



Statement on proposals for the Freeview HD genre and on amendments to Digital UK's LCN Policy

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1 Executive Summary

This statement sets out the decisions that Digital UK has made on the matters contained in the 'Consultation on proposals for the Freeview HD genre and on amendments to Digital UK's LCN Policy' published on 8 May 2013, and which closed for responses on 5 June 2013.

The proposals set out in the consultation were intended to provide clarity around LCN (logical channel number) allocation for high-definition channels in anticipation of future growth in the number of HD channels launched on DTT (digital terrestrial television). None of our proposals necessitated any changes to the current LCN of any channel on the DTT platform.

On 16 July 2013 Ofcom announced its decision to award the 600MHz band to Arqiva for temporary DTT multiplexes using DVB-T2/MPEG4 technology. Arqiva confirmed that this licence would enable a significant increase in the number of high-definition channels broadcast on the Freeview platform.

We received 16 responses to the consultation. Where these are not confidential the respondents are listed in Appendix 1 and the responses published on the Digital UK website¹.

1.1 Summary of decisions on the HD genre

Respondents were generally very supportive of high definition on DTT, and several noted the importance of HD for both viewers and the long term competitiveness of the platform.

The responses debated how best to organise HD channels to enhance the attractiveness of the Freeview HD offering and viewing of high-definition channels. There were differing views on whether this objective would be best achieved by grouping all HD services together in the HD genre; or whether it would be best to place high-definition channels within their relevant content genres, and, where possible, substitute the HD channel in place of the SD channel for Freeview HD viewers. Those proposing the former approach argued that creating an HD 'destination' area would help viewers to explore and get the most from the platform's high-definition offering. Those arguing in favour of the integration of HD channels through the listing (some suggesting that this made the concept of a separate HD genre redundant) believed that this would increase the viewing of HD channels. Proponents of both approaches felt that their preferred solution would enhance the HD viewer experience and the overall attractiveness of the DTT platform.

In reaching a decision on the best approach at the present time we have reviewed the consultation responses carefully. We have also taken account of consumer preferences, practical implementation constraints, and the current state of development of HD on DTT.

The majority of respondents to the consultation were in favour of integrating HD channels through the listing and substituting SD channels for their HD variants where possible.

¹Non-confidential responses are available at <http://www.digitaluk.co.uk/industry/Channels/consultations/2013responses>

Similarly, our general principle continues to be that channels should be organised by content type, as we discussed in the 2012 DMOL LCN Consultation. Indeed some respondents to this consultation described the HD genre as a 'technical' genre rather than a content genre and as such something of an anomaly in the DTT channel listing that should be abolished.

In taking account of consumer preferences we observe that the research contained within the consultation document showed that viewers expressed no strong preference on where they would prefer to find the HD channels in the channel listing².

However, since the publication of the consultation document we have conducted further work to understand how an immediate implementation of HD substitution would affect viewers. This has shown that, due to the limited regionality of the current HD channels on the platform, in practice relatively few identical HD variants exist. At present, most viewers would find that most channels were not substituted.

We have also borne in mind the current state of HD on DTT at this relatively early stage in its development (with just four HD channels on the platform) which with the Ofcom and Arqiva announcements of 16 July 2013 we now know is likely to expand significantly in the coming months and years.

Therefore, given that many viewers would currently derive limited benefit from HD substitution, and in order to support the establishment of HD on the platform, we see good reasons to continue to aggregate HD channels together within the HD genre for the present. We believe that this approach may aid discoverability of HD content as the platform's HD offering expands.

As such we have decided that HD channels should continue to be placed in the HD genre and that substitution of HD channels into the LCNs of their identical SD variants will not be permitted at this time (with two exceptions noted below). We also confirm our proposal that LCNs within the HD genre should be allocated on a 'first come, first served' basis. PSB high-definition channels will be afforded appropriate prominence within the genre by being allocated the lowest available LCN.

Two important exceptions to the decision to place HD channels in the HD genre relate to adult channels and children's channels. For consumer protection reasons we believe that it continues to be important that all adult channels (regardless of their type or mode of delivery) are listed together in the Adult genre, which is book-ended by two slates marking the start and end of the genre to minimise the risk of inadvertent viewing. We also believe that it is preferable for all children's channels to be listed within the Children's genre. This creates one area of the EPG for children, and reduces the risk of a children's HD channel appearing next to a channel which may show content unsuitable for children. As such we have decided that children's HD channels should be placed into the Children's genre, and adult HD channels will continue to be placed into the Adult genre.

Since children's HD and adult HD channels will be placed in their respective genres, alongside their SD counterparts, we believe that substitution of HD and SD variants of identical channels should be permitted within each of these genres. This prevents, for example, the SD version and the HD version of the same channel appearing adjacent or

² Thirty per cent would rather HD channels were found in the main channel listing (e.g. BBC One HD at LCN 1), whereas 25% would rather they remain in the HD genre, and notably 42% had no preference. Source: Digital UK/Kantar Media quantitative research March/April 2013.

very close to one another in the listing – a presentation which we believe might be confusing to viewers.

Further detail on how we arrived at these decisions is set out in section 3.

We believe that our decision to maintain an HD ‘destination’ genre is something that we should return to assess at a later date. By late 2014 or early 2015 we should be in a position to evaluate the success of this approach, and whether improved consumer awareness and adoption of HD and the increase in the range of HD services suggests that in time we should move towards integrating HD channels through the DTT channel listing. It will also allow us to reconsider the question of SD/ HD substitution, and review whether a greater proportion of channels could be substituted, allowing for a better viewer experience than we see would be the case currently. We therefore intend to conduct a further review of HD on DTT in late 2014 or early 2015.

1.2 Summary of clarifications to the Digital UK LCN Policy

Many of the proposed clarifications to the Digital UK LCN Policy (the ‘Policy’) did not raise any comments from respondents, and are therefore confirmed in the new version 5.2 of the Policy.

We proposed some clarification on when channels require a new LCN allocation. There was some concern that the revisions might conflict with section 7 of the Policy (‘Evolution of Channels’), which is a point we have sought to address in the new version of the Policy.

In the consultation we discussed the addition of a new paragraph which would not permit the allocation of LCNs to deliver IP content that would not otherwise be permitted for broadcast, including but not limited to linking to R-18 rated content. Two respondents queried the intent and effect of this addition. Since the potential for provision of (or linking to) R-18 content on the platform is a matter of significant public interest and concern, it is important to be very clear about what is being proposed, and so we agree that this topic would benefit from further consideration. We will therefore conduct a further consultation on this matter as soon as possible in 2013, and have withheld from the introduction of the new paragraph at this time.

We proposed some clarification on the way in which channels broadcasting to specific geographic areas of the UK may share LCNs. As there are both technical and policy considerations that require further investigation we will consult further on this matter in 2013.

One respondent commented on the fact that the Policy occasionally refers to ‘viewers’ when it should properly refer to ‘viewers or listeners’ and hence apply to radio as well as television services. We have amended this as appropriate.

The remaining revisions to the Policy reflect the decisions made in relation to the HD genre described in section 1.1 above and the decision made in relation to the size of the IP genre in section 1.3 below, and some minor points of clarification flagged to us by channel providers.

Further detail on the decisions on the Digital UK LCN Policy is contained in section 4. The new version 5.2 of the Policy is provided at Appendix 2 and takes immediate effect.

1.3 Summary of decision on the proposed expansion of the IP genre

The consultation proposed expanding the IP genre from its current range of 100 LCNs (from LCN 400 to LCN 499) to 200 LCNs (from LCN 400 to LCN 599). It is important to note that these are not LCNs which Digital UK would allocate, but is simply a range set aside for IP television providers to use according to their own policies. Three respondents queried the requirement to double the range reserved for IP channels without compelling evidence from YouView (the IP television provider that has led the demand for this LCN range) as to why 200 LCNs are necessary. YouView (the IP television provider that had led demand for this LCN range) has now told us that it has had applications for more than 130 IP channels which it expects to launch within the next year. We are therefore content that there is real and imminent demand for further IP LCNs that warrant expansion of the IP genre to 200 LCNs, and confirm the expansion of the genre so that it will run from LCN 400 to LCN 599. We do not anticipate any further expansion of this genre and believe it is now for IP television providers to manage their LCN allocation for IP channels within this range. Further explanation of the decision on the IP genre is contained in section 5.

1.4 Next Steps

The new version 5.2 of the Digital UK LCN Policy will be published to the Digital UK website simultaneously with the publication of this statement on 7 August 2013, and takes immediate effect.

