

Future TV Taskforce Response to Ofcom's Call for Evidence on the Future of TV Distribution

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Introduction

This response to Ofcom's Call for Evidence on the Future of TV Distribution is from the Future TV Taskforce, made up of the UK Public Service Broadcasters (PSBs) (BBC, ITV, Channel 4, Channel 5, S4C and STV) and Everyone TV (ETV)¹. We formed the Taskforce with the aim of working together to understand issues around the increasing take up of TV distributed over the internet (IPTV).

We have a particular interest in maintaining the universal availability of PSB services and the health of free to view television to fulfil our remits as PSBs and meet the expectations of viewers. As with previous points of transition in distribution technology, there are a number of complex questions to resolve and obstacles to overcome to ensure that every part of the UK benefits. These include issues such as audience behaviour, technology change, commercial incentives and wider international debates on spectrum allocation.

As PSBs we have a long and successful history of pro-competitive collaboration but the Taskforce is relatively new, formed in response to the increasing level of debate about the future of TV distribution. On any measure, the debate about a transition to IPTV in the UK is still in its early stages. We intend to use the Taskforce to understand the issues associated with the gradual consumer shift away from broadcast towards online distribution and establish what the conditions necessary for a successful transition could be. We want to work together to, for example, develop evidence and collaborate with Ofcom, Government and others in the TV value chain and other sectors to help shape this debate. Over time, we hope to engage widely with stakeholders including - crucially - audiences and groups representing audiences. The Taskforce will not determine the timing of any potential switch off of Digital Terrestrial Television (DTT) or create a blueprint for how it could happen. Rather it intends to focus on identifying and understanding what the right conditions for a future transition from broadcast to online might be.

The UK's unique PSB ecosystem - which creates a virtuous circle of demand from UK audiences for investment in UK content - depends on affordable, universal distribution. There is a risk that this could be seriously undermined if PSBs are forced to maintain legacy networks longer than they are viable or if their content is available only via 'gatekept' global platforms. This could deny future generations the benefits of PSB, including access to a wide-range of UK-originated content. If decisions about the future of distribution are left to those with a commercial interest in either retaining the status quo or expanding their own online services, audiences will miss out. As PSBs, we are guided by the needs of UK audiences and want to take proactive steps to protect their best interests in the long-term.

PSBs should be at the heart of planning because our business models and regulatory framework are so closely tied to these decisions. It's not possible to make choices about the future of TV distribution without considering the impact on the remit and funding of PSBs and the trade-offs that could require. As PSBs, we and our audiences have among the most to gain or lose from changes to TV distribution because of our existing long term commitments to and investment in DTT and DSat

¹ Everyone TV (formerly Digital UK) is responsible for the day-to-day running of free TV platforms, Freeview and Freesat. ETV is owned and supported by the BBC, ITV, Channel 4 and Channel 5. ETV is currently developing a new free IP-based TV platform called Freely.

(Digital Satellite Television) and the current skew of our audiences towards broadcast compared to more recent market entrants. Within the Taskforce, we also have an unparalleled level of knowledge and experience in managing TV distribution networks cost-effectively and reliably and we have a track-record in successfully delivering the previous transition from analogue to digital. We invite Ofcom and DCMS to call on the Taskforce to advise and guide on the next stages of this process.

This response is the first joint activity of the Taskforce. Any individual responses from Taskforce members will reflect our different remits, business models and perspectives. But in this joint response we highlight the PSBs' overall shared position. We hope that by presenting a common PSB view we show that - whatever the future of TV distribution – the PSBs together play a critical role in ensuring it benefits audiences, the creative economy and the UK overall.

QUESTION 1: How are audience demands and expectations evolving, and how does that vary for users of different TV platforms and different demographics?

Broadcast remains popular, but audiences are increasingly moving online

As Ofcom sets out, the TV market and how audiences watch TV has changed significantly in the last ten years. In addition, the pace of change has increased.

There is a strong continuing reliance on live and linear broadcast television. BARB data shows that linear broadcast TV reaches 67% of all audiences in the UK on average per week and 57% of average weekly viewing is via linear broadcast channels.² However only 14% of the UK population watch only broadcast TV, while 29% watch only VOD and 49% watch both.³

This is particularly important to PSBs because:

- The most-watched live, linear, broadcast services are PSB channels. PSB channels remain very popular and have increased their share of broadcast TV viewing over recent years, even as the battle for attention has intensified with the rise of short-form video and streaming platforms.⁴
- The most popular way of watching live, linear broadcast TV is via DTT through Freeview and Freeview Play, services provided by Everyone TV of which BBC, ITV, Channel 4 and Channel 5 are shareholders.

