

Memorandum by W4B

Digital switchover of television and radio

Reply on behalf of W4B -The TV and Radio Charity by Tim Leech, Chief Executive

Thank you for asking W4B - The TV and Radio Charity (W4B) to participate in this enquiry. The Charity was founded in 1939 and has provided support for isolated elderly and disabled people by the donation of Televisions, Radios and TV Licences throughout the UK. We also provide installation and maintenance of sets where needed and remain the largest individual purchaser and renter of TVs in the UK and the second largest purchaser of Radios. In many ways we have provided a help scheme for the last 70 years. W4B also provides advice and guidance to the Digital Switchover Help Scheme and the government upon the switchover process through the Consumer Expert Group (CEG), Digital Outreach Steering Group and Digital Radio Working Group. W4B also is a member of the Ofcom Consumer Forum upon Communications. We work with over 500 different referring agencies and answer enquiries on a daily basis from beneficiaries, referees and the general public. Our work thus provides us with a wide and varied set of contacts from some of the most vulnerable consumers to the architects of the Digital switchover.

- ***the effectiveness of the Digital Switchover Help Scheme and the public communications campaign.***

During the Digital switchover W4B has received enquiries from people in areas that have switched or are in the process of switching. Most often these enquirers are eligible for help under the Help Scheme but have missed the information sent to them; or are eligible for assistance from Digital Outreach but have not been referred. Most worryingly we have been asked for help up to 6 months after a switch over. This does seem to indicate that the Digital UK communication campaign has not necessarily been very successful. This would also seem to be indicated by the low take up of the Help Scheme.

Some of the contributing factors to the low take up of the Help Scheme:

- Digital switchover is advertised nationally but the Help Scheme was not in the initial stages and then only infrequently. This has meant people have panicked and invested in low quality equipment they could sometimes ill afford or have been left vulnerable to mis-selling.
- Help Scheme leaflet and offer of help is complicated and made in writing, forgetting the significant number of disabled people who are unable to read.
- People have missed the help that is available to them due to not understanding the communication or seeing it as junk mail.
- People falling just outside the Help Scheme seem not to be referred on to Digital Outreach for support.
- Digital UK provides a lot of its information and support online and this is not necessarily readily accessible to older and disabled people.

Problems after switchover:

- People are finding that they have difficulty in retuning their TVs and Boxes after an area has switched.
- People inadvertently switch the AV channel off and don't know how to get back to digital.
- The digital box freezes and people do not know how to reset it.
- The region has switched over, support has left the area and no one is available to help from Digital Outreach or the Switchover Help Scheme anymore.
- Digital UK and the Switchover Help Scheme are not passing on information of other help that may be available to individuals as part of the choices that they may have.

These problems are likely to continue until set top boxes and televisions retune themselves automatically and people become familiar with the new technology. Older people seem to have the most problems remembering how to retune and update their equipment. The Charity foresees in the coming years after switchover that one of our major roles may well be supporting people in how to retune and use their equipment. We are therefore concerned that Digital UK and the Switchover Help Scheme are not making people aware of W4B - The TV and Radio Charity as an avenue of support.

The Digital Switchover Programme applies only to television. The arrangements for radio are still being developed. The Government does not yet have a timetable, though it has said that the switchover date will be announced two years in advance.

Our main concerns lie broadly in two areas – the impact of a proposed switchover upon isolated, elderly, disabled and vulnerable people and the impact upon the Charity's ability to assist in the future. These are dealt with at the end of the Reply under the section the Views of UK Broadcasters, Consumers, and Radio Interest Groups.

- ***the current state of the Government's plans for switchover to digital radio;***

The work done so far on FM switching to digital radio seems overwhelmingly driven by the commercial broadcasters' interests; consumers have had little input or representation. The issue for the broadcasters seems more to do with the cost of licenses, running analogue and digital services side by side, and the fall in advertising revenue rather than any benefit for the consumer.

The "Cost Benefit Analysis of Digital Radio Migration Report prepared for Ofcom 6 February 2009" (CBA) also brings into question if there is any public benefit to be gained from a switchover. The following letter from Ofcom to DCMS was released with a Redacted copy of the CBA as part of a Freedom of Information request made by W4B as a member of the CEG. The letter raises some key areas of concern for taxpayers, particularly in the present economic climate; in short, public money could be spent with little hope of a return or benefit to the taxpayer.

16th March, 2009

Mr J Zeff Head of Broadcasting Policy
Division Department for Culture, Media
and Sport
2-4 Cockspur Street
London SW1Y 5DH

Dear Jon,

The interim report of the Digital Radio Working Group last year recommended that a cost benefit analysis be carried out on its proposals for digital radio migration. As you are aware, Ofcom commissioned a report from PwC, who carried out a cost benefit analysis on the Digital Radio Working Group's specific recommendations. I enclose the final version of that study. We regard this report as making an important contribution to the analysis of this issue. However, as PwC point out, there are some important limitations to the report which derive in part from its scope as well as reflecting the fact that the development of any digital migration strategy is still at an early stage. The purpose of this letter is to highlight four particular caveats:

1. Other routes to migration

The report's conclusions are based on the specific recommendations of the Digital Radio Working Group. It is important to recognise that other options exist to develop digital radio in the UK. A particular risk the report highlights is that – given the timescales involved – new technologies could emerge which supplant DAB. The report identifies the need to consider other policy scenarios as well before making any final decisions.