Since the conclusions from this consultation do not necessitate the change of LCN of any existing channel on the platform there is no further action to implement the decisions contained within this statement.

As explained in 1.1 above we intend to conduct a further review of HD on DTT to evaluate the success of the approach to organisation of HD channels described in this statement. We will need sufficient experience to conduct that review, and anticipate that the review might be held in late 2014 or early 2015.

As mentioned in section 1.2 we will conduct a short consultation focused on the issue of the potential for provision of (or linking to) R-18 content on the DTT platform as soon as possible in 2013. We will engage with adult content providers, consumer groups and all other interested stakeholders as part of that process.

We will also consult on the way in which channels broadcasting to specific geographic areas of the UK may share LCNs with other such channels.

2 Introduction

This statement sets out those decisions that Digital UK has made on the matters contained in the 'Consultation on proposals for the Freeview HD genre and on amendments to Digital UK's LCN Policy' published on 8 May 2013, and which closed for responses on 5 June 2013. This consultation followed the DMOL 2012 LCN Consultation.

Digital UK supports Freeview viewers and channels on digital terrestrial television ('DTT'). The functions of DMOL (DTT Multiplex Operators Ltd.) were transferred to Digital UK Ltd. on 1 January 2013. Digital UK now has responsibility for the DTT LCN listing and LCN Policy³.

Digital UK holds an Ofcom EPG Provider Licence (transferred from DMOL on 7 January 2013) and its LCN listings and LCN Policy conform to the requirements of the Communications Act (2003) and Ofcom's Code of Practice on Electronic Programme Guides (the 'Ofcom EPG Code') published in July 2004. Within this regulatory framework Digital UK's objective remains to develop the DTT LCN listing and apply the LCN Policy in such a way as it considers to be for the long-term benefit of the DTT platform and in the interests of viewers (in each case determined by the Digital UK members in accordance with the Policy) and in accordance with the fair, reasonable and non-discriminatory ('FRND') requirements of the Ofcom EPG Code.

The proposals we set out in the consultation were intended to provide clarity around LCN allocation for HD channels in anticipation of future growth in the number of HD channels launched on DTT (digital terrestrial television). None of our proposals necessitated any changes to the current LCN of any channel on the DTT platform.

We received 16 responses to the consultation. Where these are not confidential the respondents are listed in Appendix 1 and the responses published on the Digital UK website.

We have carefully evaluated all responses to the consultation, and have made decisions based on our aims:

- i. To provide DTT viewers with an LCN ordering that gives them the best overall experience of the DTT platform in the future;
- ii. To provide for the medium-term evolution and competitive positioning of the platform over the next two to three years in a rapidly changing, competitive environment;
- iii. To provide channel providers with appropriate certainty for future commitments they may make in Freeview HD; and
- iv. To ensure that LCNs are always allocated in an objectively justifiable and FRND manner, observing section 310 of the Communications Act (2003), which requires appropriate prominence to be accorded to channels listed in section 310(4); and observing the Ofcom EPG Code.

³ Note that DTT (Digital Terrestrial Television) is generally synonymous with the Freeview brand, but BT Vision, Top Up TV and YouView all provide DTT channels and adopt the Digital UK LCN listing and LCN policy for the DTT channels on their platforms. They may have different policies for the organisation of IP or other channels.

3 Digital UK's decisions on the HD Genre

Responses to the consultation questions on the HD genre debated how best to organise HD channels to enhance the attractiveness of the Freeview HD offering and viewing of HD channels. There were differing views on whether this objective would be best achieved by grouping all HD services together in the HD genre; or whether it would be best to place HD channels within their relevant content genres, and, where possible, substitute the HD channel in place of the SD channel for Freeview HD viewers. Those proposing the former strategy argued that creating an HD 'destination' area would help viewers to explore and get the most from the platform's HD offering. Those arguing in favour of the integration of HD channels through the listing (some suggesting that this made the concept of a separate HD genre redundant) believed that this would increase the viewing of HD channels. Proponents of both approaches felt that their preferred solution would enhance the HD viewer experience and the overall attractiveness of the DTT platform.

In reaching a decision on the best approach at the present time we have reviewed the consultation responses carefully, and note that the majority of respondents supported HD substitution rather than grouping HD channels together in the HD genre. The consumer research contained within the consultation document observed that viewers expressed no strong preference on where they would prefer to find the HD channels in the channel listing⁴. We do not have any further evidence about which approach better reflects viewing behaviour.

Since the publication of the consultation document we have conducted further work to understand how an immediate implementation of HD substitution would affect viewers and this has shown that, due to the limited regionality of the current HD channels on the platform, in practice relatively few identical HD variants exist. At present, most viewers would find that most channels were not substituted.

We have borne in mind the current state of HD on DTT at this relatively early stage in its development with just four HD channels on the platform. With the Ofcom and Arqiva announcements of 16 July 2013 we now know that the HD offering is likely to expand significantly in the coming months and years.

Therefore, given that many viewers would currently derive limited benefit from HD substitution, and in order to support the establishment of HD on the platform we see a benefit in continuing to aggregate HD channels together within the HD genre for the present. Our belief is that this approach may aid discoverability of HD content as the platform's HD offering expands.

Sections 3.1, 3.2, 3.3 and 3.4 below set out our decisions on the specific consultation questions around appropriate prominence for PSB HD channels, the types of content that should be included in the HD genre, substitution of SD and HD channels, and the ordering of channels within the HD genre.

We note that our general principle continues to be that channels should be organised by content type, as we discussed in the 2012 DMOL LCN Consultation. Indeed some respondents to this consultation described the HD genre as a 'technical' genre rather than a content genre and as such an anomaly that should be abolished. Further, as discussed

⁴ Thirty per cent would rather HD channels were found in the main channel listing (e.g. BBC One HD at LCN 1), whereas 25% would rather they remain in the HD genre, and notably 42% had no preference. Source: Digital UK/Kantar Media quantitative research March/April 2013.

above, a significant proportion of respondents preferred integration of HD channels through the listing (placing them in their relevant content genre and substituting where possible).

We therefore believe that our decision to maintain an HD 'destination' genre is something that we should return to assess at a later date. By late 2014 or early 2015 we should be in a position to evaluate the success of this approach and so intend to conduct a further review of HD on DTT at or around this time. This future review is described in section 3.5.

3.1 Decision on applying appropriate prominence for HD PSB channels

We noted in the consultation that we were seeking guidance from Ofcom on how it regards the appropriate prominence condition contained within s.310(4) of the Communications Act (2003) applying to HD versions of PSB channels, and suggested that the condition should apply to HD versions of PSB channels in the same way as it does for SD versions. Ofcom's response to us noted that the wording in s.310 of the Act regarding services provided by the BBC is unambiguous. Ofcom recognised, however, that the reference to Channel 3 and Channel 4 services in s.310 may be somewhat unclear as regards HD services provided by Channels 3 and 4. In this respect, the Department for Culture, Media and Sport is currently considering the extent to which the rules regarding prominence require updating and clarification. On the basis that Ofcom has not opposed our suggestion that s.310(4) should apply to HD versions of PSB channels in the same way as it does for SD versions we will consider HD versions of all s.310(4) listed channels as eligible for appropriate prominence under the Digital UK LCN Policy.

In the consultation document we asked whether PSB HD channels should be afforded appropriate prominence by being allocated the lowest LCN available, or whether Digital UK should reserve prominent LCNs for PSB HD channels, and how this might be done.

The former option would be a continuation of the current policy, whereby HD channels eligible for appropriate prominence are allocated the lowest LCN (i.e. highest position in the listing) available at the time they join the DTT platform. We noted that there is some precedent for reservation of LCNs for PSB services following the reservation in 2012 of LCN 8 for local PSB channels in England and Northern Ireland, and LCN 45⁵ for local PSB channels in Scotland and Wales, though in this instance the new PSB services, facilitated by Government and Ofcom, were certain to launch.

A practical challenge to reservation of LCNs within the HD genre is the relatively limited range of LCNs available, since only 15 LCNs remain vacant within the genre (from 105 to 119). We expect the introduction of at least an additional 10 HD channels, and so any reservation of LCNs for PSB channels would need to accurately estimate the number that should be reserved. The number of HD PSB television channels launching in the HD genre could potentially be as high as a further seven channels⁶. Reserving seven LCNs for PSBs

⁵ Since LCN 45 was reserved for local PSBs in Scotland and Wales, LCN 34 has become available, and the local PSBs' reservation has moved to LCN 34 in accordance with Section 8 of the Digital UK LCN Policy. Should an LCN be vacated for any reason (for example, if a channel leaves the platform), then the next public service channel below it in the listing will be offered the opportunity to move up into that lower number enabling public service channels to move further up the EPG over time.

