

UNITED FOR LOCAL TELEVISION

OFFICIAL POLICY STATEMENT

SUMMARISING THE CASE FOR “CHANNEL 6” AS A SIXTH PUBLIC SERVICE NETWORK BROADCASTING FOR AND FROM THE LOCALITIES OF THE UK

United for Local Television proposes that “Channel 6” be launched pre-switchover as a UK-wide federation of local channels, mixing local content with networked public service programming on Freeview.

The sixth channel on Freeview would be a local channel no matter where you live in the UK. The service would be carried using one video stream on an existing ‘PSB’ multiplex but with local programming inserted (using so-called ‘add/drop’ technology) at local transmitter points.

To its credit, Ofcom has analysed the technical case for Channel 6 and agreed that it offers “*the most consistent and convenient solution*” to provide local TV to all Freeview households. However, Ofcom has indicated that the ultimate decision to introduce Channel 6 across the UK lies with the Secretary of State for Culture, Media and Sport.

As Ofcom has recently acknowledged, there is a strong risk of continuing market failure in the provision of local TV. This risk of market failure is the reason why the Government ensured that the power was vested in the Secretary of State personally to introduce a new licensing regime for local TV on Freeview. Members of United for Local Television have previously been assured that the Government intends to use the provisions, set out in Section 244 of the CA03, to licence local TV.

United for Local Television proposes that every part of the UK would have a different Channel 6, separately licensed. The main characteristics of the proposed new free-to-air service are that it would be:

- an explicit public service channel, with a core commitment to local news and current affairs – as well as dedicated programming for the UK’s nations and regions;
- promote local production, participation and active citizenship, supporting voluntary organisations and providing airtime to community media; and
- enhance TV advertising and promotional opportunities for local businesses and public bodies.

In addition, a new Channel 6 network could further maximise total economic value including societal benefits by:

- enhancing the provision of under-served public service content such as UK originated children’s, educational, arts, cultural and religious programming; and
- ending the monopoly of the incumbent ‘PSB’ operators over universal multiplex capacity, enhancing plurality of broadcast outlets in the interests of viewers and advertisers.

United for Local Television intends to play an active role in Ofcom's forthcoming review of Public Service Broadcasting. Although still awaiting the consultation proposals, United for Local Television has expressed concerns regarding Ofcom's tentative proposal for 'direct funding' (through subsidies) rather than 'indirect funding' (through gifted capacity) as the principal source of public support to help establish a new local TV sector in the UK.

To encourage long-term investment in new services, direct funding would have to be committed for the same length of term as indirect funding – say 15 years. No direct funding body could be expected to offer subsidies without approving how these were to be spent. A funding body would have to be certain that any subsidy to a local TV operator would be used to secure suitable Freeview carriage. The funding body would also want to be certain that, at the end of the initial carriage term, it would be possible to enter into a new Freeview carriage agreement in order to avoid the service being lost.

Ultimately, if a publicly funded organisation were to out-bid a commercial service for Freeview multiplex capacity, as a result of direct subsidies, there is a risk this would fall foul of the EU's rules on state aid.

In principle, United for Local Television is not opposed to direct funding to enhance the plurality of public service programming. However, it is difficult to see any practical advantages over indirect funding if the Government aims to develop local broadcasting. There is no reason to conclude that any mechanism for assigning state subsidies to local TV operators would be more transparent and objective than the usual established mechanisms for assigning broadcast licences.

There is no effective functioning market in universal Freeview multiplex capacity. The main public service broadcasters are already granted 'must carry' status on Freeview multiplexes under terms which are regulated. In the absence of similar rights of access for local TV then Ofcom's proposal for direct funding of carriage costs, although intended to be constructive, appears to be of limited value.

The solution to the under-supply of local broadcasting does not lie in the most complex mechanisms but in the simplest and most obvious. One video stream on a 'PSB' multiplex, reserved for local TV, could help transform the lives of hundreds of thousands of citizens – promoting adult education opportunities and local public services, disseminating news and information, encouraging participation, enabling active citizenship and enhancing democratic engagement and public debate.

