



department for
**culture, media
and sport**

BIS | Department for
Business Innovation & Skills

Summary of Responses to the Digital Britain Interim Report

June 2009

improving
the quality
of life for all

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

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Section 1: Introduction

When the Digital Britain interim report was published on 29 January, we invited feedback and comments. We had direct responses from over 260 organisations and individuals and of these 232 have given permission for their responses to be published on our website, in some cases in a redacted or anonymised form.

The range of responses we got gives an indication of the interest there is in Digital Britain issues. We had submissions from devolved, regional and local government, businesses in the digital and communications sector, TV and radio broadcasters and representative groups, regulatory bodies, consumer and business user groups, representative organisations and charities for disabled groups, trade associations, educational organisations, public sector organisations, consultants, academics, students, and individuals commenting from their own personal, family, professional or voluntary sector experience. A large number of responses have commented from a Scottish, Welsh, Northern Irish or regional English perspective. In addition to formal responses we have had a lively debate on the Digital Britain discussion site, mainly about broadband issues including Next Generation Access Networks and the proposals for a Universal Service Commitment but also picking up on other areas including IP and rights issues in the digital era, privacy, and broadcasting.

The comments we have had are part of a broader debate on Digital Britain that is still continuing on independent forums including Write to Reply and Twitter. This paper focuses on the responses that were made to us directly or via the Digital Britain discussion site. See our website for a snapshot of the debates that have taken place on independent sites in reaction to the interim report and the Digital Britain summit on 17 April.

We are very grateful for all the input we have had, both direct and indirect. This has helped to shape the work that has gone into the final report. This note is meant to give a flavour of the responses we got but to get the full measure, it is well worth reading the responses themselves and having a look through the online comments.

Section 2: Summary

Overall strategy and objectives: there was a broad measure of support for the objectives set out in the interim report, particularly on broadband coverage and take-up, with agreement about the importance of the digital and communications sector to the UK economy and society as a whole, and a strong sense that this is the right area for the Government to be focusing on, particularly in the current economic climate. But many responses urged the Government to be much more ambitious, particularly on NGA and universal coverage targets.

However, while there was near universal consensus on the importance of high speed infrastructure, there was a debate about the relative importance of infrastructure and content issues and which should come first in policy terms – will high speed infrastructure drive innovative, diverse and commercially successful content or the other way round?

In addition to this debate, a lot of responses argued that the Digital Britain report needed to look beyond the next five years and at a much broader range of issues besides the ones highlighted in the interim report – there was a much more complex and detailed picture of Digital Britain to be painted. Many responses pointed to issues and developments which they argued were significant for the policy agenda and should have been included or given greater prominence. A number of responses put forward ideas or proposals to be considered in these areas, as well as the five objective areas highlighted in the interim report.

Objectives

On the five objectives in the interim report:

Objective 1 - Upgrading and modernising digital networks including NGA, spectrum, and digital TV/radio: the majority of the responses in this area focused on broadband issues. Nearly all the responses on **Next Generation Access networks** supported the idea that infrastructure rollout should be market led but government would need to supplement this in some areas through financial and other incentives

- Many responses pointed to the growing importance of **mobile broadband** and argued that this underlined the urgency of resolving current spectrum allocation issues. Some responses argued against a purely market based approach to spectrum allocation – some applications may have a broader social or economic value that will not be recognised in an auction based system

- **Digital radio** issues were also prominent, with a strong welcome from some responses for the commitment to DAB radio, but not all accepted that DAB is the way forward and there were concerns about quality and also that analogue services will be switched off before digital radio is fully rolled out, leaving listeners in some areas with poorer choice

Objective 2- Dynamic investment climate for digital content including peer to peer filesharing issues:

online rights issues were seen as very important in many of the responses on this objective with much comment on the respective roles and needs of content creators, rights holders, ISPs and customers, but there was much less consensus about the underlying approach to rights management in the digital era, or the specific proposals in the interim report for a rights agency, and for legislation requiring ISPs to notify alleged infringers of rights that their conduct is unlawful

- Many responses argued that we should take a broader and longer term view of the digital content environment, with more focus on new forms of content and services – for example, user generated content, games, online education, social networking, e-commerce, and internet advertising - their impact on the way we distribute information, do business and communicate with each other, and the social, economic and regulatory issues they raise, including on digital preservation

Objective 3 - UK content for UK users including Public Service

Broadcasting and news: there was a lot of support for the idea of contested funding for delivery of services which are socially, culturally and politically important but including news, regional and childrens' TV services. There was also support for partnership between Channel 4 and BBC World wide, as an option for ensuring a strong alternative PSB voice to the BBC though this was not agreed by all. Many underlined the challenges being post to traditional print media by convergence and argued that these called for more urgent measures than those proposed in the interim report, Some responses argued however that we were asking the wrong questions and too focused on pre-digital structures – we needed to look to the potential for new emerging platforms to deliver valued information content and services.

