



# Consultation on revised rules on the allocation of LCNs to public service channels

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# 1 Executive Summary

## 1.1 About Digital UK and Freeview

Digital UK leads the development of Freeview, the nation's most widely used television platform. Our goal is to create the best free TV service, both live and on-demand.

Freeview is the biggest TV platform in the UK, used in 18 million homes, giving viewers access to the country's most popular TV shows, for free. Its connected TV service, Freeview Play, brings together the best of the UK's free content, live and on-demand from BBC iPlayer, ITV Hub, All 4, STV Player, Demand 5, UKTV Play, CBS Catchup Channels UK and Horror Bites. The service is available on the majority of smart TVs sold in the UK and with over 20,000 hours of on-demand content, has quickly become a 'must-have' feature for consumers. In 2019, Freeview launched its mobile app for smartphones and tablets giving viewers access to the country's most watched television programmes all in one place, on the go.

In a world of changing viewing behaviour and increasing online delivery, Freeview is the only major TV platform in the UK that is growing its user base. Offering viewers a compelling foundational TV service on to which OTT services can be added, the platform plays a critical role in delivering consumer choice and supporting the UK's broadcasters by driving share and prominence. The principle of ensuring universal and free access to the best of the nation's content for all UK viewers continues to drive Freeview's evolution in a changing media landscape.

The Freeview platform is managed by Digital UK Ltd and DTV Services Ltd. The companies have four common shareholders – BBC, ITV, Channel 4 and Arqiva – and Sky is a shareholder in DTV Services Ltd.

Digital UK holds Ofcom licences to provide an Electronic Programme Guide ('EPG'). Its listing of logical channel numbers ('LCNs') and its LCN Policy ('the LCN Policy') both conform to the requirements of the Communications Act 2003 and Ofcom's Code of Practice on Electronic Programme Guides (the 'Ofcom EPG Code').

The Digital UK LCN listing is used by Freeview, Freeview Play, BT TV, TalkTalk TV, YouView, EE TV and Now TV.

## 1.2 Prominence requirements of the Ofcom EPG Code

In July 2019, Ofcom published a statement on changes to the EPG Code. The statement set out minimum levels of prominence for public service broadcaster ('PSB') channels, which must be in place by 4 January 2021.

Digital UK's channel listing already meets each of these obligations, except one: BBC Four must be in the first 24 LCNs. In our listing, BBC Four is at LCN 9 in every part of the UK except Scotland, where LCN 9 is allocated to BBC Scotland and BBC Four is currently at LCN 68.

We are aware that the BBC is currently examining options for the return of BBC Three as a linear channel, which would also require an LCN. However, at this time we do not know whether or when BBC Three will return, nor what Ofcom's prominence requirements would be in relation to that channel. This consultation covers general principles for how we would allocate LCNs to any new PSB channels that might require a prominent slot in the future.

### 1.3 Proposed changes to the LCN Policy

Section 5.1 of the LCN Policy explains how we allocate LCNs to PSBs:

*“Public service channels will generally be assigned the lowest available vacant LCN within their relevant genre”<sup>1</sup>.*

Digital UK believes that this section is no longer fit for purpose, now that Ofcom specifies a minimum level of prominence that must be given to any particular PSB.

We propose to revise Section 5.1, to the following:

*“Public service channels will at the very least be assigned an LCN in accordance with any prominence obligations specified by Ofcom. If there is one or more vacant LCN within their relevant genre at a lower position than that specified by Ofcom, then the lowest vacant LCN will be assigned.*

*In cases where there is no suitable slot available for a public service channel to meet any prominence obligations specified by Ofcom, Digital UK will normally create a slot by requiring the channel that is currently in the slot required for the public service channel, and all channels in higher LCNs, to move up by one LCN each. If there is a vacant LCN between the slot required by the PSB and the last channel in the genre, then only channels between the slot required and the vacant LCN will be moved.*

*If Digital UK considers in any particular case that one or more other methods of creating a suitable slot for a public service channel may be appropriate, Digital UK will issue a consultation under section 8 of this Policy on the options under consideration and decide which method to adopt in the light of the responses received.*

*Where no prominence obligations are specified by Ofcom, public service channels will be assigned the lowest available vacant LCN within their relevant genre.<sup>2</sup>”*

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<sup>1</sup> It continues “(unless Sections 5.10 and/or 5.12 apply)” – these sections refer to channels which broadcast to distinct areas of the UK sharing an LCN.

