

DIGITAL TV SWITCHOVER

GOVERNMENT POST-GRANADA REVIEW

BACKGROUND

1. Switchover in the UK is now well underway, with almost 20% of the population having switched at the completion of the Granada project. The process will be finished by the end of 2012.
2. In response to a OGC Gateway review 'Zero' in March 2009, the Government undertook to conduct a review of the switchover process after Granada switched in November 2009, as this was the first major urban area to switch and it was felt that any significant review before then would be premature. Digital UK (DUK), the Digital Switchover Help Scheme (DSHS) and Ofcom have also conducted their own reviews, so this review looks at the implications (if any) of these reviews for Government policy as well as reviewing those issues which fall more directly to Government. The areas the review focussed on were (1) the Digital Switchover Help Scheme, (2) relevant consumer issues, and (3) readiness in the Public Sector.

DIGITAL SWITCHOVER HELP SCHEME

3. The Government and the BBC have set up the Digital Switchover Help Scheme to offer those 75 or over, disabled and visually impaired people, and care home residents practical help to make the switch to digital television on one of their sets. The BBC has set up a 100% owned subsidiary to operate the Scheme and it, in turn, has appointed eaga to run the day to day operations of the Scheme after a competitive tendering process.
4. We estimate that over 7m households will be eligible for help. The Scheme is funded through £603m ring fenced within the BBC's licence fee income over the period of switchover. Eligible people have to pay £40 to

participate in the Scheme unless they are also in receipt of certain income-related benefits in which case help is free; almost 45% of eligible people qualify for free help.

5. The details of the Digital Switchover Help Scheme are set out in an Agreement between the BBC and DCMS. The Agreement covers such matters as:
 - a. the eligibility criteria;
 - b. governance arrangements for the operation of the Scheme;
 - c. the costs of assistance;
 - d. quality of service; and
 - e. arrangements with non-DTT platforms and how help is to be delivered.
6. The Help Scheme is being rolled out in each TV region as switchover approaches and every eligible person in that region is contacted directly by post in the run up to switchover.
7. The Scheme has so far offered a very good service to eligible people. As can be seen from the BBC's own review, almost 2½m mailings have been sent out and over a million people responded (all figures are for March but will not have changed significantly as this summer is relatively quiet in terms of switchovers). Calls to the contact centre are approaching 2m, and installations now exceed 300,000 which means that the take-up rate is almost 18%. Customer satisfaction levels overall are high; based on the regular monthly customer survey (for installations up to the end of January 2010) some 92.5% of respondents rated their willingness to recommend the Scheme at a score of 8 or more out of 10.
8. Scheme policy, as opposed to Scheme delivery, is a matter for Government, though changes which would increase the costs of the scheme above what has already been agreed would need to be funded in

some way (more detailed provisions are set out in the Scheme Agreement).

9. The main policy issues for Government to consider in the review are:
 - a. are the eligibility criteria correct?
 - b. are all the sums due to be raised through the licence fee for the help scheme still required now more evidence on future take-up from further switchovers is available?
 - c. is the £40 charge set at the right level? This was specifically recommended by the OGC who said “The Departments should establish whether the level of the help scheme charge is having the desired impact.”

Are the eligibility criteria correct?

10. A substantial body of research was carried out to inform the scope of the Help Scheme. This suggests that age and disability are the most important indicators of lower digital TV take up.

11. Research by the Generics Group in 2003-2004 found that 50% of over 75s (around 2 million people) would have difficulty in installing a set-top box due to sensory or cognitive impairments, or an inability to manipulate wires and connectors in the tight space behind a TV set. Research by Ipsos in 2005 found that 35% of households aged 65+ and 40% of disabled people required assistance for installation. Digital UK/Ofcom tracker research for Q4 2007, as switchover was just about to begin, showed that only 66% of those aged 75 or over had converted their primary sets (compared with 83% nationally). Figures in these groups continue to lag behind the current national take-up rate of in areas yet to switch (88%), with take-up amongst the over 75s and disabled being 70% and 81% respectively. The Help Scheme therefore targets older and disabled groups with a clear focus on usable equipment and installation help.

