

A FUTURE FOR PUBLIC SERVICE TELEVISION: CONTENT AND PLATFORMS IN A DIGITAL WORLD

A report on the future of public service
television in the UK in the 21st century

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Goldsmiths
UNIVERSITY OF LONDON



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Foreword by Lord Puttnam

Public service broadcasting is a noble 20th century concept. Sitting down to write this preface just a few days before the most significant British political event of my lifetime, with no idea of what the result might be, there is every temptation to escape into neutral generalities.

That would be a mistake.

If the past few months have taught me anything, it is that our need for trusted sources of information, comprised of tolerant balanced opinion, based on the very best available evidence, has never been greater.

For 40 years, a mixture of distortion and parody with regards to the operation of the European Union has been allowed to continue unchallenged, to the point at which any serious discussion of its strengths and weaknesses became impossible.

The virulence of much of the referendum debate has at times been so shocking that there seems little prospect that, whichever way the vote goes, anything like 'normal political service' is likely to be resumed for a very long time.

However, whilst at times frustrating, for viewers and listeners as much as the practitioners, the UK's public service broadcasters have, over the final weeks of the campaign, behaved with very creditable restraint and responsibility.

If only the same could be said of much of our national popular press. Our democracy suffers a distorting effect in the form of mendacious axe-grinding on the part of most of the tabloid newspapers. In his brilliant new book, *Enough Said*, the former director general of the BBC Mark Thompson writes that:

"Intolerance and illiberalism are on the rise almost everywhere. Lies go unchecked. At home, boundaries – of political responsibility, mutual respect, basic civility – which seemed secure a mere decade ago, are broken by the week."¹

Our Inquiry set out to discover if the concept of public service broadcasting could survive in the hyper-commercial, market dominated media environment of the 21st century.

In the pages that follow I believe that we have made that case that, not only do the public believe it should survive, but that our evolved PSB ecology functions as the most reliable bulwark available to truly plural and informed democracy in its battle against market totalitarianism.

The successful democracies of the 21st century are likely to be those in which the provision of news and information is rapid, accurate and trusted. 'Rapidly' is now a given, 'accuracy' remains a challenge, but 'trust' is proving increasingly elusive.

It is a commonplace to believe that trust lies at the heart of a sustainable democracy, yet as Mark Thompson suggests, it is evaporating on a daily basis and, once shredded, could prove all but impossible to regain.

¹ Mark Thompson, *Enough Said: What's gone wrong with the language of politics?* London: Bodley Head, 2016.



To instruct democracy, if possible to reanimate its beliefs...such is the first duty imposed on those who would guide society.

Alexis de Tocqueville (1863)

Clearly this is a battle we are losing as the public has made it clear that they no longer have any faith in the press and are developing increasing reservations about television.

I think most people accept that knowledge and understanding play a vital role in our ability to navigate the complexities and opportunities of our times. So where do we look for guidance; what defines an informed and active citizen?

This report argues that a well-resourced and fully independent public service television system that is free of political coercion offers our most reliable means of rebuilding public trust and accountability.

From time to time we glimpse the possibility of renewal, all too frequently evolving out of tragedy; we have to get better at grasping and building upon the lessons of Hillsborough, Bloody Sunday, the deaths of Milly Dowler and Dr David Kelly and, as I write, the murder of Jo Cox MP.

I started out by suggesting that public service broadcasting was a 'noble idea'. The issue surely facing us is whether we can find the nobility to nurture and protect it.

In his introduction to the white paper on charter renewal the Secretary of State for Culture, Media and Sport, John Whittingdale, MP says of the BBC:

"It is a revered national institution, and a familiar treasured companion. It is a cultural, economic and diplomatic force that touches the lives of almost all of those who live in the UK and hundreds of millions beyond these shores."

Of what else in British life could a similar claim be made?

Our report attempts to analyse both the strengths of, and the threats to, the whole of our PSB ecology, and to offer an evidence-based argument for the conditions under which it can, not just survive, but thrive.

David Puttnam
18th June 2016

² Quoted in Department for Media, Culture & Sport, *A BBC for the future: a broadcaster of distinction*, white paper, May 2016, p. 5.

INTRO- DUCTION



Welcome

Television is leading a charmed existence. After all, it is no longer supposed to exist. With the rise of the internet and the widespread availability of digital platforms, what is the point in the 21st century of a 20th century technology that broadcasts from a central point out to millions of viewers who are increasingly preoccupied with making, circulating and consuming non-broadcast content on their smartphones and iPads?

How can television with its baggage of 'mass audiences' and one-way transmissions compete with a digital universe that embodies the more fragmented and decentred nature of the way we live today? The American writer George Gilder noticed this development back in 1994, just after the emergence of the web. He predicted that "TV will die because it affronts human nature: the drive to self-improvement and autonomy that lifted the race from the muck and offers the only promise for triumph in our current adversities."³

But TV hasn't died. In fact it has stubbornly refused to disappear in the face of the white heat of the digital revolution. Contrary to what people like Gilder predicted, the internet hasn't killed television but actually extended its appeal – liberating it from the confines of the living room where it sat unchallenged for half a century and propelling it, via new screens, into our bedrooms, kitchens, toilets, offices, buses, trains and streets.

Television has both grown and shrunk: it adorns the walls of our shared spaces but is simultaneously mobile and portable. Where do you not now find television?

Even more puzzling than the resilience of the television experience is the fact that in the UK, the heartland of creative innovation and deregulated markets, the vast majority of the content consumed is provided by a group of people who are described as 'public service broadcasters' and whose motivation is not reducible to profits alone but instead to a shared commitment to pursue a range of political, social and cultural objectives. This too has been dismissed as a project without a future. "Public service broadcasting will soon be dead," argued the former ITV chief executive Richard Eyre in 1999. "It will soon be dead because it relies on an active broadcaster and a passive viewer."⁴ Yet millions of "passive viewers" continue to consume, on average, just under four hours a day of material that combines, in Eyre's language, "the wholesome, healthy and carefully crafted" with the "easily digestible, pre-packaged, and the undemanding."

One of the reasons for these apocalyptic visions of TV's imminent demise is the confusion between television as a specific technology and its status as a cultural form. The media commentator Michael Wolff highlights the frequent conflation between TV "as a business model", which he argues is incredibly healthy, and TV as a "distribution channel" whose future is far less certain. He concludes that there is little reason to believe that "people will stop watching TV, even if they stop watching the TV."⁵

³ George Gilder, *Life After Television: The Coming Transformation of Media and American Life*, London: W.W. Norton, 1994, p.16

⁴ Richard Eyre, MacTaggart Memorial Lecture, August 28, 1999.

⁵ Michael Wolff, *Television is the New Television: The Unexpected Triumph of Old Media in the Digital Age*, New York: Penguin, 2015, p. 28.

So while we may not all watch *Games of Thrones* at the same time and on the set in the living room, millions of us will nevertheless still watch it – perhaps days later, perhaps as part of an all-night binge and perhaps on our tablets on the train home from work. Our routines and access points may not be the same but there is little evidence that we have lost our appetite for television-like content.

On the other hand, there is ample evidence that television is changing – and changing fast. Only 35 years ago, the UK had three channels, a powerful duopoly and audiences for individual programmes that were regularly in the tens of millions; now we have a multichannel landscape, fragmented audiences, more complex consumption patterns, new sources of production and a constant innovation in distribution platforms. In particular, there is the prospect of a mass exodus of young people from linear television to online video consumption that is not controlled by traditional channels and voices. This is “the unhooked generation which does not regard themselves as watching television”⁶, given that they are now likely to consume content across a range of platforms and devices, and we cannot be sure whether they will ever return to a quiet night in front of the TV. On the other hand, even the most ‘disruptive’ voices are launching television channels with Vice Media, a relatively new entrant to newsgathering that has millions of subscribers to its videos, set to launch ‘Viceland’ on Sky from the end of 2016. The fact remains that even the young remain voracious consumers of television content.

