



Teledwyr Annibynnol Cymru (TAC)

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

December 2023

About TAC

1. TAC (Teledwyr Annibynnol Cymru) represents the independent television production sector in Wales. Our sector is a substantial component of the creative industries, in Wales and in the UK overall, with Cardiff alone having the third largest film and TV cluster in the UK. Our sector provides economic, social and cultural benefits through supplying creative content. There are around 50 companies in the sector in Wales, ranging from sole traders to some of the leading players in the UK production industry. They produce content for the BBC, ITV, Channel 4, Channel 5 and Sky as well as other commercial broadcasters and platforms. Our member companies produce almost all the original television and online media content for Welsh-language broadcaster S4C, and a variety of radio productions for the BBC.

About this response

2. TAC members welcomed the opportunity to discuss this Call for Evidence with Ofcom in a meeting in October. At the meeting we were keen to stress that the scope of the Ofcom work (which we fully recognise was set by Government) was not entirely sufficient to consider the wider implications of any changes to TV distribution networks for UK PSB.
3. It is important that Government and Ofcom take a fresh approach to this matter. Rather than first considering TV distribution and in particular the potential of selling off the spectrum which is currently used to carry DTT, it should focus first on the needs of all UK citizens, regarding the need to have available free-to-use networks and services which are universally accessible. PSB needs to be preserved going forward and, in that context, the distribution mechanism needed to ensure it is in a position where it can continue to reach all UK audiences, whatever their location and means.
4. We therefore ask Ofcom, as part of its submission to Government, to relay the fact that, prior to any decisions being taken in this area, there needs to be a broader more strategic approach taken to the question of future TV distribution. This should be done within a framework of examining at a broader strategic level how it can be optimised to maintain the health of UK public service media provision and of communication in society.
5. Before any significant change is made to TV distribution in the UK, a further set of proper and public impact assessments would need to take place to look at a range of issues, including the impact on communicating with the public in times of emergency, the effects on the

universality of PSB (both in terms of availability and affordability) and other questions such as the ability of live events to use roving technology.

Responses to Call for Evidence Questions

Q1. How are audience demands and expectations evolving, and how does that vary for users of different TV platforms and different demographics?

6. As Ofcom outlines in its Call of Evidence paper, there is a wide range of services available to many (though not all) people in the UK and many are engaging with the new streaming services.
7. However, while it faces challenges, the UK's PSB network remains strong and continues to play a large part in many people's lives – Ofcom's Media Nations 2023 reported that PSB channels constituted three of the top four 'first destinations' accessed by all individuals¹. The PSBs' regulatory requirements mean they remain unique in supplying content of specific interest to all audiences. And of course the great majority of the UK PSBs' output is content made in the UK and for UK audiences.
8. It is also to be noted that in the current economic climate, British subscriptions to SVOD services such as Netflix have fallen as the public economises on household spending².
9. As Ofcom's figures show, young people are consuming media differently, often via SVOD services and also online platforms such as YouTube and TikTok. However it remains unclear at this stage whether this younger audience's behaviour will follow them through their lives or whether their viewing habits may change as they grow older and their lives change.
10. And not everyone is using the newer services. The Call for Evidence states that "We are spending more time watching short form content on online services such as TikTok and YouTube. We are also spending less time watching 'long form' content". This implies that the UK population as a whole is embracing the new technology and platforms as one, elsewhere the paper rightly points to there being a much more nuanced picture.

Q2. 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?

11. The Call for Evidence states that: "Some stakeholders have raised questions about DTT, suggesting that the Government and industry should manage a migration of customers away from DTT and towards internet distribution. Others argue that DTT should continue to have a role well beyond 2034, when the current multiplex licences expire." We would tend to align with the latter view expressed here. TAC members are keen to see their content reach the widest audiences possible and they work with some or all of the UK public service media providers in order to do so. Therefore they would start from the point of view that in the move to embrace technology, it is crucial that no section of the audience is not left behind.

¹ [Media Nations UK 2023. Ofcom, Aug 2023, p21](#)

² See <https://www.kantar.com/inspiration/technology/half-a-million-brits-leave-the-streaming-market>. Accessed 14 Nov 2023

