

Summary: Intervention & Options

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|------------------------------------|--|----------------------------|
| Department /Agency: DCMS | Title: Impact Assessment of legislation to implement the EU Audiovisual Media Services Directive – co-regulation of video-on-demand services | |
| Stage: Implementation | Version: 2.0 | Date: November 2009 |
| Related Publications: | | |

Available to view or download at:

<http://www.culture.gov.uk>

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What is the problem under consideration? Why is government intervention necessary?

The EU Audiovisual Media Services (AVMS) Directive requires Member States to ensure that video-on-demand services within their jurisdiction meet certain minimum content standards. These standards include a prohibition on incitement to hatred on grounds of race, sex, religion or nationality, and a requirement to ensure that children are not able to access material which could be harmful to them. Such content can have negative consequences and costs for individuals and society. Other standards and requirements relate to the identification of services, access for disabled people, advertising content and presentation, including product placement and sponsorship, and promotion of European works.

The Directive encourages 'co-regulation', whereby the video-on-demand industry takes the lead in regulating itself to ensure that the EU standards and requirements are met, dealing fairly with complaints from the public, and imposing sanctions if necessary, but with a power for the public authorities to intervene in the event of a serious and sustained failure to meet the requirements of the Directive.

What are the policy objectives and the intended effects?

The objective is to create the legal framework for a co-regulatory system for video-on-demand services in the UK. This would allow Ofcom and the video-on-demand industry to establish a light-touch, industry-led system to give consumers of UK video-on-demand services confidence that these services met the minimum content standards, without placing undue burdens on the industry.

What policy options have been considered? Please justify any preferred option.

The Government considered three options: (1) the Government would designate one or more industry bodies to act as co-regulator(s); (2) Ofcom would designate the co-regulator(s); (3) Ofcom would regulate video-on-demand services directly with no input from industry. Following consultation, the Government selected option (2). This offers a flexible, light-touch arrangement, benefiting both industry and the consumer, while retaining overall oversight and 'backstop' powers with an experienced media regulator.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

2012

Ministerial Sign-off For implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:

Siôn Simon Date: 9th November 2009

Summary: Analysis & Evidence

Policy Option: 2

Description: Establish a co-regulatory body (or bodies) for video-on-demand services, to be appointed by Ofcom

| | | | |
|---|---|------------|---|
| COSTS | ANNUAL COSTS | | Description and scale of key monetised costs by 'main affected groups' The additional annual cost to industry is £120,000. This is based on Ofcom's estimate it will cost £320,000 to regulate the industry (made up of notification fees), less the current assumed cost base of £200,000. The additional cost of £120,000 produces a PV of £1.04m over ten years. |
| | One-off (Transition) | Yrs | |
| | £ 95,500 | 1 | |
| | Average Annual Cost (excluding one-off) | | |
| | £ 120,000 | | Total Cost (PV) £ 1.04m |
| Other key non-monetised costs by 'main affected groups' All UK video-on-demand providers will need to ensure that they have procedures in place to ensure compliance with the requirements of the Directive and to engage effectively with the new co-regulatory system. | | | |

| | | | |
|--|--|------------|--|
| BENEFITS | ANNUAL BENEFITS | | Description and scale of key monetised benefits by 'main affected groups' Not quantified |
| | One-off | Yrs | |
| | £ | | |
| | Average Annual Benefit (excluding one-off) | | |
| | £ | | Total Benefit (PV) £ |
| Other key non-monetised benefits by 'main affected groups' Assures that UK video-on-demand providers will meet the minimum content standards set out in the AVMS Directive, and that this will be achieved by means of a flexible, light touch regime. In particular, protects children from potentially harmful material and society against incitement to hatred in video-on-demand services. | | | |

Key Assumptions/Sensitivities/Risks Without such a scheme 1) consumers of UK video-on-demand services would have no guarantee that these will meet minimum EU content standards, and 2) the UK would be liable to infraction proceedings under EU law.