As Ofcom points out, audiences that rely only on DTT for their television are also more likely to have vulnerable characteristics, and may choose not to adopt or not be able to adopt IPTV. However, the proportion of audiences who rely solely on DTT and don't have cable, satellite, or IPTV is falling - from 4.0m households in 2021 to 3.3m in 2023.⁵

Despite this, most audiences consume some TV online and a significant proportion of audiences have moved to IP-only viewing. Evidence from BARB shows that 70% of TV households watch some content over the internet on their TV set over the course of a week.⁶ This rises to 81% on average per month and 89% on average over the course of the year.⁷ Viewing via the internet is higher amongst some age groups, with 35-44s most likely to watch online on their TV on average per week (77%), but even amongst 65-74s the figure is 51%.⁸ This shows that although many households still do much of their TV viewing via broadcast, the vast majority have the means and capability to watch online and at least occasionally chose to do so.

To reinforce this, nearly all TV sets sold in the UK today are smart TVs.⁹ In fact, smart TVs now make up over 70% of primary TV sets and are projected to reach full penetration (96%) of all primary sets

² BARB, individuals 4+, linear broadcast avg. weekly reach (15+ min) and share of total viewing (Oct 2022 - Sep 2023)

³ BARB, avg. weekly reach 15+ min (HY1 23/24)

⁴ Ofcom, [Media Nations UK](#), p.11 (2023)

⁵ BARB Establishment Survey, DTT households (excl. YouView, BT Vision, TalkTalk, Plusnet) with no cable, satellite or IPTV (Q3 2021 vs. Q3 2023)

⁶ BARB, avg. weekly reach 15+ min, households, long-form VOD and video sharing on the TV set (2022/23)

⁷ BARB, avg. monthly and annual reach 15+ min, TV households, long-form VOD and video sharing on the TV set (2022/23)

⁸ BARB, avg. weekly reach 15+ min, individuals, long-form VOD and video sharing on the TV set (2022/23)

⁹ 3Reasons (2023)

by 2032.¹⁰ Growth of smart TVs is the most important factor driving changes to TV user interfaces, which in turn shape audiences' viewing behaviour. However, as smart TV growth reaches saturation, upgrades and changes to user interfaces will also be achieved by over-the-air operating system updates rather than requiring a full hardware refresh.

We also know that an increasing number of audiences are choosing not to use a DTT, satellite or cable connection at all. Today 20% of UK households have no DTT, satellite or cable and get all their TV through the internet.¹¹ Projections suggest that this group will rise to 50% of households by 2030.¹² Again, this is particularly important for PSBs because in these households, there is far less consumption of live and linear TV as, currently, IP-only TV interfaces do not usually have a linear electronic programme guide (EPG).¹³

Audience expectations have changed significantly as a result of rapid growth in the VOD market

Audience expectations in all demographics have been significantly shifted by the capabilities of the internet and explosion of the on-demand TV market. Most people now expect not only to be able to watch scheduled TV channels but also to explore on-demand content. UK services like the PSB 'players' as well as global services like Netflix mean that audiences now take for granted the ability to watch what they want, when they want. They expect to be able to 'continue watching' where they left off (on multiple devices) and to be guided towards recommendations based on programmes they've watched. In the case of ad-funded services, they expect to be able to pay to watch without ads or to supplement the content they can access with subscriptions. Research has shown that audiences value features such as box-sets (including access to archive content), live restart and searching for titles with ease. Frequent users of BVOD (broadcaster video on demand) also value personalised features such as recommendations based on their viewing history, which cannot be delivered via broadcast TV.¹⁴

Recent research carried out by Silver Voices for its report on *Safeguarding Universality, The Future of Broadcast TV and Radio*¹⁵ reveals that traditional expectations persist alongside these newer expectations. The research emphasises the importance of what Silver Voices call "Coffee Break Moments" - the "cultural moments and common frames of reference" provided by TV and radio. In the words of one of the participants in their research, Beth: "How can you talk about anything without TV, or without radio? How do you know what's going on?"; or another, Jan: "TV is quite important to me as I put it on in the morning for the news and when I'm at home I keep it on during the day to keep on top of everything."

People expect live, linear, universal TV but that is not unique to broadcast

Many sections of the audience continue to enjoy linear TV but it is the nature of the experience – live, scheduled, familiar, easy to use and navigate – that they value, not the means of delivery *per*

¹⁰ Ibid

¹¹ 3Reasons, % of TV households that only use the internet to connect their primary set TV (2023)

¹² 3Reasons, projected % of TV households that will only use the internet to connect their primary set TV in 2030 (2023)

¹³ 3Reasons (2023)

¹⁴ BBC qualitative research iPlayer perception tracking

¹⁵ Silver Voices, [Safeguarding Universality, The Future of Broadcast TV and Radio](#), October 2023

se.¹⁶ Equally, many audience members who enjoy the convenience and choice of VOD (video on demand) also value live TV and linear scheduling.

