



UKTV consultation response

DIGITAL UK

**Reorganisation of the DTT LCN listing and changes to
Digital UK's LCN Policy Consultation**

6 January 2016



About UKTV

(press.uktv.co.uk / [@UKTV_Press](https://twitter.com/UKTV_Press) / corporate.uktv.co.uk)

UKTV is the multi-award winning media company that reaches over 42 million viewers per month.

UKTV's eleven imaginative brands – W, Dave, Gold, Alibi, Eden, Yesterday, Drama, Really, Home, Good Food and UKTV Play - include the most watched non-PSB channel, the most watched channel in the Factual genre and the most watched channels in the Lifestyle genre (Pay and Free).

UKTV has a truly innovative model, curating brand-defining commissions, high-profile acquisitions and the very best of BBC and Channel 4 content, and embracing technology to deliver inspired channels to audiences through Freeview, Sky, Virgin Media, BT TV, TalkTalk, YouView, iOS and PC. The network distributes its highly valued programmes to 200 territories around the world.

Now celebrating its 24th year at the forefront of digital television, UKTV - an independent commercial joint venture between BBC Worldwide and Scripps Networks Interactive, Inc. (SNI) - is proud to be the only British broadcaster to be recognised by Best Companies.

This response represents the views of UKTV, and should not be assumed to reflect of the views of its shareholders.



UKTV Consultation Response

Digital UK

Reorganisation of the DTT LCN list and changes to Digital UK's LCN Policy consultation

UKTV welcomes the opportunity to respond to Digital UK's consultation on the LCN policy.

UKTV agrees with the principle of the recast of the DUK LCN policy to make it simpler and to consider ease of navigation by viewers. It is important in any review or change to balance the value to broadcasters of their EPG positions.

Following the reorganisation of the DTT LCN listing and adoption of changes to the LCN Policy, DUK should not fail to recognise the importance of stability across the DTT platform and the EPG genres to channel providers from an investment perspective if they are to continue to make high quality content available on the platform.

Question 1: Do you believe that Option A would be a suitable new LCN listing structure for the DTT platform?

UKTV believes that Option A would be a more suitable new LCN listing structure for the DTT platform as it puts a greater distance between the children's genre and the adult genre as this will strengthen consumer protection measures and provide a better viewer experience.

Question 2: Do you believe that Option B would be a suitable new LCN listing structure for the DTT platform?

No, please see response to Question 1.

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

UKTV believes that Option A would be a more suitable new LCN listing structure for the DTT platform as it puts a greater distance between the children's genre and the adult genre as this will strengthen consumer protection measures and provide a better viewer experience.

Question 4: Do you have any other comments on Digital UK's proposed changes to the LCN listing?

No comment.

Question 5: Do you agree with Digital UK's proposed approach to the timing of any changes?

No comment.

Question 6: Do you agree with the proposal to introduce a minimum number of broadcast hours?

DUK's LCN policy did not previously include a minimum number of broadcast hours. DUK is proposing to rectify this in the revised LCN policy to include a minimum of two (2) broadcast per day or 14 hours per



week. UKTV agrees with this proposal. In an increasingly competitive market it is important both to broadcasters and DUK alike that the DTT platform offers a strong viewer experience. Imposing a minimum number of broadcast hours for channels should improve the overall viewer experience of the DTT platform by eliminating those channels who broadcast for less than the minimum number of hours.

Question 7: Do you agree with the proposed new channel launch process and timings?

UKTV is familiar with the process of launching new television channels on a range of platforms and understands the complexities involved with the process. The planning and launching of a new channel on any platform can take considerable time. In light of this UKTV is concerned that DUK is proposing to truncate the channel launch timeline. In particular, UKTV is perturbed that the proposal to revise the channel launch process so the earliest a channel provider can apply for an LCN position is 8 weeks before the intended channel launch date, reduced from 12 weeks before the intended launch date, will not provide sufficient time for the channel provider to prepare fully for the launch of a channel. UKTV believes that rather than reducing the period within which a channel provider can apply for an LCN position, the minimum period within which a channel provider can apply for an LCN position should be at least 12 weeks before the intended channel launch date. A channel provider should be permitted a minimum of 12 weeks to launch a channel after the intended launch date, rather than reducing this period to 8 weeks. UKTV also suggests that DUK confirms the LCN position to a channel provider as early as possible in the channel launch process. This would be helpful in the business planning process.

UKTV acknowledges that it is important for a channel provider to obtain certainty over the LCN position as early as possible in the launch process as this can fundamentally change the economics of a channel, however, having less time to launch a channel may impact marketing, negotiating and acquiring mux capacity and/or other factors associated with a channel launch.

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

No comment.

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

UKTV agrees with the definition of 'common control' in the revised LCN Policy. UKTV takes the view that it is not only sensible to define what is meant by 'common control' within the LCN policy so there is no ambiguity, but also basing the definition on the definitions of 'subsidiary' and 'holding company' in S1159 of the Companies Act 2006 is prudent as it is a widely used definition of 'common control'.