Television is, therefore, characterised by its durability as well as an underlying fragility and uncertainty. Just as the landscape is undergoing enormous change, it is also characterised by important continuities. The public service broadcasters (BBC, Channel 3, Channel 4 and Channel 5) continue to command the majority of viewing – their share of viewing (if you include their portfolio channels) has fallen but only from 78.3% in 2004 to 71.9% in 2014; the PSBs also continue to account for some 85% of investment in original programming; and the vast majority of our viewing continues to take place live via a television set.⁷ It is important to acknowledge these continuities if we are to appreciate the significance of the change that is taking place and then to consider how best to sustain high quality television in the UK.

Sometimes, this means going beyond the headlines. For example, a recent report examining the crisis affecting TV news notes the “significant declines in traditional television in technologically developed markets” and argues that television is now facing the same collapse as the print press with audiences in the UK declining by some 3-4% per year since 2012.⁸ That is true but highly selective. Viewing to the TV set has indeed fallen by 26 minutes a day in the last five years but this has simply brought it back to exactly the same level that it was in 2006: 3 hours and 36 minutes every day.⁹ Meanwhile, Enders Analysis predict that the broadcast sector is likely “to account for the greatest share of viewing for many years to come” with a scenario that sees over four hours a day of viewing in 2025 of which three-quarters continues to take place via a television set.¹⁰

⁶ Dennis Broe, ‘Broe on the Global Television Beat’, 2016.

⁷ Data taken from Ofcom, ‘Public Service Broadcasting the internet age’, presentation to the Inquiry, September 29, 2015. Overall share of viewing includes the PSB portfolio channels.

⁸ Rasmus Kleis Nielsen and Richard Sambrook, *What is Happening to Television News?* Reuters Institute for the Study of Journalism, 2016, p. 3.

⁹ Thinkbox, *A Year in TV: Annual Review 2015*, p. 8.

¹⁰ Enders Analysis, *Watching TV and video in 2025*, November 2015, p. 1.

BATTLE OF THE VIEWING HOURS

Source: Enders Analysis.

Over the first 3 months of 2016.



It is easy to be absorbed by the challenge of the new but it would be foolish to ignore the grip of the old. For example, there is understandably a huge amount of interest in (and concern in the ranks of traditional broadcasters about) the vast subscriber base of video bloggers on YouTube given that they constitute precisely the same “unhooked generation” that is not guaranteed to return en masse to linear TV. The numbers are indeed huge: PewDiePie, to take the most popular of all, has some 43 million subscribers to his short videos on YouTube. However, there is a big difference between the potential audience of these vloggers and the numbers who actually watch an individual video. So while KSI has a subscriber base of over 12 million, just over 2 million watch the average programme; while Zoella managed to garner 4.1 million hours of viewing in the first 3 months of 2016 – itself an incredibly impressive feat – this hardly compares to the 76 million hours that UK audiences spent in front of ITV’s Downton Abbey.¹¹ “Buzzy, short form content fill gaps that have always

existed” conclude Enders; “yet, despite the hype, it will remain supplementary to long-form programming.”¹²

This report will not attempt to second-guess whether this is likely to be true nor to predict which platforms will dominate in the future. It will not speculate on precisely when we will switch off terrestrial television and move to a wholly online system but instead it will attempt to lay the foundations for a thriving television system ahead of that time. The report is more preoccupied with the purposes of television in an era that is characterised not simply by technological transformations but also by changing cultural and political attitudes: high levels of disengagement from traditional political parties, the collapse of the centre ground, falling levels of trust in major public institutions and a willingness to identify with social groups beyond the level of the nation state. The report reflects on the extent to which the UK’s most popular television channels successfully address the concerns, represent the interests and tell the stories of all the citizens of the UK.

¹¹ Enders Analysis, *Does short form video affect long term content*, May 12, 2016, p. 6.
¹² *Ibid.*, p. 1.

Above all, however, it seeks to highlight the conditions that may allow for the production and circulation of high quality, creative and relevant public service content in these complex circumstances rather than to dwell only on the specific apparatuses through which this content is likely to be consumed.

In doing this, we draw inspiration from a previous investigation into the future of broadcasting that also sought to examine the purposes of broadcasting. In 1962, the report of the Pilkington committee recommended the adoption of colour television licences and the creation of a further television channel to be run by the BBC. The report, however, was far more than a mere list of policy prescriptions and technological missives, but a searing indictment of the direction of travel of British television under the influence of a growing commercial mindset and an increasing number of programmes imported from the USA. It advocated measures designed to revitalise the idea of public service broadcasting and to foster a more creative and robust public culture.

The Pilkington report was perhaps best known for its hard-hitting critique of the “emotional tawdriness and mental timidity” of a new “candy-floss world”¹³ that was epitomised by commercial television. Television’s power to influence and persuade, it argued, was being abused in the search for cheap thrills and high ratings, a situation from which the BBC too was not immune. This “lack of variety and originality, an adherence to what was ‘safe’” was directly related to TV’s “unwillingness to try challenging, demanding and, still less, uncomfortable subject matter.”¹⁴ Critics attacked the report

as elitist and moralising when, in fact, it made a very strong case for an expansion, and not a narrowing, of content. In words that resonate today given contemporary debates about whether public service broadcasters should restrict themselves to areas left vacant by their competitors, Pilkington argued that:

*No one can say he is giving the public what it wants, unless the public knows the whole range of possibilities which television can offer and, from this range, chooses what it wants to see. For a choice is only free if the field of choice is not unnecessarily restricted. The subject matter of television is to be found in the whole scope and variety of human awareness and experience.*¹⁵

Public service television, if it is to show the full diversity of its audience base, needs to make available the broadest range of content while, at the same time, it cannot afford to turn away from the responsibility to engage minority interests. Television, the report argued, “must pay particular attention to those parts of the range of worthwhile experience which lie beyond the most common; to those parts which some have explored here and there but few everywhere.”¹⁶ Many of these comments remain relevant to today’s highly contested debates on the future of television and we agree with Professor Julian Petley’s notion that “the caricature of the Report as an elitist, moralistic, killjoy charter has been far too useful to the enemies of public service broadcasting...to have been allowed to fade into the obscurity which it deserves.”¹⁷

Pilkington contributed to a hugely important debate about the contribution that television could make to public life and private interests.