The live, linear experience is not uniquely linked to broadcast; it can and is also delivered online for example on services such as Sky Glass, on FAST (Free Ad- Supported TV) services such as Pluto TV or within BVOD services. As PSBs, we recognise the huge value to audiences of easy access to live TV – currently delivered to around 16m homes through Freeview and Freeview Play and approximately 1m homes via Freesat¹⁷ - and the need to ensure that it extends to everyone, whether they are in broadcast-only, internet-only or hybrid homes.

But we also recognise that the expectations of audiences in every demographic group are expanding in line with technological and market changes as set out above. Audiences expect choice, flexibility and personalisation as well as (or in some cases, instead of) access to linear, scheduled channels.

ETV is investing in building a ‘next generation platform’ proposition for connected TVs called ‘Freely’ to meet all these expectations. From 2024, for the first time for free, British viewers will be able to easily browse and watch live TV channels streamed straight to smart TV via the internet. Integrated into TVs in partnership with manufacturers and operating-system owners, it will allow online viewers to browse channels just as they do now but with a more modern and intuitive programme guide, using innovative functionality to explore new shows and deeper content directly from live TV.¹⁸

Another audience expectation highlighted by Silver Voices’ report is for universality. Their Report concludes that “81% [of people surveyed] believe that universal access to public service content should be protected by the law.”¹⁹ Similarly, eight out of ten UK adults believe in the mission²⁰ of the BBC.²¹ Ofcom’s research shows that one of the most highly valued societal benefits of PSB is “services that are available to everyone.”²² This expectation is met by terrestrial television which covers around 98.5% of the population and satellite which covers 98%.

We believe that there will continue to be a high public expectation for universal coverage of PSB services because universality brings unique personal and societal benefits such as shared national moments and guaranteed access to trusted news. But we also believe that the way in which this expectation is met will change. Over time, the level of broadband connectivity in the UK will increase to provide universal access not only to television but other internet services. Three quarters (75%) of UK premises are now able to access a gigabit-capable connection with the aim of 85% by the end of 2025 and nationwide coverage by 2030.²³ This has the potential to provide a distribution network for universal PSB services as Freeview and Freesat do today.

In fact, universal internet distribution will ‘level up’ provision of PSB services because, unlike broadcast with its limited capacity, it will give all audiences access to all PSB services whether live or

¹⁶ Blic for the BBC. Bringing linear viewers to IP: Translating linear behaviours, qualitative research (2021)

¹⁷ 3Reasons (2023)

¹⁸ ETV provide more detail about Freely in their response to this call for evidence.

¹⁹ Silver Voices, [Safeguarding Universality, The Future of Broadcast TV and Radio](#), p.35 (October 2023)

²⁰ The Mission of the BBC is “to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain”

²¹ BBC, [Annual Report and Accounts 2022/23](#), p.2 (2023)

²² Ofcom, [Public Service Broadcasting: omnibus survey findings](#), p.6 (July 2020)

²³ Department for Levelling Up, Houses and Communities [Levelling Up White Paper](#), February 2022.

on-demand and it will enable many features currently only available to those who choose to view online (for example, UHD picture quality, access to 'box sets' and PSB archive).

QUESTION 2: What do audience trends mean for the financial prospects and sustainability of TV distribution platforms, and what are the key decision points over the next ten years?

Maintaining all distribution platforms indefinitely is not viable

As set out in response to Question 1, audience trends show an increasing move online, but expectations remain for easy access to familiar, live linear services and universal coverage. As has happened since the beginning of this century, the means of distribution will continue to evolve over time to adapt to these trends. However, there is no way around the fact that the proliferation of TV distribution methods (with multiple different IP platforms alone) will put more and more cost pressure onto PSBs. We anticipate, for instance, that a tipping point will come for DSat and eventually DTT at which the costs of distribution outweigh the benefits. As the number of people using only terrestrial or satellite to receive television services decreases and is particularly concentrated in some parts of society, the high fixed-costs of these technologies will become proportionately higher per user and harder to meet through advertising or to justify as a responsible use of the licence fee. This could undermine the business models of both suppliers (e.g. network owners) and customers (i.e. broadcasters). In addition, there are some factors outside the control of either suppliers or customers that could bring this tipping point forward (notably international decisions about the allocation of spectrum and the degree of support for DTT from global device manufacturers). We must therefore work together to find sustainable, affordable, aligned solutions that continue to meet audience expectations for universality and support sustainable business models.