Objective 4 – Fairness and access for all including universal connectivity, take up and delivery of public services online: the great majority of responses here focus on universal broadband connectivity issues; there was consensus on the importance of ensuring universal coverage and nearly universal support for a coverage safeguard in the form of a USO or USC. There was a sharp division between those who agreed that the USC should be based on download speeds of 2 Mbps and those who want it to be much higher

- responses agreed that there is huge potential for delivery of public services online, but these make it crucial to tackle problems of infrastructure availability, take-up and digital exclusion. Government needs to do more research on how to address the 40% of the population that is not taking up broadband and should think imaginatively about the platforms that can be used to improve take up of broadband including Government services, and needs to target the groups that are currently

less likely to go online including the socially excluded, elderly and disabled users

Objective 5 – Developing the infrastructure, skills and take-up to enable widespread take up, including media literacy and online safety and privacy:

number of responses point to a crisis in the availability of graduate and specialist ICT experts, partly stemming from problems in the school curriculum, and we need to tackle these urgently as well as incentivising more work based training and study. Responses on media literacy were generally supportive of plans for a national strategy. Many responses discussed the definition of media literacy and how broad this should be – a lot argued the need for a coordinated cross departmental/agency approach, building on existing work. Finally, many responses agreed on the importance of tackling privacy and online safety issues and argued that these needed to be given higher priority.

Section 3: Detailed summary of comments

3.1 Objective 1: upgrading and modernising digital networks including NGA, spectrum, and digital TV/radio).

Next Generation Access Networks: Actions 1 – 5

How far will new networks be market led and what role should the state play through funding of infrastructure

The great majority of submissions agreed that while new infrastructure development needs to be market led, there are parts of the country (mainly rural but there are also problems in some urban areas) where the government will need to step in with funding for new infrastructure. This might take the form of public-private partnerships, or development and ownership of dark fibre, ducting or spectrum by local community groups or authorities, which could then be leased out to operators; some responses pointed to broadband schemes which have already been implemented as examples of the way forward. Many responses argued strongly that broadband is now an essential utility for consumers and businesses and a number particularly on the discussion site spoke from personal experience about the consequences of being in an unconnected or underserved area; there is a risk of the existing gap between well and poorly served areas becoming even wider as operators press on with new infrastructure rollout in selected regions. Many submissions argued that there needs to be a coordinated strategy involving all parts and all levels of Government, central, devolved and local. Some commentators call for a two tier approach for areas that will and will not be served by the market, with a transparent government procurement programme for the areas outside market coverage and long term targets for infrastructure rollout, along the lines of the u-Japan strategy.

Not all comments agreed with this. At one end of the spectrum, some commentators on our discussion site argued that we should treat NGA infrastructure as a national asset and that there were no real incentives for companies to make the kind of investment the UK needs in future proof infrastructure. Development therefore needs to be led by the public sector in the broader national interest.

At the other end of the spectrum, some responses argued that there is not yet sufficient evidence of a market failure and the public sector should not intervene at all, or should intervene only very selectively, to avoid distorting competition and displacing commercial investment in markets which are new and relatively untested. These and other responses argued the value of other ways of promoting rollout including through regulatory incentives and a stable regulatory framework for infrastructure providers although there were calls also to ensure that regulatory incentives should not take the form of holidays from the pro-competition requirements imposed on incumbent operators by Ofcom. Any remaining obstacles to local loop unbundling should be addressed and further work should be done to ensure competitive access to BT and Virgin Media's networks.

Some of the responses on NGA infrastructure made a link to **net neutrality** which was also raised by some responses in the context of digital content, privacy and the enforcement of online rights, where there were objections to the use of network management as a potential tool against alleged copyright infringers. Most responses, though not all, supported the position taken in the interim report but there was some concern about abuse or anti competitive behaviour by dominant players and whether this would be fully caught by existing safeguards. One response proposed guidelines or a memorandum of understanding between Government and industry to cover the principles of internet openness and exceptions to them. A few responses argued in more general terms that the increasingly complex mix of digital applications, services and infrastructure availability and the corresponding complexity of relations between the different operators involved will necessitate a rethink of regulatory policy and possibly the underlying legislation as well.

What else should government do to promote new infrastructure?

There was a lot of support for the proposal to do further work on the barriers **access to ducts and other infrastructure**; this was seen as an important issue and we needed to get to the bottom of current duct sharing objections by the two major infrastructure providers. We should also think about other infrastructure held by other owners, including public authorities, and how to incentivise access to that. Many responses picked up on **action point 3 on rates**. While some welcomed the further guidance issued by the Valuation Office Agency a number argued that the rules were still too complex and needed further simplification, or that there were more fundamental problems with the rules and rates were just too high and needed to be reduced or abolished. There was a lot of support for the proposal in **Action 5 of the interim report** to channel support and advice for local and community schemes through an umbrella body, as put forward by the Community Broadband Network.

Other proposals and ideas in the responses include:

- the pros and cons of different delivery technologies and their potential for reducing the costs of NGA rollout; **wireless broadband, Long Term Evolution mobile and satellite** were seen by some as solutions for the harder to reach areas with **fibre to the home** as the long term solution for core networks. New infrastructure should also benefit from the innovation available from the UK's electronics companies. Several responses made the

point that the Government needed to be technology neutral about which delivery method is best for each scenario, and for common standards to be evolved/used.

