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**7. We note the assurances from the Government and the transmission companies that there is an economic case for converting every single transmitter site. However, in the absence of more detailed published analysis, this will remain open to dispute. We recommend that the Government provides more information on the cost of converting television transmitters to digital as a function of population coverage. Where this involves the use of commercially confidential data, the analysis should be subjected to independent audit.**

The Government's policy has remained unchanged since 1999 in saying that switchover should only proceed if everyone who could receive the main analogue services was able to receive the digital equivalents of those services. We have been convinced by the technical analysis, drawing on the expertise of Ofcom and the transmission network operators in particular, that this policy is best achieved by ensuring that digital terrestrial television (DTT) coverage at switchover substantially matches that of analogue. In practical terms, this means ensuring that DTT coverage is available to 98.5% of UK households, the same proportion of households who get BBC One, BBC Two, ITV1 and Channel 4/S4C now.

In order to achieve this target, the broadcasters and transmission operators will upgrade all existing transmitter sites including the smallest relay sites. The Government believes that the costs of the network upgrade should be seen as a wider investment in digital television to maximise the choice of digital platform for those not currently served by DTT. An approach which sought to discriminate by size of relay transmitter would undermine this approach. It would also ignore the difficulties some of the communities served by smaller relays have in getting satellite or cable-based services, and would not take into account the relevant costs for households in accessing digital services on more than one television set.

The Government notes the Committee's request for more detailed cost information to be placed in the public domain. Information on the assumptions about costs for this work was included as part of the cost-benefit analysis published in September 2003 which helped inform the decision on switchover. This was subject to independent analysis. The release of more detailed information on the actual cost of converting television transmitters to digital as a function of population coverage is a matter for the broadcasters, transmission operators and Ofcom to consider.

**8. The BBC's next licence fee settlement should take into account the Corporation's share of building the DTT network since this is by definition a broadcasting cost. However, we do not believe that this in itself justifies an above-inflation settlement. Whatever the outcome of the latest negotiations between the Government and the BBC on the next licence fee settlement, it is vital that the relevant figures are subjected to independent audit and the detailed conclusions of such an audit published.**

The Government has published the report by Pannell Kerr Foster on the BBC's proposals for the licence fee during the next settlement period, has widely consulted and has held seminars on this topic. This work will inform the settlement as a whole. The Government notes the Committee's views on the next licence fee settlement and will announce the outcome in due course.

**6. There are a wide range of different possible uses for released spectrum which also involve different engineering requirements. We recommend that in coming to a decision on the deployment of released spectrum, Ofcom takes full account of both social and economic benefits. We are concerned at suggestions that delay in reaching decisions may affect the economics of some potential applications and would therefore hope that this process can be carried out as expeditiously as possible to give certainty to all the industries affected and to give time to the transmission companies to carry out the necessary work as part of the switch-off programme.**

We welcome the programme of work launched by Ofcom on 17 November 2005 as the “Digital Dividend Review”. It is essential that planning for the future use of the spectrum is undertaken with the best available understanding of the technical, economic and social implications of a range of options. We are liaising with Ofcom to monitor the progress of the Digital Dividend Review which includes consideration of public policy issues as well as a comprehensive technical and economic analysis. A key external factor is the outcome of the Regional Radiocommunications Conference being held in May/June 2006. No decisions on future use of the spectrum can be taken in advance of consideration of the outcome of that conference, but Ofcom expect to be able to consult on proposals in due course.

**5. We welcome the development of local television and the potential it offers to provide a valuable community service. We would hope that the opportunity offered by analogue switch-off will be seized to allow the establishment of local television services.**

We agree that local television has an important role to play in the provision of local content, and also for its economic value in terms of employment and training in media skills. New digital technology is opening up a number of potential platforms that could provide local content and we want to encourage the development of a wide range of services to serve different audiences.

The release of spectrum after digital switchover opens up the possibility of local digital terrestrial television services. Ofcom will be consulting in due course on the options for the released spectrum, including the use of spectrum interleaved between the DTT multiplexes. This could be suitable for services using lower power transmission for local services, but there are likely to be other competing uses for this spectrum.

We are continuing to work on the policy options for local digital services, including what will best make services sustainable and what might be included in a potential licensing regime for local digital terrestrial services, but are also keen to consider other means of delivery of local content.

**4. We support the proposed development by the BBC and ITV of a free-to-view satellite platform, which should carry all the public service channels, since it will extend choice and offer more services than is possible through digital terrestrial transmission.**

In the White Paper *A public service for all: the BBC in the digital age*, we welcomed the plans being developed by the BBC and ITV for a free-to-view satellite service alongside Sky’s offering and we hope that the other public service broadcasters will join them in this endeavour. This promises to enhance further both consumer choice and competition in the television market.