12. Age is easily established and we have seen no evidence to suggest that the age limit should be lowered; particularly as take-up amongst people aged 65-74 is 86%, only slightly lower than the national rate.
13. Disability in terms of the help scheme is defined as people who are entitled to disability allowance, mobility supplement, attendance allowance or constant attendance allowance; or who are registered blind or partially sighted. There have been a few representations from time to time that this definition could be widened though less detail about how this might be done; one suggestion was that doctors could certify that people needed help. The difficulty with this is that it introduces a level of subjectivity to the scheme which, aside from the scope for abuse, makes it very hard to know what the final demand will be and it would add to costs by an unquantifiable amount. In view of the clarity provided by the current criteria, and the fact that there have been no sustained calls for a change, we recommend that the current definition of disability remains as it is.
14. The Help Scheme is also open to all residents in care homes. In practice, most residents are already eligible by virtue of the other criteria but some are not and previous Ministers decided that eligibility should be extended to all residents. As information on care home residents is not held centrally by DWP or anyone else, DCMS has a contract with eaga (the main scheme contractors appointed by the BBC) to collect data on all residents from care homes and pass this information to the scheme proper. This contract costs around £1.4m p.a. (the costs of which are met from the £603 ring-fenced amount) and so far has been very successful in collecting this data in a timely, accurate and secure fashion. Although we believe the contract is being efficiently run, the cost per new customer brought within the scheme is inevitably quite high because so many are already eligible. Broadly speaking the costs are running at about £125 /newly eligible person. It is worth noting, however, that almost £0.5m of the total contract cost relates to an enhanced CRM system which has made switching care homes much more efficient and so has benefits for

the Help Scheme as a whole which go beyond the narrow scope of the data collection contract.

Help Scheme Funding

15. As mentioned above, the Help Scheme is funded through the licence fee and £603m has been ring-fenced from 2007-08 to 2012-13 for this purpose. It is now clear that this amount was over-stated due to the original take-up assumptions being too high; we had assumed a take-up rate of around 65% whereas the actual take-up is closer to 20%. The amount was determined following consultation with the BBC and in the light of detailed independent research in January 2006 by Taylor Nelson Sofres on the propensity of people to take up help under the Scheme at different levels of charge and digital television take-up at the time the decision was made. Input was also received from the Central Office of Information, the Department for Work and Pensions and local authorities as to the likely response rate based on their experience of analogous schemes in other areas.

16. Costs are also lower than expected because the BBC ran a very competitive procurement process which reduced the cost of the Scheme at the estimated level of take-up to £495 million. Of that £495 million, around £110 million are fixed costs but the final outturn for the Scheme will depend crucially upon the level of take up. The BBC currently estimate that the underspend will be in the region of £300m, based on 25% take-up.

17. Predicting the final outturn is complicated and depends on a number of factors, including:

- The level of take up. The Scheme's new Freeview set top box is much easier to retune and may increase take-up. Also, Help Scheme research suggests that there may be a further 5-10% of people who might benefit from help from the Scheme. These

people are not being left with blank screens at switchover because they are helping themselves, but they are finding switchover a struggle and the Scheme is increasing its efforts to reach them.

- Changes to the scheme. For example, changes to the eligibility criteria or the equipment offered could add to the scheme costs

18. The Help Scheme research also concluded, subject to the point about the 5-10% above that the take-up of the Scheme is consistent with a level of demand which might be expected given the high level of pre-existing digital penetration and that “Help Scheme take-up is not at an inappropriate level.”

Is the £40 charge appropriate?

19. The Help Scheme is free of charge to eligible people who qualify for certain income related benefits. For other eligible people there will be a charge of £40 for the equipment and help. The charge is meant to represent a fair contribution to the cost of a service along the lines of, for example, a prescription charge. It was also intended to reduce “deadweight”, in other words, to deter some people who, had the scheme not existed, would have been well able to switch without it. As can be seen from the DSHS report, two thirds of the help scheme customers get help for free and the remainder pay the £40 charge.

20. There is no evidence that the charge is putting off people who really need help. The 2009 Help Scheme review did highlight a group of people who would have benefited from the scheme but did not opt in. However, the research did not identify the £40 fee as a singular reason why they did not engage with the scheme and the research referred to above concluded that take up rates were not at an inappropriate level. We have seen no compelling evidence that the charge should be changed. Any change would, of course have a twofold impact on the scheme expenditure by both reducing income and increasing demand.

21. The overall assessment of the DUK-led review post Granada was that the critical success factors in respect of the Help scheme were passed. These were:

- a. the Help Scheme was delivered to the required standards as monitored by the Project Board; and
- b. All those requesting assistance from the Help Scheme, and providing the necessary information and payment were helped in a timely manner.

CONSUMER ISSUES

Is the Consumer Expert Group effective?