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

UKTV agrees with the proposal to retain the 'public service rule' and clarify it so it is explicit that where more than one public service channel is located at a higher LCN the vacant LCN will be offered to the public service channel nearest to the vacant LCN, then the next nearest and so on until it has been offered to all public service channels at higher LCNs within the genre. UKTV does however caveat its agreement to Digital UK's proposal regarding the 'public service rule' with the proviso that Digital UK's reference to the public service broadcasters means only channels 1 to 5 and not their associated spin off and/or digital channels.



Question 11: Do you agree with Digital UK’s proposal regarding ‘associated channels rule’?

UKTV agrees with the proposal to retain the ‘associated channels rule’ as this rule is transparent and provides all parties with certainty. However, UKTV neither agrees with the proposal to assess stage 2 alongside any reform to Stage 3 as suggested (see response to question 12, below) nor to limiting the application of stage 2 to two positions either side of the vacated LCN. Rather, UKTV suggests that DUK should retain the application of stage 2 to five (5) channels either side of the vacated LCN. Retaining this element of the associated channels rule and not revising stage 3, as suggested, is an objective approach to filling a vacant LCN and would provide channel providers with increased certainty. Certainty is important in the market and enables channel providers to make investment decisions.

Question 12: We would welcome stakeholder’s views on the options for Stage 3 of the vacated LCN rules?

UKTV does not agree with either Option A or Option B. The proposals are too vague and there is no transparency for channel providers. It is important that any allocation has as few opportunities as possible for subjective assessment and that it is a clear transparent and objective process. A beauty parade, by its very nature does not lend itself to this. An auction process provides considerable uncertainty.

UKTV suggests that if a channel LCN still remains vacant after stage 2, the associated channel rule, has been completed to five channels either side of the vacant LCN (as suggested in response to question 11 above), rather than offering the vacant LCN to a new channel provider the shuffle up process should apply.

Question 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?

UKTV considers a period of twelve (12) weeks, rather than eight (8) weeks would be adequate to complete an LCN move following an allocation under the vacated channel rules. UKTV is aware that the planning and purchase of off-air marketing, which a channel provider would require in respect of the marketing of a channel subject to an LCN move, takes some time in practice to secure.

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

UKTV agrees with the proposal to amend the rules around channel providers reordering channels within their channel portfolio which are under common control and in the same genre. For further clarity UKTV suggests that it would be prudent for DUK to confirm in the revised LCN policy that if a channel provider were to re-order all of the channels in its portfolio in the same genre this would count towards only one of the channel reorders permitted within any 12-month rolling period.

UKTV does not agree with the proposal that DUK can prevent a channel provider re-ordering its channels if DUK believes the proposed changes are not in the best interest of viewers and listeners and/or the platform. This is a subjective process and does not provide channel providers with the certainty they need in order to invest in the platform. If DUK does not agree with the proposed changes it should enter into correspondence with the channel provider to discuss its concerns about the proposed channel re-order and agree solutions if required.



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

UKTV suggests the same rules which apply to non-public service channel providers in respect of re-ordering channel portfolio should also apply to public service channel providers with the exception that the public service channels in LCN positions 1 to 5 are excluded from any channel re-order. UKTV agrees with the proposal not to permit a public service channel swapping with a non-public service channel in the channel provider's portfolio.

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

Digital UK proposes that a channel provider may only submit one request to change a channel name in a rolling 12-month period. If a channel provider were to change a channel name on a temporary basis, for instance for the purpose of a seasonal pop-up (e.g. Christmas Gold) a channel provider would want to change the name of the channel back at the end of the relevant season. This would amount to two name changes within a 12-month period. UKTV suggests that seasonal pop-up channel name changes are excluded and should not be considered as a formal name change within the rolling 12-month period as the change will be for a limited season.

Digital UK proposes that it will move a channel to a different genre if it thinks a channel has changed such that it would be more appropriate for it to appear in that genre. To move a channel without entering into any consultation with the channel provider could have a significant impact on the channel provider, the channel and its audience. Indeed, a DTT viewer would be confused by such a move if it had not been forewarned by associated marketing. Digital UK should, therefore, enter into discussions with the channel provider prior to making any decision to move a channel. As part of the discussion process Digital UK could set achievable criteria which a channel provider would be required to meet if it is to remain in its current genre.

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

UKTV agrees with this proposal.

Question 18: Do you agree with Digital UK's proposals around the treatment of streamed services?

UKTV agrees with DUK's proposal that children's and adult streamed services will be allocated an LCN within their relevant content genres. In relation to the content genres, please see UKTV's response to questions 1 to 4 above.

Question 19: Do you have any comments on the proposed new wording and structure of the LCN Policy, aside from issues you have mentioned in respect to other consultation questions?

No comment.