



department for
**culture, media
and sport**

BERR | Department for Business
Enterprise & Regulatory Reform

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news release

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Digital Britain: The Interim Report

Government outlines plans for UK's digital transition

The Government has today published a plan to secure Britain's place at the forefront of the global digital economy. The interim report contains more than 20 recommendations, including specific proposals on:

- *next generation networks*
- *universal access to broadband*
- *the creation of a second public service provider of scale*
- *the modernisation of wireless radio spectrum holdings*
- *a digital future for radio*
- *a new deal for digital content rights*
- *enhancing the digital delivery of public services*

The Digital Britain Report underlines the importance of the communications sector, its crucial contribution to the economy and its role in building Britain's industrial future.

Business Secretary, Peter Mandelson said: "This report sets out a strategy for building a knowledge economy where our most valuable assets are the skills and innovation that underpin our digital industries. This is absolutely vital if Britain is to benefit fully from some of the greatest economic opportunities on offer this century."

Culture Secretary, Andy Burnham said: "Britain has always led the world in content creation - with the best music, films and TV - and it is vital that we carry forward this strength into the digital age. This is a significant Report for the creative industries, taking steps to establish workable systems of copyright in an online age and to preserve choice of public service content. But it is only the beginning of the process and we need to work hard in the coming months to secure workable solutions."

The 22-point action plan outlines a programme of work with commitments to:

- upgrade and modernise wired, wireless and broadcast infrastructure;
- secure a dynamic investment climate for UK digital content and services;
- provide a range of high quality UK made public service content;
- ensure fairness and access, with universal availability and promotion of skills and media literacy; and
- develop the infrastructure, skills and take-up to enable widespread online delivery of public services.

In addition to specific commitments, the Interim Report outlines Britain's progress in building a digital market-place, while also setting priorities for industry engagement ahead of the publication of the final Digital Britain Report, due before the summer.

Stephen Carter the Minister for Communications, Technology and Broadcasting said:

"The innovation, creativity and vitality of our communications industries rightly demand clarity from Government on its role and a framework for the future."

He added:

“Delivering Digital Britain will depend upon a smart industry, working with a committed Government to produce lasting solutions.”

Notes to editors

1. The Interim Digital Britain Report is available at
http://www.culture.gov.uk/what_we_do/broadcasting/5631.aspx
2. Further details on The Digital Britain Report are available at
http://www.culture.gov.uk/reference_library/media_releases/5548.aspx
3. The Interim Report's 22 actions are attached.

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ACTIONS

The 22 recommendations in the Interim Report fall into the following four categories:

- Decisions
- Legislation / regulatory reform
- Detailed analysis
- Initial assessment

DIGITAL NETWORKS

In relation to **Next Generation Fixed Networks**, we propose a number of specific actions.

ACTION 1 - DETAILED ANALYSIS

We will establish a Government-led strategy group to assess the necessary demandside, supply-side and regulatory measures to underpin existing market-led investment plans, and to remove barriers to the timely rollout, beyond those declared plans, to maximise market-led coverage of Next Generation broadband. This Strategy Group will, by the time of the final Digital Britain Report, assess the case for how far market led investment by Virgin Media, BT Group plc and new network enterprises will take the UK in terms of roll-out and likely take-up; and whether any contingency measures, as recommended by the Caio review, are necessary.

ACTION 2 – LEGISLATION / REGULATORY REFORM

Between now and the final Digital Britain Report, the Government will, while recognising existing investments in infrastructure, work with the main operators and others to remove barriers to the development of a wider wholesale market in access to ducts and other primary infrastructure.

ACTION 3 - DECISION

The Valuation Office Agency has provided new, clear guidance which addresses the problem of clarity over business rates identified by Francesco Caio in his report, and will ensure that they respond to any queries from existing and new investors and maintain clear, helpful guidance. For its part, the Government will ensure that the guidance is widely understood by potential investors.

ACTION 4 – DETAILED ANALYSIS

We will, by the time of the final Digital Britain Report, have considered the value for money case for whether public incentives have a part to play in enabling further next generation broadband deployment, beyond current market-led initiatives.

ACTION 5 - DECISION

The Government will help implement the Community Broadband Network's proposals for an umbrella body to bring together all the local and community networks and provide them with technical and advisory support.