| | | | |
|-------------------------|-------------------------|---|--|
| Price Base Year 2009 | Time Period Years 10 | Net Benefit Range (NPV) £ Not Applicable | NET BENEFIT (NPV Best estimate) £ 1.04m |
|-------------------------|-------------------------|---|--|

| | | | |
|---|-------|------------------|-------------------|
| What is the geographic coverage of the policy/option? | | United Kingdom | |
| On what date will the policy be implemented? | | 19 December 2009 | |
| Which organisation(s) will enforce the policy? | | Ofcom | |
| What is the total annual cost of enforcement for these organisations? | | £ 320,000 | |
| Does enforcement comply with Hampton principles? | | Yes | |
| Will implementation go beyond minimum EU requirements? | | No | |
| What is the value of the proposed offsetting measure per year? | | £ 200,000 | |
| What is the value of changes in greenhouse gas emissions? | | £ nil | |
| Will the proposal have a significant impact on competition? | | No | |
| Annual cost (£-£) per organisation (excluding one-off) | Micro | Small | Medium Large |
| Are any of these organisations exempt? | No | No | N/A N/A |

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

| | | | | | |
|-------------|---|-------------|---|-------------------|---|
| Increase of | £ | Decrease of | £ | Net Impact | £ |
|-------------|---|-------------|---|-------------------|---|

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

The Audiovisual Media Services (AVMS) Directive sets out minimum content standards for video-on-demand services in the EU and requires the Government to ensure the existence of a regulatory system to secure these standards for services operating from within the UK. Article 3.3 encourages the use of co-regulation and self-regulation, and Recital 36 recommends that implementing the Directive should not 'disrupt or jeopardise' existing self-regulatory initiatives in the video-on-demand industry which might already be in place and working.

A 'self-regulatory' scheme is one which is operated entirely voluntarily by the industry itself, without any legal backing. Industry members can enter it if they wish, but are not obliged to do so, and there is no law requiring them to abide by any industry Codes or judgements that may emerge from it. Self-regulation offers cost and flexibility advantages, provided that there are appropriate incentives in terms of market needs and /or the possibility of statutory intervention.

Self-regulation is more likely to be effective in a competitive market, with industry participants committing to it in order to increase or protect their market share by differentiating their products from others on grounds of superior protection of customers. This assumes that consumers value the protection afforded to a greater extent than other attributes, some of which may be the subject of regulation. Nevertheless, highly competitive markets are also likely to attract some who seek to supply market niches with non-compliant material.

A more mature industry may be able to operate self-regulation because participants are more likely to have the resources necessary to design and enforce regulations. In addition, participants in mature industries are more likely to be committed to long-term involvement in the market, and have much to lose if found to be in contravention of regulations or codes. On the other hand, maturity may also be accompanied by the development of vested interests – in which case, self-regulation may tend to serve the interests of established firms.

A co-regulatory scheme is similar to a self-regulatory one in that it the industry takes the lead in setting and enforcing standards for the content of its services. But in this case there is legal backing for its activities. This legal backing might take a number of different forms, but whatever its precise nature it will mean that an operator who consistently disregards the co-regulatory body's standards or judgements will be ultimately be subject to legal sanctions of some kind.

In the United Kingdom, there are two industry self-regulatory bodies which cover parts of the video-on-demand industry. ATVOD (the Association for Television On Demand) and IMCB (the Independent Mobile Classification Board) have codes of practice agreed with the service providers whom they cover and procedures for handling complaints from customers.

