

# Arqiva Submission to Ofcom's 'Future of Public Service Media' Consultation

## Executive Summary

Public Service Media (PSM), and the platforms and institutions that underpin it, are the central pillar of the UK's broadcasting landscape, offering universal access and high-quality content to the vast majority of the UK population.

The pace of technological change within the sector in recent years, accelerated by the entry of new players into the UK broadcasting landscape, has been significant. As the broadcasting and media landscape continues to evolve, it makes sense to consider how the regulatory framework could be adapted to both reflect the changing nature of the UK and global broadcasting landscape, and ensure that PSM providers can respond effectively.

The proliferation of services, platforms and market players has been undoubtedly positive, leading to improved choice for consumers and new opportunities for collaboration and partnership. However, it is vital that the best characteristics of PSM – that it is universally available, reliably delivered, and free at the point of use – are preserved, and that the needs of all audiences continue to be met.

It is therefore critical that the regulatory and PSM framework continues to acknowledge the delicate nature of the broadcast ecosystem, that it continues to support the current delivery models which viewers and listeners across each nation rely upon, and that it adopts an approach that ensures ongoing access that is free at the point of use. Fundamentally, this means providing long-term certainty and stability for the platforms and institutions that continue to support the PSM ecosystem, such as DTT which delivers essential services to over 17 million homes<sup>1</sup> across the UK and radio services which are used and loved across the country both in the home and on the road.

Crucially, if any changes are made to the PSM framework it is very important that these do not inadvertently undermine what works well and delivers real value for all viewers and listeners through the current model of PSM delivery.

This submission offers Arqiva's overall view on how any revised regulatory framework can best ensure that PSM providers continue to meet consumer expectations and deliver on public service policy objectives and responds to the individual questions posed.

## The core principles of PSM must be protected

1. PSM remains vitally important to UK broadcasting, providing a reliable, impartial, and trustworthy source of both domestic and international news and UK-focused content. In

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<sup>1</sup> BARB, 2020 – Establishment Survey, Q1 2021

addition, the values, purposes, and rationale of a system specifically designed to provide universal access and trusted public service content are well understood, enduring, and rightly recognised by the viewing public.

2. At the core of PSM is the fundamental principle of universality. This fundamental characteristic enables PSM providers to provide a high-quality service that is universally available, free at the point of use, and truly reflective of the diverse needs and interests of the UK's nations and regions, and of different audience demographics. The universal nature of PSM is critically important for millions of households who would otherwise either forgo important TV or radio services or adopt other platforms which do not deliver on public service policy objectives, and for vulnerable and disadvantaged groups who lack sufficient digital connectivity or the financial means to adopt alternatives.
3. Despite the growth in popularity of global OTT services in recent years, traditional platforms such as DTT and the analogue and DAB radio network have proved resilient and continue to play a vital role in PSM delivery. In 2020 around 35 million TV sets had access to DTT in over 17 million homes, equal to 67 per cent of all working TV sets in the UK.<sup>2</sup> Today, around 11.2 million households rely on DTT as the primary source of TV, with a total of over 17 million homes using DTT on at least one TV set within the home.<sup>3</sup> This is backed by viewing figures, with 36 per cent of all total daily TV minutes in 2020 delivered via the DTT platform. The average viewer watching more than three hours of live TV a day, rising to almost four hours in households that rely on DTT as their primary source of TV. Many older age groups watching over six hours of TV each day.
4. Similarly, commercial radio listenership remains strong, over 37 million adults now owning a DAB receiver and 69 per cent of all digital listening taking place via the DAB platform. In total, 48.9 million listeners are tuning into the radio every week – 89 per cent of the UK population.<sup>4</sup>
5. The continued importance UK audiences place on PSM has been further highlighted during the Covid-19 pandemic, which has proven beyond doubt that there remains a strong appetite among viewers and listeners for live broadcasting that delivers trusted, high-quality public service information. Ofcom's 2020 Media Nations Report showed a marked increase in viewing of live TV, up 32 minutes from 2019. While broadcast TV viewing fell as lockdown measures eased, by the end of June 2020 it was still 11% higher than in the same week in 2019.<sup>5</sup> Significant live events such as the Prime Minister's address to the nation on 23 March 2020 drew 27 million viewers, while the Queen's address on 5 April 2020 drew 24 million.
6. During this period, localised radio stations and regional new programmes have also become an increasingly vital way of accessing trustworthy and impartial regional news and announcements, and of remaining connected during this challenging period. A 2020

