



Consultation on the allocation of LCN 7

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1 Introduction

Digital UK supports viewers and channels on the Freeview digital terrestrial television platform (the "**DTT Platform**"). We hold an Ofcom licence to manage the logical channel number ("**LCN**") listings, and we maintain a listing policy (the "**LCN Policy**") in accordance with the requirements of the Communications Act (2003) and Ofcom's Code of Practice on Electronic Programme Guides.

Our objective is to develop our listing and apply the LCN Policy for the long-term benefit of the DTT Platform and in the interests of viewers. We also seek to ensure that any agreement with channel providers is made on fair, reasonable and non-discriminatory terms.

Following the BBC Trust's decision¹ to move BBC Three online we have published this consultation to set out proposals for the allocation of LCN 7, which is currently occupied by BBC Three. Digital UK does not usually consult on LCN allocations but considers it appropriate in this instance for the reasons set out in Section 3.

In this consultation document we use the terminology 'lower LCN' to refer to a smaller channel number which is further up the channel list. Conversely, 'higher LCN' is used to refer to a larger channel number which is further down the channel list.

2 Background

2.1 BBC Trust decision

On 26 November 2015 the BBC Trust confirmed its decision to transition BBC Three to an online service. This, in turn, will result in the withdrawal of the BBC Three SD and HD linear services from the DTT Platform and create vacancies at LCN 7 and LCN 105, respectively, in the DTT LCN listing.

The BBC is currently reviewing the timing around when it will cease broadcasting BBC Three on the DTT Platform. In the interim, the BBC Trust statement confirms that it will not cease before the end of February 2016.

The process for allocating LCN 105 – currently occupied by BBC Three HD – is not a matter included in this consultation paper. In line with the Policy, Digital UK shall offer LCN 105 to the public service channel at the next lowest LCN in the HD genre.

¹ BBC Trust decision can be found at http://www.bbc.co.uk/bbctrust/our_work/services/service_changes_decision

2.2 Provisions in the LCN Policy

Among other provisions, the LCN Policy² governs how a vacated LCN is reallocated to other channels within the same genre and the process for reserving LCNs in certain circumstances. The way in which the vacancy allocation and reservation rules in the LCN Policy work together is integral to how Digital UK satisfies requirements to give “appropriate prominence” to public service channels in the appropriate genre in accordance with paragraphs 2 - 4 of the Ofcom EPG Code.

- Section 5.4 of the LCN Policy gives Digital UK the right to reserve LCNs for Local TV public service channels (“**Local TV**”) listed under s.310 of the Communications Act 2003. This reservation process is unique in that Local TV licensees have the benefit of certainty of their LCN position before launch on the DTT platform.
- Section 5.5 of the LCN Policy ensures appropriate prominence for “public service channels”³ - Digital UK will, where an LCN becomes available and is to be re-allocated, offer this to public service channels first before offering the LCN to other channels.
- Section 8.2 of the LCN Policy sets out the order in which channels will be considered when allocating a vacant LCN, and states that it will be offered preferentially to the public service channel at the next lowest LCN in the relevant genre. If the public service channel does not wish to move, the vacant slot may then be offered to existing associated channels⁴ already on the platform, and finally to any new associated channel launching on the platform.

By giving the public service channel(s) the first option of refusal when a lower vacated LCN is to be allocated, this provides a mechanism for public service channels to move up the channel listing over time.

The decision to reserve LCNs for Local TV was confirmed in July 2012. At that time, due to LCN availability, LCN 8 was reserved for Local TV in England and Northern Ireland and LCN 45 for Local TV in Scotland and Wales. The reservation for Scotland and Wales has since moved up the listing and is now at LCN 23.

Given the large number of Local TV channels⁵, Digital UK’s right to reserve LCNs, and the treatment of that reservation as if it were a single public service channel (rather than the treatment of individual Local TV channels as separate public service channels) has enabled Digital UK to satisfy the requirement to give appropriate prominence for these services, while ensuring efficient LCN management by enabling channels to share an LCN.