- The scope for using existing publicly owned infrastructure including **JANET and NHS networks** and making these available for commercial broadband operators; some responses also pointed to the ongoing value of using procurement of broadband for public use (including schools) as a way of providing local backhaul. The value of business to business specialist networks as a driver for new infrastructure rollout was also raised.
- **smart metering initiatives** could be used as a lever for broadband rollout
- **planning/building regulations** should include requirements on broadband provision and existing guidance should be made mandatory, to ensure NGA provision in new build housing and offices
- focus on the **demand side**: we should promote take-up through the development of innovative services. This could be done through Government competitions for new applications and/or more generally by promoting the benefits of digital services to SMEs or creating incentives for SMEs to invest in ICT
- focus on **business users**: some responses felt the interim report should have highlighted the different needs that businesses have, including for higher bandwidth and lower fault rates
- the need for a **broadband map** as a tool to highlight the areas outside commercial coverage plans

Mobile Networks/Spectrum: Action 6

Many responses saw this as a key area given the potential of wireless for delivering broadband services in hard to reach areas, the increasing convergence between fixed and mobile services and the development of innovative and attractive new mobile broadband services; the extent of mobile phone use and take-up indicates that mobile broadband services could ultimately be attractive to a broader range of users than conventional fixed services and might therefore represent a solution to take-up problems.

Wireless Radio Spectrum Modernisation Programme

Responses agreed the need to resolve the future of existing 2G radio spectrum quickly although some were sceptical about the likelihood of achieving an industry agreed set of radio spectrum trades. There was support for the release of more radio spectrum from the Digital Switchover Dividend review for next generation mobile services though a couple of responses raised the issue of how reallocation of current analogue broadcasting spectrum will impact on bands used for programme making and special events, and called for alternative provision for this. There was also support for the extension of 3G licences with AIP and for infrastructure sharing – some responses argued for national roaming requirements to maximise coverage and minimise the environmental impact of new infrastructure.

Spectrum and broadcasting

A number of responses argued that spectrum should continue to be made available for public service broadcasting and/or regional or local TV and radio broadcast services free of charge after digital switchover, or at least until full migration of services. There was support for the Scottish Broadcasting Commission's proposal for gifted or discounted spectrum to be made available from the Digital Dividend Review in Scotland to support plurality in Scotland.

Future spectrum allocation policy

There was quite a lot of support in the responses for the idea that a purely market based approach to spectrum allocation needs to be moderated with protections for some functions whose social, environmental or broader economic value outweigh their direct market worth and therefore ability to compete in spectrum auctions. For example, spectrum should be reserved for critical national and emergency services or for broadband provision in areas outside commercial coverage plans, subject to requirements on rollout for example or open access for other operators.

Other ideas on spectrum:

- Nesta's proposal for a "speed for spectrum" swap of some of the spectrum rights to be freed up from the Digital Switchover in exchange for broadband providers' commitment to speed up the deployment of next generation broadband across the country; this was supported by some other responses
- we should look at alternative fee structures including a switch away from upfront to annual fees to increase the chance of delivery of service, or the Japanese model of percentage royalty on future revenues
- we should make more use of licence exempt spectrum especially in UHF white spaces for broadband services

Digital Switchover: Actions 7 and 8

There were mixed views about the proposals in the interim report to use the Digital Switchover project to support broadband take-up through the provision of a return path option in digital receivers made available through the Switchover Help Scheme and the use of the marketing and communications activity around Digital Switchover to provide impartial information on digital opportunities beyond broadcast TV. Although there was some support for both proposals, or at least agreement that they should be explored further, there were also concerns about diluting the current focus of the switchover process and lessening the effectiveness of core activities and messages, which were crucial to the continued success of the switchover programme. Some responses underlined that a return path option of this kind was not a substitute for full broadband connectivity (and one argued that the term "return path" itself is misleading because it implies that the broadband connection is provided through the broadcasting route); if there was a market for this kind of product it would have developed already.

The needs of disabled users were also raised – for example the RNIB argued that if the proposals do go ahead, any return path capability should be accessible

to blind and partially sighted people, so they are not excluded from this option. This would have to be done through inclusion of text-to-speech solutions that read out information on the screen, similar to computer screen reading technology.

Digital Audio Broadcasting (DAB) radio: Action 9

Responses on DAB radio issues fell into two broad camps - those who support DAB as the future for radio, and are therefore keen to see progress on rollout, and those who are not convinced that DAB is the right technology and argue that there are quality and coverage problems that must be resolved before FM services are switched off, or that we should look at alternatives now. Many supporters from the radio industry stressed their own commitment to DAB and continued investment in content and infrastructure.

Supporters welcomed the interim report commitment to DAB as a primary distribution network for radio, but in many cases called for a more ambitious timeframe for the drive to digital, with comprehensive planning and targets for migration – Bauer Media, for example, called for a 2012 target date. The BBC called for accelerated progress on commercial multiplexes and for more to be spent on marketing DAB. There was some support for the interim report proposal for a Digital Radio Delivery Group and some comment about who this should involve with calls for the charities involved in this area as well as consumer groups to have a place. Responses pointed to spectrum issues that needed to be resolved to increase the range and reduce the cost of investment in multiplexes. Responses in this group also argued the need to look at the broader regulatory framework of content and ownership rules on radio with support for deregulation to help commercial radio adapt to the pressures of convergence and its impact on advertising revenues, and the transition to digital.