**32. In view of the Government’s assessment of the economic benefits of digital switchover, we believe it is appropriate that households that consequentially lose all access to television with their existing receiving equipment, including those that fall outside the targeted assistance scheme, should be given assistance to migrate to alternative platforms.**

We believe that every household that currently receives good analogue television services will be able to receive the digital equivalents of those services. Every household will have to consider how best to make the switch. Over 70% of households have already taken that decision, and the majority of those have chosen to change to a different platform, at least for the first television set. However we recognise that some households may be faced with a switch of platform as the only option for continuing to receive television services. If Ofcom and Digital UK can identify any such households, which we understand they might not be able to do before the outcome of the bilateral negotiations following the Regional Radiocommunications Conference 2006, we will consider with them what support might be needed.

## Information for consumers

**2. The Government and Digital UK should do far more to explain to the public why they have chosen to proceed with analogue switch-off now, what options are available to people and on whom the costs and benefits will fall. This is all the more important in view of the element of compulsion that has been introduced.**

In October 2004, the Government began a public information campaign to raise awareness of the switch to digital television and why it is happening. The campaign consisted of a mixture of public relations activity at both a national and regional level (a total of £350,000 has been spent on this activity) and the creation and distribution of information leaflets and other materials. Over one million leaflets have already been distributed through retailers, libraries and Citizens Advice Bureaux. The Government will continue to take responsibility for communicating its policy on digital switchover

The responsibility for ensuring that everyone receives all the information they need about the switchover process is primarily one for Digital UK. In May 2006, Digital UK launched an extensive multi-media marketing campaign to ensure that everyone understands when digital switchover is happening and the options available.

The Government will continue to work closely with Digital UK and Ofcom to ensure co-ordination across communications issues.

**3. We share the concern that by emphasising the low cost of set-top boxes in an effort to persuade people that switch-off will be relatively inexpensive, the Government risks missing an opportunity to encourage the take-up of more sophisticated digital technology offering interactive services and additional facilities. The Government and Digital UK should make clear that the more advanced boxes and other digital platforms, including broadband, may offer significant additional benefits rather than simply focusing on the cheapest option.**

**27. Digital UK should provide the public with clear information on the prices and capabilities of digital receiving equipment across all platforms.**

**30. Digital UK should provide consumers with information on the prices of equipment and services associated with digital switchover. The latter should include the cost of aerial installations under different circumstances.**

Government and Digital UK are committed to being platform neutral, and continue to take care to present a platform neutral approach, representing all digital TV options accurately and fairly. All available platform options are described in all of Digital UK's public communications. For example, the 14-page leaflet being delivered to the Border, Westcountry and Wales regions in the coming months has a pull-out section at the back listing all locally available digital TV platforms (for Border this includes terrestrial services from Freeview and TopUp TV, satellite services from BSkyB, and cable services from WightCable).

When providing guidance on the cost of getting digital TV, we know that many consumers continue to believe that getting digital TV necessitates subscribing to a premium service, such as films or sport, and/or replacing their TV set. It is an important first step to correct such misunderstandings by emphasising that making the switch can be a simple low-cost operation. Beyond that it is important to inform consumers in a clear and balanced way of the full range of choices facing them.

For example, Digital UK's May leaflet and website describe the cost of converting using digital terrestrial as follows:

*“One off payment: Digital boxes from around £30 to £250\*, Digital TVs available from £300 to around £3,500\* [\*The more expensive products tend to have enhanced functionality].”*

All Digital UK public assistance (including the website, call centre and leaflets) highlights the additional services available on each of the platforms including TV listings, interactive services, on-demand TV, parental control, digital radio, telephone services, broadband internet, digital recording, multiroom options and customer support.

Digital UK's public information also refers to the availability of accessibility services such as subtitling and audio description. The information available on the Digital UK website explains these services and points consumers to the RNIB and RNID for further information.

In line with the Committee's recommendation, the Government is also increasing its guidance to consumers on the ranges of available equipment and services to help them make the best choice for their particular circumstances. Usability, performance, functionality (i.e. the set of features available) and access to services are key attributes which consumers need to take into account. The Government is underwriting the provision of information and advice on these by an independent consumer research organisation, Ricability, whose first report is due to be published shortly. This research will be made available to consumer groups and the media to ensure that it is communicated to consumers, and will also be promoted by Digital UK through its own communications channels.

Beyond this, Digital UK will do further work to examine the true range of functionality of digital equipment, and explore ways to provide clear and impartial advice on functionality to consumers. Digital UK is also working with the Confederation of Aerial Industries (CAI) to provide further guidance to consumers on the cost of standard aerial installations.