<sup>2</sup> As above, we will add “(unless sections 5.10 and/or 5.12 apply)”.

## 1.4 Proposal to create a slot for BBC Four in Scotland at LCN 24

We propose to use the method in the revised Section 5.1 in order to create a slot for BBC Four in Scotland at LCN 24, as required by Ofcom.

BBC Four is currently allocated LCN 68 in Scotland. Assuming no vacancy arises at a lower LCN before 4 November 2020, then in order to create a slot at LCN 24 for BBC Four in Scotland, every channel from LCN 24 to LCN 67 inclusive (i.e. 44 channels in total) would move up by one slot in the whole of the UK.

Digital UK proposes to publish a statement in September 2020, amending the LCN Policy as per Paragraph 1.3 above, and giving notice to those channels that would be required to change their LCN.

We propose that the LCN changes should take place in early November 2020; this would give channels the maximum amount of notice whilst avoiding the Christmas period.

Digital UK, working with Freeview, will co-ordinate the technical changes and provide support through a national retune campaign. Activity will include a combination of on-screen retune messages, provision of information on the Freeview website, online advertising, social media activity, and troubleshooting advice via a team of agents at the Freeview Advice Line.

We will work closely with the channel providers affected on how they can also inform their viewers, and we will ensure that all channel-led activity is co-ordinated with the wider campaign.

## 1.5 Timetable and next steps

We encourage responses from all stakeholders in the DTT platform; particularly channel providers, multiplex operators, TV platforms that would be affected by the proposals, consumer groups, and viewers and listeners. All responses should reach Digital UK by 17:00 on **29 July 2020**. Paragraph 5 of this document provides details on how to respond.

## 2 Background

### 2.1 Prominence requirements of the Ofcom EPG Code

In July 2019, Ofcom published a statement on changes to the EPG Code. The statement set out minimum levels of prominence for public service broadcaster ('PSB') channels, which must be in place by 4 January 2021.

Significantly, the revised EPG Code requires BBC One, BBC Two, Channel 3 licensees, Channel 4/S4C and Channel 5 to be allocated LCNs 1-5. Previously, television platforms had discretion over which LCNs to allocate to these services. In practice, platforms have exercised their discretion by allocating LCNs 1-5 in line with viewer expectations, but these positions are now guaranteed by regulation.

For the other PSBs, Ofcom has set a minimal threshold for prominence, but continues to permit a degree of discretion.

Channel	Obligation
BBC One, BBC Two, Channel 3 licensees, Channel 4 and Channel 5	Slot position 1-5
S4C and Channel 4 on EPGs specific to Wales	S4C in slot position 4 in Wales & Channel 4 within first 8 slots
BBC Four; BBC Scotland and BBC Alba in Scotland; and S4C on UK-wide EPGs	Within first 24 slots
BBC Children's channels – CBBC and CBeebies	Within first 8 slots of children's section
BBC News & BBC Parliament	Within first 8 slots of news section
Local TV services	Within first 24 slots on digital terrestrial television only

**Figure 1: Ofcom's minimum levels of prominence for PSB channels from 4 January 2021**

Digital UK's channel listing already meets each of these obligations, except one: BBC Four must be in the first 24 LCNs. In our listing, BBC Four is at LCN 9 in every part of the UK except Scotland, where LCN 9 is allocated to BBC Scotland and BBC Four is currently at LCN 68. Note that BBC Scotland is also required to be in the first 24 LCNs, and it would therefore not be an option to swap BBC Four in Scotland with BBC Scotland.

We are aware that the BBC is currently examining options for the return of BBC Three as a linear channel, which would also require an LCN. However, at this time we do not know whether or when BBC Three will return, nor what Ofcom's prominence requirements would be in relation to that channel. This consultation covers general principles for how we would allocate LCNs to any new PSB channels that might require a prominent slot in the future.

## 2.2 LCN Policy rules on allocation of LCNs to PSB channels

Section 5.1 of the LCN Policy explains how we currently allocate LCNs to PSBs:

*“Public service channels will generally be assigned the lowest available vacant LCN within their relevant genre”<sup>3</sup>.*

Section 5.6 states that, when an LCN is vacated, it will in the first instance be offered to a PSB in a higher LCN within the genre.

## 2.3 BBC Four in Scotland

BBC Four launched in 2002 and was allocated LCN 9.