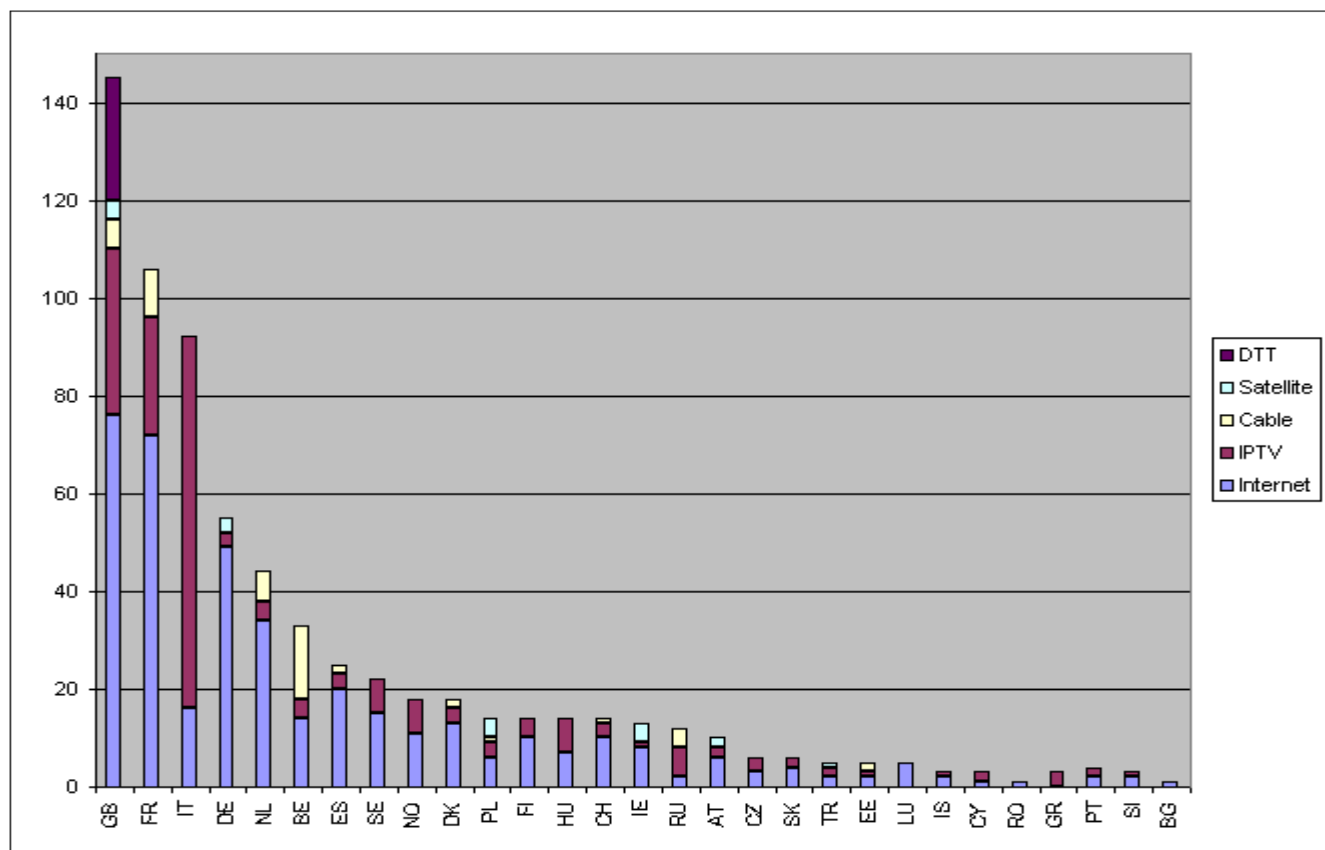
These self-regulatory schemes are welcome and have so far proved effective, although they do not cover all UK service providers. However, the Government takes the view that the legal requirements of the Directive are such that purely self-regulatory schemes are insufficient. In these circumstances the Government has opted for a system of co-regulation.

The Government's 2008 consultation document considered three options. Two of them were co-regulatory. In Option 1, the industry co-regulatory body (or bodies – there could be more than one) would be nominated directly by the Government. In option 2, they would be nominated by Ofcom. Option 3 was a system of direct regulation, in which Ofcom would regulate the video-on-demand industry directly without any input from industry bodies.

The video-on-demand industry in the UK and the EU

The European Audiovisual Observatory has identified 696 services from 366 different providers that were operational at the end of December 2008. They found that the United Kingdom had the most services (145), followed by France (106) and Italy (93). More than half these services were delivered via the internet, 30% on a DSL network (in the IPTV mode), 7% on cable and less than 3% by satellite. At the moment, the only on-demand services delivered by digital terrestrial television are available on the Top Up TV platform in the United Kingdom

Number of on-demand audiovisual media services in Europe by country of reception and type of network (December 2008)¹



Source: European Audiovisual Observatory

The European Audiovisual Observatory also shows that there is a great diversity of players in on-demand audiovisual services. The newest players in the market are the telecommunications network operators and the manufacturers (of games consoles, mobile telephones and other multimedia devices).