There are a number of complex issues to assess before decisions are made

Finding these solutions and judging which are best for the health of the UK media industry and audiences overall is complex and will require detailed research and collaboration between PSBs, other content-makers, infrastructure and hardware providers, internet service providers (ISPs) and others in the supply chain as well as thorough consultation with audiences over a considerable period to come. That is why we have established the Future TV Taskforce and welcome the early attention of Ofcom and Government on this subject.

The issues we will need to assess include:

- **Future costs of the DTT network and whether it is technically and commercially possible to scale down the current network to reduce costs while audiences transition to online TV in greater numbers.** One option which requires careful consideration is the possibility of decommissioning Multiplex B (PSB3) which currently carries PSB HD (High Definition) services at some point after the current licence expires at the end of 2026. It is possible that this could reduce costs for PSBs while not reducing overall PSB coverage. However, this would mean audiences no longer had access to HD services on DTT if they choose to continue to use DTT rather than moving to internet TV at that point. The Taskforce is committed to looking at this and other options, acknowledging that different PSBs may have different views on the costs and

benefits of such a move. It will be essential for the Taskforce to work closely with Arqiva and to understand more about the impact on audiences in order to reach a view.

- **Future costs and technical viability of the DSat network for PSBs.** Satellite is an important part of the current distribution landscape in the UK, providing 98% of population coverage and reaching millions of homes both through Sky's pay platform and Freesat. The long term sustainability of this platform is in question for two main reasons: first, the need to renew the current fleet of satellites which carry DSat, operated by SES, before the fleet's expected end of life in 2029; and second, Sky's increasing migration of customers to online paid services which may mean Sky wish to scale down or exit satellite in the future. If Sky were to exit satellite it will very likely make it prohibitively expensive and technically extremely complex for PSBs to remain. On the other hand, in theory and with the right cost structure, DSat has the potential to play an important part in the transition to online because it offers a way of achieving wide coverage, including potentially for some people for whom broadband is less accessible, though the degree to which this is cost effective depends to a great extent on the approach adopted by Sky into the 2030s. Again, the Taskforce is committed to looking at the options for satellite in detail in close collaboration with other stakeholders including SES and Sky with particular consideration of the impact on audiences.
- **The future development and take-up of broadband networks.** As set out under Question 1, the Government is committed to broadband coverage to 99% of premises in the UK by 2030. But the Taskforce understands that coverage alone is not enough to ensure that this network provides truly universal access to TV and other services. Cost, skills, confidence and motivation are all important issues in driving broadband take up. Also critical is the technical maturity of the broadband network and infrastructure to support distribution of TV at a level similar to DTT and DSat. We address this in our response to Question 3.

Analysis of all these issues is a vital foundation to make any assessment of the timetable and nature of a future transition away from broadcast and towards online distribution. There are some external decision points that could drive this timetable, notably decisions at World Radiocommunication Conferences (WRC) about the allocation of spectrum. The Taskforce strongly supports all efforts by the UK position at the WRC to safeguard our ability to continue to use Ultra High Frequency (UHF) spectrum for DTT because it is vital that the UK retains as much control as possible over the future of TV. Of course, even if the UK does ultimately retain some sovereignty over spectrum decisions, its ability to maintain DTT were most other nations to pursue a switchover would be compromised by any moves by global device manufacturers to cease offering DTT-compatible products.

It is too soon to decide to extend Multiplex Licences further

Another important decision point is the expiry of four national DTT multiplexes in 2034 and two further national multiplexes licensed to the BBC at the end of 2026 and 2027.²⁴ It is too early to decide now how long to extend the two licences the BBC operates and certainly far too early to make a decision about the future of all these licences beyond 2034. In 2021, following a consultation on the renewal of DTT multiplex licenses, the Government decided to include a new

²⁴ The four national multiplexes whose licences have been renewed until 2034 are Multiplex 2, Multiplex A, Multiplex C, and Multiplex D. The BBC runs two multiplexes (1 and B) whose licences expire in December 2027 and November 2026 respectively.

revocation power for Ofcom which can be used from 2030 provided there is a minimum notice period of five years. The rationale for this is ‘to allow the government and Ofcom to set appropriate direction and to respond dynamically to any future events.’²⁵ The Taskforce acknowledges this flexibility that allows Government, Ofcom and the industry to react in the interests of audiences to future events such as developments in the distribution technologies set out above. Whilst any future arrangements with Arqiva will need to be determined with active regulatory intervention (given that Arqiva is and will continue to be the monopoly supplier of DTT network access services) there are strong arguments not to put PSBs in a disadvantaged position should there be any future negotiations, which would likely result in a poorer deal for audiences including licence fee payers and PSB shareholders.