12. Plus there are questions over the affordability for some of the necessary connectivity to access all content over IP – a differentiation in the quality of broadband which is decided on the ability to pay will create different classes of broadband user, whose experience of an access to certain services will differ depending on the bandwidth they can afford – this has implication for the key principle of universality of PSB.. We note the recent research by the campaign group Silver Voices, which carried out a survey of 2000 people from a range of ages and backgrounds, reported that that “The cost of online subscriptions (53%) and struggling to afford broadband bills (46%) in the next 15 years were cited as the top barriers to moving to online-only TV and radio services.”³ The research showed overall that “respondents from Wales would have greater difficulty in moving to an online-only future than the average UK respondent”⁴.
13. We note the UK Government recently published its Terms of Reference for the future of BBC funding⁵. There has been much debate in recent times regarding the future of the TVLF (TV Licence Fee), although it should be noted that the report from the House of Lords Communications Digital Committee stated that many of the alternatives to the TV Licence Fee were problematic and it also stated that “continued public funding must be retained to ensure the BBC can deliver on its purpose”⁶.
14. However the Silver Voices research shows that if the BBC were not be available over IP only, this could significantly affect the extent to which audiences would be prepared to pay the TVLF or a similar type of fee, with the research finding that in Wales “Just under half (45%) would definitely not be willing to pay any licence fee if the BBC moved to online-only services”. There was also a reluctance to purchase any new equipment in the event of a DTT switch off: “If DTT was not available, 60% would not want the expense of having to buy new equipment such as new smart TVs or smart speakers and radios”⁷.

Q3. How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?

15. We would point here to where the Call for Evidence states that: “Under current trends, millions of households will use DTT well into the 2030s. Many of these will be hybrid, getting a mix of services from DTT and internet-based services. However, some of these, without intervention, would likely not choose to adopt, or be capable of adopting, internet-delivered services.” And later on that: “DTT is a highly reliable technology for delivering TV content and has significant resilience to power and other failures. The value chain for the distribution of content over the internet is more complicated than that of DTT (see figure 2, above). This means that there are more potential points of failure.”
16. We would echo this cautionary note. While Government has given a clear intention to improve the UK’s broadband infrastructure, there remains significant progress to be made. For Wales specifically good broadband access continues to be a problem in some areas. And

³ [The Future of Broadcast TV and Radio. Silver Voices, 2023, p7](#)

⁴ [The Future of Broadcast TV and Radio. Silver Voices, 2023, p30](#)

⁵ [BBC Funding Model Review: terms of reference. DCMS< 7 Dec 2023](#)

⁶ [Licence to Change: BBC Future Funding. House of Lords Communications & Digital Committee, Jul 2023, p41](#)

⁷ [The Future of Broadcast TV and Radio. Silver Voices, 2023, p30](#)

this is not just confined to rural areas but also areas in towns and cities, a situation replicated around the UK, including in some parts of London. Also Ofcom reports that the spread of 4G and 5G networks in Wales has been slow⁸. It is important therefore for Ofcom to be very evidential, as opposed to aspirational, terms of its assessment on the extent to which the UK's broadband network can be readied for, to give an example, a switch-off of the DTT network in the next few decades.

17. The Silver Voices research findings showed that in Wales, "32% said they believed watching live TV events through broadcast was better than watching them online, while 55% believed that live viewing on broadcast TV and online services was of the same quality. Only 13% believed that it was better online."⁹
18. In terms of full fibre connections, the UK overall has 52%, while Wales stands at 50%. Gigabit availability in Wales lags behind other nations at 60%, the next lowest is Scotland at 69% and the UK average is 75%¹⁰. While 'superfast' broadband penetration is much higher (96% in Wales/97% in the UK¹¹), the base level of such networks at 25/30mbps is barely adequate to carry some suppliers' 4K/UHD services, including those of BBC iPlayer, Disney+, Amazon Prime, Apple TV at 25mbps, while BT Sport requires 30mbps¹². We note in this context that online platforms are starting to move towards only providing higher-definition channels, for example Sky has confirmed it will be switching off some standard-definition channels in 2024¹³.
19. We are aware of the government's gigabit broadband target as set out in the but we are also aware that some public infrastructure projects, HS2 being a good example, can take much longer than expected, as well as facing vastly increased costs which have thrown parts of the proposed network into doubt and therefore it cannot be assumed that these improvements will be in place within the necessary timescale to allow a DTT switch-off.
20. In addition even where networks are available not everyone has taken up broadband, especially the higher capacity networks. Ofcom's 2022 Connected Nations report estimates that 71% of consumers with access to superfast broadband have upgraded and around 28% of premises that are able to get full-fibre are actually taking it estimates that 71% of consumers with access to superfast broadband have upgraded and around 28% of premises that are able to get full-fibre are actually taking it¹⁴. If the aim is to create a network which facilitates the distribution of TV content purely by IP then it has to be accompanied by an extensive programme to help enable the whole UK population to benefit from it. This would potentially involve both education on the technology and how to access it as well as in some cases assistance in obtaining the technology.