In relation to existing and Next Generation **Mobile Wireless Networks**:

ACTION 6 – DECISION

We are specifying a Wireless Radio Spectrum Modernisation Programme consisting of five elements:

- a. Resolving the future of existing 2G radio spectrum through a structured framework, allowing existing operators to re-align their existing holdings, re-use the spectrum and start the move to next generation mobile services. This must be achieved whilst maintaining a competitive market. If this can be done, the economic value of the spectrum would be enhanced. Existing administered incentive pricing (AIP) levels would be adjusted to reflect that enhancement. The Government believes that an industry-agreed set of radio spectrum trades could represent a better and quicker solution than an imposed realignment. There is an opportunity for industry to agree a way forward by the end of April 2009. In the absence of an industry-agreed trading solution by then, Government will support an imposed solution.
- b. Making available more radio spectrum suitable for next generation mobile services. Ofcom has proposed the release of the so-called 3G expansion band at 2.6GHz. The Government will support proposals from Ofcom to play a key role in a pan-European alignment of the Digital Dividend Review Spectrum (the so-called Channel 61-69 band), being released by the progressive switchover from analogue to digital broadcasting, pioneered by the UK. This will free up radio spectrum particularly valuable for next generation mobile services.
- c. Greater investment certainty for existing 3G operators: The Government wishes to encourage the maximum commercially-sensible investment in network capacity and coverage. But the further into a fixed term licence one goes the greater the disincentive to invest. We want to resolve this issue now

as part of the structured framework. As part of the structured trading framework existing time-limited licences could be made indefinite and subject instead to AIP beyond the end of the current term. If this were achieved the Government would look to ensure that the AIP then set reflected the spectrum's full economic value and hence would capture over time the return equivalent to the proceeds that would have been realised in the market from an auction for a licence of the same period.

d. Greater network sharing: the Government and Ofcom will consider further network sharing, spectrum or carrier-sharing proposals from the operators, particularly where these can lead to greater coverage and are part of the mobile operator's contribution to a broadband universal service commitment.

e. Commitments by the mobile operators to push out the coverage of mobile broadband eventually to replicate 2G coverage and mark their significant contribution to the broadband universal service commitment.

In relation to Digital **Television Networks**:

ACTION 7 - DECISION

We will consider at what point and at what cost the standard offer provided by the Digital Television Switchover Help Scheme could have a return path capability, and we will ensure that such capability is available as an option.

ACTION 8 - DETAILED ANALYSIS

We will examine how the marketing and communications activity around Digital Switchover could be enhanced to use the region-by-region programme of publicly funded information and advice on one form of digital transition to provide impartial information on wider opportunities of digital beyond digital broadcast television.

In relation to Digital **Radio Networks**:

ACTION 9 – DECISION / LEGISLATION

We will take action to support DAB digital radio in seven areas:

a. We are making a clear statement of Government and policy commitment to enabling DAB to be a primary distribution network for radio;

b. We will create a plan for digital migration of radio, which the Government intends to put in place once the following criteria have been met:

- When 50% of radio listening is digital;
- When national DAB coverage is comparable to FM coverage, and local DAB reaches 90% of population and all major roads.

c. We will create a Digital Radio Delivery Group which includes the retailers, the Transmission Networks, the BBC, the Commercial Radio Companies, the Car Manufacturers, consumer representatives and the device manufacturers, whose role would be to increase the attractiveness, availability and affordability of DAB and to advise on the Digital Migration Plan.

d. We will work with the BBC to explore how they could extend their digital radio coverage to replicate at least current FM analogue coverage.

e. As recommended by the Digital Radio Working Group, we will conduct a cost-benefit analysis of digital migration.

f. We will consult on new legislation to allow a one-off five-year extension of existing community radio licences, to bring them in line with other radio licences and recognise the important role they have in delivering social gain. We also intend to re-consider the rationale for the current restriction of 50% of funding from any one source.

g. We will commission an independent expert examination of the economic viability, continuing social contribution of, and most effective delivery methods for, local radio services and the relevance of the existing localness legislation.

DIGITAL CONTENT

In relation to the **Economics of Digital Content**:

ACTION 10 – DETAILED ANALYSIS

In the final report we will examine measures needed to address the challenges for digital content in more detail, including opportunities for providing further support to foster UK creative ambition and alternative funding mechanisms to advertising revenues.

In relation to **Rights and Distribution**:

ACTION 11 – INITIAL ASSESSMENT

By the time the final Digital Britain Report is published the Government will have explored with interested parties the potential for a Rights Agency to bring industry together to agree how to provide incentives for legal use of copyright material; work together to prevent unlawful use by consumers which infringes civil copyright law; and enable technical copyright-support solutions that work for both consumers and content creators. The Government also welcomes other suggestions on how these objectives should be achieved.