**31. Digital UK should monitor closely aerial installation practices to ensure that consumers are properly protected. The importance of using accredited installers should be reinforced through widespread advertising and information campaigns. This must be matched by tough action by Trading Standards and other enforcement bodies against “cowboys” attempting to exploit lack of understanding about the technical requirements of the switchover process.**

Digital UK will liaise closely with the two trade bodies for the aerial and satellite installations industry (the Confederation of Aerial Industries and the Independent Digital Standards Commission) and the Registered Digital Installer-Licensing Body to ensure that consumers are properly protected. Indeed, Digital UK has already contacted Trading Standards with regards to one incidence of misleading aerial installer advertising.

The Registered Digital Installer-Licensing Body will have a small inspectorate which will investigate severe complaints or misuse of the ‘digital tick’ logo. Proven gross misconduct will result in the installer losing the right to be called a ‘Registered Digital Installer’ and having their registration withdrawn. The Registered Digital Installer-Licensing Body is contacting all Trading Standards offices to remind them of the need to protect consumers in the run-up to digital switchover. This follows a previous briefing which DTI gave to Trading Standards about digital switchover and the ‘digital tick’ logo.

Digital UK will continue to highlight the importance of using an accredited installer through its various marketing activities and its call centre.

**28. Set-top boxes and other digital receiving equipment should be labelled with information on their energy efficiency.**

The Government will work to raise consumer awareness of and demand for products that incorporate energy efficient measures. The Government welcomes the Committee's recommendation and is exploring the practical implications with industry, with a view to ensuring that information on the energy consumption of a particular product must be made available to consumers prior to purchase.

**29. The BBC's services are, quite rightly, available on all digital platforms. The Corporation must be platform-neutral in all its digital promotion and information campaigns.**

We agree.

### **Assistance for vulnerable viewers**

**11. The scope of the Government's targeted assistance programme is too restricted and fails to acknowledge those who, by dint of income or social exclusion, are in genuine need. With analogue switch-off beginning in only two years, this matter requires urgent consideration.**

We recognise some people will face practical issues in coping with switchover. This is why we are setting up with the BBC a very comprehensive programme of assistance to which the 6.5 million households where one person is aged 75 or over, or where one person is severely disabled, will be eligible. Digital UK will also provide assistance and practical support to other people who might need help. Affordability is of course a potential issue, but research shows that the main concerns to address are awareness and understanding. The comprehensive communications campaign led by Digital UK and the information provided by broadcasters to their viewers will ensure consumers are given appropriate advice. We are also keen to work with charities, at national and local levels, to reach out to those who are the most isolated.

**12. Responsibility for the administration of the targeted assistance scheme for vulnerable groups must be clearly assigned. The scheme should take into account the need to provide adequate funding for the voluntary sector, which will play a vital role in providing practical assistance to vulnerable groups.**

We are working with the charities to determine their role in the programme and whether they need extra resources to play it fully.

**13. We recommend that the targeted assistance scheme should include the provision of advice about the capabilities of competing digital TV platforms and the varying opportunities and facilities they offer to vulnerable groups.**

The Government agrees that the targeted assistance scheme should include the provision of advice and guidance at levels appropriate to vulnerable individuals and groups. All those who are identified as being eligible for assistance under the scheme will be provided with impartial information about the choices available to them from different platforms and the associated costs and benefits. This will supplement the independent advice provided for all consumers by Ricability. The Consumer Expert Group and others with particular expertise in accessibility issues will have a role to play in the provision of such advice and guidance.

**14. We recommend that further trials are conducted with the aim of identifying groups who are potentially left vulnerable by analogue switch-off. The trials should include people with disabilities, low income groups, the socially excluded, and involve the voluntary sector.**

We recognise that different consumers have different needs and there is a wide range of particular needs to be addressed in terms of usability, accessibility and understanding. We welcome the work that Digital UK is undertaking to identify who these people are and to

characterise groups whose common needs can be addressed. We will keep under review with Digital UK the requirement for further trials to help ensure that the most appropriate information and support is provided.

**15. The extent to which the emerging package of targeted assistance can be deemed to be platform-neutral and thus compatible with European competition law will have to be monitored and checked with care.**

We fully agree. As with all the Government's policies, we will ensure that the assistance schemes comply with all European and national law, including competition and state aid rules.

**16. While transmitter upgrading is clearly a broadcasting cost the provision of television and other receiving equipment is a social cost in recognition of the need to provide compensation to vulnerable groups. We believe that the use of Exchequer funds to meet this cost is more progressive and justified given the value of the spectrum released. It also places accountability properly on a Minister's desk. We recommend that the Government should reconsider this option.**

The Government takes note of the Committee's recommendation but disagrees. A key outcome of digital switchover will be to ensure that the BBC's digital services are available to all licence fee payers, and that all the licence fee payers benefit from more choice, better picture quality, and new services. Therefore the Government strongly believes that it is right for the BBC, as part of its role in building digital Britain, to help establish and fund the costs of providing assistance as part of its wider leadership role in the completion of digital switchover. We are working with the BBC to ensure that any accountability issues are properly addressed.