In February 2019, the BBC launched BBC Scotland, which was allocated LCN 82, which was the lowest available vacant LCN within the General Entertainment genre, in accordance with Section 5.1 of the LCN Policy. The BBC chose to reorder its LCN allocations (as permitted under Sections 6.1 and 6.2 of the LCN Policy) so that, at the point that BBC Scotland launched, BBC Scotland was at LCN 9 in Scotland, and BBC Four – in Scotland only – moved to LCN 82. BBC Four remained at LCN 9 in the rest of the UK.

In accordance with Section 5.6 of the LCN Policy, BBC Four in Scotland was eligible to move into more prominent slots as and when they were vacated. This happened twice: in August 2019, LCN 75 was vacated and BBC Four in Scotland moved into that LCN; and in October 2019, LCN 68 became available, and therefore BBC Four in Scotland moved again.

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<sup>3</sup> It continues “(unless Sections 5.10 and/or 5.12 apply)” – these sections refer to channels which broadcast to distinct areas of the UK sharing an LCN.



## 3 Proposal for changes to the LCN Policy

### 3.1 Current rules on allocating LCNs to PSBs

Section 5.1 of the LCN Policy explains how we allocate LCNs to PSBs:

*“Public service channels will generally be assigned the lowest available vacant LCN within their relevant genre”<sup>4</sup>.*

Digital UK believes that this section is no longer fit for purpose, now that Ofcom specifies a minimum level of prominence that must be given to any particular PSB. For example, if a new PSB were to launch in the General Entertainment genre, and Ofcom were to oblige EPG operators to allocate it a slot in the first 24 slots in the genre, but the lowest available vacant LCN was 94, then Section 5.1 would be in conflict with the Ofcom EPG Code.

### 3.2 Proposed amendment to the principle of allocating LCNs to PSBs

We propose to revise the rule governing allocation of LCNs to PSBs, so that public service channels will generally be assigned the lowest available vacant LCN with their relevant genre and will at the very least be assigned an LCN in accordance with any prominence obligations specified by Ofcom. Where no such obligations are specified, public service channels will be assigned the lowest available vacant LCN within their relevant genre.

### 3.3 Proposed method for creating slots as required for PSBs

Digital UK believes that the LCN Policy should set out the default method that will be used to create a slot, in the event that Ofcom requires a PSB to be allocated a slot where there is no vacant LCN. If, however, Digital UK considers in a particular case that one or more other methods might be more appropriate because, for example, they would result in less disruption to viewers and channels, Digital UK would retain the ability to consult on the various possible options to create a slot for a PSB.

#### 3.3.1 Criteria for assessing potential methods

In order to meet Digital UK's obligations under the Ofcom EPG Code, we consider that the default method adopted should:

- So far as possible, minimise disruption to viewers and channels
- Not have a disproportionate impact on any particular channels, or categories of channels

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<sup>4</sup> It continues “(unless Sections 5.10 and/or 5.12 apply)” – these sections refer to channels which broadcast to distinct areas of the UK sharing an LCN.

- Be suitable for future use, in the event that a new PSB is launched (or an existing non-PSB channel is designated as a PSB) and Ofcom obliges us to allocate a prominent slot for that PSB where there is no vacant LCN
- Be objective

The method we select should also be capable of being implemented in sufficient time to allow us to create a slot for BBC Four in the first 24 LCNs before 4 January 2021, as per Ofcom's requirements.

### 3.3.2 Possible methods to create a slot for a PSB

Absent special circumstances (for example, the possibility of a non-PSB channel being willing to vacate an appropriately prominent channel in favour of a PSB or a more general re-organisation of the LCN listing), Digital UK considers that the only generally applicable method of creating an appropriately prominent slot for a PSB that accords with the principles set out above, is to require all the channels on higher LCNs than the LCN to be vacated to move up by one slot until any gap in the LCN listing is reached.<sup>5</sup> This approach has the advantage of being relatively simple to implement as a one-off change. Further, it would not have any impact on any of the affected channels' relative prominence, save in so far as the PSB channel in question would be given greater prominence.

Digital UK therefore proposes that in principle this should be the default method of creating an appropriately prominent LCN for a PSB. However, when applying this method, it is also necessary to consider whether to do so across the UK as a whole or only in certain nations of the UK, as discussed further below.

#### **Moving channels up<sup>6</sup> by one slot each in certain nations only**

Sometimes, PSBs serve only one nation of the UK. In theory, therefore, we could choose to create a slot only in the particular nation served by the PSB.