ACTION 12 - INITIAL ASSESSMENT

Before the final Digital Britain Report is published we will explore with both distributors and rights-holders their willingness to fund, through a modest and proportionate contribution, such a new approach to civil enforcement of copyright (within the legal frameworks applying to electronic commerce, copyright, data protection and privacy) to facilitate and co-ordinate an industry response to this challenge. It will be important to ensure that this approach covers the need for innovative legitimate services to meet consumer demand, and education and information activity to educate consumers in fair and appropriate uses of copyrighted material as well as enforcement and prevention work.

ACTION 13 – LEGISLATION / REGULATORY REFORM

Our response to the consultation on peer-to-peer file sharing sets out our intention to legislate, requiring ISPs to notify alleged infringers of rights (subject to reasonable levels of proof from rights-holders) that their conduct is unlawful. We also intend to require ISPs to collect anonymised information on serious repeat infringers (derived from their notification activities), to be made available to rights-holders together with personal details on receipt of a court order. We intend to consult on this approach shortly, setting out our proposals in detail.

In relation to the provision of **Original UK Content**:

ACTION 14 – DETAILED ANALYSIS

To inform whether any change to the merger regime is yet desirable or necessary in relation to the local and regional media sector, the Government will invite the OFT, together with Ofcom and other interested parties, to undertake an exploratory review across the local and regional media sector and make appropriate recommendations.

ACTION 15 – DETAILED ANALYSIS

The existing Terms of Trade between the independent producers and broadcasters have worked well. In light of new entrants to the market, new business models and new distribution channels, it makes sense to have a forward look at how the relationship between independent producers and those who commission their ideas could evolve. This review will focus on the appropriate rights holding agreements and definitions required for a multi-platform digital future, on the overall health of the sector and on continuing to ensure that viewers, listeners and users get the best and most innovative content and programming.

ACTION 16 – DETAILED ANALYSIS

In the final Digital Britain Report, we will establish whether a long-term and sustainable second public service organisation providing competition for quality to the BBC can be defined and designed, drawing in part on Channel 4's assets and a re-cast remit. It would be a body with public service at its heart, but one which is able to develop flexible and innovative partnerships with the wider private and public sector. While it makes sense to begin by looking at public sector bodies- Channel 4 and BBC Worldwide- the Government is currently evaluating a range of options and organisational solutions for achieving such an outcome.

UNIVERSAL CONNECTIVITY

In relation to **Network Universal Connectivity**:

ACTION 17 - DECISION

We will develop plans for a digital Universal Service Commitment to be effective by 2012, delivered by a mixture of fixed and mobile, wired and wireless means. Subject to further study of the costs and benefits, we will set out our plans for the level of service which we believe should be universal. We anticipate this consideration will include options up to 2Mb/s.

ACTION 18 - DECISION

We will develop detailed proposals for the design and operation of a new, more broadly-based scheme to fund the Universal Service Commitment for the fully digital age – including who should contribute and its governance and accountability structures.

In relation to the **take-up of universally available broadband**:

ACTION 19 - DECISION

We will encourage the development of public service champions of universal take-up.

The Digital Inclusion Action Plan recommended the appointment of a Digital Inclusion Champion and expert taskforce to drive the Government's work on digital inclusion.

Clearly, the work of the Champion will be important in encouraging take-up.

ACTION 20 – INITIAL ASSESSMENT

We are inviting the BBC to play a leading role, just as it has in digital broadcast, through marketing, cross-promotion and provision of content to drive interest in taking up broadband. With other public service organisations, the BBC can drive the development of platforms with open standards available to all content providers and device manufacturers alike.

ACTION 21 - INITIAL ASSESSMENT

EQUIPPING EVERYONE TO BENEFIT FROM DIGITAL BRITAIN

A Public Service Delivery plan: we commit to ensure that public services online are designed for ease of use by the widest range of citizens, taking advantage of the widespread uptake of broadband to offer an improved customer experience and encourage the shift to online channels in delivery and service support.

In relation to **Digital Media Literacy**:

ACTION 22 – LEGISLATION / REGULATORY REFORM

The current statutory and specific remit on Media Literacy is contained within s.11 of the Communications Act 2003. As this report makes clear, since 2003 there have been significant market changes in the availability of digital technologies and how they are used. We will ask Ofcom to make an assessment of its current responsibilities in relation to media literacy and, working with the BBC and others, to recommend a new definition and ambition for a National Media Literacy Plan.

This interim report sets out the background to these actions and the analysis on which they are based, as well as providing more detail on how we intend to fulfil them.

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