In the more sceptical camp, some commentators questioned whether DAB was the right way forward and argued that slow progress and technical problems pointed to the need to reassess the options and other technologies available for digital radio. These and other responses stressed the need not to switch off FM services before digital alternatives are fully in place, and the risk that the migration process will result in a poorer mix of available programming.

Other radio issues raised in the responses

- There was support from a couple of responses for extending community radio licences for five years and reviewing current restrictions on 50% of funding from any one source, as proposed in the interim report
- digital radio multiplex carriage costs need to be regulated to protect competition and avoid crowding out local operators
- there should be a separate review of DAB in Wales to take account of Welsh content and coverage issues
- Government should share the costs of installing new multiplex infrastructure to free up commercial radio funding for new innovative content
- A national children's DAB radio network in partnership with the BBC
- A call for the BBC to be required commission more radio programming from external sources

- A call to focus on the issue of DAB in car radios and preserve a FM national frequency slot for retransmission or require all new radios sold after a certain point to be digital

3.2 Objective 2: Dynamic investment climate for digital content including online rights enforcement and peer to peer filesharing issues: Actions 10, 11, 12 and 13

Rights issues

The issue which dominated the responses to this section of the report was online rights and whether and how they should be enforced – this was the issue that got most comments, after broadband, on the online discussion site.

While there was widespread agreement about the importance of rights issues to the Digital Britain agenda, there was a deep division in the input we got between those who see stronger enforcement of online rights as essential to a healthy future content and creative sector in the UK, and those who argue that

a fundamentally new approach is needed given new technology and changing social attitudes, and that involving ISPs in online enforcement will infringe individual privacy and damage the ISP sector. In between these was a group who generally supported the proposals made in the interim report, including on a new rights agency, but urged caution about going any further in view of the longer term issues.

Proponents of stronger enforcement included, not surprisingly, rights holder organisations and representatives of the TV, film, music, games and software sectors; we were also reminded by a number of sports bodies of the importance of effective rights enforcement to investment in sports at every level including the grass roots. Many responses in this group pointed to the difficulty and expense of obtaining evidence and taking legal action against rights infringers, particularly for small rights holders, and argued the need for collective enforcement mechanisms and penalties for misuse short of full legal action to deter smaller scale abuses. These responses tended to support the proposed new legislation requiring ISPs to notify alleged infringers of rights that their conduct is unlawful but argued that there should be scope for a graduated response over and above any warning to act as a deterrent (e.g. termination of subscriptions or suspension of browser facilities).

The middle group including a number of ISPs tended to be more cautious – most accepted that legislation applying to all ISPs was necessary to prevent alleged infringers migrating from one service provider to another but there was concern about the cost and impact on operators and we needed to clarify the position of smaller and non-commercial service providers such as university libraries. Responses argued that we needed to closely monitor impact and/or include sunset provisions in the legislation should file sharing turn out to be a short term transitional problem; there was also a parallel obligation on rights holders to educate consumers and to continue longer term efforts to develop new licensing

and business models which would reduce incentives to illegal filesharing. There was also an issue in that the difference between copyright infringement via peer to peer sharing and via hosted services is significant and means that they require addressing differently.

Those who opposed the proposals for legislation were concerned that the policy balance was being tipped too far against users and consumers. This was particularly strongly felt by some of the individual participants on the online discussion site, but some organisations and business commentators also argued that the focus now needed to be on finding new business models which recognised user expectations of free or reusable content and found alternative ways of monetising content. It was argued that the Government could play a useful role here by helping to fund experimental business models and technologies (for example, micropayment systems), or by setting up a levy on equipment and media to compensate for free and legitimised copying for personal use (although some responses argued strongly against levies on the grounds, among other things, that implementation by one country on its own inevitably leads to distortion of competition). Improvements to the framework for multi-territory licensing of rights would be useful as would civil damages reform. We should also focus on new models such as the creative commons approach, and the impact of open source; the needs of disabled users for electronic publications in a form that can be converted into formats appropriate for their personal use were also raised – technical protection measures (TPMs) can restrict this.

Both supporters and opponents of the interim report proposals for a rights agency tended to be spread across this spectrum. The proposals received a cautious welcome from many, although many wanted to reserve judgment until they saw more detailed proposals. A lot of responses thought the agency could play a useful role in educating users and promoting new digital rights management options, but argued that the responsibility for funding should be with rights holders and the Agency would need a clear remit and be distinct from licensing agencies. Not all responses were supportive: some opposed the concept of a rights agency as unnecessary and argued that it would duplicate and fragment the work being done on the same issues by other bodies, while others argued that if the agency proposals went ahead it would be important to get the right balance of representation including for consumer/users and smaller rights holders. Some responders saw this as just another anti-user rights initiative.

Ideas/proposals in this area:

- tackle orphan rights issues and reform rights regime to facilitate re-use material
- look at green DRM models allowing short term licences for use of material in exchange for revealing credentials that will enable rights holders to identify abuse

Broader content issues

Many of the responses argued strongly that we need to focus on a broader range of content and associated policy issues, including in some cases user rights issues. There was a strong sense in many responses that the digital era is opening up all sorts of new opportunities for content creation and exploitation in music, cinema and other fields which the Digital Britain project needed to explore.

