

BFI response

to

Ofcom's Consultation on future use of the 700 MHz band

- Cost benefit analysis of changing its use to mobile services

August 2014

Executive summary

The BFI welcomes the opportunity to comment on Ofcom's consultation on the future use of the 700 MHz band. The consultation is relevant to the BFI's work in film, television and the moving image generally.

The BFI believes it is essential that planning for any change of use for the 700 MHz band must take account of the fundamental need to protect free universal access to public service broadcasting services (PSB), as well as the need to promote innovation.

The interests of citizens and consumers - rather than any financial benefits to Government and/or the private sector - must be primary with regard to the timing and execution of any such changes. In particular, if changes are made, a help scheme needs to be put in place to assist elderly and disabled people in making any necessary changes to receiving equipment. The BFI believes that the impact of any changes on viewers must be minimised.

Programme Making and Special Events services (PMSE) need to be protected because a wide range of film and audiovisual productions depend on effective delivery of such services to deliver cultural benefits to audiences across the UK. This is particularly important to the BFI, as lead agency for film, and as an organisation which uses National Lottery funds to support film production.

About the BFI

In 2011 the BFI became the lead organisation for film in the UK. It is now a Government arm's-length body and distributor of Lottery funds for film.

Our mission is to ensure that film is central to our cultural life, in particular by supporting and nurturing the next generation of filmmakers and audiences. The BFI serves a public role which covers the cultural, creative and economic aspects of film in the UK.

It delivers this role:

- As the UK-wide organisation for film, a charity core funded by Government
- By providing Lottery and Government funds for film across the UK
- By working with partners to advance the position of film in the UK

In October 2012, the BFI published 'Film Forever, Supporting UK Film 2012-2017', which set out its strategy for the next five years, following an extensive industry consultation.¹ It described the activities underpinning the BFI's three strategic priorities:

- Expanding education and learning opportunities and boosting audience choice across the UK
- Supporting the future success of British film

¹ <http://www.bfi.org.uk/about-bfi/policy-strategy/film-forever>

- Unlocking film heritage for everyone in the UK to enjoy.

To that end, the BFI helps ensure that public policy supports film and, in particular, British film.

Founded in 1933, the BFI is a registered charity governed by Royal Charter. The BFI Board of Governors is chaired by Greg Dyke.

Responses to the consultation questions:

Question 1: Do you have any comments on Analysys Mason's approach to quantifying the network cost savings and performance benefits?

Answer: The BFI is not best placed to comment on this question.

Question 2: Do you have any comments on the other benefits we have identified including the likely magnitude or how they may be quantified?

Answer: The BFI is not best placed to comment on this question.

Question 3: Do you agree with our assessment of the likely benefits of changing use of the 700 MHz band?

Answer: With regards to Ofcom's objectives for spectrum, the BFI recognises the need to ensure efficient use of spectrum, and we particularly support measures that promote innovation - for example by making spectrum available to enable new mobile services to be launched. More and more people are watching TV programmes, films and other video content on mobile devices, leading to a rapidly-growing demand for bandwidth. At the same time, it is important not to undermine the viability of a robust DTT platform that delivers near-universal, low-cost access to PSB programmes, and choice for consumers in services and platforms. The BFI's view is that, in implementing its spectrum plans, Ofcom should ensure that an appropriate balance is struck between the various (and sometimes competing) objectives of promoting encouraging efficiency, promoting innovation and safeguarding a strong universally-available DTT platform.

Question 4: Do you have any comments on our analysis of the implications change of use of the 700 MHz band would have for the DTT platform?

Answer: The BFI believes it is essential that the breadth and quality of access to the DTT platform for people across the UK remains as it is now.

A crucial principle underpinning access to PSB is that it is free and universal, in other words PSB services can be watched regardless of ability to pay - the availability of the DTT platform across the UK guarantees that this principle is delivered. The capacity of the DTT platform to help PSB services evolve and change must be maintained so that these services do not become stale or fail to deliver a broad range of high quality output to meet the needs of the citizen and consumer.

The platform must therefore continue to be available in a free and universal form so that the broad and diverse range of programming, including films, delivered by PSB services are available to the benefit of citizens and consumers and continue to deliver a range of cultural, education and social benefits. This is particularly important for people who cannot, or do not wish to, pay for television services.