⁸ [Connected Nations 2022: Wales report. Ofcom, Dec 2022](#)

⁹ [The Future of Broadcast TV and Radio. Silver Voices, 2023, p30](#)

¹⁰ [Connected Nations Summer Update. Ofcom Sep 2023](#)

¹¹ [Connected Nations Summer Update. Ofcom Sep 2023](#)

¹² <https://www.cable.co.uk/broadband/guides/broadband-streaming/>. Accessed 14 Nov 2023

¹³ See: <https://cleanfeed.thetvroom.com/19700/news/sky-confirms-wider-switch-off-of-sd-channels-coming-in-2024/>. Accessed 6 Dec 2024

¹⁴ [Connected Nations 2022: Wales report. Ofcom, Dec 2022](#)

21. If Ofcom is able to make any recommendations based on a wider public policy approach, it would be worth noting that it might accelerate the level of online take-up if more public services are easily available online in a user-friendly way and this should be borne in mind when looking at levels of investment in such services.
22. The switch off from analogue to DTT involved a wide-ranging programme to educate audiences and adjust/and or provide technology to enable them to access it. A DTT switch-off, were it to take place, would need in our view an exerciser on a similarly ambitious scale.

Q4. In what ways might different types of 'hybrid' terrestrial and internet services deliver benefits for audiences and what risks may arise?

23. As the Call to Evidence notes, we are already seeing a fragmented approach to consuming media services and content. This is causing increased costs to PSBs as they need to be across all platforms and devices and therefore adapt or create services and content in order to best serve the audiences using them. A good example is the case of S4C, where the independent review of 2018 acknowledged the need, highlighted by S4C itself, to be a 'public service media provider' and to be given the license to operate all platforms rather than just operate a linear TV channel. The Media Bill is currently progressing through Parliament and will give S4C the power to do this. In the last TV Licence Fee settlement, the government agreed for S4C to receive additional funding to enable it to invest in operating on digital platforms.
24. Hybrid models are also being suggested in the discussion around the future of the TV Licence Fee and, were that funding model to be changed, how the BBC could be financed going into the future. One model being suggested is that the BBC goes partly to a subscription-based model. The risk here is that this will create a 'two-tier' BBC which again goes against the spirit of universal access.
25. In terms of wider risks, there are also privacy issues with TV over IP – consumption of DTT is anonymous whereas each user's IP address is unique and can therefore be used to track their habits. Currently a DTT viewer can make a choice as to whether they wish to use IP but in the absence of DTT they will be forced into a less private space.

Q5. Given the sharing of infrastructure, what would the implications for other sectors be if there was a change to the use of digital terrestrial television (DTT)?

26. Ofcom also rightly acknowledges that there are other creative industry activities which makes use of the DTT spectrum, for example providing wireless mics at music and other events. Some of these events are of course televised and so there is a direct link to the future effective use of such technology by our members. This technology is used throughout the UK on a daily basis and it is essential that any strategy on the future use of DTT spectrum bears this in mind and that it is not removed until such time as there is a technically viable and cost-effective alternative.
27. It is also important to consider the need for broadcast at times of natural disaster or state attack, when internet connectivity may fail due to damage to the infrastructure.

Q6. What coordination and planning across the value chain might be necessary to secure good outcomes for audiences and key providers over the long term?

28. While we recognise that Ofcom has been asked to look at the practical elements of future TV distribution, we believe it is not a question which can be looked at in isolation. It is important that Ofcom's advice to Government includes an acknowledgement of how it will relate to the future provision of public service television in the UK. We believe the social and cultural aspects of PSB in the UK remain strong and therefore any consideration of the technology used to distribution it must take into account what the definition and aims of PSB will be going forward and whether it achieves these aims. This includes audiences' ability to access objective and impartial news and to be able to identify it as such.
29. This is particularly important given the increased use of AI by ISPs to predict audiences' views and habits and construct their choices around them – we are already seeing ISPs in the US point people towards news sources on the left or right of the political spectrum according to a perception of their views on certain issues. There is also the move by some manufacturers, such as Samsung, to create more bespoke environments which again needs to be future-proofed so as not to exclude or demote UK PSB.
30. It also includes being able to access content in indigenous minority languages such as Welsh. While Netflix has picked up a Welsh-language drama series and there is some Welsh language provided elsewhere, it is no substitute to the variety of content provided in Welsh by S4C and BBC Radio Cymru.
31. For example the principle of universality remains in our view at the heart of PSB. In the event of a full move to IP, Ofcom and the Government must consider how this will impinge upon the ability of PSB providers to continue to provide content free at the point of use and which is not effectively controlled by 'gatekeepers' in the form of the privately owned global ISPs and platforms.
32. TAC has welcomed the decision by Government, on Ofcom's recommendation, to introduce new legislation to ensure prominence of UK PSB services on smart TVs and digital TV platforms.
33. A similar approach would need to be taken to any further move towards protecting other means of distribution, although in this case much earlier in the process. We have seen with the Media Bill that it can take time for such legislation to be introduced and therefore there needs to be swifter action in future scenarios where further legislation is required.