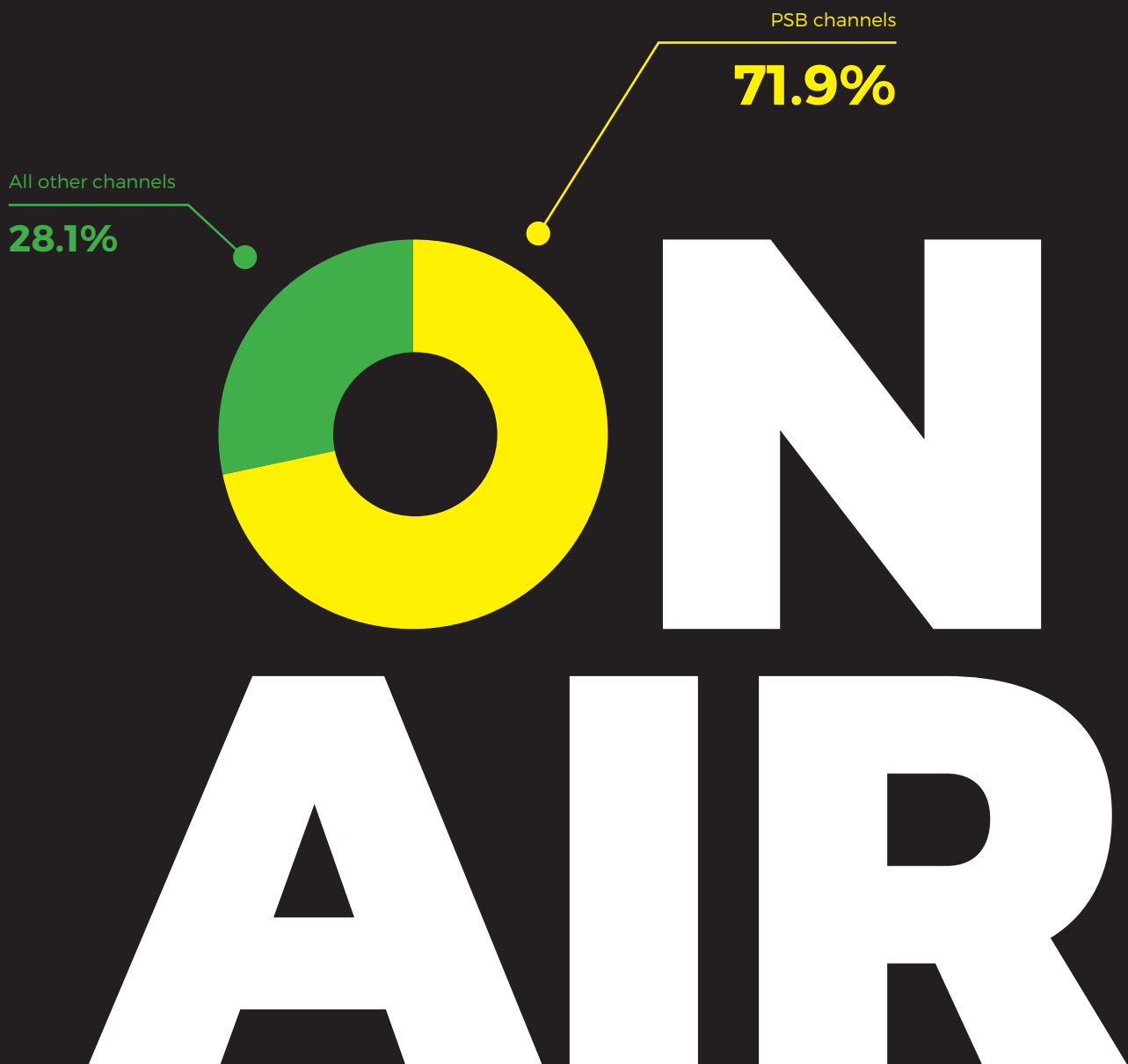
¹³ Sir Harry Pilkington, *Report of the Committee on Broadcasting 1960*, London: HMSO, 1962, p. 34.

¹⁴ *Ibid.*, p. 16.

¹⁵ *Ibid.*, p. 17.

¹⁶ *Ibid.*, pp. 19-20.

¹⁷ Julian Petley, submission to the Inquiry.



Public service channels
(including portfolio channels)
continue to dominate the
majority of our viewing

It attempted to create an infrastructure that would allow both the ITV network and the BBC to act as a public service engaged in a “constant and living relationship with the moral condition of society.”¹⁸ Today, the status and definition of public service is far more fluid and we have lost the ‘moral’ certainties that underpinned the Pilkington committee’s investigation. For some, the whole notion of public service television suggests the paternalistic imposition of ‘desirable’ (for which read ‘establishment’) values at a time when citizens are increasingly unwilling to be the passive recipients of other people’s belief systems. In a famous speech at the 1989 Edinburgh International Television Festival, a year in which walls were coming down across the world, Rupert Murdoch tore into what he described as the “British broadcasting elite” and demolished the “special privileges and favours” that were associated with the “public interest”. “My own view”, insisted the founder of the UK’s new satellite service, “is that anybody who, within the law of the land, provides a service which the public wants at a price it can afford is providing a public service. So if in the years ahead we can make a success of Sky Television, that will be as much a public service as ITV.”¹⁹

We take a rather different view of public service. We do not believe that public service can simply be measured by ratings nor do we believe that public service exists simply to correct any tendency for markets to under-serve minority audiences. As we discuss in some detail in Chapter 2, we believe that public service television – and public service media as it will emerge – are not merely the

medicine that it is sometimes necessary to take to counter the lack of nutrition of a purely commercial system. In many ways, public service television is – at least, it is supposed to be – about a specific conception of culture that is irreducible to economic measures of ‘profit and loss’; it refers to the “establishment of a communicative relationship” rather than to “the delivery of a set of distinct commodities to consumers.”²⁰ Its main goal is not to sell audiences to advertisers or subscription broadcasters or to conduct private transactions but to facilitate public knowledge and connections. According to Liz Forgan, a former director of programmes at Channel 4: “Television channels are not pork barrel futures or redundant government buildings. They are creators, patrons and purveyors of a highly popular (in both senses) variety of entertainment, information and culture to millions.”²¹

Public service television is a ‘public good’ that has multiple objectives²²: it must, for example, provide content that is popular and challenging; it must be universally available; it must enhance trust in and diversity of news and opinion; it must increase the plurality of voices in the UK media landscape; it must provide a means through which UK citizens can enter into dialogue; and it must stimulate the wider creative industries of which it is a key part. This report will therefore focus on how best to institutionalise these ambitions in a changing media landscape that requires public service operators to rethink their strategies if they are to remain relevant and viable and to secure the trust of audiences.

¹⁸ Pilkington Report, p. 31.

¹⁹ Rupert Murdoch, ‘Freedom in Broadcasting’, Speech to the Edinburgh International Television Festival, August 25, 1989.

²⁰ Nicholas Garnham, ‘The Broadcasting Market and the Future of the BBC’, *Political Quarterly*, 65 (1), 1994, p. 18.

²¹ Liz Forgan, ‘Could Channel 4’s distinctive voice and adventurous shows continue if it is sold?’, *Guardian*, May 8, 2016.

²² See Appendix 3 of this report for Onora O’Neill’s thoughts on public service broadcasting as a public good with the capacity to provide: “a shared sense of the public space and of what it is to communicate with others who are not already like minded; access to a wide and varied pool of information and to the critical standards that enable intelligent engagement with other views; an understanding of the diversity of views held by fellow citizens and by others; a shared enjoyment of cultural and sporting occasions that would otherwise be preserve of the few or the privileged; an understanding of the diversity of views others hold.”

The report – and indeed the Inquiry on which it is based – is specifically focused on television and not radio. It would not be possible nor desirable to wrap them up together given their different production and consumption dynamics. We have focused on television, above all, because it is the pre-eminent and most popular media form and thus the one that occupies a central place in both the popular and the policymaking imagination. We sincerely hope that others will take up the challenge of launching an investigation into radio's enduring appeal – it too has refused to die – and how best to secure its future in the digital age.

We use a number of different and overlapping terms in the report and we hope that this will not confuse readers. Our main area of concern is television and, in particular, public service television (PST), a system of television broadcasting that continues to be subject to specific forms of public regulation in return for particular benefits. The organisations that have traditionally delivered PST in the UK are public service broadcasters (PSBs) but, as our report shows, this is likely to change as new sources of public service content (PSC) start to emerge. Instead of looking forward simply to a future of public service broadcasting (PSB), we attempt to consider how best to secure an ecology in which public service media (PSM) – organisations that produce both linear video and non-linear, interactive digital content – will play a central role.