**17. The Government should do more to ensure the timely availability of digital receiving equipment and remote controls which are affordable and easy to use by people with cognitive, visual, hearing or physical impairments.**

Two recent studies commissioned by the Government, identifying the equipment needs of consumers facing most difficulty switching to digital TV, have been placed on the Government's website ([www.digitaltelevision.gov.uk](http://www.digitaltelevision.gov.uk)) alongside a complementary report by the Consumer Expert Group on "the user requirements specification for digital TV receiving systems for vulnerable customers". These reports are informing discussions with manufacturers' and retailers' representatives and other interested parties on the design and provision of equipment with improved usability, including equipment with features and specifications of particular importance to people with cognitive, visual, hearing and/or physical impairments. The reports have identified remote controls as devices with a poor usability record which are amenable to affordable improvement. Reports by Ricability comparing the usability of equipment in the marketplace and the specification of equipment under the Targeted Help scheme will both provide strong incentives for manufacturers and retailers to improve the usability of their products.

**18. The Government and Ofcom should take steps to ensure that access to a wide range of subtitled and audio described programmes is available on all digital television platforms.**

The Government notes the recommendation of the Committee. We are committed to extending access to broadcasting services for people who are deaf or hard of hearing and blind or partially sighted, and to ensuring that the services offered are of a consistently high standard; we brought forward provisions in the Communications Act 2003 to facilitate this.

The Communications Act sets minimum targets for the subtitling and audio description of programmes by broadcasters. However, it is the responsibility of Ofcom to ensure that broadcasters meet the requirements contained in their code on television access services.

Compliance with this code is a licence obligation, and Ofcom has a range of sanctions available if licensees fail to comply.

Although Ofcom does not specify which types of programmes should be subtitled and audio described, they do make clear in their code that they expect that a majority of programming with subtitling and audio description will be scheduled at peak viewing times for each channel.

## **Programme management**

**19. We are concerned that the complexity of the digital switchover management structure leaves lines of accountability blurred. There need to be clearer chains of command with precise responsibilities specifically defined. We also believe that there is a danger that Digital UK will lack the authority and resources to manage the interests of a diverse group of industry stakeholders should their bonds of mutual self-interest come under strain.**

**20. Both convergence in communications technologies and the need for clear political supervision and accountability indicate that the digital switchover programme needs a visible champion and that this should be an identified Government Minister. We recommend that this “lead” Minister should be within the Department for Culture, Media and Sport as the lead Department in this process.**

The Government has taken the decision to proceed with digital switchover in the timetable proposed and agreed between the broadcasters and Ofcom. We stand by that decision and will continue to explain the reasons why switchover must be completed by the end of 2012 to consumers, to industry stakeholders and to other administrations in Europe and beyond. At our request, the broadcasters have established Digital UK with the involvement of the commercial multiplex operators and representatives of the supply chain. It is in their own interests to see that Digital UK is properly resourced and staffed in order to manage this complex programme effectively. The commercial broadcasters are accountable to Ofcom for the delivery of switchover through compliance with the terms of the Digital Replacement Licences. As we made clear in the White Paper, the BBC will be under clear duties in its new Charter in relation to the successful delivery of switchover.

We recognise that the number of stakeholders involved, together with the number of consumers affected, increases the challenge for effective management of the programme. The programme is subject to regular rigorous review and the risks will be effectively managed. We believe that the success of the development of the policy through the Digital Television Action Plan and the subsequent development of the switchover programme is testimony to the value of joint leadership by the Department of Trade and Industry and the Department for Culture, Media and Sport. Having worked together as joint lead Departments since 1999, we see no reason now to change the current arrangements.

**24. Digital UK must monitor closely the operation and consequences of the transition period between the loss of BBC Two and complete analogue switch-off in any given region. A longer period should be adopted if there are indications that this is necessary to protect consumer interests.**

**25. We recommend that the Government and Digital UK conduct a comprehensive economic and technical digital switchover trial aimed specifically at multiple dwelling units. The scope of such a trial should be such as to include local authorities, registered social landlords and private landlords.**

It is good practice in any major programme to consider one or more pilot projects. We have learnt much from the technical trial in Ferryside and the Bolton digital project. However we recognise that there is significant potential to learn more about a range of issues. One such issue could be the timing of the switching of services at any particular transmitter. We are ready









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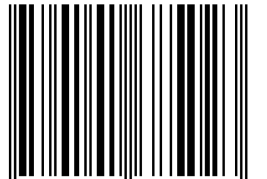
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