22. The Consumer Expert Group (CEG) was convened by Government in June 2003 to give Ministers and DUK advice on consumer issues around switchover. Membership is made up of representatives from leading charities and consumer organisations with a bias towards older and disabled people, groups identified by research as likely to have the most difficulty switching to and using digital television. The membership of the CEG is not as broad as it could be, but it has proved difficult to persuade representatives of people with mental health conditions and learning disabilities who are likely to be disproportionately affected by switchover to join. However, the Group can take *ad hoc* advice from consumer groups and charities not represented on the CEG. Ofcom and the Ofcom Advisory Committee on Older and Disabled people also attend CEG meetings. The CEG meets quarterly.

23. As well as advice at meetings, the CEG has produced three reports to Government. The Group's initial findings were published in September 2004 in the Report "Persuasion or Compulsion? Consumers and Analogue

Switchover". Two further reports which assisted in the development of the Switchover Help Scheme were published in March and July 2006. One covered consumer equipment that best suited the needs of older and disabled people and the second set out the Group's views and recommendations on how the support package should be delivered.

24. The CEG has enabled consumer groups and charities to keep up to date with the implementation of the switchover programme and to alert their members to any issues that arise around equipment, communications and the Help Scheme and where to seek advice. Consumer groups have also found the CEG a useful forum in which to put their views and raise issues directly with Ministers and senior Government officials.

25. For Government, the CEG helps to demonstrate the Government's commitments to consult consumers over switchover issues and provides a means of being alerted early to any likely controversial issues. In addition, the CEG reports proved to be a valuable contribution to the development of the Switchover Help Scheme and the equipment provided.

26. A measure of the CEG's success as a means of consultation between Government and consumers is that Government has asked and the Group has agreed to take into its remit advice on the digital radio upgrade. We recommend that it is retained in its current form, though we may want to look at membership for time to time.

What technological improvements have been made to the DTT platform?

Talking EPGs

27. Talking Electronic Programme Guides (EPGs) speak out what is on the TV and making it easier for consumers to know what programme is on and to plan their future viewing. The RNIB has been developing technology for talking menus and talking EPGs with TV receiver manufacturers. Significant progress has been made in this work and the Government will

consider how and when such technology might be made available to Blind and Partially Sighted customers of the Switchover Help Scheme once a suitable product becomes available. It is likely that this will add to the costs of equipment but at this stage this extra amount is unclear.

Assisted Retuning

28. The need to retune is a characteristic of the DTT platform. Retuning is necessary at switchover but it is also necessary to obtain new services, or for platform upgrades. Early in the switchover process, it became clear that some people have difficulty retuning. Following a successful pilot in Caldbeck in 2009, "assisted retune" set-top boxes became the DTT standard offering for all Help Scheme installations. The assisted retuning functionality makes use of signalling inserted in the broadcast streams to indicate forthcoming relevant network changes. At the signalled date and time, assisted re-tune boxes respond to these flags and alert the user to the need to retune in a simple and user-friendly way.

29. In the event that the receiver can see suitable signals from overlapping regions, the assisted retune boxes also have a regional preference function that enables the user to select their preferred regional variant.

Is the Digital Switchover Certification Mark meeting our objectives for enabling consumers to identify goods and services which they can trust through switchover?

30. The purpose of the Digital Switchover Certification Mark (the 'digital tick') is to help consumers identify goods and services designed to work through digital switchover. The 'digital tick' has good levels of consumer awareness and understanding (over 80%) with a total of 996 separate retailers and 116 manufacturers having met the requirements to use the 'digital tick' to date. Over 1200 aerial installers are members of the Registered Digital Installer (RDI) scheme and hence eligible to use the 'digital tick'.

31. To ensure continued consumer trust in the Certification Mark it is vital that the correct use of the logo is maintained. This not only refers to its use by those selling or installing equipment, but also to those producing equipment and those testing it. There have also been instances of retailers and distributors purchasing low cost equipment without the 'digital tick' and subsequently facing major returns when the products cease to function as expected during switchover. We continue to emphasise to retailers the risks of buying equipment without the 'digital tick'. Regarding aerial installers, the Registered Digital Installer Scheme (RDI) run by the RDI-LB appointed a compliance officer in November 2009 to work closely with Digital UK to ensure that misuse of the 'digital tick' was tackled promptly. Nine companies are currently listed on the "rogue traders" page of the RDI scheme.