Scale and growth in the UK

Video-on-demand in the UK is characterised by diversity of players, distribution networks, and business models, with increasing competition between them. Business models range from advertising funded through subscription-based approaches to pay-per-view. At the start of 2007 the European Audiovisual Observatory identified 13 distinct video-on-demand services in the UK, delivered variously by means of the Internet, IPTV, cable, satellite and digital terrestrial television (DTT). Many new services have been added since, the most successful of which has been the BBC iPlayer – this had over a million download requests on ‘official’ launch day (Christmas Day 2007) and a total of over 20 million during April 2008.

¹ Not included: services on mobile telephones, adult services, video sharing services and company chains within video sharing services, and services that only offer information videos, trailers and highlights.

The iPlayer service became available on digital cable (rather than solely on the internet) in May 2008. While download requests via the cable platform are not as high as those online, they are still sizeable, growing from 4 million download requests in May 2008 to 17 million download requests in December 2008. Some iPlayer content is available on the BT Vision and Tiscali TV IPTV platforms as well.

Factors such as the availability and take-up of high-speed broadband connections and the introduction of easier to use content delivery systems have facilitated the increase in video-on-demand services. For example, ITV revamped its own catch-up video-on-demand service in early 2008 and received an average 21% month-on-month growth in video views between January and June of that year.

Channel 4's catch up and archive content service, 4OD, launched in late 2006 and has also enjoyed significant usage. Like the iPlayer, 4OD can be accessed via television (on digital cable and some IPTV providers) and by PC. However, unlike the iPlayer, 4OD tends to receive a higher number of download requests via its television platforms than it does by PC. In 2008, there were approximately 6-6.5 million requests to view programmes on 4OD's TV services per month, peaking at 7.4 million in June 2008. Requests through PCs varied between 3.3 and 5.9 million per month. Over the course of 2008 there was a total of approximately 132 million programme requests on all platforms.

Beyond the specific case of the BBC, market appraisal in the video-on-demand sector is, as the European Audiovisual Observatory has noted, extremely difficult. Many suppliers do not publish or communicate download figures. In 2006 the total UK video-on-demand market was estimated to be worth £66 million, with an annual growth rate of 50%.

There is however a consensus that the market took off in the first quarter of 2006 and continues to expand rapidly. For example, of approximately 3.5 million Virgin Media subscribers, 52% (approximately 1.8 million) used video-on-demand in the last quarter of 2008, an increase of five percentage points from Q4 2007. The average total video-on-demand views per month on the platform rose considerably from 33 million in the last quarter of 2007 to 53 million a year later. BSkyB has stated that its Sky Anytime service recorded more than a million downloads during 2006. With the exception of 4OD² most of the broadcasters' video-on-demand services are currently weighted towards catch-up content.

Video-on-demand providers can expect to see further increased take-up of their services as they continue bringing them into the living room, making video-on-demand access more akin to viewers' consumption of traditional television broadcast services. A number of different means are being employed to do this. Cable and IPTV set-top boxes is one avenue, but games consoles are a newer one – the iPlayer is available on Nintendo's Wii and Sony's Playstation 3 consoles and BSkyB has struck a deal with Microsoft to deliver content on the Xbox. A number of smartphone and other handheld media devices now have the ability to access them as well. All this indicates that technological advances are expanding the boundaries of the video-on-demand market.

Ofcom's analysis suggests that in the UK there are currently around 90 broadcaster-related video-on-demand services, and approximately 150 video-on-demand services overall.

Substitution for 'linear' television

Video-on-demand consumption is more likely to be a substitute for linear television viewing than an addition to it. The amount of time people spend on viewing is limited, and competition for this limited time is to a great extent a zero sum game in which one provider gains market share against another. This degree of economic substitution between the different forms of video consumption is clearly directly relevant at the individual level but it also indirectly affects the wholesale (upstream) channel provider market.