⁶ If HD versions of all channels listed under s.310 of the Communications Act (2003) not already on the platform launch into the HD genre (i.e. excluding children's PSB channels which will launch into the Children's genre) this would comprise the following seven services: BBC Three, BBC Four, BBC News, BBC Parliament, BBC Alba/S4C, Channel 5 and the local PSB.

would therefore leave only eight LCNs for new commercial services, which could prove to be too few if the majority of the new HD services are commercial rather than PSB.

On 30 July 2013 the Department for Culture, Media and Sport published its paper 'Content, Connectivity and Consumers' which confirmed its intent to consult on public service discoverability in Autumn 2013 and as described in section 3.5 below we will, in any event, review the HD genre in the future.

Given both the practical constraints of LCN reservation for PSBs, and the possibility of legal and regulatory change, we have therefore decided to continue to allocate HD PSB services the lowest available LCN (i.e. not to reserve LCNs) at this time.

3.2 Decision on the types of content that should be included in the HD genre

The consultation asked if all HD channels should be placed in the HD genre, or whether children's and news HD channels should be placed within their respective content genres. (Note that we suggested no change to the current Policy, which requires all adult content, regardless of its type or mode of delivery, to be placed within the Adult genre).

We set out three possible options:

- (i) That the HD genre should be a genre for all HD channels, regardless of their content type.
- (ii) That the HD genre should be a genre for all HD channels, regardless of their content type, but that there should be some segmentation of the genre so that children's and news channels could be clustered together within the genre⁷.
- (iii) That the HD genre should be a genre for General Entertainment channels in HD format only, while HD format children's and news channels should appear within the Children's and News genres respectively; either allocated LCNs amongst SD channels as and when they join the platform, or in a segmented section at the back of the genre.

We regarded Option 2 as difficult to implement within the limited range of 15 LCNs available within the HD genre, and so suggested discounting this option. We found the arguments around Option 1 and Option 3 reasonably evenly balanced. The consumer research suggested a mild preference for Option 3 over Option 1, but we also noted the high degree of indifference in the proportion who express no preference on the order of HD channels.

Responses to this question were divided. Respondents including Arqiva, Al Jazeera and Freeview stated a preference for all HD content to be placed in the HD genre. Arqiva felt that placing children's and news HD content outside the HD genre would dilute the genre and could create consumer confusion by mixing SD and HD content in the listing. Al Jazeera believed that the platform and consumers' navigation needs would be best served by a clear HD genre as the destination for all high-definition content. Freeview thought that during the current phase of the development of HD on Freeview that children's and news HD channels should be placed within the HD genre, but suggested that if and when the HD genre fills up that these channels might return to their respective content genres, and noted that the

⁷Any Adult channel would be allocated into the Adult genre for consumer protection reasons. Other genres are not television genres (radio, text and MHEG services, interactive and IP delivered services) and so would not be listed in the HD genre.

research commissioned by DMOL from Kantar Media for the 2012 LCN Consultation concluded that consumers would prefer to see channels grouped together in content genres.

Respondents including the BBC, Channel 5, Sky, YouView and DTG preferred that children's and news HD channels should be placed in their respective content genres. Channel 5, DTG and YouView felt that viewers would expect to find children's and news channels in the relevant section of the EPG. Sky believed that children's and news channels are 'destination' channels that comprise a single type of content. The BBC argued that children's HD channels specifically should be located alongside other children's channels to protect children from finding unsuitable content on other channels.

In its response Sky also noted the outcome of the 2012 DMOL LCN Consultation, which concluded that the Children's and News genres may need to move from starting LCNs of 70 and 80 to LCNs 121 and 131 (respectively) as the General Entertainment genre fills up (and will take place on the Wednesday 16 weeks from the date on which LCN 65 is allocated in the General Entertainment genre). Sky feels that these moves will result in loss of viewing, an adverse impact on advertising revenues, and an increased cost of marketing affected channels. As such, Sky opposed any further moves that would, in its view, have an adverse impact on news and children's channels and place further financial pressure on Sky News. In Sky's view a decision to place children's and news HD channels in the HD genre (at LCNs 101 to 119) which may in time sit ahead of the children's and news SD genres (currently at LCNs 70 and 80 but potentially to move to LCNs 121 and 131) would result in children's and news HD channels enjoying increased viewing shares in HD households at the expense of SD news and children's channels.

Channel 4 proposed that all HD channels should be placed into their content genres, and that there should not be a separate HD genre. QVC similarly thought that there should not be an HD genre.

As explained above, we see a general benefit in continuing to aggregate HD channels together within the HD genre for the present to aid discoverability of HD content as the platform's HD offering expands. As such we have decided that for the time being HD channels should continue to be placed in the HD genre.

We do make two exceptions to this decision for adult HD channels and children's HD channels.

For consumer protection reasons we believe that it continues to be important that all adult channels (regardless of their type or mode of delivery) are listed together in the Adult genre, which is book-ended by two slates marking the start and end of the genre to minimise the risk of inadvertent viewing. As such we propose no change to the existing Digital UK LCN Policy which requires all adult content – including any future adult HD channels - to be placed in the Adult genre.

We also believe that it is preferable for all children's channels to be listed within the Children's genre. This creates one area of the EPG for children, and reduces the risk of a children's HD channel appearing next to content unsuitable for children. As such we have decided that children's HD channels should be placed into the Children's genre.

Where there is no SD/HD substitution of children's or adult HD channels (see section 3.3) the HD channel will be allocated the next available LCN in the genre in the normal fashion.

While we believe that there are good consumer interest reasons for these two exceptions for children's and adult channels, we recognise that because the HD/SD distinction is not relevant to the Text & MHEG, Interactive, IP or Radio genres, that the effect of this decision is that the HD genre will contain only general entertainment and news HD channels. To be clear, this is the outcome of the above sequence of decisions, and not a decision to create a 'General Entertainment and News HD' genre.

We also acknowledge the point made by Sky that after the children's and news genres move (to start at LCNs 121 and 131) an HD news channel launching in the HD genre (starting at LCN 101) will sit ahead of the SD news channels. This is one further reason why we intend to review the impact of these decisions in the future, as explained in section 3.5 below.

3.3 Decision on LCN substitution of SD and HD channels

In the consultation we asked whether respondents believed that Digital UK should allow an SD channel to be substituted by its identical simulcast HD channel, with the SD version of the channel placed in an SD 'parking zone' in the channel listing. Any SD/HD substitution would only be apparent to Freeview HD viewers. Standard definition viewers would continue to see the SD version at its normal LCN.

As before, responses to this question were split between those who supported greater integration of HD channels through the listing and hence supported substitution, and those who preferred to maintain all HD channels within a 'destination' HD genre to aid discovery of HD content and were therefore opposed to substitution.

The majority of respondents including the BBC, Channel 4, Channel 5, DTG and YouView supported the idea of SD/HD substitution, generally supporting this position by suggesting that placing the HD versions of SD channels in the current SD position would increase viewing to the HD services. In this way, HD viewers would naturally watch HD channels without being required to seek them out in a separate section of the EPG. Freeview supported adoption of SD/HD substitution in the future, when the HD proposition on DTT is fully established.

QVC said that channels should swap their existing SD channels for HD channels, and did not think that there should be an HD genre.

Arqiva and Al Jazeera were against substitution of SD channels for their identical HD counterparts because they both favoured the creation of an HD 'destination' genre and so believed that allowing substitution would dilute the HD genre. Arqiva noted that substitution might mean that Freeview+ HD receivers would record the higher capacity HD versions of programmes, taking up more space on the hard drive. Arqiva also suggested that substitution would unfairly discriminate against new HD channels without an SD counterpart.

Since the publication of the consultation document we have conducted further work to understand how an immediate implementation of HD substitution would affect viewers and this has shown that, due to the limited regionality of the current HD channels on the platform, in practice relatively few identical HD variants exist. At present, most viewers would find that most channels were not substituted.

Figure 1: Current regionality of the HD channels

Channel	SD Variants	HD Variants	Eligible for substitution
BBC One	15 English Regions 3 Nations	1 Generic non-regionalised 3 Nations	Scotland, Wales and Northern Ireland
BBC Two	4 Nations	1 Nation (England)	England
ITV	17	4 (Granada, Central West, Meridian East and London)	Granada, Central West, Meridian East and London
STV	4	1 (STV Central West)	STV Central West
UTV	1	1	Northern Ireland
Channel 4	6	1 (London)	London

We have borne in mind the current state of HD on DTT at this relatively early stage in its development with just four HD channels on the platform. With the Ofcom and Arqiva announcements of 16 July 2013 we now know that the HD offering is likely to expand significantly in the coming months and years.