Some responses argued that there was a role for government in helping to fund infrastructure, for example new state of the art recording studios or digital cinema infrastructure, and in commissioning content creation or supporting it through grants or tax breaks. There were also comments in the responses on the success of existing clusters in supporting the creative sector and the value of state support for these which needed to continue. We had a number of responses from arts, libraries and other organisations highlighting the huge commercial value of the archive materials now digitally available although there were some user rights issues which needed to be resolved – this was also true of BBC and public sector data. Several responses raised the need to establish digital preservation techniques, expertise and practices to ensure that the wealth of content being produced now is not lost to future generations – the state could help here by looking at new deposit requirements and supporting digital preservation education. There is also a call in the responses to address the role of content aggregators and search engines on the ability of and incentives for UK content providers to invest in high quality content.

Finally, some responses argued that we should not just focus on the commercial – there is a cultural, social and education value to online content creation which is already being exploited and needs further support.

Other ideas/proposals

- fund open trials with next generation broadband networks, similar to South Korea's KOREN tests
- make London a digital creative showcase for the 2012 Olympics
- continued investment in a screen heritage UK strategy, film has both educational and commercial potential

3.3 Objective 3: UK content for UK users including PSB and news - actions 14, 15 and 16

Most of the comments on this part of the report underlined the transitional and longer term challenges facing broadcasters and traditional print media as a result of convergence, and in particular, the future of high quality print and broadcast news, programming for children, and original UK and regional content and how they can be funded in future. Not all responses agreed with the analysis or the solutions proposed in the interim report, however; some responses argued that we were taking too short term a view with options built around existing and soon to be obsolete models; some responses argued that we should have been looking at global, not just UK markets and there was a sense in many that there are opportunities presented by the digital era which we could have made more of.

UK nations, regional and local news and other content

Most of the responses in this sector agreed that the most acute problems facing news provision are at the regional and local level. There were mixed views about the option of **contested funding** floated in the interim report: some responses saw this as increasingly essential in the current climate, and argued that it should be available to news providers across all platforms including radio; whatever the longer term trends, people still relied on established news media for the big stories and we should consider supporting these through, for example, spectrum levies and endowments.

However, there were concerns about the practicality of providing a news service on this basis and the impact on quality, continuity and the costs if regional and local news services are decoupled from national services. There were also concerns that the receipt of state controlled funding could potentially undermine the independence of news providers, or at least risk the perception that their independence was being compromised and this was even more sensitive for news than for other forms of content. Some responses argued that public funding should either not be provided at all, or only provided where it was clear that provision on purely commercial terms was not an option; if it went ahead, the risk to independence would need to be carefully mitigated, for example by selecting news providers through contract processes rather than funding them directly.

Partnerships with the BBC over news provision were also controversial with some commentators because of the risk of loss of independence, real or perceived, job losses, and the potential impact on commercial news providers, including print providers.

Other ideas emerging from the responses include:

- a new statutory duty on Ofcom to ensure that there is a regional and nations news competitor to the BBC, along the lines of their current responsibilities on national news
- state supported multi-media news trials
- tax credits for training to help traditional news providers adjust to the digital era
- explore new ownership models (local trusts) for endangered news media
- the scope for local TV channels
- a prize for children's programming to stimulate more content in this area

Many of the responses which commented from a UK nations or regions perspective argued that we need to focus beyond news on the provision of content of a wider nature; it is important for cultural and economic reasons that content providers continue to exist outside London. There was widespread support from Scottish commentators for the proposals made by the Scottish Broadcasting Commission under Blair Jenkins for a new not-for-profit digital network for Scotland funded from the licence fee or the proceeds of spectrum auctions.

Media merger rules

There was some comment in the responses on the proposals in the interim report for an exploratory review of the media merger regime across the local and regional media sector. Supporters tended to be cautiously supportive of a review, provided this takes into account the relevant regional and local conditions, although there were concerns about the democratic and plurality impact of further consolidation of local news.

Terms of Trade

Views on the current terms of trade between independent producers and broadcasters and whether/how they should be adapted in future tend to divide along broadcaster/producers lines in the responses. Many responses reiterate the contribution that current rules have made to production in the UK and some urge further measures to prevent warehousing of content and other practices that unduly restrict the exploitation of content. There were also calls to look again at the qualification rules for independent producers which some responses argued were too restrictive. Responses from broadcasters urge the need for some relaxation to reflect the changing balance of risk and reward in broadcaster funded content and the problems facing commercial PSBs.

Public sector broadcasting – an alternative PSB provider

Responses largely agreed with the argument put forward in the interim report about the need for a second PSB as a strong alternative voice to the BBC, and most (though not all) agreed that this should be based on Channel Four. There was some support for the option of creating this around a partnership between Channel Four and BBC Worldwide, although views on this among broadcasters were mixed: Five for example argues that partnership between Five and Channel Four could be a successful alternative approach, and the BBC argued in favour of a multilateral partnership approach.