The report is based on the findings of an eight-month long Inquiry that organised meetings all around the UK and took submissions from a wide range of broadcasters, academics, civil society groups and campaigners. We did not commission

any large-scale audience research or content analysis in part because of a lack of time but mostly because we were fortunate to benefit from the existing, high-quality research carried out by organisations including Ofcom, Thinkbox, Enders Analysis and Oliver & Ohlbaum. We wanted to reflect, above all, on “the nature of good broadcasting in a democracy”, as Richard Hoggart, one of the key architects of the Pilkington report, put it, even if that debate takes place in very different technological and political conditions to those that shaped Pilkington. According to Hoggart: “We could not enforce our judgments scientifically; we could only say at the end...‘This is so, is it not? Our readers could say ‘Yes’; or ‘No’.”²³

We expect that some of our readers will say ‘yes’ to our recommendations; some will agree with at least a few of them; while others will issue a vociferous ‘no’. We will, in all likelihood, be accused of both exaggerating and underplaying the pace of change, of being too soft or too harsh on the BBC, of being too timid or too unreasonable in some of our prescriptions. We welcome this difference of opinion as, after all, the Pilkington report itself was heavily criticised in parliament and in the main newspapers of the time. Hoggart recalls that one ITV executive “gave a party in his garden at which copies of the report were put to the flames... Other [newspaper]s threw every dirty word in their box of cliché abuse at us: ‘nannying... elitist...patronising...grundyish...do-gooding.”²⁴ The language is likely to have changed in the last 50 years but we nevertheless look forward to a spirited debate about how to improve and democratise what remains one of our central preoccupations: the telly.

²³ Richard Hoggart, *A Measured Life: The Times and Places of an Orphaned Intellectual*, London: Transaction, 1994, p. 62.

²⁴ *Ibid.*, p. 60.

**CHAPTER
ONE
TELEVISION
AND
PUBLIC
SERVICE**



Why television matters

Television is in its death throes but has also been reborn; it is a relic of the mass audiences of the 20th century but it has never been more popular or more creative; we are watching more television but television viewing is also declining. Such are the profound contradictions of television in the 21st century.

The television screen remains at the heart of many a British home, and the output of the UK's numerous television companies remains central to British life. Even in the information age of tablets and smartphones, when the idea of broadcasting can seem almost quaint, television remains a powerful – indeed, is arguably still the most powerful – medium for information, education and entertainment.

Television has, in its relatively short history, been connected to major waves of social change. It was one of the main symbols (and accessories) of the consumer boom in the 1950s; it provided a crucial backdrop for many of the struggles that took place in the 1960s; satellite television helped to facilitate the globalisation that occurred from the 1980s while digital television in this century epitomises the abundance of an 'information age'. It has given us new vocabularies and new ways of behaving: we no longer just binge on alcohol or chocolate but on episodes of our favourite TV dramas.

Television also shapes our lives in many different ways. It has a crucial democratic purpose, for example through informing the public about the political process and encouraging us to engage with it, hosting

political debate and discussion, investigating and analysing public affairs, and dramatising the most important moments in the UK's political life. Unlike the print and online news media, UK broadcasters are formally required to do all of this impartially. In recent years, television has helped – not without significant controversy – to frame the issues behind the referenda on Scottish independence and EU membership as well as the 2015 general election. Many of the key moments in those campaigns happened on television and much of the reporting that informed the public's decision making was by television journalists.

Television's highly regulated status has long distinguished it from the UK's notoriously partisan print media, and it is all the more distinctive today amid the cacophony of the internet. Within the existing regulatory framework, television ought to allow for the expression of differences and a respect for opposing views that allows us to work through our conflicts. In a world where increasingly popular social media platforms can act as an echo chamber, it is especially important that we are forced to consider a full range of perspectives and voices.

Television also provides a means of collective experience. For example, television brings major sporting events such as the European football championships and the Olympic Games into tens of millions of UK households. It is still largely through television that people can watch such significant occasions. This sharing happens on a daily basis too. Television facilitates conversation, both while it is being watched and afterwards. A few shows – *Strictly Come Dancing*, *X Factor*, *EastEnders*, *Coronation Street* – have survived the fragmentation of the multichannel era to remain talking points for watercoolers across the UK. *Sherlock*, *Downton Abbey*, and

The Great British Bake-Off have all caught the popular imagination in their different ways. Football fans discuss the matches they have seen live on Sky or BT Sport, or on *Match of the Day*. Much of the discussion in newspapers and magazines, or on Facebook and Twitter, springs from television programmes. At the same time, new voices and platforms have emerged to add to this conversation – from Vice News to YouTube’s *danisnotonfire* and *Venus vs Mars*.

Television both records and animates the multiple dimensions of life across the nations; it provides a barometer of national and local cultures, and provides a crucial frame through which we attempt to understand our lives and the lives of those around us. Television moves us and, as the entertainment journalist Sarah Hughes argues:

*Britain’s best television has always been its angriest, from Cathy Come Home, which put homelessness in the spotlight, to Scum, Alan Clarke’s incendiary look at life in a borstal. These are the shows that force us to think about things we might otherwise have ignored, that hold up a mirror to society and say: ‘This is what you got wrong, this is where you failed.’*²⁵

Television is a cultural form in its own right, capable of reaching artistic heights, and it is intimately connected with many other cultural forms as part of the wider creative industries and the creative ecology.

It also provides major economic benefits. The UK television industry earned revenues of over £13 billion in 2014²⁶ and is the biggest player in an audiovisual creative sector that

employs over 250,000 people, generates more than £10 billion of Gross Value Added and exports over £4 billion of services and products to the rest of the world.²⁷

Yet none of these possibilities are inevitable nor are they guaranteed to last unless we secure an independent, competitive and creative television landscape here in the UK. As the cultural historian Michael Bailey told us, only if “carefully managed and inspired by a sense of vocation, broadcasting institutions can help strengthen the democratic process by making power elites accountable to the public; whilst at the same time building a stronger sense of community by connecting audiences through shared experiences and social dialogue.”²⁸ So we should be mindful of the continuing potential of television whilst, at the same time, emphasising that we can only realise this potential if we provide the appropriate regulatory, technological and creative infrastructure dedicated to this purpose.

The evolution of public service television

The idea of public service has been integral to the history of broadcasting in the UK, from the foundation of the BBC in the 1920s onwards. The BBC started out as a monopoly provider of first radio, and then television. Its nature as a public body acting in the national interest was embedded at an early stage, forged out of the mood of the times, from the specific recommendations of the 1926 Crawford committee, and through the domineering character and singular vision of its first director-general, Lord Reith. In

²⁵ Sarah Hughes, ‘Why the best British TV is fuelled by rage’, the *Guardian*, June 6, 2016.

²⁶ Ofcom, *Communication Market Review*, 2015 p. 147.

²⁷ <http://www.thecreativeindustries.co.uk/industries/tv-film/tv-film-facts-and-figures/uk-tv-film-government-economic-data>.