Therefore, given that many viewers would currently derive limited benefit from HD substitution, and in order to support the establishment of HD on the platform we see a benefit in continuing to aggregate HD channels together within the HD genre for the present. Our belief is that this approach may aid discoverability of HD content as the platform's HD offering expands.

This said, where substitution would happen within a genre we believe there is a viewer benefit. This would prevent duplication of the HD and SD versions of a channel that would otherwise sit in close proximity to one another in the listing - which might be confusing to Freeview HD viewers. We have therefore concluded that substitution will be permitted within genres. This allows substitution of children's HD and adult HD channels which – as discussed in section 3.3 below - will be placed in their respective content genres. For children's channels the SD variant may be 'parked' towards the end of the EPG to remove duplication of channels within the Children's genre. However our Policy stipulates that all adult content must be contained within the Adult genre, and so the SD variant of any adult channel will be placed towards the end of the Adult genre. Children's or Adult HD channels wishing to take advantage of SD/HD substitution should indicate this on the LCN application so that the substitution may be verified and implemented by Digital UK.

The decision not to allow substitution more widely is reached notwithstanding the general arguments in favour of substitution in the longer term, and so we expect to revisit this matter at the future review of the HD genre described in section 3.5, taking into account any lessons learned from use of substitution in the Children's and Adult genres.

3.4 Decision on the ordering of channels within the HD genre

Having considered the options for ordering channels within the HD genre we proposed that channels should be allocated LCNs on a 'first come, first served' basis. While we felt this was the only viable method of allocating LCNs within the limited genre range of 19 LCNs, we noted that the disadvantage of this method is that it may not create a logical structure for viewers.

With the exception of two respondents who were in favour of abolition of the HD genre, all other respondents were in favour of the 'first come, first served' option. We therefore confirm that new channels joining the HD genre will be allocated LCNs on a 'first come, first served' basis, as is operated for all other genres, and that PSB channels will continue to be allocated the lowest available LCN. This requires no adjustments to the Policy.

3.5 Future review of the HD genre

As part of the 2012 DMOL LCN Consultation we commissioned research from Kantar Media⁸ which showed two thirds of respondents (66%) agreed that channels should be grouped together by content type. This figure was markedly higher amongst the younger age bands, with over 7 in 10 of those aged 16-44 agreeing with the statement. The qualitative sessions reflected these trends, with respondents feeling that it "made sense" and was logical to have channels grouped by content type. We recognise that our decision to continue aggregating HD channels (with the exceptions of children's and adult) together within the HD genre for the time being – in order to support the establishment of HD on the platform - does not align with the general principle that channels should be organised by content type. Some respondents to this consultation described the HD genre as a 'technical' genre rather than a content genre and as such something of an anomaly in the DTT channel listing. Some extended that argument to suggest that the HD genre should be abolished.

Further, as discussed above, the majority of respondents preferred integration of HD channels through the listing (placing them in their relevant content genre and substituting where possible).

We therefore believe that the value of an HD 'destination' genre is something that we should return to assess at a later date. We will need sufficient experience of the expanded HD channel line-up to conduct this review, and anticipate that this might be in late 2014 or early 2015. By this time we should be in a position to evaluate the success of this approach, as well as other possible impacts. We should be able to gauge whether improved consumer awareness and adoption of HD and the increased range of services suggests we should move towards integrating HD channels through the DTT channel listing. It will also allow us to reconsider the question of SD/ HD substitution, and review whether a greater proportion of channels could be substituted, allowing for a better viewer experience than we see would be the case currently. As always we will need to weigh the benefits of any move towards integration of HD channels against possible disruption for consumers and channel providers. We look forward to working with stakeholders to gather evidence for that review.

⁸ The quantitative survey was conducted on a base of 15,354 adults. The full report is available at: http://www.digitaluk.co.uk/_data/assets/pdf_file/0019/77302/2012lcnresearchreport.pdf

4 Decisions on the Digital UK LCN Policy

The proposed clarifications to the Digital UK LCN Policy (the 'Policy') around the appeals process (in section 10 of the Policy) and the revisions to Schedule 1 did not raise any comments from respondents, and are therefore confirmed in the new version 5.2 of the Policy.

4.1 Definition of a 'new channel'

In paragraph 2.3 of the Policy we proposed some clarification on when channels require a new LCN allocation. Three respondents queried this, and were concerned that the revisions to this paragraph might conflict with section 7 of the Policy ('Evolution of Channels').

We have addressed this with a cross-reference from paragraph 2.3 to paragraph 7.2 to make clear that our definition of a 'new channel' is a new channel launching on the platform (as described in paragraph 2.3) or a new channel as defined in paragraph 7.2.

4.2 R-18 content

In the consultation we discussed the addition of a new paragraph restricting the allocation of LCNs to deliver IP content that would not otherwise be permitted for broadcast, including but not limited to linking to R-18 rated content. Two respondents queried the intent and effect of this addition in relation to the EU 'TV Without Frontiers' (or Audio Visual Media Services) Directive and the ATVOD Rules and Guidance.

Since the potential for provision of (or linking to) R-18 content on the platform is a matter of significant public interest and concern, it is important to be very clear about what is being proposed, and so we agree that this topic would benefit from further consideration. We will therefore conduct a further consultation on this matter as soon as possible in 2013, and have withheld from the introduction of the proposed new paragraph 1.10 to the Policy at this time.

4.3 Geographic sharing of LCNs

In paragraph 4.2 of the Policy we proposed some clarification on the way in which channels broadcasting to specific geographic areas of the UK may share LCNs. While we remain committed to the efficient use of LCNs there are both technical and policy considerations that require further investigation.

We will conduct a further consultation on this matter as soon as possible in 2013, and have withheld the introduction of 4.2 to the Policy at this time.

4.4 Description of viewers and listeners

One respondent commented on the fact that the 'associated channels' rules within section 6 of the policy refers to 'viewers', and as such does not appear to apply to radio services with 'listeners'. We are happy to clarify that section 6 of the policy is intended to apply equally to all genres on the DTT platform for the benefit of viewers or listeners as is appropriate to the genre. We have amended the relevant elements in version 5.2 of the Policy to refer to both 'viewers' and 'listeners'.

4.5 Further minor clarifications

Since the publication of the consultation channel providers have commented on three further areas of the Policy which would benefit from clarification.

The first is in Schedule 4, where version 5.1 of the Policy may have implied that a channel provider could only apply for the swap of one pair of channels at any one time. The intent in Schedule 4 was to prevent multiple LCN changes happening throughout the year, given that LCN changes require viewers to re-tune. Version 5.2 of the Policy Schedule 4 has therefore been amended to make clear that a channel provider may only undertake “one series of swaps of pairs of LCNs” at any one time (i.e. simultaneous swaps of multiple pairs of LCNs is permitted).

The second related to section 9, where we have provided clarification in paragraph 9.1 about the circumstances in which we will conduct LCN consultations, which will not include LCN allocations conducted under application of the current Policy.

The third pertains to section 10, where we have clarified the circumstances in which a channel provider is eligible to appeal an LCN decision. The appeals process is open to all channel providers who hold a signed LCN Agreement with Digital UK (as per paragraph 1.6 of the Policy), and paragraph 10.1(v) now clarifies that an appeal may be made in relation to section 7 of the Policy on the evolution of channels.

4.6 Revisions reflecting decisions made in Sections 2 and 4

The remaining revisions to the Policy reflect the decisions made in relation to the HD genre described in section 3 above and the decision made in relation to the size of the IP genre in section 4 below.

The new version 5.2 of the Policy is provided at Appendix 2 and comes into immediate effect.

5 Decision on expansion of the IP genre

The consultation proposed expanding the IP genre from its current range of 100 LCNs (from LCN 400 to LCN 499) to 200 LCNs (from LCN 400 to LCN 599). It is important to note that these are not LCNs which Digital UK would allocate, but is simply a range set aside for IP television providers to use according to their own policies.

YouView's consultation response explained that its own consultation and UI policy set out its intention to use the LCN 400 to LCN 599 range, suggesting that the launch of IP services over the summer will require the full number range.