Establishing key considerations is more important than setting a timetable

For all these reasons long-term, binding decisions about the technology for future TV distribution should not be made now. It is too early either to commit to DTT beyond 2034 or to decide a timetable for the full transition from broadcast to online distribution assuming that is appropriate and desirable in due course. This choice should not be driven by fixed dates or determined by commercial interests. Instead, for now, the Taskforce believes that there are some key considerations that need to be addressed before there can be any sort of decision around transition. In summary, these are:

- **Everyone is Connected** - Everyone has a reliable, affordable fast internet connection through which they can access all the video and audio services they want.
- **Everyone has Access to High Quality Content** - Everyone has access to affordable un-gatekept online platforms and devices where they can easily find a wide range of free-to-air services, whether that be video, audio or news - and they have the skills and motivation to do so.

As part of this, and in order to ensure that everyone has access to high quality content it will be vitally important also that the **UK has a fair and prosperous UK Media Economy from which everyone benefits**. In particular this will require both a healthy market for content providers - supporting business models that drive growth and investment in British creativity – and a competitive distribution environment where every part of the supply chain is robust and sustainable. We’re hopeful that the Media Bill reforms around prominence, inclusion and dispute resolution will play an important role in this, provided that they are implemented with appropriate muscularity by Ofcom.

Meeting these conditions is a vital part of any planning for the future of TV distribution. The Taskforce is committed to investigating and understanding them further and working with others in the industry to identify what action is needed to meet them and what role we can play as PSBs.

²⁵ DCMS, [“Consultation on the renewal of digital terrestrial television \(DTT\) multiplex licences: full government response”](#) (August, 2021)

QUESTION 3 - How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?

We are already providing reliable online TV distribution

All members of the Taskforce have undergone a significant shift to digital distribution in recent years, evolving their digital products and online distribution capacity to meet growing demand:

- ITVX was undoubtedly this year's biggest and most successful streaming launch in the UK, with more than 40m registered users, over 2.7bn streams and more than 1bn streaming hours since launch – a new record for ITV. The platform has the world's first British Sign Language FAST channel and in the summer launched ITVX Kids, which is 100% subtitled. ITVX also has a constantly updated news service on the home page with a 'live news window' – all demonstrating how both linear and free VOD can be delivered successfully and enhanced through IP distribution.
- BBC iPlayer has just had its best year ever, up 11% year over year. It's seen the number of streams double over the last four years – and is on track to break 8bn streams this year (up from 7.3bn last year). This year, the BBC brought millions of people together for live national moments - from the Women's World Cup to Glastonbury, The King's Coronation to Wimbledon. And along with thousands of box sets featuring new and much-loved BBC classic content – it launched *The Whoinverse* on iPlayer, a world where you can find every Doctor, every companion and hundreds of monsters that have appeared in *Doctor Who*.
- Channel 5 BVOD service My5 has seen consecutive record growth over three successive years. Reflecting its successful linear strategy, My5 has increased both total viewing hours, and individual watch-time.
- Likewise, from year to year, S4C's Welsh-language content is seeing constant growth in viewing on S4C Clic and BBC iPlayer with streaming hours up +12% in 21/22, +10% in 22/23, and +11% for 23/24 YTD.
- STV Player also continues to grow strongly. For the first half of 2023, overall consumption growth is +25%. Annual consumption has trebled since 2019. Digital revenues for the first half of 2023 are up 9%. Its content portfolio this year covers the whole spectrum from brand new original and exclusive network dramas, combined with international acquisitions and the launch of the classic soap *Brookside* from the very beginning.
- Channel 4 digital revenues were up 14% in 2022 and now make up 22% of overall revenues. It has also had a strong year with 1.4bn views on streaming (close to matching 2021's record 1.5bn views driven by the lockdown boom). In October, their total streaming minutes were up 21% YTD. Channel 4 has the youngest skewing BVOD service in the UK with 16-34 year olds making up one-third of its user base.

ISPs and network operators benefit from audiences having access to high quality content services, which drive demand for the products and services offered by ISPs – absent compelling content, the market for superfast broadband would be significantly less strong. The pace at which ISPs have developed their networks and the extent to which others in the supply chain, such as CDNs, have increased their capability has so far kept pace with this demand. But we expect the demand for

online TV to increase more rapidly and to rise to much greater levels in the next decade, as set out in response to Question 1. Indeed, ISPs like EE continue to develop IPTV offers to attract and retain customers. To meet this demand will require evolution of broadband networks and infrastructure in the coming years.

