

## Digital Switchover Quarterly Progress Report

### 1. Office of Government Commerce Review

The OGC Gateway review on the DSO programme completed on 1 December 2006 and a report has been issued and reviewed by Government, Digital UK and Ofcom.

The overall conclusions were:

- i) There has been significant progress since the previous review with an impressive level of commitment and engagement by all stakeholders and a high level of confidence of success.
- ii) The OGC identified that action is required to secure programme funding and to review governance and management as the programme moves into execution phase.

We thank all Ministerial Group Members who participated in this process.

### 2. Digital Market Progress

*See accompanying slides for further information.*

The Ofcom Q3 Digital Progress report was published on 20 December and showed an increase in household primary set conversion of +2.8% to 74.8% for total multi-channel homes, +3.1% to 73.3% for total digital homes.

The total increase in household digital conversion was +750k with +602k being DTT. (Compared with +15k DTT reported by Ofcom in Q2). Ofcom's overall view of Q3 market numbers and trends is supported by other data sources and across the industry.

GfK LekTrak sales data shows that for the first time in Q3 more digital than analogue TV equipment was sold. The most recent November 2006 results show that digital TV equipment now accounts for 53% of total TV equipment unit sales. Digital TVs are now 37% of all TV sales but 80% of all large TVs (26"+). Digital TV sales are year to date increasing by +184%, compared with set top box sales which are +3% YTD with sales in recent months running (10%) behind last year. Digital recorders have increased to 30% of total recorder sales, and sales of analogue DVD-Rs slowed for the first time as the market shifted to digital DVD-Rs.

The Supply Chain and Intellect continue to forecast that analogue TVs are likely to be no longer available in National Multiples by end of 2008 when the regional switchover programme commences.

The Netherlands successfully switched off its analogue terrestrial signal on 11<sup>th</sup> December 2006, making it the first country in the world to do so. There have been no significant problems to date but we will continue to liaise with Dutch counterparts to understand any lessons.

### 3. Autumn Campaign Results

We now have the indicative Tracker results for October and November and they indicate that to date, the Autumn campaign has been successful in improving key measures:

	Q3 actual	Q4 target	Oct/Nov (indicative)	Change vs. Q3
<b>National</b>				
Switchover awareness	70%	75%	81%	+11pp
Logo awareness	51%	60%	56%	+5pp
Conversion	76%	76%	78%	+2pp

*Source: Ofcom / Digital UK Switchover Tracker*

National awareness has increased by +11pp vs. Q3 2006 while three of the lead regions are up to 90% with Wales just behind at 87%.

Understanding of switchover has increased by +10pp from 52% in Q3 to 62% in Oct/Nov.

Logo awareness has increased by +5pp to 56% in Oct/Nov (and in November, after the introduction of the Christmas 'Look for the Logo' trail, has increased to 64%).