Three respondents queried the requirement to double the range reserved for IP channels. Arqiva said that there was not yet detailed compelling evidence from IP television providers for this expansion, and noted the relative scarcity of available LCNs for DTT services within the 1-999 range given that 200 are already reserved for manufacturer use. Channel 4 also questioned the number required by IP television providers, and QVC objected to Digital UK setting aside LCN ranges on a speculative basis, suggesting that Digital UK should wait for demand to arise before acting.

YouView (the IP television provider that had led demand for this LCN range) has now told us that it has had applications for more than 130 IP channels which it expects to launch within the next year. We are therefore content that there is real and imminent demand for further IP LCNs that warrant expansion of the IP genre to 200 LCNs, and confirm the expansion of the genre so that it will run from LCN 400 to LCN 599. We do not anticipate any further expansion of this genre and believe it is now for IP television providers to manage their LCN allocation for IP channels within this range.

6 Next Steps

The new version 5.2 of the Digital UK LCN Policy will be published to the Digital UK website simultaneously with the publication of this statement on 7 August 2013, and takes immediate effect.

Since the conclusions from this consultation do not necessitate the change of LCN of any existing channel on the platform there is no further action to implement the decisions contained within this statement.

We will conduct a short consultation focused on the potential for provision of (or linking to) R-18 content on the DTT platform as soon as possible in 2013. We will engage with adult content providers, consumer groups and all other interested stakeholder as part of that process.

We then intend to conduct a further review of HD on DTT to evaluate the success of the approach to organisation of HD channels described in this statement. We will need sufficient experience of the expanded HD line-up to conduct the review, and so anticipate that it might take place in late 2014 or early 2015. At this time we will review the appropriateness of continuing to list all HD channels (with the exception of adult and children's channels) in the HD genre, as well as whether we might permit substitution of HD and SD channels between the HD genre and other genres.

APPENDIX 1: Consultation responses

There were a total of 16 respondents to the consultation, including:

- Responses from the four members of Digital UK (Arqiva, the BBC, Channel 4 and ITV);
- Responses from six channel operators (Al Jazeera, Bauer, Five, Portland, QVC and Sky);
- Responses from Freeview, DTG and YouView; and
- Responses from three individuals.

Non-confidential responses are published to our website at the following address:

<http://www.digitaluk.co.uk/industry/Channels/consultations/2013responses>

APPENDIX 2: Digital UK LCN Policy

Digital UK LCN Policy

Version 5.2, 7 August 2013

This Policy supersedes all previous versions

1 INTRODUCTION

- 1.1 Digital UK supports Freeview and channels, providing viewers with information about their options for receiving terrestrial TV and advice on reception and equipment. Digital UK also handles day-to-day technical management of the Freeview Electronic Programme Guide (EPG), allocates channel numbers and manages the launch of new services onto the platform.
- 1.2 Digital UK holds an Ofcom EPG Provider Licence and allocates LCNs to a wide range of different services on the DTT platform, e.g. television, radio, interactive and data download. For the sake of convenience, all DTT services are referred to within this Policy as 'channels' and those who provide such services are referred to as 'channel providers'.
- 1.3 This Digital UK LCN Policy (the "Policy") governs the way in which the Digital UK LCN Group will allocate channels into genres, and into LCNs within genres. It replaces Version 5.1 of this Policy that was published on 1 January 2013.
- 1.4 The Policy conforms with the requirements of the Communications Act 2003 and Ofcom's Code of Practice on Electronic Programme Guides published in July 2004 (the "Ofcom EPG Code"). Within this regulatory framework, Digital UK's objective will be to apply the Policy in such a way as it considers to be for the long-term benefit of the DTT platform and in the interests of viewers (in each case as determined by Digital UK members in accordance with the Policy) and in compliance with the FRND requirements of the Ofcom EPG Code.
- 1.5 For the avoidance of doubt, Digital UK interprets its FRND obligation to mean that the Policy is applied consistently to all channels on or joining the platform regardless of their ownership.
- 1.6 Digital UK's terms and conditions of LCN allocation are contained within the Digital UK LCN Agreement. New LCNs shall only be allocated where the relevant Digital UK LCN Agreement has been signed by the channel provider; and the benefits of this Policy are only available where the Digital UK LCN Agreement has been signed for all relevant channels.
- 1.7 Where there is a change of control of a channel or a channel provider, it is the responsibility of the new provider to comply with Digital UK's LCN Agreement.
- 1.8 After an LCN allocation has been made by Digital UK, the LCN continues to belong to Digital UK and will remain subject to its discretion and the Policy. Digital UK reserves the right to move a channel onto an alternative LCN in accordance with this Policy.
- 1.9 Digital UK will allocate LCNs for channels using DTT capacity only. Digital UK will not allocate LCNs for any channels delivered without use of any DTT capacity, for example those that are delivered solely by IP or by any other means.
- 1.10 Digital UK uses the terminology 'lower LCNs' to refer to lower channel numbers; i.e. smaller numbers which are further up the channel list. Conversely, 'higher LCNs' is used to refer to larger channel numbers which are further down the channel list.
- 1.11 For the avoidance of doubt, previous decisions of Digital UK regarding the allocation of LCNs prior to the adoption of this version of the Policy will not be considered relevant in the interpretation of this Policy.

2 LCN APPLICATIONS

- 2.1 Any channel provider which intends to launch a channel onto the DTT platform should submit its LCN application as per the process set out in Schedule 1 (the “LCN Allocation Process”) between twelve and six weeks before the intended launch of the channel.
- 2.2 The LCN Allocation Process may change from time to time. Any amendments to Schedule 1 will be published on the Digital UK website.
- 2.3 Digital UK requires an LCN application for any new
- TV channel;
 - MHEG or Text channel;
 - Interactive channel; or
 - Radio channel

which is to be carried on the digital terrestrial television platform, and

- is deemed to be distinct from any existing channel or channel on the platform at the time of the application by virtue of it having:
 - i. a different name to an existing channel or channel (unless the difference in name is only to differentiate the geography of the channel –for example ‘ITV Wales’ and ‘ITV London’); or
 - ii. different ownership to channel or channel on the platform with which it shares or is intended to share an LCN; and
 - is listed separately in the broadcasting licence issued by Ofcom or has a separate licence recognised by Ofcom.
 - or which is otherwise deemed to be a “new channel” under paragraph 7.2 of this Policy.
- 2.4 In order to be allocated an LCN, a channel provider must supply Digital UK with:
- (i) A copy of the broadcasting licence (or equivalent authorisation) permitting the broadcast of the channel on the DTT platform in the UK;
 - (ii) A letter of corroboration from the relevant multiplex operator confirming that the channel has secured the necessary capacity to broadcast on the DTT platform; and
 - (iii) Any other information as specified in the allocation process or as Digital UK may otherwise reasonably request regarding the channel.
- 2.5 The channel provider is required at its cost to provide all such information as Digital UK is likely to require, or specifically requests, in order for Digital UK properly to consider an allocation in accordance with the Policy. The channel provider must ensure that all information provided by it or on its behalf is accurate, complete and up-to-date.
- 2.6 If the channel is a public service channel listed in s.310 of the Communications Act (2003), an LCN will be allocated in accordance with sections 4 and 5 of the Policy.
- 2.7 If Digital UK deems that the channel is an associated channel, an LCN will be allocated in accordance with sections 4 and 6 of the Policy.
- 2.8 If the channel is neither a public service channel nor an associated channel, an LCN will be allocated in accordance with section 4 of the Policy.

- 2.9 Requests for an LCN made on a speculative basis (i.e. channels without confirmed genre and intended launch date) will not be considered, but Digital UK will have due regard to confidentiality requirements and will permit the use of 'working' channel names.
- 2.10 Channel providers should notify Digital UK of the intended launch date of the channel and if the intended launch date of the channel changes for any reason. If a channel provider does not launch a channel within 12 weeks of the intended launch date which was notified to Digital UK, any LCN which was allocated to the channel may be withdrawn.