Thus in the initial Public Value Test for the iPlayer service the BBC Trust noted "*consumption was expected to be largely substitutional – i.e. some consumption of BBC programmes on the television and*

² 4OD has an approximately 50:50 split between catch-up and archive content.

radio will switch to on-demand. As such we expect the proposals to help maintain the total volume of consumption of BBC programmes". Specifically, the Trust expected iPlayer to contribute to the maintenance of the combined BBC weekly reach (on all services) at over 90%.

Ofcom's projections for the impact of the BBC iPlayer covered the five years 2006-2011 and were driven by internet take-up. They included high, central and low scenarios, under which there were corresponding falls in linear television consumption of 33%, 20%, and 13%. The BBC Trust's own projections were broadly compatible with Ofcom's high impact scenario.

More generally, newly emerging systems allow consumers to use the internet or hybrid Freeview/IPTV services such as BT Vision to mix and match between free-to-air, paid-for and on-demand content. PVR-based content storage enables libraries of material to be stored and further intensifies competition for audiences. The standard model of consumer television demand indicates that these competition effects exist between pay and free to air services and that programming need not necessarily be of the same character or indeed obviously a close substitute in order to exert competitive pressure³.

Video-on-demand in the mobile sector

The UK's total mobile entertainment market has generated revenues of around £600 million per annum since 2005, with mobile games generating approximately £200 million in revenue in 2007. Around 20% of the UK's 47 million mobile subscribers purchase mobile entertainment. Males and the 18-35 year old age group are the dominant users.

The widely predicted convergence of advertising and entertainment industries is continuing to evolve on the mobile platform. In April 2007 3 became the first operator to launch an advertising funded service and within six months of one million subscribers had signed up to it, although the number viewing content on a regular (daily) basis is lower.

In the UK almost 77% of mobile phone subscribers have video-enabled handsets and over 20% are owners of television-enabled mobile phones. The UK mobile entertainment market is widely predicted to grow rapidly, perhaps more than doubling to £1.4 billion by 2012.

However, the number of users who access video-on-demand services on mobile phones is relatively low, and is perhaps likely to remain so. Current figures are that mobile television services are used by only 1% of all mobile telephone users, and video-on-demand services by 1.7%.

The current regulatory system for video-on-demand services

There is currently no statutory regulatory system for video-on-demand services in the UK.

Some providers of video-on-demand services belong to one of the two industry self-regulatory bodies, the Association for Television On Demand (ATVOD) and the Independent Mobile Classification Board (IMCB), and others do not. ATVOD's membership currently consists of BT, Virgin, Tiscali, ITV, Channel 4, Five, FilmFlex, and OnDemand, with the BBC as associate members. In the case of IMCB, covering mobile content, the six signatories of the mobile code do not include all of the relevant content providers. However, IMCB's code covers all commercial content which is supplied via a mobile phone network because the signatories include all five of the networks. Other UK video-on-demand providers (for example, BSkyB) do not currently belong either to ATVOD or to IMCB.

The number of complaints to ATVOD about the content of video-on-demand programming in the organisation's approximately four years of existence is nil (though it has had complaints about some technical issues). The position in respect of IMCB is similar.