United for Local Television believes it is important that Ofcom and Government comprehensively review all policy options for local TV as part of the forthcoming review of PSB. This should include rigorous analysis of the case for Channel 6 on a universal multiplex within the 70 per cent of analogue spectrum which the Government has decided to reserve for DTT post-DSO.

It is the view of United for Local Television that no compelling justification has been offered for **not** reserving capacity for local TV in the retained spectrum. Failure to deliver local TV on the UK's most popular TV platform will not only deny access to local content to the widest possible audience – it will also deny the important benefits to local advertisers of being able to gain access to one Freeview channel on reasonable terms.

According to Ofcom's research, those who are most concerned about digital technology are also most enthusiastic about local TV. Channel 6 would provide a positive reason to switchover to even the most ardent 'digital avoiders'.

In an environment where some citizens have access to hundreds of channels, it is even more important that those who rely on a basic tier of free-to-air services are able to benefit from a plurality of broadcast sources, minimising the digital divide.

The market share of the incumbent PSB operators and their sister channels in DTT-only households is around 90 per cent. In its 2007/8 Annual Plan Ofcom committed to complete its review of “**wholesale digital TV platforms**” and “**the rules which promote fair and effective competition in relation to terrestrial multiplexes**”. Both of these reviews have now been suspended.

Eicom plc, operator of the arts and culture based Performance Channel broadcasting on Sky, stated in its 2006 Annual Report:

“The success of the digital terrestrial Freeview platform has cut into the advertising revenues of all digital satellite channels.”

The continued growth of the DTT platform, dominated by the analogue incumbent operators, poses a serious threat to broadcasting plurality and diversity that can only be addressed by opening up this platform to new entrants. In addition to local content, Channel 6 would be able to carry arts, cultural, educational and other public service programming currently denied a terrestrial airing as a result of the virtual monopolisation of Freeview multiplex capacity by the incumbent analogue broadcasters.

Unlike the retained spectrum, any ‘digital dividend’ spectrum used for DTT will not have a universal service obligation enshrined in its licence terms. It is therefore of fundamental importance that Ofcom engages in a real and meaningful debate about the best use of universal multiplex capacity, rather than lazily assigning it all to the same broadcasters who previously monopolised analogue terrestrial spectrum. This debate should include extensive stakeholder discussions with local authorities and other public bodies not previously invited to participate in Ofcom’s stakeholder briefings.

Only after full and thorough consultation can Ofcom reach a conclusion on the best use of the UK’s most valuable spectrum. The incumbent PSB operators currently only offer marginalised local content on the outskirts of their schedules, if at all. The most effective tool to enhance the supply of local content on the Freeview platform is to implement the Government’s long standing proposal to licence a new tier of local TV services on Freeview as planned in section 244 of the Communications Act 2003.

United for Local Television

Statement signed on behalf of:

Local Television / Restricted Service Licence (RSL) holders:

- Capital TV, Media4Creative (1 RSL – Cardiff)
- MATV, Midlands Asian Television (1 RSL – Leicester, Virgin and Sky)
- SIX TV, Milestone Group (5 RSLs – Oxford, Fawley, Southampton, Portsmouth and Reading)
- York TV and Norwich TV, EBS Newmedia (2 RSLs – York and Norwich)
- Northern Visions/NvTv (1 RSL – Belfast)

Community and Local TV Operators and Campaigners:

- Chris Booth, Association of Community Television Operators (ACTO)
- Dave Rushton, Institute of Local Television
- Graeme Campbell, Mimir-Rushes, Fife and Media Access Projects Scotland
- Peter Williams, Peter Williams Television Ltd
- Nic Millington, Rural Media Company, West Midlands
- Phil Shepherd, Somerset Film
- Chris Haydon, Southwark TV & Community TV Trust
- Murray Dawson, Station House Media Unit, Aberdeen

Public Voice Coalition Members:

- Association of Chief Executives for Voluntary Organisations
- Broadcasting Support Services
- Community Media Association
- CSV (Community Service Volunteers)
- Media Trust
- IBT (International Broadcasting Trust)
- National Council for Voluntary Organisations
- Timebank