3 GENRES

- 3.1 Genres are the basis for the grouping of channels on the DTT platform in order to assist viewer navigation of content, and where deemed necessary by Digital UK to protect consumers from content that may harm or offend.
- 3.2 The genres available for allocation of LCNs on the DTT platform, and the number ranges in which they will generally operate, are described in Schedule 2. Any amendments to Schedule 2 will be published on the Digital UK website.
- 3.3 Digital UK will generally not allocate LCNs for test channels, unless, at its discretion, it considers it appropriate to do so.
- 3.4 Digital UK will not allocate LCNs for channels delivered solely by IP but commits not to allocate LCNs into the 400 to 599 range so that IP channel providers may allocate channels into this range according to their own channel allocation policy. As such Digital UK takes no responsibility for channel allocation in the 400 to 599 range.
- 3.5 Digital UK will not allocate LCN 0; or LCNs in the range 800 to 999 which under the DTG's D-Book are reserved for manufacturer use.
- 3.6 Channel providers should indicate in the LCN application what they consider to be the most appropriate genre for their channel according to Digital UK's genre definitions, which are provided in Schedule 3 ("Digital UK Genre Definitions") and as may be varied from time to time.
- 3.7 Digital UK will review the proposed genre, and, in the case of channels already broadcasting on another UK TV platform, Digital UK will in general make its assessment based on the content of the channel over the three month period immediately preceding the date of the LCN application.
- 3.8 Digital UK will first review whether the channel might, by the type, nature, or balance of its content, meet the definition of more than one of the genres set out in Schedule 3. In such cases Digital UK will apply the following hierarchy of considerations when assigning the channel into a genre:
 - (i) Digital UK will firstly consider whether any consumer protection issues might exist, with reference to the Ofcom Broadcasting Code or other relevant Ofcom guidance and decision documents. In particular, channels consisting predominantly of adult content (as per the genre definitions described in Schedule 3) of any type will be placed in the Adult genre.
 - (ii) Digital UK will secondly consider whether the channel is video, text, interactive or radio in nature. If there are no consumer protection issues then a text, interactive or radio channel will generally be placed in the Text and MHEG, Interactive or Radio genre respectively.
 - (iii) Digital UK will thirdly consider the nature of the content on the channel as per the Digital UK Genre Definitions.

- 3.9 In deciding the most appropriate genre for a channel Digital UK may ask the channel provider for:
- (i) Scheduling, event and synopsis information; and
 - (ii) Any other information that Digital UK considers relevant.
- 3.10 Digital UK may from time to time, in the context of a review of its Policy or otherwise, add, remove, merge or move genres (including creating new types of genre) in consultation with channel providers (as described in section 9 of this Policy).
- 3.11 New genres may be created where either:
- (i) There is a sufficient number of channels with a sufficiently distinct type of content to warrant the introduction of a new genre; or
 - (ii) There are other compelling reasons for the introduction of a new genre.
- 3.12 Existing genres may be merged or removed where there are no longer a sufficient number of channels to warrant a separate genre, and Digital UK has reason to believe that the situation is one that will persist. This may require Digital UK to reallocate LCNs in consultation with channel providers (as described in section 9 of this Policy).
- 3.13 In the event that a genre overflows its prescribed LCN range Digital UK will place any additional channels of that genre launching on the platform in the most appropriate alternative location in the LCN listing or may consult with channel providers on moving the genre. Any resulting changes to the genre ranges described in Schedule 2 will be published on the Digital UK website.

4 ALLOCATION OF LOGICAL CHANNEL NUMBERS WITHIN GENRES

- 4.1 Subject to paragraphs 4.2 and 4.3 below, and unless sections 5 or 6 of this Policy apply (and unless paragraph 3.13 has been invoked), Digital UK will allocate the channel the lowest available LCN at the end of the genre in which it has decided to place such channel.
- 4.2 Where standard definition and high-definition variants of the same channel are allocated LCNs in the same genre (under the genre definitions provided in Schedule 3 of this Policy) the channel provider may apply to Digital UK for the high-definition variant to be substituted into the LCN previously occupied by the standard definition variant. The standard definition variant will then be parked towards the end of the channel listing unless 3.8(i) of this Policy applies.
- 4.3 Where Digital UK is considering the allocation of LCNs within a genre to more than one channel at the same time Digital UK will apply the following hierarchy of considerations:
- (i) Firstly, the applicability of section 5 to any of the channels applying for an LCN;
 - (ii) Secondly the applicability of section 6 to any of the channels applying for an LCN; and
 - (iii) Thirdly, the time order in which LCN applications were received by Digital UK.
- 4.4 Once a channel has launched into its allocated LCN Digital UK will not consider requests for moving to an alternative LCN unless the channel is classified as a public service channel eligible for appropriate prominence under section 5 of this Policy; or under the process for offering vacated LCNs described in section 8 of this Policy.

5 LISTING OF PUBLIC SERVICE CHANNELS

- 5.1 “Public service channels” are those channels identified as such in accordance with section 310 of the Communications Act 2003. When allocating LCNs to public service channels, Digital UK will seek to give “appropriate prominence” to these channels in the appropriate genre in accordance with paragraphs 2 to 4 of the Ofcom EPG Code.
- 5.2 Public service channels, in common with all channels, will first be allocated to their most appropriate genre under section 4 of this Policy.
- 5.3 Public service channels will generally be assigned the lowest available vacant LCN within their relevant genre.
- 5.4 Digital UK may reserve LCNs for Local TV public service channels listed under s.310 of the Communications Act in advance of the time period described in 2.1 above.
- 5.5 Where a lower LCN number becomes available within a genre than that which is assigned to a public service channel, Digital UK will offer the lower vacated LCN to the public service channel at the next lowest LCN before considering any other claims on the vacated LCN under any other section of this Policy.

6 ASSOCIATED CHANNELS

- 6.1 In order to improve viewer or listener navigation Digital UK considers that it is in the best interests of viewers or listeners to group together channels which:
 - (i) Are classified into the same genre; and
 - (ii) Are under common control; and
 - (iii) Where there is either common branding – and/or – a significant degree of existing or intended cross-promotion between the channels.

Digital UK considers any two such channels to be “associated channels” if neither channel is listed under s.310 of the Communications Act.

- 6.2 Vacated LCNs will be offered by Digital UK to associated channels in the way described in section 8 of this Policy.

7 EVOLUTION OF CHANNELS

- 7.1 Digital UK accepts that any channel may evolve over time, principally either by way of:

- (i) Change of name; or
- (ii) Change of content; or
- (iii) Change of hours

and may nevertheless be considered to be the same channel.

- 7.2 Where any channel evolves to such an extent that Digital UK considers that it should no longer be considered to be the same channel (in which case, the channel shall be a “new channel”), Digital UK shall inform the channel provider in writing that it must either:

- (i) Restore the new channel to the extent necessary to satisfy Digital UK that it is still the same channel as that in respect of which the original application for an LCN was made; or

- (ii) Apply for a new LCN for the new channel to be allocated in accordance with sections 3 and 4 of the Policy.

Digital UK expects a response from the channel provider within four weeks of the date of the letter, and implementation of any plans to restore the New Channel to the extent necessary to satisfy Digital UK that it is still the same channel within 24 weeks of Digital UK's first letter.

- 7.3 Any channel which evolves by way of a change of content will be moved to a new genre if its content becomes a better fit for an alternative genre under section 3 of this Policy.
- 7.4 In considering whether or not a channel has evolved into a new channel, Digital UK will take into account the following non-exhaustive factors:
- (i) Whether the nature of a significant proportion of the content of the channel and the name of the channel have changed. If this is the case, unless there are very clear factors to show that the channel is not a New Channel, the channel will be considered to have evolved into a New Channel;
 - (ii) The extent to which the type of content of the channel has changed ;
 - (iii) The extent to which the broadcast hours of the channel have reduced; and
 - (iv) The channel provider's channel portfolio on other UK TV platforms.
- 7.5 If the channel provider does not comply with a written notice issued by Digital UK under 7.2, Digital UK may on four weeks written notice to the channel provider withdraw the allocation of the LCN to that channel and remove the channel to the next available LCN at the bottom of the relevant genre or to a different genre, as appropriate.
- 7.6 Digital UK will consider applications to swap the LCNs of two associated channels (as defined in paragraph 6.1 of the Policy) where the two channels:
- (i) Are in the same genre; and
 - (ii) Neither channel is a public service channel listed in s.310 of the Communications Act; and
 - (iii) The channel provider submits compelling evidence to Digital UK to demonstrate that doing so would result in channels being listed in an order more likely to reflect viewer or listener expectations.

If Digital UK agrees to a swap of LCNs for two associated channels, it will be implemented at a time to be agreed with Digital UK.

See Schedule 4 for further guidance on the criteria under which Digital UK will consider swapping LCNs of associated channels; and the timing of implementation.

- 7.7 Digital UK does not permit any trading or sale of LCN positions between channel providers.

8 ALLOCATING VACATED LCNs IN THE SAME GENRE

- 8.1 A channel provider may cease to make a channel available on an LCN for a limited period of time without that channel being considered to have been removed from the platform and its LCN withdrawn provided that the channel provider:
- (i) Notifies Digital UK in writing, prior to the temporary withdrawal, of its intentions to make that channel available again within a period of 12 weeks from the point of temporary withdrawal of audio-visual content, and
 - (ii) Ensures that the channel is available again within such period.