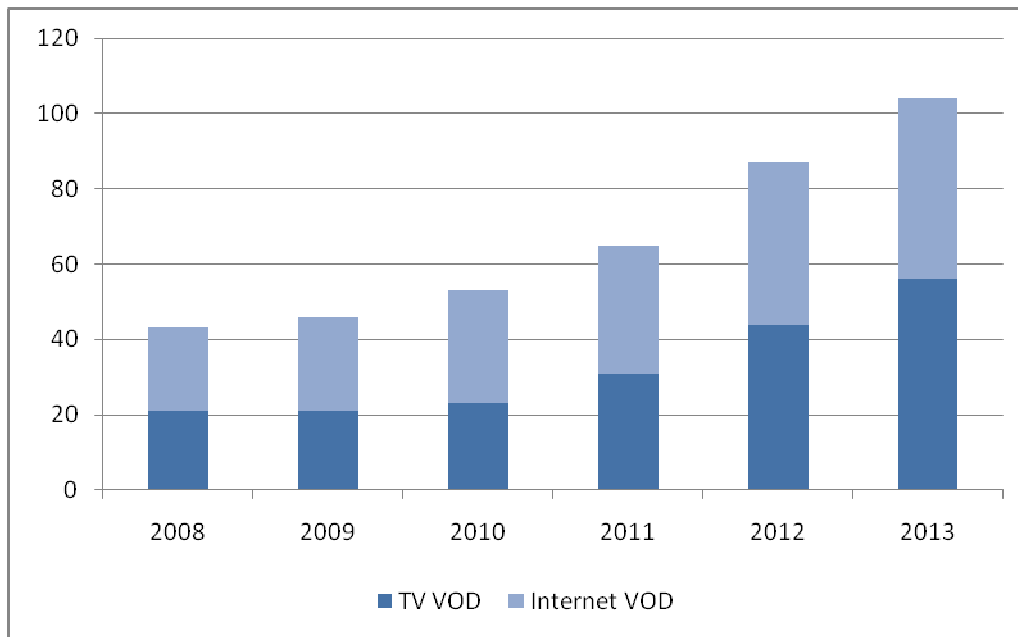
³ See B Owen and R Wildman (1992) *Video Economics* Cambridge: Harvard University Press, especially pp.101-106

Advertising on video-on-demand services

Total UK spend on advertising in 2006 across all media was £19 billion. Most of this (£13.5 billion) was display as opposed to classified advertising, and television advertising was the largest single category of display advertising, with a 28.9% share worth £3.9 billion. Internet advertising was worth just over £2 billion in 2006, with most (58%) being “paid for search” with the remainder being display advertising (23%) and classified.

Advertising spend in video-on-demand services is forecast to grow significantly over the next five years.

Advertising Spend (£m)⁴



Source: Enders Analysis

The current regulatory system for advertising in video-on-demand services

Self-regulation of non-broadcast advertising dates from the founding of the Advertising Standards Authority (ASA) in 1962 with the aim of ensuring that advertisements were “legal, decent, honest and truthful”. Since 1988 this has been backed up by statutory powers and possible referral to the Office of Fair Trading (OFT). Advertising in video-on-demand services is currently treated as non-broadcast advertising.

The relevant ASA codes of practice are divided between broadcasting (Broadcast Code of Advertising Practice - BCAP) and non-broadcast (Code of Advertising Practice – CAP) arms. In broadcasting, compliance with the ASA’s Code is a condition of the relevant Ofcom licence.

The Broadcast Advertising Standards Board of Finance Limited (basbof) funds the ASA’s regulation of broadcast advertising through a levy of 0.1% of the advertising cost to the client collected through the agencies or media owners. In 2007 the income from this levy was £3.6 million, of which 94% was paid towards self regulatory costs, providing funds of almost £3.3 million to the ASA.

⁴ TV VOD advertising represents spot advertising on television video-on-demand services only. Internet VOD advertising represents spending on in-stream video formats only (pre, mid and post roll-out).

The options for regulation

There is no indication that UK video-on-demand services breach any of the standards in the Directive. Indeed, the standards of the Directive are already exceeded for the most part. But the Directive's requirements are clear and mean that the UK must have arrangements for securing the minimum EU standards for video-on-demand content in a way that applies to all relevant providers and has legal backing. This means that maintaining existing arrangements cannot be an option even if they are extended to the whole industry.

The Government's 2008 consultation outlined three options for complying with the Directive's requirements in respect of the programme content in video-on-demand services:

1. a UK co-regulatory body (or bodies) for video-on demand, which the Government would appoint directly;
2. a UK co-regulatory body (or bodies) for video-on demand, which Ofcom would appoint;
3. no UK co-regulatory body for video-on-demand - the requirements of the Directive would be secured through direct regulation by Ofcom.

For advertising content, the consultation document set out options in which regulatory responsibility would be assigned to

1. the Advertising Standards Authority (ASA);
2. the programme content co-regulatory body;
3. another body altogether.