²⁸ Michael Bailey, submission to the Inquiry.

those early days, no broadcasting market was allowed to develop, as it had in the US, and overt political interference was generally kept at bay. First incorporated under royal charter in 1927, the BBC was from its earliest days characterised by aspirations towards impartiality and independence, even if in practice these aspirations were not always perfectly fulfilled.²⁹

Reith wanted the BBC to be available to everyone across the UK, and he achieved his aim. Monopoly status gave the corporation an almost oracular power as the voice of a nation, a power that to this day it partially retains. As the UK's only broadcaster for more than 30 years, it was synonymous with broadcasting itself and its example influenced everything that followed. Reith may have felt little enthusiasm for television – and he left the BBC not long after the launch of the full television service in 1936 – but his notion that broadcasting should ‘inform, educate and entertain’ remains the cornerstone of the public service ideal even if this ‘holy trinity’ has been interpreted in wildly different ways.

When commercial television was launched in the 1950s, the BBC lost its monopoly, but the principle that broadcasting should be public service in character continued into the new era. The ITV network of regional licences set up in 1955 was highly regulated, and required to provide public service programming that was balanced, impartial and high quality in return for the advertising monopoly that made owning a franchise a ‘licence to print money’. The regulator held sanctions over scheduling and programmes and could even revoke a licence if necessary. Minority

interest programmes were expected to be spread across the schedule, including in peak time, and there were limits on US imports. The regional character of the ITV network was drawn up very deliberately as a way of decentralising the television industry, even if the map was drawn more for the benefit of marketers than with any specific feel for regional identity or local politics.

In the face of this new competition, the BBC had to sharpen up its act: the launch of ITN as a rival news provider to the BBC is credited with many innovations and improvements in broadcast news, for example. It was the BBC too that would be the beneficiary when the development of television was reviewed by the Pilkington report of 1962. As we have already discussed, Pilkington's scathing criticisms of the output of commercial television led to the BBC being granted the third channel – BBC Two – two years later, and to stronger regulation of the ITV network. Against the backdrop of social liberalisation and under Hugh Carleton Greene's leadership, the BBC came into its own as a public service television broadcaster in the 1960s.

By the 1970s, the BBC-ITV duopoly was showing its age – its one-size-fits-all approach frustrating for programme makers and failing to reflect the fraying of cultural homogeneity. The time was ripe for a fourth channel, which was the recommendation of the Annan report in 1977. Annan felt that television should serve the various groups and interests in British society and not just aspire to cater for everyone at once. Channel 4 was launched in 1982 along these lines; its addition to the broadcasting landscape

²⁹ For very different assessments, see, for example, Stuart Hood, *On Television*, London: Pluto 1997 and Paddy Scannell, ‘Public service broadcasting and modern public life’, *Media, Culture & Society* 11 (1989), pp. 135-166.



1922

The **BBC** is born.
It started out as a
monopoly provider of
first radio, and then
television

1955

Commercial television
is launched and the
ITV network of regional
licences set up

1964

Criticisms of the
output of commercial
television led to the
BBC being granted the
third channel - **BBC2**



1982

The BBC-ITV duopoly is showing its age. The time is ripe for a fourth channel. Channel 4 is launched

1990s

The technological revolution makes cable and satellite channels available to anyone who wants to pay for them

2012

The analogue signal is switched off, bringing the digital, multichannel future into focus

expanded the idea of public service to embrace diversity rather than just universality, and allowed for balance across the schedule rather than within programmes. In Wales, the fourth channel was devoted to the Welsh language service S4C.

The Conservative government that had presided over Channel 4's launch was also responsible for the 1990 Broadcasting Act, which significantly changed the nature of commercial TV. ITV licences were to be auctioned off rather than awarded on merit by the regulator. The conditions were set for a series of deals that allowed the ITV network to merge into one company (at least in England and Wales) by 2004. Regulation continued, with quotas set for particular types of programming, but a new commercial spirit infused ITV.

By the 1990s, a technological revolution was making cable and satellite channels available to anyone who wanted to pay for them. No impediment was placed in the way of this rapidly emerging market, and no requirements were made of these new channels to offer original public service programming (although they were obliged to carry the existing PSB channels). Public service television became the preserve of the four legacy channels, Channel 5 (launched in 1997) and the BBC's new digital services. The Labour government of Tony Blair committed itself to switching off the analogue signal by 2012, bringing the digital, multichannel future into focus. By the end of the 20th century, the old public service formula was holding firm but the great technological disruption that so characterises today's marketplace was already under way.

In summary, we can see the history of British public service broadcasting policy in the 20th century as being characterised by a series of very deliberate public interventions into what might otherwise have developed as a straightforward commercial marketplace. The creation of the BBC, the launch of an ITV network required to produce public service programming, and the addition of the highly idiosyncratic Channel 4 gave the UK a television ecology animated by quality, breadth of programming and an orientation towards serving the public interest. At each of these three moments, the possibilities of public service television were expanded and British culture enriched as a result.

The 1990 Broadcasting Act and the fair wind given to multichannel services may have ended the supremacy of the public service television ideal. Public service television may now seem like a relic of the 20th century and the benefits that accrue to a public service broadcaster are far less obvious in a multichannel and, increasingly, nonlinear environment. It may now come to feel like an aberration in an era of apparently limitless consumer choice whose discourse is increasingly dominated by economic arguments. Indeed, as the media economist Robert Picard argues, the "fundamental economic and technical conditions that led to the creation of public service television no longer exist."³⁰ Nevertheless, it has survived, through the design of the institutions responsible for it, because of legislative protection, and as a result of its continuing popularity amongst the public. But the goodwill of programme makers and the appreciation of audiences will not by themselves keep it alive in the 21st century. It is worth remembering that at all stages,

³⁰Robert Picard, submission to the Inquiry.

for good or ill, governments of the day have played an instrumental role in shaping the television industry. Today’s policymakers retain the power to shape it for better or worse if they wish to and it is one of the aims of this report to remind them that this is the case and that television does not develop ‘naturally’ following either a technological or commercial logic.

Public service television today

Before the multichannel era, all the TV channels were public services in different ways; there were no purely commercial operations. So the trick of providing a mix of programmes that were popular, public service or both was not so hard to pull off and nailing down a definition of what was public service was not an urgent task. Anyone seeking definitions today can find plenty of guidance, if not total enlightenment.

The 2003 Communications Act laid out some of the key features. First, it listed the public service television services as all the BBC’s TV services, S4C, every Channel 3 service (which now means ITV in England, Wales and Northern Ireland, and STV in Scotland), Channel 4, and Channel 5.³¹ It made it obligatory for these services to be “broadcast or distributed by means of every appropriate network”.³² It defined the purposes of public service television broadcasting in terms of programmes that deal with a wide range of subject matters; cater for as many different audiences as practicable; are properly balanced; and maintain high general standards of content, quality, and professional skill and editorial integrity.³³ It also outlined various genre-based aims for

public service television to fulfil, covering cultural activity (drama, comedy, music, films, and other visual and performing arts), news and current affairs, sporting and leisure interests, educational programming, science and religion, as well as programmes for children and young people. It also specified the need for “programmes that reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom, and locally in different parts of the United Kingdom”. Importantly, it did not say which broadcasters should do what, just that the public service channels “taken together” should produce these outcomes.³⁴

The Act required the UK’s three commercially funded public service broadcasters – the Channel 3 licencees, Channel 4 and Channel 5 – to provide a range of “high quality and diverse” programming. Channel 4’s output must additionally demonstrate innovation, experiment and creativity; appeal to a culturally diverse society; contribute to education; and exhibit a distinctive character.³⁵ Further detailed requirements in accordance with the act are set out in ITV, Channel 4 and Channel 5’s main channel licences (which were agreed in 2004 and renewed in 2015, but have been subject to frequent variations). They are required to broadcast a set number of hours of news and current affairs programming and to fulfil various quotas on production in return for their prominent positions on the electronic programme guide.