Digital UK reserves the right to withdraw the LCN from the channel where the channel provider fails to resume transmission of the channel within such period.

- 8.2 Where a channel is withdrawn from its LCN for any reason the LCN will be offered by Digital UK to channels in the following order:
- (i) Firstly, to any public service channel on a higher LCN than that which is in question (see paragraph 5.5 of this Policy); then if it remains vacated
 - (ii) Secondly, to existing associated channels (as defined under paragraph 6.1) already on the platform at LCNs higher than the vacated LCN, in the following way:
 - Firstly, to a channel which is associated with the channel which is immediately above the vacated LCN;
 - Secondly, to a channel which is associated with the channel which is immediately below the vacated LCN;
 - Thirdly, to a channel which is associated with the channel which is two positions above the vacated LCN;
 - Fourthly, to a channel which is associated with the channel which is two positions below the vacated LCN;
 - And so on for up to five positions above and below the vacated LCN; and then if it remains vacated
 - (iii) Finally, to any new associated channel (as defined under paragraph 6.1) launching on the platform.
- 8.3 Any channel provider offered a vacated LCN under paragraph 8.2 will have two weeks in which to consider the offer and respond in writing to Digital UK; beyond which time Digital UK may offer the LCN to another channel provider.
- 8.4 If no public service channel or associated channel takes the vacated LCN under the process described in paragraphs 8.2 then it will remain vacant until such time as a new public service channel or associated channel launches on the DTT platform (in accordance with paragraph 8.2); or Digital UK undertakes a shuffle-up procedure (see 8.6); or Digital UK for any other reason deems it reasonable to use the LCN.
- 8.5 Channels already on the platform may not request vacant LCNs from Digital UK; Digital UK will always offer vacant LCNs to channels as described above.
- 8.6 A channel provider may elect not to move a channel into a vacated LCN offered to it in accordance with this section of the Policy.
- 8.7 Without prejudice to paragraph 8.6, if large gaps or large numbers of gaps open up between LCNs within a genre Digital UK may undertake a shuffle-up procedure under this paragraph of the Policy to close some or all of the vacant LCNs within that genre. To operate this procedure Digital UK will write to all channels providers with channels occupying higher LCNs than the vacated LCN(s) explaining that it intends to undertake a shuffle-up procedure and explaining which vacated LCNs are available or might become available under this process. From this date Digital UK will close these vacated LCNs to new channels launching on the platform that might otherwise have had a claim to those LCNs under sections 5 or 6 of this Policy. Channel providers will be given two weeks to express interest in some or all of the LCNs that are available, and should prioritise their preferences. No channel will be under an obligation to move under the terms of this shuffle-up procedure. Digital UK will generally take two weeks to consider the responses. Digital UK will take into account any outstanding claims to vacated LCNs under either section 5 (which will always take priority) or section 6 of this Policy, and will then assign a vacated LCN to the channel with the next highest LCN.

9 CONSULTATION

- 9.1 Digital UK will consult with channel providers on any proposed enforced move of LCNs (i.e. where the moves are not conducted under sections 4, 5, 6, 7 or 8 of this Policy).
- 9.2 Where there are fewer than five channels to be moved, Digital UK will generally conduct a 'light' consultation process. A notification of the consultation will be sent to all channel providers, and responses invited from the channels proposed to be moved and any other channels which Digital UK believes will be significantly affected by the proposed changes. A notification will also be placed on the Digital UK website. A consultation period of approximately four weeks will be used, following which Digital UK will consider responses, communicate its conclusion to the channel providers and publish a notice on the Digital UK website at least eight weeks prior to the date of any move(s).
- 9.3 Where there are more than five channels to be moved, Digital UK will generally conduct a full consultation process with all channel providers. Responses will be invited from all channel providers and stakeholders and a notification will be placed on the Digital UK website. A consultation period of approximately eight weeks will be used, following which Digital UK will consider responses, communicate its conclusion to channel providers and publish a notice on the Digital UK website at least eight weeks prior to the date of any move(s).
- 9.4 Digital UK reserves its right to conduct an expedited consultation process where there are deemed to be, or might be, consumer protection issues
- 9.5 Where Digital UK reviews the Policy and believes there is a need to make substantive amends to the Policy Digital UK will conduct a consultation process with channel providers and stakeholders following that described in paragraph 9.3 of this Policy.

10 APPEALS PROCESS

- 10.1 The appeals process is available should a channel provider wish to appeal the Digital UK LCN Group's decision on:
- (i) The genre or LCN allocation for a new channel launching on the DTT platform for the first time;
 - (ii) A move to a different genre or different LCN within a genre for an existing channel;
 - (iii) The addition, removal, merging or moving of genres;
 - (iv) The decision to allocate or not to allocate a vacated LCN; or
 - (v) Application of section 7 of this Policy.

Any appeal to Digital UK is without prejudice to recourse to Ofcom or other relevant authorities.

- 10.2 Where the appeal relates to a new channel or to decisions made under sections 4, 5, 6, 7 or 8 of this Policy, the channel may launch at or move to the LCN allocated without prejudice to the ensuing appeals process.
- 10.3 To initiate the appeals process for a new channel or for decisions made under sections 4, 5, 6, 7 or 8 of this Policy a channel provider should write to the Chair of Digital UK within four weeks of the LCN allocation where the appellant is the provider of the channel in question, or within four weeks of the publication of the allocated LCN where the appeal relates to a channel other than those operated by the appellant, explaining why in the channel provider's view either the genre or the LCN assigned does not meet the Policy. The letter should further explain which genre or LCN the channel provider thinks the channel should be eligible for, and why. Any channel provider initiating an appeals process may be named by Digital UK, and where the appeal relates to a channel other than those operated by the appellant the relevant channel provider will also be informed of the appeal. The Chair of Digital UK may take up to four weeks to consider the appeal, and will then respond in writing to the appellant and, where this is different, the provider of the channel whose LCN was appealed. Within the four week period the

Chair of Digital UK may ask any channel provider for further information to assist with the review. If the Digital UK Chair agrees that the appellant has presented a sufficiently compelling case, and agrees to the appellant's counter proposed genre or LCN, Digital UK will move the relevant channel into the relevant LCN or genre and at the earliest reasonable date. If the Digital UK Chair does not agree that the appellant has presented a sufficiently compelling case, the Digital UK LCN Group's decision will stand. Digital UK may publish appeal adjudications subject to redaction of commercially sensitive material.

- 10.4 Changes to the LCNs of existing channels that do not fall under sections 4, 5, 6, 7 or 8 of this Policy would be subject to the consultation process set out in section 9 of this Policy. If, following consultation and notification from the Digital UK LCN Group of its conclusion, the provider of the channel required to change LCN wishes to appeal that decision the channel provider should write to the Chair of Digital UK within four weeks. The letter should explain why in the channel provider's view either the genre or the LCN assigned does not meet the Policy. Receipt by Digital UK of an appeal will place the move on hold until the end of the appeals process. Any channel provider initiating an appeals process may be named by Digital UK. The Chair of Digital UK may take up to four weeks to consider the appeal, and at the end of the four week period, will respond in writing to the channel provider. Within the four week period the Chair of Digital UK may ask the channel provider who lodged the appeal for further information to assist with the review. If the Digital UK Chair agrees that the channel provider has presented a sufficiently compelling case and that the channel should not move, no further action will be taken. If the Digital UK Chair does not agree that the channel provider has presented a sufficiently compelling case, the Digital UK LCN Group's decision will stand and Digital UK will move the channel into the relevant LCN or genre generally no more than 8 weeks from the date of the Digital UK Chair's decision. Digital UK may publish appeal adjudications subject to redaction of commercially sensitive material.

11 CHARGES

- 11.1 Digital UK reserves the right to levy fair and reasonable charges in respect of the allocation and use of any LCNs and to suspend or withdraw the allocation or use of LCNs if any such charges are not properly paid in accordance with Digital UK's payment terms.