This could mean, for example, that Sony Movies might be on LCN 33 in Scotland but LCN 32 in the rest of the UK.

Whilst this method has some benefits in terms of minimising disruption to the LCN position of channels in the rest of the UK, this would come at the expense of introducing more discrepancies between the channel listing in different nations of the UK. Digital UK does not believe that this would be in the best interests of viewers, channels or the platform. Such discrepancies would, we believe, make it more difficult for channels to market their channel number, more difficult for TV platforms using the Digital UK channel listing on a UK-wide

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<sup>5</sup> For example, if we wanted to create a slot at LCN 24, and there was a vacancy at LCN 68, then the channels between LCN 24 and LCN 67 would move, but channels at LCN 69 and above would not move.

<sup>6</sup> Digital UK uses the term 'lower LCNs' to refer to lower channel numbers, i.e. smaller numbers which appear closer to the beginning of the LCN list. 'Higher LCNs' refers to larger channel numbers which are further away from number 1 in the channel list. Consequently, 'up' here means moving to a higher LCN, i.e. a larger channel number which is further away from number 1 in the channel list.

basis to inform viewers about how to find certain channels, and consequently more difficult for viewers to discover content.

This method is therefore likely to create undue disruption to viewers, channels and platforms across the UK. Digital UK does not believe this method should be adopted as the default method in the LCN Policy.

### **Moving channels up by one slot each across the whole of the UK**

Alternatively, Digital UK might create a slot for a PSB (whether a UK-wide PSB or a PSB for one of the nations or regions of the UK) by requiring all channels in higher LCNs than the slot to be vacated to move up one slot each (or until any gap in the LCN is reached) across the whole of the UK.

Although this could potentially affect a lot of channels, including channels in nations or regions of the UK that do not receive the PSB channel in question, it would on each occasion be a one-off change affecting the whole of the UK and would avoid the creation of enduring discrepancies in the LCN listing as between nations and regions. It would also as noted above not have any impact on any of the affected channels' relative prominence, save in so far as the PSB channel in question would be given greater prominence.

Digital UK therefore considers that moving channels up by one slot each across the whole of the UK best meets the criteria for assessing potential methods.

Further detail on the impact of this method on viewers and channels is given in Paragraph 4.2 below in the context of the creation of a slot at LCN 24 or below for BBC Four in Scotland.

## **3.4 Proposal**

Digital UK proposes amending Section 5.1 of the LCN Policy, to the following:

*“Public service channels will at the very least be assigned an LCN in accordance with any prominence obligations specified by Ofcom. If there is one or more vacant LCN within their relevant genre at a lower position than that specified by Ofcom, then the lowest vacant LCN will be assigned.*

*In cases where there is no suitable slot available for a public service channel to meet any prominence obligations specified by Ofcom, Digital UK will normally create a slot by requiring the channel that is currently in the slot required for the public service channel, and all channels in higher LCNs, to move up by one LCN each. If there is a vacant LCN between the slot required by the PSB and the last channel in the genre, then only channels between the slot required and the vacant LCN will be moved.*

*If Digital UK considers in any particular case that one or more other methods of creating a suitable slot for a public service channel may be appropriate, Digital UK will issue a consultation under section 8 of this Policy on the options under consideration and decide which method to adopt in the light of the responses received.”*

### 3.5 Consultation question

- Do you agree with Digital UK's proposed amendments to Section 5.1 of the LCN Policy?

## 4 Proposal for applying the revised LCN Policy rules to BBC Four in Scotland

### 4.1 Creating a slot for BBC Four in Scotland

In order to remain compliant with the Ofcom EPG Code, we must move BBC Four in Scotland to a slot within the first 24 LCNs before 4 January 2021.

As explained in Paragraph 3.4 of this consultation document, we propose to amend Section 5.1 of the LCN Policy to create a mechanism for doing so. We would then use that mechanism to move BBC Four in Scotland to LCN 24.

BBC Four is currently allocated LCN 68 in Scotland. Assuming no vacancy arises at a lower LCN, then in order to create a slot at LCN 24 for BBC Four in Scotland, every channel from LCN 24 to LCN 67 inclusive (i.e. 44 channels in total) would move up by one slot.