To take the example of film, large numbers of people continue to choose to watch independent British films on terrestrial television. For instance, BFI Statistical Yearbook data shows that in 2013 the most popular UK independent film on terrestrial television in 2013 was The King's Speech with 2.9 million viewers, followed by The Iron Lady (2.7 million) and The Inbetweeners Movie (2.6 million). As in 2012, most of the independent British films in the top 10 for television viewings were shown on either BBC Two or Channel 4.

Question 5: Do you agree with our assessment of the likely costs of upgrading DTT transmission infrastructure?

Answer: The BFI is not best placed to comment on this question.

Question 6: Do you have any comments on our assessment of the timeframes within which it might be possible to complete a DTT replan?

Answer: The BFI believes that the primary consideration in relation to timing must be the interests of citizens and not financial benefits to Government or the private sector.

Question 7: Do you have any comments on our assessment of the loss of value from existing DTT services in case of change of use for the 700MHz band?

Answer: The BFI is not best placed to comment on this question.

Question 8: Do you have any comments on our analysis of the implications of potential changes for DTT viewers and for the platform? Are there any effects that may be important to viewers that we should consider further?

Answer: The changes have the potential to be highly disruptive for the industry and citizens alike, not least because it could necessitate upgrades for millions of set-top boxes and aerials. It is vital that this process is carefully planned and managed by the Government and Ofcom, with clear communications - and, where relevant, marketing - to all parties throughout the process.

In particular, it is essential that a support programme for aerial replacement, particularly for disadvantaged groups is put in place. Such a programme should be

modelled on the successful Switchover Help Scheme for digital which offered eligible older and disabled people across the UK practical help to switch one TV set to digital.

Question 9: Do you have any comments on our consideration of consumer information and support measures and on the factors we should focus on in the next stage of work?

Answer: See answer to Q.8.

Question 10: Do you have views on the activities that Ofcom and other stakeholders could undertake now to help ensure that DTT equipment that consumers might buy in the coming years is as future-proof as possible?

Answer: It is essential that citizens and consumers are made aware of the nature and timescale of any changes once any decisions have been taken. They must be made aware, as soon as possible after any such decision, as to the nature of any practical steps - such as aerial replacement or retuning of sets - that they will have to undertake.

Question 11: Do you have any comments on our assessment of the impact change of use of the 700 MHz band would have on PMSE?

Answer: The BFI believes it is essential that the needs of PMSE users are properly reflected in spectrum policy. Spectrum policy relating to PMSE is important to the BFI given its duties as a distributor of National Lottery funds for film. PMSE licences enable the use of a wide range of radio equipment needed for the making of TV programmes, films, staging of events, etc. This includes radio microphones, the use of which is ubiquitous in film production. The UK government has put in place a series of measures including tax incentives to drive inward investment of Film and high end TV and any move that would make the UK less attractive as a destination for filming in a highly competitive global market would be counter productive.

Question 12: Do you have any comments on the mitigations for loss of access to the 700 MHz band including whether we have correctly identified the replacement bands suitable for further study and whether we have correctly identified actions that the PMSE industry could adopt to improve spectrum efficiency?

Answer: The BFI is not best placed to comment on this question.

Question 13: Do you have any comments on our assessment of the impact of the change of use of the 700 MHz band on the TVWS availability?

Answer: The BFI is not best placed to comment on this question.

Question 14: Do you agree with our use of the Spackman method for discounting both the costs and benefits of change of use?

Answer: The BFI is not best placed to comment on this question.

Question 15: Do you agree with our approach of estimating the cost of early replacement or should we be considering the full cost? Do you have any comments on how we have estimated the costs of early equipment replacement?

Answer: The BFI is not best placed to comment on this question.

Question 16: Do you agree with our overall assessment of the costs of change of use of the 700 MHz band?

Answer: The BFI is not best placed to comment on this question.

Question 17: Do you have any comments on our assessment of the impact of earlier or later change of use of the 700 MHz band?

Answer: The BFI is not best placed to comment on this question.

Question 18: Do you agree with our proposal that we should make the 700 MHz band available for mobile broadband?

Answer: Yes, we think that mobile broadband has become increasingly important to citizens and consumers and therefore it seems logical to make the 700 MHz band available for this purpose.

Question 19: Do you agree with our proposal that we should seek to implement this change at the earliest possible opportunity?

Answer: See answer to Q.6.

Question 20: If, as a result of this consultation, we decided to go ahead with the proposed changes, what factors and evidence should we take into account when considering whether to hold an auction near to the time of availability of the spectrum or earlier?

Answer: See answer to Q,6.

Ends.