32. For equipment, BIS conducts an annual review of Certification Mark requirements, where the consultation process acknowledges technological developments and the lessons learned from the switchover programme, and ensures that the administration of the 'digital tick' licensing and enforcement processes are effective and efficient. As a voluntary scheme we are conscious of the need to avoid placing any unnecessary regulatory burdens on industry, while at the same time achieving the objective of protection for consumers through switchover. We consider that the 'digital tick' is achieving these aims.

Have Ricability provided a useful service?

33. Following the launch of the Certification Mark in September 2004, which for digital terrestrial reception equipment relies on compliance with specified test suites maintained by the Digital Television Group, BIS (then DTI) commissioned further research on the practical problems which consumers faced in using such equipment.

34. In order to provide consumers with better information about which makes and models of equipment might best suit their particular needs, and prove easy to use, Ricability was engaged to conduct regular testing of products available in retail outlets. Following a third open tender procurement, Ricability has been appointed to continue this programme of testing, potentially to the end of the switchover programme in 2012. In a review carried out by BIS in 2009 prior to proceeding to tender for the third contract, stakeholders (including Digital UK and the RNIB) felt that the strong testing and review processes developed by Ricability were particularly beneficial and that they achieved a good balance between detailed technical testing and consumer friendly reviews with a focus on ease of use..
35. Since the launch of testing for digital television equipment, Ricability has conducted well over 260 tests of consumer products and published its findings both as individual product test reports and as part of comparative reviews against other products in the same category. They highlight and make recommendations by price and ease of use to consumers. They have also focussed on particular product features for those who are searching for them, such as audio description and energy efficiency.
36. Ricability has steadily increased both the volume and range of its reviews and advice to consumers. They have now built up a significant body of content and have processes in place to maintain consistency in their testing regime. In recent months they have increased the diversity of products reviewed to include high definition equipment, Freesat products, larger screen IDTVs and digital TV accessories such as “universal” remote controls, video senders, SCART adapters and energy saving adaptors.
37. We consider that despite the increased traffic to the reports on Ricability’s website, their existence is still not as widely known as we would like. We continue to work with Ricability to drive up use, and welcome the decision by Digital UK to give greater publicity to the reports while remaining themselves neutral in terms of advice about the relative merits of the

available platforms and of the consumer products available for each platform.

THE PUBLIC SECTOR

38. Individual government departments and devolved administrations are tasked with ensuring a successful TV switchover in the public sector property they are responsible for. Thus far, there have been no reports of public sector property not being ready for switchover in time, in any areas of the 5 regions that have already switched.

39. The Government Switchover Group (GSG) helps ensure and gain assurance of switchover readiness within the public sector. The GSG is made up of lead contacts from the relevant departments and devolved administrations and meets every 4 monthsⁱ. The GSG's work contributes to the Housing and Property workstream of the Digital Switchover Programmeⁱⁱ.

40. Digital UK programme and housing managers attend GSG meetings and provide programme and regional updates, and expert advice on housing issues for members. The group is chaired by the Government TV Switchover Manager, who represents BIS and DCMS, the two lead departments on TV Switchover. Other members represent Home Office, Ministry of Defence, Ministry of Justice, Department of Health, DCSF, Scottish Government, Welsh Assembly, Northern Ireland Executive, Scotland Office and Wales Office.

41. The GSG provides a Public Sector Readiness Reportⁱⁱⁱ every 4 months detailing for each department or devolved administration

- a. its readiness for upcoming regional switchovers through a traffic light system
- b. the results of previous switchovers
- c. any risks and issues
- d. other relevant information

42. The option of one-to one meetings between Digital UK and GSG members to discuss specific planning issues is available and such meetings have taken place with the Ministry of Defence, and with the devolved administrations. It is likely that this option will be taken up again, specifically with the Northern Ireland Executive before Ulster switches in 2012.

43. Following the successful final switchover in Wales in March 2010, representatives of the Wales Office and Welsh Assembly have now left the group. At the GSG meeting scheduled for July 2010, members will review the group's terms of reference and meeting frequency. It is likely that the group will be able to move to twice-yearly meetings or even to a virtual group due to the absence of problems so far, and the generally predictable uniformity of future switchovers.

ⁱ From 2007-2009 the GSG met quarterly. Once the programme became fully operational, GSG members agreed that meetings could be reduced to every 4 months.

ⁱⁱ This workstream ensures that owners, managers, tenants and residents of all properties, where there is a communal TV aerial system or those receiving television services outside of the home are able to continue to receive services after switchover.