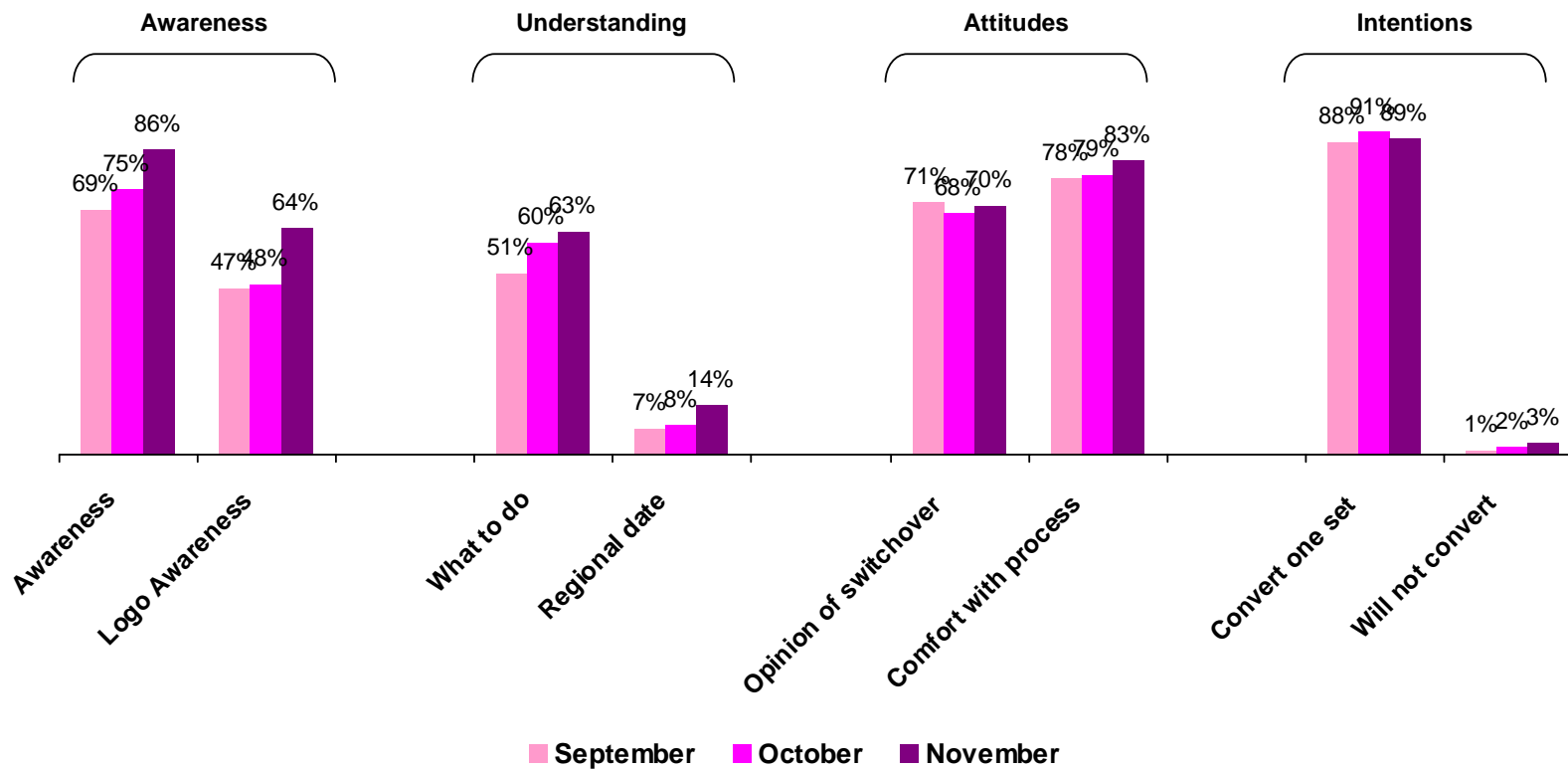
BBC assessment of the Digital UK 'Why Wait' trails confirmed that they were positively received by BBC viewers with high scores for originality/different (59%/62%), amusing/likeability (57%/50%).

Key message was seen to be 'switchover is happening' (70%).

Next scheduled switchover communications activity is planned for TV and radio in March 2007 on BBC, and April on commercial airtime TV, press and radio.

### Indicative Impact on Key Metrics

- Awareness of switchover has risen 17 points in the 3 months since September
- Understanding has improved by 12 points
- Knowledge of the regional switchover date, which was low in the Q3 results, has doubled in the course of the campaign
- Attitudes and intentions have remained stable



Source: Ofcom / Digital UK Switchover Tracker

#### **4. Digital Switchover Help Scheme**

Following the 2005 Bolton pilot and 2006 consultation the DCMS published the Digital Switchover Help Scheme specification document in December 2006. The Digital Switchover (Disclosure of Information) Act enabling the Scheme to access eligibility data from the Department of Work and Pensions was introduced on 16 November 2006.

There was a second reading of the Bill on 18 December. The Secretary of State confirmed that the cost of the Help Scheme was projected to be approximately £600m and that this would be ring-fenced within the TV Licence Fee Settlement.

DCMS and BBC have confirmed that Digital UK will be responsible for the generic communication programme supporting the Digital Switchover Help Scheme.

DCMS, BBC and Digital UK have now established a Help Scheme Programme Liaison Group which meets fortnightly with DCMS in the Chair.

A high level timetable and milestone schedule has been agreed with the aim of issuing OJEU notice of the procurement tender in January, leading to the appointment of a National Help Scheme Delivery Company by December 2007.

The Whitehaven Help Scheme Procurement is being managed in parallel and the intent is to issue an OJEU notice in mid January and appoint a Delivery Company by April/May 2007.

Prior to the enactment of the Act and the appointment of a Delivery Company for Whitehaven, Digital UK will be providing communication and project management support to DCMS/BBC including the writing to all households in March 2007.

#### **5. Digital UK Outreach to Potentially Vulnerable**

Digital UK is developing an outreach strategy to provide additional support to vulnerable and hard to reach consumers at switchover who are not eligible for the Digital Switchover Help Scheme. This support supplements the mainstream programme of communication and assistance and is designed to complement the Government's Help Scheme.