The BBC also operates under specific instructions laid out in its current royal charter (which is set to be replaced in January 2017) and in the agreement between the secretary

³¹ Communications Act 2003, section 264 (11). It also mentioned the public teletext service.

³² *Ibid.*, section 272 (2).

³³ *Ibid.*, section 264 (4).

³⁴ *Ibid.*, section 264 (6).

³⁵ *Ibid.*, section 265.

of state and the BBC accompanying that charter. The charter states that the BBC exists to serve the public interest; its main object is the promotion of its six public purposes; and its main activities should be the promotion of those public purposes through information, education and entertainment.³⁶

The agreement between the secretary of state and the BBC attempts to give further detail as to what that might mean in practice. The corporation is required to make the content of its public services “high quality, challenging, original, innovative and engaging”. Every programme broadcast or item of content produced by the BBC must “exhibit at least one of those characteristics”.³⁷ It is debatable whether all of the BBC’s programmes do in fact fulfil this requirement, although the term ‘engaging’ is loose enough for most to qualify. (We will address recent debates about proposals for the BBC’s next charter in Chapter 4).

Crucially, public service television has been defined more by broadcaster or channel, by (often rather vaguely expressed) principle, and by genre than in terms of individual programmes. This is a distinction that is becoming increasingly important in current debates that may seek to restrict the definition of public service to discrete programmes rather than outlets or remits. So while the BBC, ITV, Channel 4 and Channel 5 are public service broadcasters by virtue of the regulatory obligations imposed on them to produce a range of output, a company like Sky, which is responsible for significant news and arts provision, is not described as a public service broadcaster. All of the BBC’s

output is deemed public service, whereas for the three commercially funded public service broadcasters operators only the main ITV, Channel 4 and Channel 5 channels fall into this category.

Ofcom is required under the Communications Act to review the state of public service broadcasting. Its third and most recent review, published in 2015, said that the system was “broadly working” but raised a number of concerns. For example, it found falling levels of investment in new UK-originated content by the “PSB channels”, with a 44% decline in drama spending.³⁸ Investment in some genres such as arts and classical music, religion and ethics had “significantly reduced”, while the provision of non-animated children’s content outside the BBC was very limited (as we discuss in Chapter 10). It also drew attention to changes in the wider marketplace and in consumer behaviour, which we will analyse more fully in Chapter 3.³⁹

.....
**“HIGH QUALITY,
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CHARACTERISTICS”**

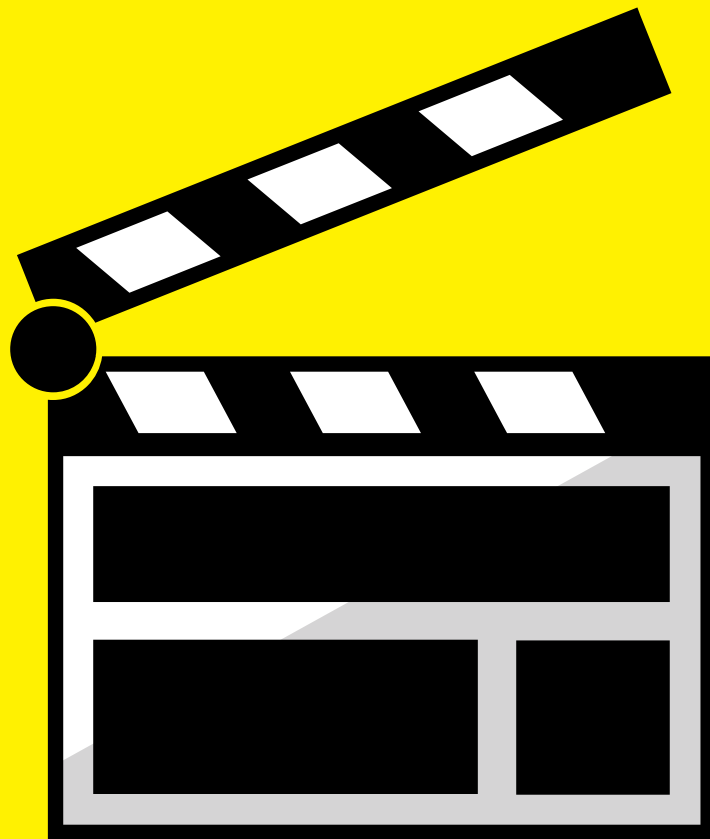
BBC agreement
.....

³⁶ BBC charter, October 2006.

³⁷ BBC charter agreement, July 2006.

³⁸ It could also be argued that this fall in spending can be attributed to other reasons including significant production efficiencies and the increase in global investment and co-productions.

³⁹ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting*, 2015, see the summary and conclusions set out in section 2, pp. 3-6.



Time for action

Today's policymakers retain the power to shape PSB for better or worse if they wish to and it is one of the aims of this report to remind them that this is the case.

The television ecology within the creative economy

The word ‘ecology’ has sometimes been used to describe the mix of broadcasting provision in the UK, and it is an apt term. It captures the links that exist between the large variety of actors who make up the television world, their reliance on each other and competition with each other. As Channel 4 put it to us, this ecology is “the result of a series of enlightened policy interventions placing a group of organisations all with different models, purposes, missions and incentives at the centre of the creative industries.”⁴⁰ It is impossible to consider the mission or market position of the BBC, say, in isolation, without taking into account the effect it has on other broadcasters, as well as producers and distributors.

It is important to emphasise that while the main public service broadcasters play key roles in the wider television environment in particular because of their domination of investment in original UK programming, we have a genuinely mixed ecology that now includes many broadcasters with no clear public service remit. These commercial broadcasters are largely unregulated⁴¹ but, according to their trade association COBA, they nevertheless play a vital role in, for example, increasing plurality of commissioning beyond the PSBs, diversifying funding streams and stimulating creative competition in a range of genres such as children’s and drama output.⁴²

Television organisations and industry professionals need each other and interact in various ways. A number of quite idiosyncratic entities – different species, we might say – live alongside each other, competing and co-existing. If properly regulated, this co-existence can benefit all participants. As the BBC told us: “When the BBC performs well, others have to raise their game to compete for audiences, which challenges the BBC to aim higher – in a positive feedback loop that has increased content investment and variety.”⁴³ This ecology has built up over time as we have seen, driven by technological innovation and disruption as well as by public policy intervention and market forces.

The television ecology is not self-sufficient, though: it feeds off the involvement of the public, and plays a role in nurturing creativity at a grassroots level. It is also part of the wider ecology of the creative industries and the creative economy. This economy has been of increasing value to the UK. Government figures show that in 2013 some 2.62 million people were employed in the creative economy (the creative industries, plus those in creative jobs working outside the creative industries), which represents 8.5% of the population, up from 1.81 million or 6.5% in 1997.⁴⁴ Of these, 259,000 were employed in ‘film, TV, video, radio and photography’, up 12% in two years.⁴⁵ The creative industries contributed £76.9 billion of ‘gross value added’ to the UK, or 5% of the overall economy, in 2013, with £9.3 billion or 12% of that attributable to film, TV, video, radio and photography.⁴⁶ The latter sector

⁴⁰Channel 4, submission to the Inquiry.

⁴¹ Along with PSB services, however, they are subject to the European Union’s Audiovisual Media Services Directive that has rules on European content, hate speech and consumer protection for example. This report was written before the result of the UK’s referendum on membership of the EU, the outcome of which will obviously determine the future application of the AVMSD to UK television.

⁴² Commercial Broadcasters Association, submission to the Inquiry.