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<sup>2</sup> BARB 2020 – Establishment Survey, Q1 2021

<sup>3</sup> BARB, UK Households by Viewing TV Platform, December 2020

<sup>4</sup> RAJAR Data Release: Q1 2020

<sup>5</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0010/200503/media-nations-2020-uk-report.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0010/200503/media-nations-2020-uk-report.pdf)

survey by Radiocentre found that 38 per cent of commercial radio listeners were tuning in for an extra hour and 45 minutes each day during the first lockdown period, with 68 per cent of listeners stating that their recurring reason for tuning in was because 'it delivers trusted news'.<sup>6</sup>

7. In addition, these known and trusted platforms provide stability for the PSM providers and enable them to focus on futureproofing services, efforts to compete with new players, diversifying their offering to viewers and listeners, and establishing prominence in other global unregulated markets.
8. As Ofcom notes in its consultation document<sup>7</sup>, "even as viewing behaviour changes, with increasing numbers watching on a variety of different devices, around 85% of people continue to watch broadcast content every week and we expect digital terrestrial broadcasting to continue to play a significant role for at least the next decade". Any amendments to the PSM framework must recognise and continue to support this.
9. It is clear that UK audiences value choice and a hybrid approach – they are increasingly consuming content on global OTT services but will still rely on PSM and DTT for high-quality, diverse, reliable content that is free at the point of use and driven by public service policy objectives.
10. It is therefore vital that any new regulatory framework preserves the core principles of PSM, delivers on PSM objectives, and ensures that the interests of all audiences continue to be met by protecting the full range of delivery platforms that underpin the PSM ecosystem. Importantly, changes must not inadvertently damage those aspects of the current delivery model that work, and must prioritise ensuring that audiences can continue to access PSM services no matter where they live and free at the point of use.

1. *Do you think that a new regulatory framework for PSM delivery should support a more flexible 'service neutral' delivery approach that is more outcomes focused?*

11. As outlined above, PSM is defined by the fundamental principle of universality. It is vital that a new regulatory framework for PSM delivery preserves this principle by ensuring that PSM content remains universally available to audiences, reliably delivered across each of the nations, and free at the point of use.
12. While Arqiva is not against the principle of a 'service neutral' delivery approach, the new regulatory framework must not inadvertently compromise the delivery of important PSM public service objectives. It is therefore vital that any 'service neutral approach' does not inadvertently jeopardise universality by encouraging PSM providers to split content and brands across multiple platforms and devices or focus on some audience groups or locations more than others. In order to ensure the vast majority of UK audiences retain

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<sup>6</sup> <https://www.radiocentre.org/commercial-radio-listening-enjoys-huge-working-from-home-boost-during-coronavirus-lockdown/>

<sup>7</sup> Ofcom, Small Screen: Big Debate Consultation 'The Future of Public Service Media', 2020, (para 3.18)

the ability to access PSM content, PSM providers must retain a centralised, core service offering that is prominent, free to access, and accessible on a range of consumer devices.

*2. Do you agree with our proposals for a clear accountability framework?*

13. While Arqiva agrees that PSM providers should be required to outline their plans for service delivery, it is important that any target-led approach ensures that PSM providers can continue to fulfil their public service objectives by delivering a diverse range of content aimed at different demographic or regional groups and audiences of all sizes, and that universality remains the cornerstone of PSM delivery. Any framework should not permit trade-offs to be made between different aspects of PSM delivery or for those core requirements to be undermined.

*3. What do you think should be included in the PSM 'offer'? and 4. What options do you think we should consider in terms of PSM availability?*

14. With an increasing number of viewers and listeners using platforms as their primary way of accessing broadcasting and media content, it is important that the regulatory framework recognises the need to ensure that PSM content remains widely accessible and universally available to audiences, and that this remains free at the point of use.

