

Response to Digital UK (“DUK”) Consultation on proposals for the reorganisation of the DTT LCN listing and on changes to DUK’s LCN Policy dated 18 October 2016 (the “Consultation”) on behalf of ITV, ITV HD, ITV+1, ITV2, ITV2+1, ITVBe, ITVBe+1, ITV3, ITV3+1, ITV4, ITV4+1 and CITV (“ITV Channels”)

Introduction

ITV Broadcasting Limited (“ITV” or “we”), on behalf of each of the ITV Channels on the DTT platform, recognises DUK’s objective of developing its listings and applying the LCN Policy for the long-term benefit of the DTT platform, in the interests of viewers and in accordance with the fair, reasonable and non-discriminatory requirements of the Ofcom EPG Code.

With the above objective in mind, ITV broadly supports the proposals set out in the Consultation (save as otherwise set out in this Response) and welcomes the opportunity to respond to each of the questions set out in the Consultation.

Response to Consultation Questions

Proposals to reorder the LCN listing

1. Do you believe that Option A would be a suitable new LCN listing structure for the DTT Platform?

Yes: Option A would be a suitable new LCN listing structure.

2. Do you believe that Option B would be a suitable new LCN listing structure for the DTT Platform?

Yes, however Option B misses the opportunity to provide additional consumer protection when the LCN listing is reordered.

3. Do you have a preference for one option over the other?

Our preference is Option A, as it best meets DUK’s policy objectives. This is due to the additional consumer protection, which it provides by increasing the distance between the Children’s and Adult genres and by placing the Adult genre behind any IP-delivered children’s services.

4. Do you have any other comments on Digital UK’s proposed changes to the LCN listing?

We have no further comments.

5. Do you agree with Digital UK’s proposed approach to the timing of any changes?

Yes, we agree with the proposed timings.

Proposals to revise the LCN Policy

Proposed amendments to rules concerning the allocation of LCNs

6. Do you agree with Digital UK’s proposals regarding minimum broadcast hours?

Yes, we agree with these proposals.

7. Do you agree with Digital UK's proposed new launch process and timings?

Yes, we agree with these proposals. They will help DUK to meet its LCN Policy objective of allocating and managing LCNs efficiently.

8. Do you agree with Digital UK's proposed approach to LCN sharing?

Yes, this will help DUK to meet its LCN Policy objective of allocating and managing LCNs efficiently.

Proposed changes to rules that govern channel moves and changes

9. Do you agree with Digital UK's definition of 'common control'?

Yes, we agree with this definition.

10. Do you agree with Digital UK's proposal regarding the 'public service rule'?

Yes, we agree with this clarification.

11. Do you agree with Digital UK's proposal regarding the 'associated channels rule'?

Yes, we agree that the current rule should be retained and that any change should be considered alongside any reform to Stage 3 of the vacated LCN rules.

12. We would welcome stakeholders' views on the options for Stage 3 of the vacated LCN rules.

We agree with DUK's assessment of a beauty contest. It would not be an option which we support, due to the anticipated high administrative burden for both DUK and applicants.

While the transactional model is more attractive in being completely objective and allowing the market to determine the best use of a vacated LCN, there will be a degree of additional administrative burden. It would be good to understand what additional burden will be placed on DUK. In order to consider the transactional model more fully, we will need to understand how the auction process would work in practice and how the risks identified by DUK would be mitigated. We would welcome exploring this through a specific consultation, as proposed by DUK. This consultation would present a choice between an auction and the status quo for Stage 3 of the vacated LCN rules.

We agree that a 'shuffle up' can be disruptive to viewers, listeners and channel providers, so should be used as a last resort.

13. Do you agree with Digital UK's proposed timeline for channels to complete an LCN move following an allocation under the vacated channel rules?

Yes, we agree with this proposed timeline, as it is consistent with the timeline for channel launches.

14. Do you agree with Digital UK's proposals to amend the rules around channel providers reordering channels within their channel portfolio?

We agree with DUK's proposals in the following areas of the Consultation document:

- Eligibility to reorder channels and emphasis of the rules
- Number of applications per year and timing of changes
- Reordering channels before launch
- Reordering channels and then leaving the platform

However, we have concerns relating to the proposal to allow the reordering of public service channels (see below).

15. We welcome stakeholder views on whether public service channels should be permitted to reorder the channels they control within a genre.

We do not support extending the channel reordering rule to include public service channels and choose to have the status quo maintained.

We consider that the BBC already has substantial advantages as a result of the current LCN Policy, given that it enjoys prominence for all of its channels, not only in relation to launching at the best-available LCN, but also then having priority to move up the listing when vacated LCNs become available. No other channel portfolio enjoys these benefits, though they do, by contrast, have the freedom to swap LCNs amongst their channels.

We object to a change in the channel reordering rule as it would give all of the BBC's channels two opportunities to improve the prominence of its services over time, whereas its competitors in the commercial sector essentially have one. The overall result could be an increased transfer of share of viewing from the commercial TV sector to the BBC. This could reduce the revenue available for the commercial sector, lessening the effectiveness of competition to the BBC. We are not convinced, taking a broad view of the interests of the platform, that such an outcome would be beneficial overall for viewers.

The DTT platform has to balance the interests of commercial and public service channels (albeit within the overall prominence rules) and ensure that the platform remains attractive to both sets of players, so as to provide the greatest range of services and, hence, the biggest choice for viewers. This is the key to the future success of the platform, as it has been in the past. We believe that the status quo in relation to swapping of public service channels best strikes this balance.

16. Do you agree with Digital UK's proposals around channels changing their name and/or content?

Yes, we agree with these proposals.

17. Do you agree with Digital UK's proposal to retain but re-word the 'shuffle-up' rule?

Yes, we agree with this proposal.

Policy clarifications

18. Do you agree with Digital UK's proposals around the treatment of streamed services?
Yes, we agree with these proposals.

Moreover, we would like to voice our concerns relating to hybrid DTT/IP-delivered services, in particular, those which use IP to deliver the channel (in addition to DTT), rather than those which use IP to deliver supplementary content (i.e. separate to the channel). While DUK does not propose to introduce any further rules regarding such hybrid services, we would question whether it is appropriate to list services in DTT genre areas when less than 50% of the channel's broadcast hours are delivered via DTT.

Streamed services are listed in their own genre - currently LCNs 225-299 - for a number of reasons, including: to avoid viewers having to scroll through channels which they cannot receive (streamed channels work only on connected devices); and to not interleave channels which have guaranteed reliability / quality (via DTT) with those which do not (via IP, which relies on the broadband connection). Interleaving hybrid DTT/IP-delivered with DTT channels goes against this logic, creating an inconsistent experience for the viewer and could allow channel providers to game the system: broadcasting the minimum of two hours via DTT and the remainder via IP, in order to secure an LCN in the 1-199 range, rather than 260-299 range (ranges as per Option A).

19. Do you have any comments on the proposed new wording and structure of the LCN Policy, aside from issues you have mentioned in response to other consultation questions?
We have no further comments.