Other responses including from audience and consumer representative groups, trade unions and the content sector showed similar divisions. There was quite a lot of support for a Channel Four - BBC Worldwide partnership given cultural similarities between the two organisations and the scope for synergies, but there were also some concerns about the impact on the BBC. Some responses queried whether Channel 4 needed a merger or partnership at all and argued that it could have a viable future without major structural change if it was more tightly focussed on remits. Several responses argued that if a merger went ahead it would be important to ensure a carefully defined and comprehensive remit that protected Channel 4's separate identity: proposals included children's programming, cultural and arts public service content from a diverse range of suppliers, a requirement to cover a broad range of mainstream and genre programming, education plus content commissioned from the nations and regions and minority language programming.

Other PSB solutions

Funding: There was some support in the responses for the idea of **industry levies** to support public sector broadcasting – BECTU, for example, put forward an option based on levies on cable and satellite TV operators' revenues and argued that levies would avoid the negative implications for editorial independence and creative freedom which direct public funding can have; alternatives could include levies on advertising revenue or blank media. There were objections to industry levies as well based on experience elsewhere in Europe - see also comments on the pros and cons of levies in the summary of responses on rights above.

Contestable funding, whether financed from industry or by the state, was seen an option worth exploring for some public service content (but see also comments on this in the context of news and regional content), with the proviso that funding needs to be tied to conditions; responses on children's programming, for example, pointed to the Irish Content Fund or Teachers TV as examples of the models and criteria that could be used. Responses mostly argued against the idea of financing funds from the licence fee because of the potential impact on the BBC, although there was support for the Scottish Broadcasting Commission proposals (see national regional and local news above).

Market/competition approaches: some responses argued that the interim report failed to grasp the potential of the pay TV and commercial radio sector to contribute to original and valued broadcast content including arts programming and content for children, both on its own and in collaboration with PSBs. There was potential for on demand viewing to be positioned as a low cost pay per view service based on a micropayments system but there was concern from some responses about the impact of the BBC in providing free services, including on iPlayer and an argument that the launch of Project Canvas was an opportunity to reassess this. A number of responses argued that the competitive impact of BBC activities needed to be more closely scrutinised and taken into account in new ventures, including partnerships with local press providers, although these had real potential. Many responses argued that there was an urgent need to reduce the regulatory burdens on PSBs in view of the problems facing commercial broadcasters: restrictions on product placement were particularly criticised by

responses in this group, and there was a call for an in-depth review of the advertising market to assess whether the rules now skew processes too far in favour of buyers.

3.4 Objective 4: Fairness and access for all including universal broadband and media literacy

Universal broadband connectivity: Actions 17 and 18

Universal broadband access issues, with more general questions about NGA infrastructure, dominated discussion on the Digital Britain discussion site and got a very big coverage in the direct responses. Most responders (though not all) agreed with the interim report proposal to introduce a universal service commitment or obligation; the big issues were how minimum standards should be framed, how a USC/USO should be funded and above all, whether 2 Mbps is the right speed level.

Should the Government introduce a USC/USO?

The great majority of responses argued in favour of a minimum standard on the grounds that broadband is either approaching or now beyond the point of being an essential service for business and home users. Many of the responses from individuals and consumer representatives emphasized how problematic lack of connection can be and the escalating seriousness of this as online services and applications develop – lack of access for schoolwork, for example, can be a problem for families with children. A number of comments on the discussion site and direct to us highlighted the problem of rural areas and the impact of no or slow connections on individuals and businesses; the example of DEFRA online application services being inaccessible to farmers in some areas was raised as were more general concerns about digital exclusion from public and other services. We got a number of responses from UK nations and regional representatives including local authorities and parish councils who highlighted problems in their own areas – these and other responses illustrated that not all of not-spots are in rural areas.

Most of those who disagreed with the principle of a universal commitment argued that setting a minimum standard was the wrong way to approach the aim of universality: we should focus instead on the reasons for persistent non-take up in areas where broadband is available and/or facilitate commercial network development including by making spectrum available for wireless broadband services. Some telecoms operators also argued that there was also a risk that a USO or USC if funded by industry could damage broader take up by forcing up prices, and we needed to factor this into decisions about the level and extent of any commitment. From a slightly different perspective, some responses indicated that there was a risk in setting a minimum standard that this sends out the wrong subliminal message about broader NGA ambitions and risks widening rather than narrowing the gap between digital have and have-not areas: we should set targets in terms of upper reach rather than safeguards at a low level.

How fast and what else should a universal commitment cover?

The highest profile issue for many commentators was speed, and there was a sharp divide of opinions on this. Most (though not all) comments on the online discussion site argued for much higher levels than 2 Mbps, and were concerned that this would leave the UK well behind in the global competitive league – there was really strong feeling attached to the responses on this. Direct responses tended to be more mixed with substantial numbers of responses in both camps. Those who supported a USC at 2Mbps agreed with the interim report's analysis of current core services and the speeds required to support them and felt that this was a reasonable balance between USC affordability and current usage expectations; although not a high level in itself this could help drive the roll out of higher speed networks.

Arguments cited against 2 Mbps were mainly based around future proofing issues, both the risk of leaving the areas reliant on the commitment behind rapidly improving networks elsewhere in the country and the risk for funding agencies or businesses if an industry fund was introduced of paying for a level of connection that was likely to be rapidly superseded. Some responses argued that we should link the USC to average speeds, giving a result of 3.6 Mbps currently, or link it to the speeds needed to deliver the services generally expected/used by consumers and business users. Alternative levels suggested include 4 Mbps, 8 Mbps and above. Many responses in both camps said that any USC would need to be regularly reviewed and updated.