² Digital UK’s LCN Policy can be found at www.digitaluk.co.uk/lcnpolicy

³ A “public service channel” are those channels identified as such in accordance with section 310 of the Communications Act 2003.

⁴ An “associated channel” are those channels identified as such in accordance Section 6 of the LCN Policy.

⁵ To date Ofcom has issued 34 Local TV broadcast licences and there are 20 Local TV channels broadcasting services on the DTT platform.

3 Proposals for the allocation of LCN 7

3.1 Proposals

We believe it is in the interest of the platform and its viewers to consult on proposals to allocate LCN 7 - currently occupied by BBC Three.

This is primarily due to

- (i) the need to co-ordinate and manage the vacant LCN allocation process with respect to the number of parties involved and the added complexity of having three sets of public service channels occupying the next lowest LCN - LCN 8 is currently occupied by BBC Alba in Scotland, Channel 4 in Wales and the reservation for Local TV public service channels in England and Northern Ireland; and
- (ii) the opportunity created by the vacancy at LCN 7 to extend the Local TV reservation at LCN 8 and unite all Local TV public service channels onto a single LCN on the DTT platform.

In accordance with the LCN Policy, Digital UK has identified two options for a managed allocation process which are set out below in more detail. In summary, Option 1 involves more channel moves but does not result in a single LCN for Local TV; and Option 2 sees fewer channel moves and unites Local TV onto a single LCN.

Given the multiple incumbents at LCN 8, we acknowledge there may be other possible options for the allocation of LCN 7. However, we believe the two presented in this consultation paper achieve the best outcomes for the platform and its viewers.

Option 1 All public service channels at LCNs higher than channel 7 (in the general entertainment genre) move to lower LCNs

LCN Position	Current DTT Channel Listing	Proposed DTT Channel Listing under Option 1
7	BBC Three	BBC Alba, Channel 4 (Wales) Local TV reservation in England and Northern Ireland (currently 17 channels)
8	BBC Alba; Channel 4 (Wales); Local TV reservation in England and Northern Ireland (currently 17 channels)	BBC Four
9	BBC Four	Local TV reservation in Scotland and Wales (currently 3 channels)
23	Local TV reservation in Scotland and Wales (currently 3 channels)	Vacated LCN to be allocated under associated channel rules set out in Section 8.2 of the LCN Policy ⁶

⁶ At the time of writing, and in accordance with Section 8.2 of the LCN Policy - LCN 23 would be first offered to Create and Craft at LCN 36 by virtue of its association with Ideal World on LCN 22.

The main benefit of Option 1 is that all public service channels could move to lower LCNs and maintain their relative position in the general entertainment genre. This option also sees improved prominence for Local TV in Scotland and Wales.

There are, however, drawbacks under Option 1 in that channel and viewer disruption are likely to be increased. All 23 public service channels would need to change the branding and marketing of their LCN position on the Freeview EPG, for what may be perceived as a relatively small improvement in their DTT LCN position (excluding Local TV providers in Scotland and Wales who would move from LCN 23 to LCN 9 under this option).

Option 2 Local TV reservation at LCN 8 is extended to cover Scotland and Wales

LCN Position	Current DTT Channel Listing	Proposed DTT Channel Listing under Option 2
7	BBC Three	BBC Alba, Channel 4 (Wales)
8	BBC Alba Channel 4 (Wales) Local TV reservation in England and Northern Ireland (currently 17 channel providers)	Local TV reservation in England, Northern Ireland, Scotland and Wales (currently 19 channel providers)
9	BBC Four	BBC Four
23	Local TV reservation in Scotland and Wales (currently 3 channel providers)	Vacated LCN to be allocated under associated channel rules set out in Section 8.2 of the LCN Policy.