15. Arqiva agrees with the proposal outlined by the PSBs within the consultation document. In order to ensure that the fundamental principle of universality is retained, it is important that allowing commercial PSMs to negotiate an "enhanced offer" with platform providers does not have the unintended consequence of incentivising the removal of popular content from its core programming schedule.

16. In Arqiva's view, the challenges set out in the document around how PSM providers negotiate and work with emerging gatekeepers and platforms reinforces the need to ensure that the PSM and regulatory framework continues to support those elements of the ecosystem which currently underpin and ensure the delivery and accessibility of PSM content to all audience groups.

*5. What are the options for future funding of PSM and are there lessons we can learn from other countries' approaches?*

17. Arqiva supports the licence fee model. We do not hold a firm view whether any changes to the funding model are required to ensure that PSM can meet the emerging challenges that have resulted from market changes in recent years. However we strongly believe that any future funding model or system must protect and enable the UK's world-leading PSM institutions to invest in innovation, products and services that keep ahead of the pace of change, compete with new entrants into the global market, and continue to offer a world-leading service to audiences in the UK and around and world.

**6. What do you think about the opportunities for collaboration we have referred to? Are there any other opportunities or barriers we haven't identified?**

18. We agree that collaboration between service providers can serve to encourage competition, stimulate innovation, increase efficiencies and decrease costs. In addition to the opportunities highlighted within the consultation document, which primarily focus on increased collaboration between PSM providers, production companies and other content platforms, we believe consideration should also be given to the cost and efficiency benefits that can be derived through increased partnerships within the broader PSM ecosystem, including with providers of sector-wide services.

**7. What are your views on the opportunities for new providers of PSM?**

19. Arqiva supports the principle of encouraging new entrants and market participation, which will serve to broaden plurality and choice in the content offered to UK audiences. However, it is vital that broadening participation in PSM does not undermine or in any way dilute the existing PSM offer. It will be important to ensure that any new PSM content serves to stimulate innovation and push the boundaries in terms of quality, and that the overall funding allocated for PSM continues to serve the needs of all providers.

## About Arqiva

Arqiva is a communications infrastructure and media services company operating at the heart of the broadcast and mobile communications industry. Arqiva provides much of the infrastructure behind television, radio, mobile and other wireless communications in the UK and we are at the forefront of network solutions and services in an increasingly digital world.

Arqiva operates more than 1,500 transmission sites for broadcasting, providing coverage to over 99% of the population for terrestrial broadcasting in the UK. We are a shareholder and operator for both commercial national DAB radio Multiplexes and service provider for the BBC national DAB radio Multiplex. We also work with independent radio groups, such as Bauer Media and Global Radio.

Through our wholly owned subsidiaries, Now Digital Ltd and Now Digital (Southern) Ltd, and our joint ventures Now Digital (East Midlands) and South West Digital Radio, Arqiva operates 23 DAB digital radio Multiplexes. These Multiplexes cover a number of regions of the UK, predominantly in the Midlands, South West and the south of England.

Arqiva was a founder member of Digital UK (DUK), Freeview, YouView and DRUK. Freeview is the largest TV platform in the UK delivering over 60 digital TV channels, including 15 HD channels, and 24 radio stations free to the UK public. Arqiva owns and operates the networks for all of the Freeview Multiplex licence holders and is the licence holder for two of the National DTT Multiplexes as well as the DVB-T2 Multiplex Com 7. DRUK works to promote digital radio via liaison with the UK supply chain, business-to-business, and consumer marketing.

Our major customers include the BBC, Bauer Media, Global Radio, Wireless, ITV, Channel 4, Five, Sky, UKTV, Sony, AMC, Ideal World, QVC, RT, and Al Jazeera Networks.

Arqiva is owned by a consortium of infrastructure investors and has its headquarters in Hampshire, with major UK offices in London, Buckinghamshire and Yorkshire and operational centres in Greater Manchester, West Midlands, and Scotland.