, evaluation or review of the repeal of Section 40.

C4C reform

197. Delivery of the sustainability duty will be evidenced via increased financial reporting by C4C to Government, as agreed by DCMS and C4C in an updated Memorandum of Understanding (MoU), which. C4C will also be required to provide a report on its sustainability to the DCMS Secretary of State as part of its Annual Report.

198. If C4C does choose to take advantage of the removal of the publisher-broadcaster restriction, the Government, and Ofcom, can monitor the impact this has on the production sector. In particular, Ofcom will be required to consider the impact of C4C starting a production business on the fulfilment of the PSB remit for television, in the event they choose to do so.

199. In addition, Ofcom will continue to monitor the performance of C4C through its reporting requirements in relation to the PSB system as a whole, including C4C's Statement of Media Content Policy which is published annually. Under sections 264 and 264A of the 2003 Act, Ofcom must report regularly (at least every 5 years) as to the aggregate achievement of the PSB remit in the UK - including by C4C - and make such recommendations as it considers appropriate. It also has powers to consider the contribution of individual PSBs, including C4C, under s.270 (for licensed PSBs). Ofcom's reviews are cross-cutting and therefore they are best placed to assess the intersecting and aggregate impacts of the C4C measures on the PSB ecosystem.

200. More detail on monitoring and evaluation can be found in the individual impact assessments.

Annexes

[Annex A: S4C Governance and Regulatory Reform](#)

[Annex B: Repeal of S.40](#)

[Annex C: Commercial radio de-regulation](#)