The main benefit of Option 2 is that all Local TV channels would be allocated the same LCN irrespective of geography. As such, viewers across the UK would be able to access Local TV programming from LCN 8 and Local TV channels could benefit from collaborative marketing of this UK-wide LCN position on the DTT platform, if they choose to do so. This option also sees improved prominence for Local TV in Scotland and Wales as under Option 1.

Our view is that extending the reservation of LCN 8 for Local TV to cover all territories will enable us to better ensure both *appropriate prominence*, and *fair, reasonable and non-discriminatory* treatment (as are set out in the Ofcom EPG Code) in respect of all Local TV channels.

Channel and viewer disruption is likely to be reduced under Option 2. The 17 Local TV channels in England and Northern Ireland would remain on LCN 8. As a result viewers of those services will continue to find their local services at the familiar LCN and it removes the necessity for the channels to change the branding and marketing of their LCN position on the DTT platform.

Expanding the reservation at LCN 8 to place all Local TV channels on a single LCN (rather than multiple LCNs) is also more consistent with our objective to ensure the efficient allocation of LCNs.

Under Option 2, Local TV in England and Northern Ireland would not be in the lowest available LCN (LCN 7) in their geographic areas. However it is worth noting that under both Option 1 and Option 2, Local TV in England and Northern Ireland would appear in the same position - the 7th position – on the DTT Platform EPG. This is because under Option 2 there are no public service channels currently broadcasting in England and Northern Ireland, and as a result LCN 7 will not be visible in the EPG for viewers in these nations. As a result Local TV in England and Northern Ireland on LCN 8 would move into the 7th position – the same position they would be on should they move to LCN 7.

3.2 Recommendation

Digital UK's recommendation is that Option 2 is adopted. We believe these LCN changes will on the whole be the most advantageous for all channel providers concerned, as well as the viewer.

3.3 Implementation

The timing of the channel moves under either proposal is dependent on when the BBC ceases to broadcast BBC Three on the DTT platform. At the time of writing we know this will not be before the end of February 2016 and we otherwise expect the BBC to confirm its more detailed plan shortly.

To enable effective implementation of the channel changes (once finalised) and to minimise viewer disruption, Digital UK, working with the channel providers and their multiplex operators, will coordinate the technical changes and would recommend these are carried out on same date.

When the LCN allocation for a channel changes, some viewers may need help to find services in their new location. While the majority of TV receiver equipment will detect changes and adjust accordingly, some equipment will continue to show the channel at the old LCN and will require the viewer to carry out a retune to keep their Freeview programme guide up to date. Digital UK will provide viewer support and troubleshooting advice via a team of agents at the Freeview Advice Line and through the provision of information on the Freeview website.

4 Consultation

4.1 Question

Do you agree with Digital UK's recommended proposal to allocate LCN 7 to BBC Alba and Channel 4 (Wales) and to extend the Local TV reservation at LCN 8 for all Local TV services?

4.2 Timetable and next steps for responses

We invite responses from all stakeholders in the DTT Platform, and particularly from those channel providers that will be affected by the allocation proposals set out in this consultation. This includes Local TV public service channel providers, the BBC and Channel 4.

We encourage respondents to consider how they may be affected by the proposals, to provide evidence based responses/views to describe any likely effect and to confirm their preferred option.

In relation to responses from Local TV channels, we would prefer that Local TV channel providers co-ordinate to submit a consensus view on their preferred option. This request is consistent with our policy to reserve LCNs for Local TV, which is predicated on the treatment of that reservation as a single public service channel, which enables Digital UK to satisfy appropriate prominence requirements set out under the Ofcom EPG Code.

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 Friday, 22 January 2016. Responses can be emailed to consultation@digitaluk.co.uk or mailed in hard copy to the following address:

FAO: Sarah Fox

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London W1T 3JF

We expect to publish a statement in February 2016 setting out our decision. This will be sent to all respondents and posted on the Digital UK website.