⁴³ BBC, submission to the Inquiry.

⁴⁴ Department for Culture, Media and Sport, Creative Industries Economic Estimates – January 2015, 2015, p. 17.

⁴⁵ Ibid., Table 4, p. 12.

CREATIVE ECONOMY EMPLOYMENT

Source: DCMS.

Over the last 20 years.



was even more valuable when it came to export of services, accounting for £4.3 billion or 25% of the £17.3 billion total in 2012.⁴⁷ The idea of an ecology has been employed for more than a decade in the arts world, where there have been attempts to map the interactions and interdependencies between different – and differently funded – sectors. One recent study has developed this idea extensively and looked in detail at the relationships between three broadly defined spheres: the publicly subsidised, the commercial, and the amateur or ‘homemade’.⁴⁸

The language of ‘ecology’ has been adopted widely in arts circles. The culture minister Ed Vaizey praised the “creative ecology” in a 2011 speech: “The great strength of the arts is its ecology – subsidised arts feeding the commercial arts, the voluntary arts and the amateur arts ensuring the creative spirit is

present in every corner of the nation.” In 2014, Arts Council England devoted a paper to setting out how it was using its investments to “shape a national cultural ecology”. Its then chief executive explained: “The metaphor of an ecology, of a living balanced environment, expresses how nothing happens within this system without its impact being felt widely.”⁵⁰

This latter observation suggests an inherent fragility. Ecologies are predicated on equilibrium but such balances can be delicate, and even what appear to be modest changes can have major repercussions. It follows that we should be very careful about upsetting these balances. Radical upheaval may sometimes be necessary – as we believe it is today – but we have to be sure that specific changes will strengthen, and not weaken, the viability of the overall environment.

⁴⁶Ibid., Table 7, p. 19.

⁴⁷Ibid., Table 13, p. 31.

⁴⁸John Holden: *The Ecology of Culture*, Arts & Humanities Research Council, 2015.

⁴⁹Ed Vaizey: *The Creative Ecology*, speech at the State of the Arts conference, London, February 10, 2011.

⁵⁰Alan Davey in Arts Council England, *This England: How Arts Council England uses its investments to shape a national cultural ecology*, 2014. Alan Davey is now the controller of Radio 3.

It is worth considering some of the key relationships within the television ecology and how people and ideas flow within it.

Between broadcasters

The UK's leading broadcasters are all acutely aware of each other and sensitive to each other's role in the ecology. Senior executives meet at conferences and seminars, staff at rival companies frequently interact, collaborating or socialising. They commission programmes to compete with each other and often to differentiate themselves from each other. They get inspiration from each other; they copy each other, and they learn from each other's mistakes. Many staff move from one company to another. Broadcasters set standards for each other too. Commercial broadcasters such as ITV and Sky have to pit their arts and drama output against the publicly funded BBC. The BBC's sports coverage has to compete with the benchmarks, including the levels of spending, set by Sky.

Between broadcasters and producers

Producers, whether in-house or independent, provide the output that makes broadcasting happen. Without channels or distribution networks there would be nowhere for producers to take their products. Channel 4 relies virtually entirely on independent production; indeed, its launch in 1982 gave birth to a whole industry. The production sector has expanded vastly since then thanks to quotas imposed on broadcasters and the rapid growth in channels, and now encompasses giants such as Endemol/Shine and Fremantle as well as boutique companies. Talent flows between the broadcasting and production sectors.

Between broadcasters and the cultural world

The BBC in particular has strong links to the cultural sector. Its support for classical music involves not just Radio 3 but funding orchestras and showing the Proms concerts. Both the BBC and Channel 4 play a very important role in film production. All broadcasters screen films, expanding the market for cinematic releases. Drama can feed off source material and then stimulate further interest in and sales for that material – *Wolf Hall*, for example, has been a huge success story as a novel, on the stage, and on TV. Documentaries and news items are often timed and themed to coincide with exhibitions at major museums and galleries.

Between television companies and the wider creative industries

The makers of television – whether broadcasters or producers – rely on the skills of so many people outside the industry. Costume designers, make-up artists and special effects experts all play a crucial part in making drama possible, for example. Musicians benefit from the exposure that TV can bring and from royalties on the use of copyright material.

Between broadcasters and the public

There is a straightforward link between broadcasters and viewers, and in the BBC's case a direct ownership link owing to the mechanism of the licence fee. But TV also nurtures other relationships with the public: for instance, talent shows from *X Factor* to *The Great British Bake Off* or *The Choir*. These shows in their very different ways not only allow the public to participate directly in television but stimulate interest in crafts and skills.

Thinking about these relationships and the nature of the television industry as a highly developed and sophisticated ecology – as well as part of a larger creative ecology – allows us to view the challenge of maintaining public service television holistically. Necessarily, this report will examine the specific issues facing different broadcasters and analyse various programme genres and technological possibilities in turn. But improving and reforming public service television is not a matter of choosing from a menu. There is no point trying to change just one element and hoping that everything else will be fine. It is crucial that we examine today’s various challenges alongside each other and come up with solutions that value co-ordination and interaction.

In conclusion, we agree with Professor Robert Picard’s assessment that “there is nothing sacrosanct about public service television. It is merely a tool for achieving desirable social outcomes given the economic characteristics of broadcasting.”⁵¹ This report will seek to discuss, and make recommendations about, how best to secure these “desirable social outcomes” – of democratic exchange, diverse representation and meaningful dialogue – in conditions of considerable technological, political and cultural volatility. The challenges that lie ahead are significant but there are also, in our view, some important opportunities. As Robin Foster from Ofcom’s Content Board put it in his submission: “The next ten years will likely see a further major shift in digital media markets...With a new approach, PST should still be in a position to achieve the enduring public service aims identified by this Inquiry and, in some cases, to do more effectively than in the past.”⁵²

.....

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.....

⁵¹ Robert Picard, submission to the Inquiry.

⁵² Robin Foster, submission to the Inquiry.

**CHAPTER
TWO
PRINCIPLES
OF PUBLIC
SERVICE
FOR THE
21ST
CENTURY**



Basic principles

At the core of previous normative frameworks for public service broadcasting are four interrelated concepts: **independence, universality, citizenship** and **quality**.⁵³ We believe that these norms have not yet evolved to meet the challenges posed by digital platforms, increasing cultural diversity as well as the stubborn inequalities of modern Britain.

This report believes that the purposes of what we might, for the purposes of this chapter, call public service media (PSM), as opposed to public service broadcasting (PSB), are not diminished but expanded in the digital era. We explore these principles in relation to PSM as a whole but we are particularly mindful of the crucial role in delivering public service played by the BBC and Channel 4 both now and in the future.

Independence

Independence is, of course, enshrined in the BBC's current royal charter which says that the BBC "shall be independent in all matters concerning the content of its output, the times and manner in which this is supplied, and in the management of its affairs."⁵⁴ Strikingly, the charter does not concern itself with the structural conditions that create or impede this independence and we believe that, from this point on, any governing document should concern itself with these conditions. The Broadcasting Research Unit (BRU), reflecting on these issues some 30 years ago, insisted on the need for "distance

from all vested interests, and in particular from those of the government of the day."⁵⁵ We argue in Chapter 4 that, particularly in relation to the BBC, this independence has been undermined and needs new structural foundations.