More needs to be done to provide full coverage

The Taskforce has identified three main ways in which broadband networks and infrastructure will need to evolve in order to support TV services for everyone:

- **Full national availability of high-speed internet connections.** In line with the Government's commitment in the Levelling Up White Paper, it's essential that gigabit capable broadband is available in 99% of UK premises by 2030, including in crowded urban areas, rural and remote locations.
- **Full take up of internet connections and connected devices to watch TV.** We know that the availability of a broadband connection is not enough to get everyone online. The reason most people cite for not being online is lack of need or relevance.²⁶ The cost of high-speed connections and of appropriate devices is also a major barrier for many people on lower incomes. Lack of digital skills and low levels of confidence about being online also prevents many, particularly older people, from adopting IPTV or going online more generally.
- **A resilient and reliable end-to-end infrastructure for internet delivery.** This must provide a high quality, seamless TV experience which at least matches and ideally exceeds that of DTT.

Full digital inclusion based on robust networks and infrastructure is vital for the UK overall

Each of these aims goes far beyond the needs of television. Universal high speed internet, an end to digital exclusion and a future-proofed national internet infrastructure are vital for the UK's prosperity overall and for supporting equal access to services like health, education and benefits which could save the UK billions of pounds a year.²⁷

We recognise the need to maintain investment in broadband networks to deliver nationwide coverage even during times of peak demand but the Taskforce welcomes Ofcom's recent statement on net neutrality which concludes that there is no justification for introducing a charging regime for content suppliers. We strongly support the need to ensure that traffic carried across broadband mobile networks is treated equally. Slowing down or prioritising some traffic over others paying more could stop audiences from accessing PSB content due to costs and undermine the objectives and viability of PSB.

Although the need to evolve networks and infrastructure go beyond TV delivery, we recognise that PSBs have an important role to play to benefit audiences and the UK more widely. In particular, we want to work directly with audiences and organisations representing audiences to understand which groups are affected by digital exclusion and what steps can be taken to increase online skills and confidence. As the Digital Poverty Alliance has pointed out, the availability of high-quality, personalised TV services could be a unique driver for getting people online and be a first step on the

²⁶ Ofcom, "[Adults' media use and attitudes](#)" (2023)

²⁷ Deloitte, "[Digital Poverty in the UK: A socio-economic assessment of the implications of digital poverty in the UK](#)" 2023

way to wider internet use.²⁸ BT's work on digital exclusion has shown that 'social tariffs' for broadband are only a small part of the answer. Their research shows the need for a combination of broad government interventions to address underlying issues with more narrowly targeted industry and charity-led steps to tackle exclusion.²⁹ Other organisations such as The Good Things Foundation and Age UK are also doing vital work to better understand the causes of and remedies for digital exclusion and the Taskforce hopes to work with them to better understand the link between internet TV-adoption and increasing digital skills which might include, for example, making PSB digital services more simple to use and inclusive or sign-posting audiences to sources of help.

As PSBs, we also have an important role working with each other and the content delivery supply chain to forecast and plan the technical solutions needed to meet increasing demand. We already know that demand does not increase in a purely linear fashion; it is characterised by periodic high peaks in demand, for example for popular events like the World Cup. We want to work with ISPs and CDNs to understand what supply-management and technical steps all network operators and content providers together need to take to ensure that we can respond to both the linear and peak increases.

²⁸ Ibid

²⁹ BT Group, "[Digital inclusion: New insights and finding a sustainable way forward](#)" (October 2023)

QUESTION 4 – In what ways might different types of ‘hybrid’ terrestrial and internet services deliver benefits for audiences and what risks may arise?

Online TV gives audiences choices

Our audiences have benefited from the services and features enabled by connected TV interfaces for over a decade. This includes both enhanced content (e.g. the ability to watch programmes on demand after transmission, access to a much wider range of content than possible on scheduled channels including archive and ‘box sets’, personalised and curated recommendations) and enhanced usability (e.g. ‘continue watching’ or ‘watch from the start’ and ultra-high definition picture quality). Connected TVs and online devices give viewers subscription options such as access to additional services from global streamers like Netflix or Disney Plus to specialist UK suppliers such as Curzon Cinemas³⁰ or the National Theatre.³¹ Viewers can often also choose whether to watch with ads or, for a fee, to watch without.

For many audiences, these choices present material advantages over traditional, linear broadcast television. But for other audiences, connected services and features are difficult to find and use and even serve to obscure the familiar, scheduled programming they want to watch.³² Connected features and services may require fairly advanced digital skills such as the ability to navigate menus, set up and sign into accounts using an email address or make online payments.

Much of the online User Experience is controlled by Platforms

The Taskforce believes it is important to distinguish between the experiences that are controlled at platform level and those that are controlled at service level. As PSBs and content providers, we have control over our own services but we have very little control over most platforms. Increasingly, a TV’s main interface is controlled at platform level by the TV manufacturer or TV Operating System owner who has control over the key drivers of user experience such as navigation, prominence, search and promotion. It’s therefore important that, as TV viewing moves increasingly online, PSBs have the tools and levers to reach audiences.