Many responses both on the discussion site and direct argued that the USC needs to cover other things than download speed including: quality of service and contention rate specifications, upload speeds, affordability, network maintenance, and dispute resolution specifications. One response pointed to the problems consumers currently have when service provision problems originated not from their ISP but from the network provider, and argued for a new Ofcom mandate to tackle multiple end user complaints where these relate to the same infrastructure fault. Finally, some responses raised the definition of universality and urged us to make this 100% or as close to that as possible – 98.5% was not enough.

Who should pay for it?

There was less comment on funding issues and no strong sense in the responses on the pros and cons of funding by industry as opposed to public authorities but the joint Connect-Communications Workers Union response did argue that delivery needed to be via a USO rather than a USC. Many of those commenting from a communications industry perspective argued that if universal connectivity is to be funded or part funded by industry, it will be vital to distribute costs fairly – fixed, mobile, satellite and content providers including the BBC should pay a share of funding according to usage and ability to contribute. Other suggestions included a joint industry/consumer/government funded levy with a small monthly charge on users to be matched by government, and funding from the BBC licence fee and/or CAP underspend which could be diverted to rural broadband schemes including those administered by community groups.

3.5 Objective 5: Developing infrastructure, skills and take-up, including public services

Take up and public service delivery: Actions 19, 20 and 21

Many responses said it was urgent to address the current 40% of the population who have access to broadband services but do not subscribe and called either for further research or put forward their own explanations for this. Reasons included:

- problems with **cost** which some responses argued were exacerbated by current consumer contract terms which can be inflexible and place obstacles in the way of take-up by lower income users. Some responses argued that it would help if more broadband only contracts were available and consumers did not have to buy phone services with their broadband connection, particularly given the shift to use of mobiles in some social and age groups. Further action to make it easier for customers to switch provider would also help drive down costs by boosting competition
- the interface between **technology** and people does not always work. Many responses highlighted particular problems that elderly, vulnerable and disabled users can have and some argued that this was an indication of a wider failing in the industry to develop more user-friendly products and applications and clearer guidance on how to use them. Many people are held back by a fear of technology and put off, for instance, getting internet connections at home because they don't know how to set it up. Government could help here by promoting better design practices and/or creating incentives for the industry to provide targeted products; the Digital Inclusion Champion proposed under the Digital Inclusion Action Plan could also have a role. Backwards compatibility of new products and services would help. In some cases the problem is lack of web access and materials for disabled users including for visually impaired, deaf and learning disabled consumers: general access levels were poor despite some examples of very good practice. Some industry responses pointed to the incentives already on service providers to educate their customers, and examples of good practice here
- perceived **lack of relevance**: some people do not think there is anything on the internet that they will enjoy or use, and this is particularly likely to be true of some age and social groups. One comment on the online discussion site argued that we needed to be realistic about the fact that some people were just not interested in going online and this was reflected in some of the written comments.

There was a lot of support in the responses for the solutions identified in the interim report, including the appointment of a Digital Inclusion Champion under the Digital Inclusion Action Plan, the proposals for the BBC to take a more active role in promoting take up (welcomed by the BBC itself and many other commentators) and the importance of online public service delivery, both in its own right because of the scope for more effective and better value public services, and as a driver of take up. Many responses highlighted the importance of attracting users through developing content, and pointed to use of archives, film and user generated content as tools for this, in addition to TV, although UKOnline emphasised that content was not a silver bullet and argued that the evidence on the importance of content in take-up was disputable.

On public services, many responses argued the importance of a multi-platform approach. One response argued that 80% of transactions with the Government/public authorities were performed by people without a PC and agencies should think about providing more services via mobile phones; other responses raised IPTV as a possible delivery platform in future. Other responses argued the need to provide multi channel service delivery and get away from a one size fits all approach e.g. have phone/personal advice available as well as online services, both to ensure universal availability of services including for people/businesses in not spots, and to provide a back up for people who are less confident about online use. There was also some concern about the impact on newspapers especially local newspapers of online public authority communications and a call for requirements for print publication of notices to be continued.

A common theme of many responses was the need for a joined up approach within Government and between different agencies - problems of digital inclusion and the development of more effective services online raise many cross cutting issues and require joint solutions.