The Government expressed a preference for a new co-regulatory body for programme content and for the ASA to regulate advertising content, with regulatory powers being assigned to both bodies by Ofcom. In the light of the responses to the consultation, the Government confirmed this decision in March 2009. The Regulations, which this Impact Assessment accompanies, will establish a legal framework within which Ofcom will be able to designate one or more bodies to act as co-regulators for the video-on-demand sector. Ofcom is currently consulting on a proposal to designate a restructured ATVOD as the co-regulatory body for programme content and the ASA as the co-regulatory body for advertising content.

The Government's implementation proposals also envisage that video-on-demand service providers will be required to notify the regulatory authorities that they intend to provide a video-on-demand service (or are already providing such a service at 19 December 2009) and to pay a fee to the authorities. The fees paid by video-on-demand services will be used to cover the costs of the co-regulatory system. These requirements have been notified to the European Commission under the Technical Services Directive. The Government will bring forward further Regulations to implement them once this process has been completed.

Costs of co-regulation

ATVOD's average membership fee is in the order of £20,000 per annum and its annual budget less than £200,000. This is covered entirely by the fees paid by its members. £200,000 is therefore the current cost of regulation.

A co-regulatory system will result in costs to the video-on-demand industry accruing from a) setting up the video-on-demand co-regulatory body and b) running the co-regulatory system thereafter. There may however be some offsetting savings, in that ATVOD and IMCB have already pioneered much of the necessary work in terms of setting up complaints procedures.

Ofcom has estimated that there are around 150-200 video-on-demand services which will fall within the scope of the co-regulatory system⁵. Based on an estimate of at least 150 notifiable services, and an initial estimate from ATVOD that the budget for the regulation of video-on-demand services will be around £400,000 for the first 15 months (19 December 2009 to 31 March 2011), Ofcom estimates that an initial notification fee for video-on-demand service providers, to cover the costs of the co-regulatory system, would be likely to be between £2,000 and £2,500 for each service (up to £500 for the period 19 December 2009 to 31 March 2010 and up to an additional £2,000 to cover the period 1 April 2010 to 31 March 2011). Ofcom considers that it would be appropriate to review the fee structure for the financial years after 2010-11, and Ofcom would expect the co-regulatory body to consult stakeholders before taking any decisions in this area. The overall costs to industry are therefore likely to be marginal. However, the additional costs of the co-regulatory system will fall largely on those mostly smaller and medium-sized service providers who are not already members of, and therefore do not pay a membership fee to, ATVOD or IMCB.

The additional annual cost to industry is £120,000. This based on Ofcom's estimate that it will cost £320,000 to regulate the industry (made up of notification fees), less the current assumed cost base of £200,000. The additional cost of £120,000 produces a PV of £1.04m over ten years.

The costs of the two options which the Government did not select (co-regulatory bodies appointed directly by the Government, and direct regulation by Ofcom) would be broadly similar, since the same functions would need to be carried out and costs would have to be recovered through fees payable by industry.

Benefits

Consumers will benefit from a co-regulatory system which provides assurance that UK video-on-demand providers are meeting the minimum content standards set out in the AVMS Directive, and that appropriate action will be taken when providers breach these standards. These standards include a prohibition on incitement to hatred on grounds of race, sex, religion or nationality, and a requirement to ensure that children are not able to access material that might seriously impair their physical, mental or moral development. Such content can have negative consequences and costs for individuals and society.

Co-regulation provides a benefit to video-on-demand suppliers, in that they will effectively own and operate the co-regulatory system(s). That should give them an assurance that the arrangements will remain light-touch and flexible while assuring the necessary standards for consumers. In addition, it will be easier for Ofcom than the Government to intervene to correct problems with the co-regulatory arrangements, should any arise. That would be to the advantage of both consumers and suppliers.

Competition assessment

Any of the options considered by the Government could have competition effects. The existence of new EU standards for video-on-demand content, and their enforcement either by Ofcom or by an industry co-regulatory body, requires that providers of video-on-demand services ensure that their programming is in compliance with the new rules. The cost of ensuring compliance could weigh more heavily upon a new, start-up supplier and smaller providers.