The principle elements of this outreach are:

- (1) Tailored communications and community information packs
- (2) Local forums and 'roadshows'
- (3) Community liaison and voluntary group outreach



Digital UK will fund this outreach support from its existing communications and assistance budget. We have provisionally ear-marked £27 million of the total budget of £200 million for this activity. The largest cost element is £15 million which will provide community liaison in two ways:

- Local liaison officers – Digital UK will boost its existing regional representation (the network of Regional Managers in each of the four leading switchover regions) with local liaison officers working at a more local level (perhaps within or alongside councils). They will be largely drawn from professionals in local government, housing and charities communications and may be taken on as secondments i.e. embedding switchover wherever possible. We plan to appoint 3 to the Border region in 2007 and review for effectiveness at the end of the year before rolling out to other regions.
- Volunteers and charity workers – Digital UK is in advanced discussion with several large national charities with local volunteer networks (including Age Concern, CSV and Help the Aged) about developing a nationally co-ordinated but locally deployed army of digital volunteers. These volunteers would be trained in switchover and help scheme matters, safety checked wherever necessary and able to engage in outreach – visiting a local day centre for example – and nearer the time to go in to the home for practical assistance if requested.

Some elements of this programme are already being tested in the Whitehaven area, where a Digital UK local liaison officer was appointed in September 2006, and where Digital UK is in advanced discussions with Age Concern about mobilising local volunteers who visit older and vulnerable people to ensure they are ready for the switchover in October 2007.

## 6. Project Whitehaven Programme

Preparation for the switchover of Whitehaven are well advanced and well supported by the local Authorities, Charities, Voluntary Groups and Retailers. The next scheduled public meeting is on 15<sup>th</sup> February 2007.

Transmitter specification and ordering for the 3 transmitters and is complete; building will commence in February and is projected to complete in August. Five and Arqiva are working to enable the Five digital service to be carried on the main Whitehaven transmitter (Bigrigg) from August, which will cover c80% of homes. (Gosforth and Eskdale Green receive Five in October at the point of switchover).

The Whitehaven Tracker is now underway and initial results are encouraging with 92% awareness of digital switchover, 72% of homes already converted primary set and 0% of households claiming they will convert [see following page].

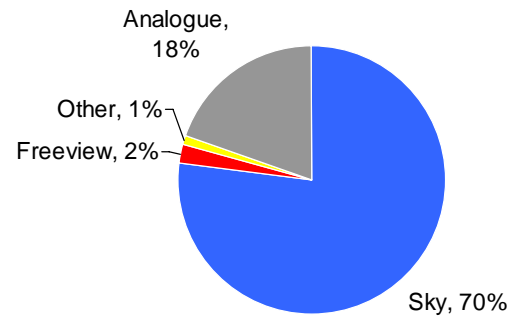
\* Very small base size – data should be viewed as indicative only  
 \*\* Extremely small base size – data omitted

Whitehaven Tracker – Preliminary Results [Note that these figures are unweighted and indicative only]

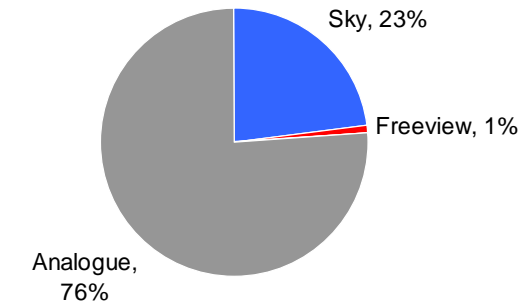
	BASE SIZE	-1- Awareness		-2- Understanding			-3- Pos/neut attitude		-4- Intentions to convert			-5- Conversion				-6- Satisfact'n with digital TV
		-a- Unpromptd	-b- Logo	-a- What to do for DSO	-b- VCRs after DSO	-c- Date	-a- Overall opinion	-b- Personal opinion	-a- Convert at least one set	-b- Will not convert any set	-c- Analogue h/holds to cvrvt 12m	-a- Primary set converted	-b- Other sets converted	-c- Full h/hold convrsion	-d- Total converted	
<b>NATIONAL</b>	<b>649</b>	75% +6%	48% +1%	60% +9%	23% -7%	8% +1%	68% -3%	79% +1%	91% +3%	2% +1%	15% -2%	79% +4%	42% +9%	42% +2%	59% +5%	75% -2%
<b>Border</b>	<b>98*</b>	90% -2%	58% -1%	65% -10%	28% +7%	50% +3%	63% -10%	74% -5%	85% -6%	4% +4%		72% -12%	38% -9%	38% -13%	53% -12%	82% +2%
<b>Whitehaven</b>	<b>128</b>	92%	70%		39%	50%	69%	77%	91%	0%	29%	72%	24%		46%	84%