12 INFORMATION PROVISION AND MONITORING

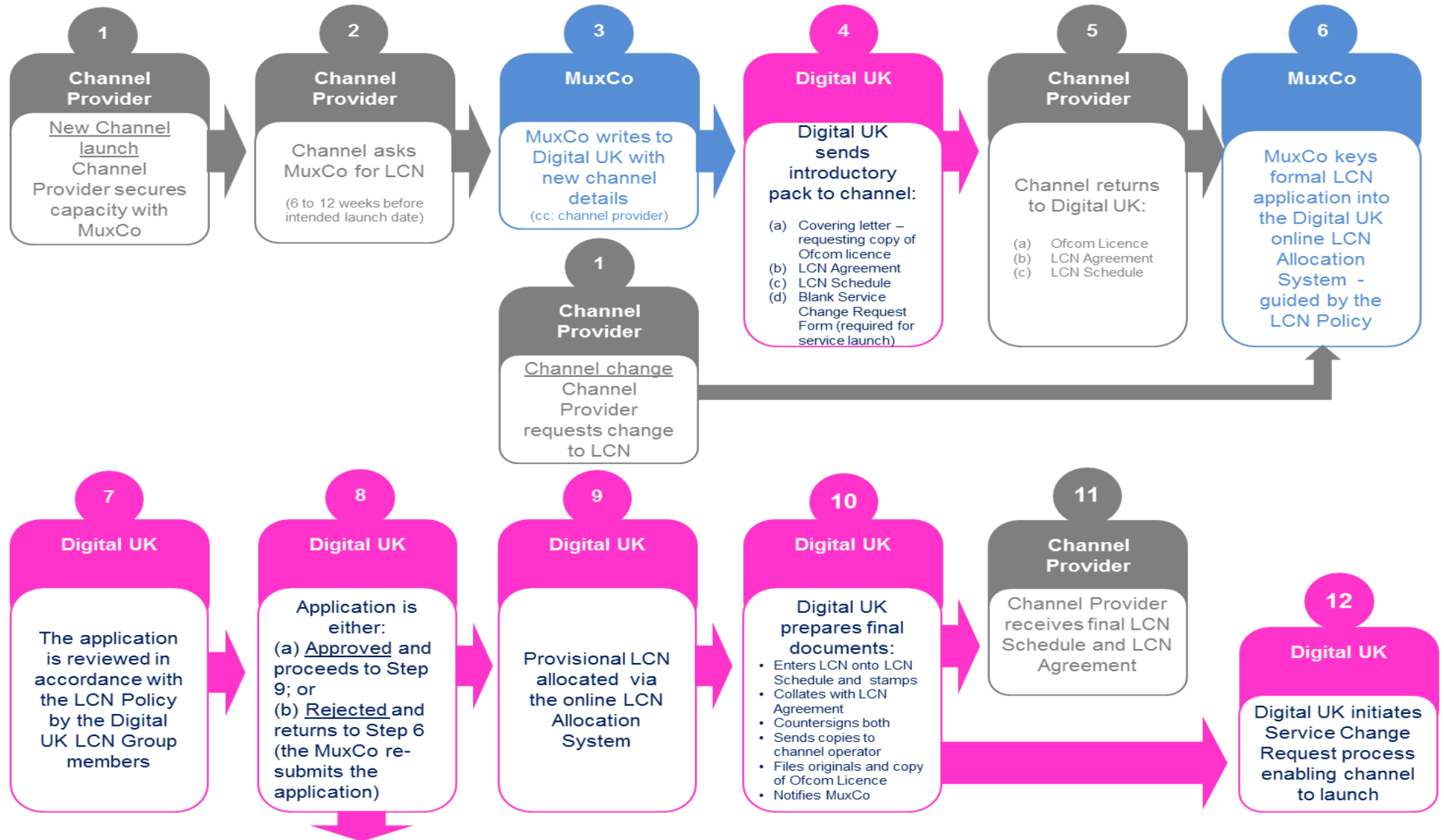
- 12.1 Digital UK is not obliged to monitor the content of the channels which are on the DTT platform in order to ensure that they continue to comply with any representations made to Digital UK by the channel provider about the channel or to investigate allegations brought by channel providers about such on-going compliance. However, Digital UK reserves the right at its discretion to monitor the content of channels and to investigate allegations brought by other channel providers.
- 12.2 Channel providers shall at their cost provide all such information as Digital UK requests in order to enable it:
- (i) To conduct any monitoring or investigations which Digital UK at its discretion wishes to conduct; and/or
 - (ii) To provide viewers with scheduling information.

Channel providers must take steps to ensure that all information provided by them or on their behalf is accurate, complete and up-to-date.

13 REVIEWS

- 13.1 Digital UK will carry out periodic reviews of the Policy which are likely to be every three to four years, or earlier at the discretion of Digital UK.

SCHEDULE 1: The LCN Allocation Process



SCHEDULE 2: Digital UK's Genre Ranges

Genre	First LCN	Last LCN
General Entertainment	1*	99*
HD	101	120
Children's	121	130
News	131	150
Adult	171**	198**
Text and MHEG services	200	224
	225	299
Interactive services	300	320
IP delivered services	400	599
Radio	700	750

* LCNs 8 and 45 are reserved for Local services with PSB status.

** LCNs 170 and 199 are reserved for the slates that bookend the Adult section.

SCHEDULE 3: Digital UK's Genre Definitions

General Entertainment	Programming of an entertainment nature that targets a wide viewing audience. The channel must contain a variety of entertainment programming and the channel must not be more appropriately listed in another existing genre.
HD	<p>A channel is defined as HD where it meets the video parameters for high-definition services as defined in Table 6 of Ofcom's Reference parameters for DTT transmissions in the UK, version 6.11 dated 19/11/2009 (as amended from time to time). All channels meeting this definition will be allocated LCNs in the HD genre with the exception of:</p> <ul style="list-style-type: none"> (i) Channels that meet both this definition and the definition of the Children's genre below, which will be allocated LCNs in the Children's genre; and (ii) Channels that meet both this definition and the definition of the Adult genre below, which will be allocated LCNs in the Adult genre in accordance with 3.8(i) of this Policy.
Children's	Programming aimed at children aged 15 or under. There should be no material unsuitable for children aged 15 or under on any channel assigned to this genre.
News	Programming consisting predominantly of news and/or current affairs.
Adult	<p>Digital UK will determine, in its reasonable opinion, whether it is appropriate to locate a channel in the Adult genre. Adult channels are channels which contain content of an adult nature, such that it features the depiction or description of, or behaviour of, a sexual or sexually suggestive nature, especially if this is of a lascivious nature. This includes the exhibition or depiction of sexual organs or sexual activity of any kind.</p> <p>When considering if a channel should be listed in the Adult genre, Digital UK will consider the amount and nature of programming which is of an adult nature that is broadcast on to that channel.</p> <p>For the avoidance of doubt, transactional sex chat channels (or 'Adult Chat' services) will be located in the Adult genre, rather than within any other transactional genre within the EPG.</p>
Text and MHEG Services	<p>A service will be included in the Text and MHEG services genre if a substantial element of the programming on the channel falls into either of the categories:</p> <ul style="list-style-type: none"> • The presentation of on-screen text services which are predominantly used by viewers to seek out specific information, or • Programming which is accessed by the viewer via an MHEG application, but which may be delivered to the viewer via IP.
Interactive Services	<p>A service will be included in the Interactive genre if a substantial element of the programming of the channel falls into either of the categories:</p> <ul style="list-style-type: none"> • Programming that can be accessed by the viewer as and when they demand, including push VOD services; or • Programming that enables the viewer to interact with the content or service in some way by utilising a button function on their TV remote control.
Radio	Audio-only programming that is licensed as a radio station rather than as a television channel. If a channel comprises video programming or on-screen stills (other than via any interactive application which may be launched from the channel) the channel will not be assigned to the Radio genre.

SCHEDULE 4: Guidance on paragraph 7.6

When considering (iii) of paragraph 7.6 of the Policy, whether the swap of LCNs would be deemed to result in channels being listed in an order more likely to reflect viewer or listener expectations, Digital UK would generally expect to take the following non-exhaustive list of factors into account:

- (i) Any sequencing implied by the name or branding of the channels; and/or
- (ii) The ordering of the two channels on other UK TV platforms; and/or
- (iii) Any other information that may support the channel provider's case.

When considering the timing of the swap of LCNs, Digital UK is mindful of the fact that some viewers need to re-tune their Freeview equipment for LCN changes and therefore sees a potentially negative viewer impact arising from frequent or un-coordinated LCN changes and so:

- (iii) A channel provider may only undertake one set of swaps of pairs of LCNs of any associated channels within its portfolio in any given year; and
- (iv) A channel provider may only swap LCNs at a time agreed with Digital UK; and
- (v) Digital UK prefers that LCN changes are co-ordinated on the platform, and will seek to aggregate LCN changes on a date in calendar quarter 3 (July to September) of any given year.