2. Sensitivity analysis: two critical assumptions

The report highlights that its result depends critically on two assumptions: that the current licence period is extended to 2030 so that the on-going benefits which accrue post-migration can be taken into account (the breakeven point is 2026) and that there is the successful development of a second national DAB multiplex.

The sensitivity analysis is very clear that if either or both of these assumptions does not hold the net present value of the Digital Radio Working Group's proposal becomes (significantly) negative. We note that the Digital Britain report itself states that the case for licence extension has not yet been made.

The report has considered the sensitivity of the results to a number of factors, one at a time. The cumulative effect of these may well be greater. In addition, the sensitivity analysis could also be developed to take into account other important assumptions, such as the rate of take-up of DAB sets which is not only relevant to the timing of any switchover itself but also to the scale of the cost to consumers from involuntary conversions. The report notes that there is little upside to the benefits estimated, and that most of the risks would produce lower net benefits. Taking all these factors together suggests that the report is an analysis of an optimistic scenario rather than a central or most likely case.

3. Benefits from coverage versus switchover

The report identifies most of the consumer benefit from the Digital Radio Working Group's recommendations as deriving from extending DAB coverage and the services it provides. It should be noted that – in contrast to the case with digital TV – there is no technical or physical barrier which prevents these being achieved even if analogue broadcasting on today's frequencies were to continue.

4. Further research

The report points out a number of areas needing further research, such as listeners' willingness to pay for digital radio services. Care would need to be taken to identify the incremental willingness to pay for those services over and above the willingness to pay for analogue services. Overall, this report should be regarded as the starting point in an ongoing process of cost benefit analysis to inform the Government's strategy for digital migration. In the case of digital switchover for television, the cost benefit analysis went through a number of iterations over several years as more information/research became available, and we would expect a similar process for radio. The report is particularly useful for identifying key issues and areas for further work. However, given the caveats set out above, it should not be regarded as making the case for migration to DAB at this point in time.

Yours sincerely
Peter Phillips

cc: John Mottram, Dominic Morris

- *the outstanding technical issues, including the appropriateness of DAB as the digital radio standard;*

The quality of DAB reception seems to have dropped as more stations have been added and FM devotees are particularly concerned by this, valuing of quality over "choice". FM signal has a far wider reach and thus caters for rural and remote areas to a higher level than DAB. It is in these remoter areas, where people can be particularly reliant upon radio to relieve their isolation, where a switch to Digital Radio could be problematic. Even in urban areas the digital signal can be poor due to factors such as wire frame construction of buildings. Digital radios also suffer from being less energy efficient especially at the more affordable end of the market. This could be particularly problematic as society has been growing more environmentally - and cost-conscious. The signal quality, energy efficiency and receiver type will also be crucial for the take up of digital radio within cars and some form of FM traffic warning system may need to be maintained. The need for a common European digital receiver and transmitting standard may also need to be considered, particularly in relation to car radios if they are to maintain their functionality across borders. The impact of new technologies such as internet radio should also be acknowledged as people are now accessing television, music, talking books etc through their computer rather than by more traditional ways.

- ***the views of UK broadcasters, consumers, and radio interest groups.***

A switchover to digital radio from FM could prove to be more problematic than television. With an estimated four - six radios per household in the UK the cost to consumers for energy efficient and high quality sets could prove to be very unpopular. There also seems to

be a greater emotional connection for people to radio than television and this does need to be carefully considered if any changes are to happen.

Our main concerns lie broadly in two areas; impact of a proposed switchover upon isolated, elderly, disabled and vulnerable people, and the impact upon the Charity.

Role of Radio in relieving isolation: In a recent survey 10% of older people reported feeling lonely and isolated and 21% were living below the poverty line. The role the radio can play in relieving isolation is perhaps most easily appreciated when one considers the words of one of our beneficiaries who was recently widowed, "the radio is a great comfort when I awake in the early hours of the morning and there is no longer anyone there. Just to be able to turn on the radio and hear a human voice and go back to sleep is a wonderful thing". We often find that filling the silence and the gap that is left behind is one of the important roles that Radio and TV play for people. Analogue radio, especially FM, plays a particularly important role due to its affordability, reliability and low running costs. The ability of isolated, elderly, disabled and vulnerable people to cope with not only replacing analogue technology with digital but utilising it to the same extent is where the real danger lies. The very process of switching could cause people to become vulnerable due to not being able to cope with the switch and losing the benefits they presently obtain from FM. To help safeguard vulnerable people a Help Scheme to provide equipment and initial support will be needed. However, long term support and assistance will be needed after a switch has occurred. W4B effectively has been delivering such a service for the past 70 years but would need additional funding to deliver this on a wider scale.

Impact upon the charity:

Since the start of the switchover to digital television the charity has seen applications rise by over 60% to date. We are also finding that we are being approached to support people after the switchover Help Scheme has left an area, a need that will continue well after the switchover has taken place. The switchover of FM to digital radio will in all likelihood result in similar demand. To be able to respond to these and other emerging needs the Charity has to be in a good state of health and well known to the general public. At present the Charity receives no government funding and Switchover Help Scheme and Digital UK seem reluctant to tell the public that we may be able to help. Where we support the government taking responsibility for funding the support of vulnerable and disabled people in the short term we believe that it also needs to consider the short and long term impact upon charities that are already engaged in this area and those whom they support. Such developments could lead to increasing demand and cost upon the Charity and could undermine its role if it is not fully included as a key stakeholder. There need to be safeguards in place so the ongoing and long term support the charity provides to some of the most vulnerable in society is not undermined. This was an action point in the consumer report to the Digital Radio Group.

Registered Charity No: 207400

27 January 2010