- Awareness is in line with the Border region
- 50% know Whitehaven will switch in 2007 – although only 20% cite Q4 2007
- Attitudes are in line with Border and National metrics
- No one in the survey is saying that they will not convert for switchover
- Conversion is in line with the rest of the region, despite the lack of DTT in the area:

Primary Set Conversion



Conversion of Other Sets



Source: Ofcom / Digital UK Switchover Tracker  
 Fieldwork dates national 1st – 31st October 2006  
 Fieldwork dates Whitehaven 4th October – 17th November 2006

Whitehaven Support Group meetings are ongoing, convened by the Copeland Borough Council and including representation from the Borough and County Council, Local Consumer Organisations and Voluntary Groups.

Digital UK is working closely with local Charitable Groups. We have appointed a Local Liaison Officer and have secured office space with Age Concern in Whitehaven. Age Concern is proposing to take a lead on the community outreach to the potentially vulnerable on behalf of the charitable and voluntary sectors in Copeland.

All public sector housing providers in Whitehaven have been contacted to ascertain their state of readiness and ensure their engagement in the process. Local meetings have been held to brief housing providers. Over 87% of public sector housing (6000+ homes) is owned and managed by Copeland Housing which is currently talking to potential suppliers about installation of Integrated Reception (IRS) communal aerial system.

2001 Census indicates that there are no privately owned multiple dwelling units in Whitehaven and the percentage of households renting privately is less than half the National norm (less than 5% of the total households: 1,250 homes).

We are communicating with all tenants 2-3 times before switchover and are compiling a private landlord list provided by Estate Agents, Tourist Organisations and through the Copeland Borough Council Property Forum held in April 2007.

Additionally we will be raising the visibility of private landlord conversion requirements via editorials and advertising in the Whitehaven News

There are 15 aerial installers in the Whitehaven area, none of whom are willing to enter the RDI scheme (following approaches by Digital UK) or are members of the CAI. In the immediate period before switchover we judge that there will be a requirement for 25-30 aerial installers, and we will be contacting installers in the surrounding area and regional installer groups.

## **7. Programme Risks**

The Digital Switchover Programme is adjudged to be a 'red' status due to the lack of completion of critical work or where issues concerns arise with no plan in place to resolve them.

### **Risk 1**

#### **Programme Funding - RED**

There remains one outstanding long term funding issue due to timing of the BBC's licence fee settlement: the need for confirmation of the overall level of funding for the switchover programme from the licence fee. The Secretary of State has confirmed that funds will be ring-fenced but has not specified the level of funding.

## **Risk 2**

### **Digital Switchover Help Scheme - RED**

The key issue requiring resolution is the agreement between DCMS and BBC on the governance structure.

## **Risk 3**

### **Reference Offer Process – RED**

Contractual negotiations are now proceeding between Arqiva and NGW with a view to finalising commercial contracts, based on the reference offers. Progress is ongoing but slow. Parties now expect to conclude contracts in January. Equipment purchases will however continue under the terms of an indemnity agreement.

## **Risk 4**

### **MDU conversion - RED**

There is a risk relating to the timetable for social and private landlord conversion of multi-dwelling units and the potential public impact particularly the vulnerable living in MDUs.

The Housing and Property Workstream is actively contacting Social Landlords and developing a programme for communicating with Private Landlords. The DCMS commissioned BMRB survey of social housing readiness is expected to report back in the first week of January and should help give a clearer picture.

## **Risk 5**

### **Whitehaven Delivery - RED**

There is a risk that the delayed Help Scheme procurement exercise will mean that the scheme is unable to deliver on time, or reach the required level of service for Whitehaven. DCMS and BBC have developed procurement options to secure delivery in Whitehaven. It is now agreed that they will issue an OJEU notice in mid-January advance of the licence fee settlement and the governance structure agreement.

## **8. Digital UK Resource & Staffing**

Digital UK has agreed with the Board and the BBC its 2007-2013 Operations and Communications budgets to support the delivery of the Digital Switchover Programme. In 2007/08 Digital UK headcount will increase to 46 with 13 being field based in the regions as we develop our regional management and local liaison officer structure.

The other significant changes to our structure are the creation of a Director level role to manage Help Scheme Communications and Housing (Jane Ostler), the appointment of a permanent Corporate Affairs Director (Simon Crine), and the establishment of a COO role with responsibility for the delivery of digital switchover in each transmitter area (Andy Townend). We are also

appointing new resource to Finance, Housing & Property, Consumer Groups and Retail Marketing roles. The Digital UK organisation chart will be circulated to Ministerial Group members for information.

*4 January 2007*