We must take steps to ensure the benefits of online TV outweigh the risks

The Taskforce has identified three areas to work on with Government and platforms to ensure that the benefits of connected TV interfaces outweigh the risks. These are:

- **Regulation** – The Taskforce welcomes the introduction of the Media Bill and encourages the Government to ensure (a) that it passes into law quickly and (b) that Ofcom is muscular in its guidance and implementation to ensure that the objectives of the government (and, we hope, of Parliament too) around a flourishing PSB system are delivered in practice. Amongst other things, this legislation should make PSB content prominent not only on traditional, DTT interfaces but also on connected TVs and via other significant means of accessing TV online such as gaming

³⁰ <https://homecinema.curzon.com/>

³¹ <https://www.nationaltheatre.org.uk/national-theatre-online/>

³² Blinc for the BBC. Bringing linear viewers to IP: Translating linear behaviours, qualitative research (2021)

consoles and streaming sticks. The legislation should also ensure ultimately that the terms of inclusion of PSB services/content on platforms do not adversely affect the ability of a PSB to deliver its remit. A robust prominence framework is essential to the sustainability of PSB on IP platforms. As global platforms seek greater value (including revenue extraction) to carry our services, strong protections for prominence will protect UK audience interests and support the development of IP distribution. This provides a vital update to the prominence regime established in 2003 but work is still needed to ensure that it is properly implemented on connected platforms and that it is able to adapt to changing technologies and interfaces in the coming years.

- **Further PSB Collaboration** – Members of the Taskforce have a long heritage of pro-competitive collaboration, notably through Everyone TV. As noted in the response to Question 1, Everyone TV is now planning a ‘next generation’ product called Freely which will provide free, easy access to linear services from connected TVs. Like Freeview, Freeview Play and Freesat, Freely is a platform-level intervention. That is to say, Freely will be integrated into Smart TVs in a way that shapes the user experience from as soon as they switch on the TV. Users will be able to select live TV just as they can now, using up/down and channel buttons on the remote or from a simple, easy to navigate and prominent on-screen menu. They will also be able to select on demand content from PSBs direct from the home screen and live menu, without having to navigate individual apps. Freely has been designed inclusively and with traditional audiences in mind to ensure a seamless experience, even for those with minimal digital skills. In many ways, Freely will look and feel just like watching TV on DTT, but the means of distribution will be online and users will have access to additional connected features, if they want them. We call on manufacturers and operating system owners to work with Everyone TV to integrate Freely into all TVs in the UK from next year.
- **Joint - Innovation** – Freely is a good example of how product innovation can ensure that the benefits of IPTV are made accessible to everyone. PSBs are rightly held to high accessibility standards for their products and services including requirements for subtitles and signing.³³ This should continue, and the Media Bill will ensure that all PSBs become subject to statutory accessibility requirements for their on-demand services. But there is more we can and should do individually and together as PSBs and with device manufacturers and platforms to ensure that innovation is used to meet the conditions we set out above in response to Question 2. For example, connected technology allows for improved and more personalised accessibility features such as adjustable subtitles and the ability for viewers to enhance sound quality (amplifying dialogue, for example). It also allows for more effective voice-search and a wider range of ways to interact with devices, to suit different abilities. More generally, we should work collaboratively to ensure all TV user interfaces are ‘inclusive by design’, meaning that they are simple, intuitive and frictionless to use regardless of a user’s level of digital skills. One of the great potential advantages of connected technologies is the ability they give us to innovate and experiment rapidly, requiring relatively easy over-the-air updates, rather than hardware reconfiguration, to make improvements. The disadvantage, however, is that varied approaches

³³ https://www.ofcom.org.uk/data/assets/pdf_file/0035/179954/ofcom-code-television-access-services.pdf

and technical standards on different IP platforms make the provision of access services more difficult and costly for service providers. There is a strong case for some core common technical standards around access services on online TV platforms.

QUESTION 5 – Given the sharing of infrastructure, what would the implications for other sectors be if there was a change to the use of DTT

The Taskforce cannot provide a joint response to all aspects of this question given members' different relationships with Radio, obligations in respect of emergency communications and spectrum needs.

The 'Digital Divide' will narrow, but must ultimately be fully closed

Ofcom rightly points out that the take-up of connectivity is 'likely change significantly over the next 10 to 15 years' and that therefore the population gap in connectivity – or 'digital divide' - is likely to be smaller in the future. As we say in answer to Question 3, we want to work closely with charities and civil society organisations, particularly those representing vulnerable audience groups, to understand how we can work together to minimise this gap as much as possible to meet the condition we set out in response to Question 2 that 'everyone is connected'.