### 4.2 Impact

#### 4.2.1 On viewers

As a result of the change, LCN 24 would be vacant outside of Scotland. Vacant LCNs do not appear to viewers. Therefore, viewers outside of Scotland who navigate the EPG without memorising LCNs (by using the 'up' and 'down' buttons on their remote controls, or scrolling through the EPG or mini-guide) would find channels in the same position as before, and would therefore not be impacted.

On average, 25% of viewing to channels within LCNs 25-235 begins with viewers entering the exact channel number on their remote control, and the remaining 75% begins with other navigation methods (up and down buttons, scrolling through the mini-guide, or using favourites)<sup>7</sup>.

Therefore, all viewers in Scotland who view the affected channels will need to adjust to finding them in a new position (regardless of how those viewers navigate the EPG). Viewers in the rest of the UK who memorise LCNs to navigate the EPG will need to adjust to a new LCN – this represents about 25% of viewing to the affected channels. However, our research shows that viewers have a high degree of acceptance of and tolerance to LCN changes. Almost all (96%+) of viewers say they would watch their channels just as much if the channel moved within the listing<sup>8</sup>.

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<sup>7</sup> Research report by Critical Research, on behalf of Digital UK, November 2019. Interviews were conducted with a total of 2,038 DTT users in the UK.

<sup>8</sup> Critical Research report, see previous footnote.

While many TV receivers will detect channel changes and adjust accordingly, some equipment will continue to show the channel at its old LCN and will require the viewer to carry out a retune to keep their TV guide up to date. Consumer research carried out on behalf of Digital UK has found that the clear majority of those who have retuned their equipment found it easy. **It is important to note that viewers will not lose access to services if they do not retune, but will continue to see them at their old LCN.**

#### 4.2.2 On channels

Up to 44 channels will be required to move. Those channels could be impacted in the following ways:

- In Scotland, they will have less prominence than at present, as BBC Four in Scotland will be ahead of them. This, however, is an inevitable consequence of Ofcom's decision as to PSB prominence. Outside of Scotland, there would be no impact at all on channels' relative prominence.
- A channel's viewers in Scotland will need to adjust to finding them in a new position (regardless of how those viewers navigate the EPG). Their viewers in the rest of the UK who memorise LCNs to navigate the EPG will need to adjust to a new LCN – about 25% of viewing to the affected channels begins with the viewer navigating in this way. However, almost all (96%+) of viewers say they would watch their channels just as much if the channel moved within the listing<sup>9</sup>.
- They may need to adjust their marketing to reflect their new LCN.

#### 4.2.3 Assessment of impacts

Digital UK considers that the impacts outlined above are proportionate and reasonable in the context of ensuring that Ofcom's decision as to PSB prominence is fully implemented.

### 4.3 Implementing the changes

Digital UK proposes to publish a statement in September 2020, amending the LCN Policy as per Paragraph 3.4 of this consultation document and giving notice to those channels that would be required to change their LCN.

We propose that the LCN changes should take place in early November 2020; this would give channels the maximum amount of notice whilst avoiding the Christmas period.

One of our LCN Policy objectives is to give channel providers the opportunity to reach viewers and listeners, and one of our guiding principles is to minimise disruption. We recognise that when channels change their LCN allocation, some viewers may need help to find services at their new location and that channel providers need time to prepare for such events.

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<sup>9</sup> Critical Research report, see previous footnote.

Digital UK, working with Freeview, will co-ordinate the technical changes and provide support through a national retune campaign. Activity will include a combination of on-screen retune messages, provision of information on the Freeview website, online advertising, social media activity, and troubleshooting advice via a team of agents at the Freeview Advice Line.

We will work closely with the channel providers affected on how they can also inform their viewers, and we will ensure that all channel-led activity is co-ordinated with the wider campaign.

#### 4.4 Consultation question

- Do you agree with Digital UK's proposed method and implementation plans for creating a slot for BBC Four in the first 24 LCNs?

## 5 Responding to this consultation

We encourage responses from all stakeholders in the DTT platform; particularly channel providers, multiplex operators, TV platforms that would be affected by the proposals, consumer groups, and viewers and listeners.

We will publish all non-confidential responses on our website. Please indicate on your response whether none, some, or all of your response is confidential. In the absence of an indication to the contrary, responses will be treated as non-confidential.

To be considered, a response must reach Digital UK by 17:00 on 29 July 2020, unless Digital UK accepts that mitigating circumstances apply.

Responses should be emailed to **[consultation@digitaluk.co.uk](mailto:consultation@digitaluk.co.uk)**