Other proposals/ideas on this section:

- libraries can play a big role both in providing public internet access and in acting as a channel for education and information about public services: they should continue to provide free public use and should be well equipped in terms of their own internet connections
- local initiatives such as internet cafes can be really successful in driving take up and demonstrate that there is an appetite for broadband services even among the harder to reach groups such as the elderly
- run competitions/prizes for innovative online services
- run dedicated help schemes for vulnerable users and provide incentives for the disabled to go online
- run more user/industry designer collaboration groups to foster good design principles
- apply the community broadband network concept to content: fund local centres for the creation of user/community generated content
- home access packages for the elderly
- more research to identify the cost and quality benefits of providing services online, and a programme to map out the areas and functions which would most benefit from the introduction of online delivery, to help public authorities prioritise funding
- conduct all public tenders online
- include connection rights for disabled and socially excluded as part of the Universal Service Commitment

3.6 Objective 5 Developing infrastructure, skills and take-up, including media literacy and online safety and privacy

Skills

A number of responses argued that there is a crisis in numbers of computer science graduates which needs to be urgently addressed – if we fail to do this, the lack of highly skilled professionals is going to impact on the growth of innovative and successful content and applications companies here. This was raised most strongly by responses from the academic and educational sector but it was reflected by others including businesses and people commenting from an individual perspective. Problems started with the IT curriculum at school which it was argued lacked ambition and was too narrowly focused – there should be more opportunity, for example, for students to create content and write their own programmes. Some responses made the point that IT /media literacy skills cannot be divorced from more general literacy skills and the ability to assess source material whether online or offline. More/better training for teachers was highlighted as one solution as was the need for better careers guidance. At university level there was a need for more funding for first degree and post-graduate places. Some responses highlighted the value of cooperative working and liaison between education providers, businesses and local/regional authorities and pointed to some successful examples.

Other proposals/ideas on skills included:

- Government funded IT training for the unemployed and reduced hours workers and more generally the need to provide adult learning opportunities
- The need for specialists/professionals with cross-disciplinary IT, creative and business skills
- The need to rationalise the current range IT qualifications (300 plus according to one response)
- The need to get more women into the IT sector

Responses also raised the need to improve work place skills to ensure that businesses are able to exploit digital opportunities. More scope for work-based training would help as would tax and other incentives to employers to make this available.

Media literacy: Action 22

The written responses we got on media generally agreed the importance of this and supported the proposal in the interim report for a new National Media Literacy Plan to be developed by Ofcom. There was a lot of support for the BBC's role in this, ranging from the provision of attractive content on multiple channels, to more active educational and promotional work including the development of learning material. More generally, a lot of responses argued that there was a lot of good work already going on in this field and we should try to build on the basis

of this and build up a coordinated approach. The BBC, for example, highlighted partnership work they are already doing, including with libraries and UK Online Centres; Becta's Next Generation Learning Campaign should be linked into Ofcom's programme.

There was less consensus about the definition of media literacy and, therefore, where the priorities in media literacy work should lie. Some responses argued for a broad approach encompassing all aspects of the online experience including content creation, education and consumer online issues – there was a need to emphasise the opportunities available online as well as the risks and a sense in some responses that the interim report should have made more of these. Other responses argued the need to focus: on online safety and privacy, usability issues and/or take up and delivery of public services.

Online safety and privacy

Many responses argued that online security, content and privacy issues should have been given a higher priority in the interim report. Businesses and consumer groups raised user concerns about the online environment and argued that there was a risk that failures in this area would restrict take-up and the development of new services. There were calls to unpack and address the issues raised in this part of the report more systematically – there were complex issues involved which required a lot of work. There were also calls for more research into user attitudes.

On **privacy and content**, responses generally supported the principles proposed and called for further work to be done. Many business responses argued that this should be taken forward on a self regulatory or co-regulatory basis – past experience showed that this worked in both privacy and content areas and drew successfully on commercial incentives to foster consumer trust and brand images. Some responses highlighted the potential value of new behavioural based advertising technology but argued that it will not develop without user trust. Some responses, particularly on the online site, took a more pessimistic view and registered anger and alarm at both commercial and state use of personal data online via the Phorm trials and data retention initiatives. There were also calls from a few responses for a greater focus on harmful content issues, and in particular child protection online.

A number of responses argued that we needed to be much more proactive on **e-crime and security** issues including network resilience and integrity. Some responses argued that this had slipped down the Government's list of priorities and failure to build in work on this upfront in the development of networks and applications would carry a heavy price further down the line.

New proposals in this area:

- Encourage retrospective user content rating systems along the lines of the ratings systems used on some commercial sites
- create a UK multi-stakeholder partnership to develop a rapid and coordinated response to emerging online threats. This partnership could work with the police e-crime unit and Strategic Fraud Authority
- develop public service internet bodies to provide independent, non-commercial options for services including data archiving, data and identity proxies, community information sharing and consumer advice

Section 4: Other issues and general strategy

What we missed

A lot of the responses both direct and on the online site argued that there was a lot more to Digital Britain than the issues in the interim report, and that there were developments, policy issues and stakeholders that should get more focus.

These include:

Who we should look at: children and young people, and the elderly, disabled and vulnerable users, consumers and business users, including SMEs and the new creative industries

The Digital world: what the digital world means for people as citizens and private individuals, and its impact on society and democracy. How we use and relate to technology. The need to look at the human, social and behavioural aspects of the digital world and focus on “people not pipes”.

Technology Developments: more on the impact of cloud computing, mobile technologies and use, RFID, geolocation technologies, the internet of things and artificial intelligence

Policy issues: the environmental aspects of digital policy including the development of green computing, telemedicine and the issues raised by an ageing population

Government: the need to break down traditional silos within central and local government, the use of online and offline platforms to consult and the need for a longer consultation period in this case, the need to learn from international experience, the value of benchmarking in policy making, the role of the state in supporting research and innovation and the value of working with the third sector.

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