We think that TV could play a unique role in driving the take-up of connectivity as we set out in answer to Question 3 because the offer of access to wider TV content and better services could motivate many of those who are otherwise reluctant to get online. The Taskforce would like to do further work, with expert economists and social scientists, to understand and quantify the benefits of using take-up of connected TV to accelerate internet adoption, narrow the digital divide and minimise the need for targeted digital inclusion interventions.

Collaboration is vital to address digital exclusion

While PSB may have a role to play in supporting vulnerable people to get online through, for example, editorial content and (as set out in the answer to Question 4) collaboration to produce easy-to-use products and services, PSBs should not (and cannot, economically) be responsible for managing or funding such interventions. As Ofcom says, the benefits of this additional support would be mostly societal, rather than specific to the PSBs. Increasing digital inclusion has cross-sectoral public and commercial benefits in areas including access to education, health and banking and so the work to realise these benefits should be shared widely, publicly funded and coordinated by Government.

The TV production sector could be negatively affected by an un-managed move away from DTT

Ofcom does not mention the wider creative economy and, specifically, the TV production sector as being possibly impacted by a move away from DTT but we believe this is an area worth looking at more closely. The last major transition in TV distribution – the shift from analogue to digital in the early 2000s – brought considerable benefits to the TV production sector through the opening up of more TV channels and new business models for content creation and monetisation. We also know that the sector benefits greatly from investment by PSBs with £2.9bn spent on first-run UK-originated content in 2022³⁴. There is a risk that, if any future move away from DTT is not properly

³⁴ Ofcom Media Nations 2023

managed this level of investment could be negatively affected. The serious emerging risk is that the PSBs are subject to disproportionate distribution costs due to their reach obligations and - if this is compounded by increasing 'gatekeeping' by TV platforms and operating systems which makes it harder for audiences to find and discover PSB content - the level of investment in original UK content could decline with a negative impact on the delivery of PSB as well as the health of the TV production sector and ultimately the UK-wide creative economy .

The Ultra High Frequency (UHF) band used by DTT is shared with applications for Programme-Making and Special Events (PMSE). Broadcasters and others in the creative industries are major users of this, for example for radio microphones, in-ear monitors and talkback systems in studios and on location. If the band is allocated to other uses in the future, it will be vital to find arrangements to accommodate PSME to support the growing production sector.

QUESTION 6 – What coordination and planning across the value chain might be necessary to secure good outcomes for audiences and key providers over the long term?

PSBs should be at the heart of planning for the future of TV distribution

The Taskforce welcomes the fact that both Ofcom and DCMS have begun to look at this issue now, because early and prolonged coordination and planning are essential to secure good outcomes for audiences and industry.

PSBs should be at the heart of planning because our business models and regulatory framework are so closely tied to these decisions. It's not possible to make choices about the future of TV distribution without considering the impact on the remit and funding of PSBs and the trade-offs that could require. As PSBs, we and our audiences have among the most to gain or lose from changes to TV distribution because of our existing long term commitments to and investment in DTT and DSat and the current skew of our audiences towards broadcast compared to more recent market entrants. Within the Taskforce, we also have an unparalleled level of knowledge and experience in managing TV distribution networks cost-effectively and reliably and we have a track-record in successfully delivering the previous transition from analogue to digital. We invite Ofcom and DCMS to call on the Taskforce to advise and guide on the next stages of this process.

Collaboration across the whole value chain is vital

However, PSBs certainly cannot plan and coordinate the future of TV distribution alone. As we've set out in the answers above, managing a successful transition for all audiences is a complex and multi-faceted challenge. The Taskforce sees itself as the starting point for a much wider coalition of stakeholders who must take coordinated action first to understand the implications of a shift from DTT to online distribution and later - should any timetable for a full transition be set in the future - to prepare for it. These stakeholders should represent every part of the value chain, including (but not limited to):

- Audiences and groups representing audiences, particularly vulnerable audiences
- Experts on digital inclusion with knowledge about closing the 'digital divide' including charities and academics
- Other broadcasters, streamers and content suppliers
- Internet Service Providers
- Equipment and device manufacturers
- Providers of internet delivery services including Content Delivery Networks

Government also has a vital cross-sector role to play

Many of the issues Ofcom has raised and we've addressed here go far beyond TV and require action to build a resilient national digital infrastructure and interventions to give people the skills and devices needed to get online. These are cross-sectoral issues – as relevant for the NHS, social services and retail banking – as they are for broadcasters. Others also have a great deal at stake in

achieving a fully connected UK population including ISPs and tech giants such as Google, Apple and Amazon whose businesses are entirely dependent on internet technologies. Although the Taskforce stands ready to play a key role, Government should be responsible for coordinating these cross-sectoral issues to ensure positive outcomes.