However, much video-on-demand content is material that has previously been shown either on television or in the cinema and is known already to comply with the relevant standards – which, certainly in the case of television, will be more demanding than the EU standards for video-on-demand.

Similarly, the fees charged in order to cover the costs of regulation could weigh more heavily upon new and smaller providers. It will be important to ensure that the fees are kept to a minimum and are

⁵ Ofcom, Proposals for the regulation of video on demand services – Consultation, September 2009. See paragraph [4.86].

perceived to be fair and not set in such a way as to work to the disadvantage of some providers. However, the fees charged by Ofcom for television broadcasting licences do not appear to have deterred a large number of companies from applying for and obtaining broadcasting licences, and there is no reason to assume that fees charged at the rates indicated above would be perceived any differently.

The co-regulatory body will also determine the outcome of complaints against particular providers. It will again be important to ensure that these procedures operated fairly, and are perceived by all concerned as not working to the disadvantage of particular providers or groups of providers.

Should such difficulties arise, it will be important that Ofcom, as a neutral, non-political regulator, could step in quickly to ensure that they were properly and effectively resolved. The option selected provides that possibility.

Small firms impact test

Under existing arrangements for television broadcasting, Ofcom has issued licences (television licensable service licences) to a large number of small firms which operate television stations. Their procedures and fees do not appear to be perceived as an obstacle to smaller operators. Ofcom's fees are related to relevant turnover, but with minimum and maximum fees.

It is not clear whether a co-regulatory body would be seen in the same light. The issues which we discuss in the competition assessment section (above) are relevant in this context. In particular it is important that application procedures and membership fees are not perceived as working to the disadvantage of new, start-up and smaller providers.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

| Type of testing undertaken | <i>Results in Evidence Base?</i> | <i>Results annexed?</i> |
|----------------------------|----------------------------------|-------------------------|
| Competition Assessment | Yes | No |
| Small Firms Impact Test | Yes | No |
| Legal Aid | No | Yes |
| Sustainable Development | No | Yes |
| Carbon Assessment | No | Yes |
| Other Environment | No | Yes |
| Health Impact Assessment | No | Yes |
| Race Equality | No | Yes |
| Disability Equality | No | Yes |
| Gender Equality | No | Yes |
| Human Rights | No | Yes |
| Rural Proofing | No | Yes |

Legal Aid

There might be an impact on the legal aid budget if a supplier of video-on-demand services were to seek legal aid in order to challenge a decision by Ofcom or the industry co-regulator in the Courts. However, the Government considers that the likelihood of a provider qualifying to receive legal aid is very low.

Sustainable development

There will be no impact on sustainable development from the requirements of the Directive or the plans for regulating video-on-demand services.

Carbon assessment

There will be no impact on carbon emissions from the requirements of the Directive or the plans for regulating video-on-demand services.

Other environment

There will be no other environmental impacts from the requirements of the Directive or the plans for regulating video-on-demand services.

Health; race, disability and gender equality; human rights

Implementation of the Directive in the UK will have marginal benefits in each of these areas. In each case, that is because the Directive sets out minimum standards applicable to the advertising and programme content of video-on-demand services.

In terms of advertisements on video-on-demand services, Article 3e of the AVMS Directive requires that they do not prejudice respect for human dignity, or include or promote discrimination based on sex, racial or ethnic origin, disability or sexual orientation. It also prohibits all advertising for tobacco products and advertisements which encourage behaviour which is prejudicial to health and safety or grossly prejudicial to the environment.

Article 3b requires that video-on-demand services do not contain any incitement to hatred based on race, sex, religion or nationality.

Implementation of the Directive in the UK will mean that video-on-demand services provided in this country will be required to abide by all these standards. There is no evidence that such services currently contain content which infringes the Directive's standards, but in the absence of a regulatory system, there is currently no legal mechanism specifically applying to video-on-demand services which requires them to abide by the Directive's standards and provides for sanctions to be applied against those who breach the standards. The implementation of the Directive will create such a mechanism.

Rural proofing

There will be no impact on rural issues from the requirements of the Directive or the plans for regulating video-on-demand services.