Universality

Universality has three important and distinctive meanings:

- a) The first is technical and geographical universality: in other words universal access to services, ideally free at the point of use. As the BRU put it, public service broadcasting "should be available to the whole population".⁵⁶
- b) The second meaning concerns social and cultural universality: the provision of services and programming, as academics Georgina Born and Tony Prosser have argued, the provision of services that enhance "social unity through the creation of a 'common culture'", as well as those "that cater for and reflect the interests of the full social and cultural diversity of Britain and its minorities."⁵⁷ Similarly for the BRU: "Broadcasters should recognise their special relationship to the sense of national identity" while "[m]inorities, especially disadvantaged minorities, should receive particular provision".⁵⁸

Crucial to this sense of universality, and at the heart of PSB since its inception, is the relationship between commonality and plurality: between the creation of a national culture through mass modes of address and the need to recognise and reflect minorities – from the four nations and all the regions of

⁵³ This chapter draws heavily on Georgina Born's paper, 'Rethinking the Principles of Public Service Media', delivered at the Inquiry's event on the same topic, British Academy, March 3, 2016.

⁵⁴ BBC charter, October 2006, 6 (1).

⁵⁵ Broadcasting Research Unit, *The Public Service Idea in British Broadcasting: Main Principles*, London: BRU, 1986, p. 9.

⁵⁶ BRU, 1986, p. 1.

⁵⁷ Georgina Born and Tony Prosser, 'Culture and Consumerism: Citizenship, Public Service Broadcasting and the BBC's Fair Trading Obligations', *Modern Law Review*, 64(5), 2001, p. 676.

⁵⁸ BRU, 1986, p. 7, p. 5.

the UK to the full range of Britain's significant minorities. This relationship remains central to PSM in the digital era; indeed, digital platforms provide opportunities for its expansion.

c) The third meaning refers to universality of genre. As Born and Prosser have argued, this is about “the provision of mixed programming, ... the entire range of broadcast genres, thereby meeting a wide range of needs and purposes through the trinity of information, education and entertainment. The aim here is that [PSM] should be truly popular, both as a value in itself... [and] in order to draw audiences, serendipitously, across different and unforeseen kinds of programming.”⁵⁹ Again, we wish to argue that this sense remains central to PSM today but that it needs reinvention in digital conditions.

Citizenship

PSM's citizenship purposes have been closely associated with cultivating national identity, social and political community via the public sphere or spheres that provide the grounds for a democratic political culture. This is often linked to PSM's informational role and the cultivation of rational debate and is contrasted with the more individual consumer mode of address of commercial media. Recent revisions in academic literature have stressed:

a) The need for citizenship, particularly in multicultural societies, to focus on plurality as much as commonality, on the expression of different identities and fostering of dialogue between them.

b) The obligation to foster what the

philosopher Onora O'Neill calls “practices of toleration” towards those “positions and voices that are in danger of being silenced”,⁶⁰ allied to the need to combat political, social and cultural exclusion by ensuring the presence of excluded groups within communicative processes.⁶¹

c) The emergence of cultural citizenship, such that the space produced by the media is conceived not just as an informational space but also as a cultural space where media are “involved in the construction of [both] common identities and... multiple publics”.⁶² According to the influential cultural theorist Stuart Hall, broadcasting has a major role in “re-imagining the nation”, not by reimposing an imagined unity but by becoming the “theatre in which [Britain's] cultural diversity is produced, displayed and represented”.⁶³ Cultural citizenship recognises the key role played by expressive, imaginative and affective content (entertainment, drama, comedy, arts) in providing frameworks for collective reflection and enjoyment as well as that played by news and current affairs in facilitating public knowledge and action.

Quality

Accounts of this principle emphasise the conditions that promote or impede high quality programming and services. The Broadcasting Research Unit made two points in relation to quality: first that structural conditions “should be designed to liberate rather than restrict programme makers” so as to enhance creativity and, second, that PSM “should be structured so as to encourage competition in good programming [and services] rather than competition for numbers [ie ratings].”⁶⁴

⁵⁹Born and Prosser, 2001, p. 676.

⁶⁰Quoted in Born and Prosser, 2001, p. 672

⁶¹ See Anne Phillips, *The Politics of Presence*, Oxford: Oxford University Press, 1995.

⁶²Born and Prosser, 2001, p. 674.

⁶³Quoted in *ibid.*

⁶⁴BRU 1986, p. 19, p. 15. On the quality principle and the need to take account of conditions bearing on production, see Born and Prosser, 2001, pp. 679-681.

Channel 4's remit has always stressed additional factors enhancing quality – thus the channel must provide “a broad range of high quality and diverse programming... which, in particular, demonstrates innovation, experiment and creativity in the form and content of programmes; appeals to the tastes and interests of a culturally diverse society” and “exhibits a distinctive character”⁶⁵ What is interesting here is the prominence in Channel 4's remit of commitments to deliver both universality of genre, and of the diversity principle central to social and cultural universality and cultural citizenship.

An additional principle: diversity

Public service media, therefore, have a remit both to promote the national commons and to serve minorities, especially disadvantaged and underserved minorities. Given the current insecurities concerning both national and European identity, issues of cultural diversity and pluralism seem more central to PSM than at any time since the mid-20th century. We propose that a core challenge for PSM today is to revitalise their offering to multiple social groups and to more adequately address the distinctive, as well as the shared, needs of the UK population wherever they live. Increased pressures for devolution make this an especially urgent task.

We suggest that rather than the earlier two-way relationship (commons/minorities), PSM should now shape a three-way, multi-platform public sphere. In addition to mass or national channels or events, this takes the form of content and services that can create a counterpoint between mass and minority

audiences, including services aimed at supporting both intercultural and intracultural modes of address.

Intercultural is when a minority speaks both to the majority and to other minorities, a core function of a pluralist PSM. Here, universal channels and events become the means of exposure to and connection with others' imaginative and expressive worlds via the self-representation of minorities in their own 'voice'. It encompasses 'minority' programming on mainstream channels, including black and Asian sitcoms, drama and current affairs, community access programming, as well as internet-based content and cross-platform events.

Intracultural is when a minority speaks to itself via services and programming that act as arenas for shared experience and deliberation by minorities about their own cultures, needs and strategies, enhancing self-expression and self-understanding. Crucially, on PSM this output – whether on the internet, radio or TV – is also always accessible to the majority and to other minorities, who gain understanding of the core minority culture as well as pleasure from such encounters.

All three modes of address – universal, intercultural and intracultural – are necessary components of PSM's orchestration, via both mass and niche services and programming, of a democratic communicative pluralism. Clearly, digital platforms have enhanced and will continue to enhance the realisation of this three-way, multi-platform public sphere.⁶⁶

⁶⁵ Ofcom, *Renewal of the Channel 4 licence*, 2013.

⁶⁶ See Georgina Born, 'Mediating the public sphere: Digitisation, pluralism, and communicative democracy', pp. 119-146, in C. J. Emden and D. Midgely (eds), *Beyond Habermas: Democracy, Knowledge and the Public Sphere*, London: Berghahn, 2012.



Broadcasting has a major role in “re-imagining the nation”, not by reimposing an imagined unity but by becoming the “theatre in which [Britain’s] cultural diversity is produced, displayed and represented”.

Stuart Hall

It is striking how core elements of these revitalised diversity and pluralism norms, as they link to quality, are already found in Channel 4's remit. One discussion point, then, is whether that remit now contains core principles that, given their universal importance and undersupply elsewhere, might now be applied more widely: notably, those concerning diversity, and the principle that quality is intrinsically linked to risk-taking, innovation and experiment in the form and content of programmes. Should they be extended to general foundations for the PSM ecology?

Public service principles in the digital age

Buoyed by the enormous increase in content, platforms and services that has emerged from a less regulated landscape, there has been a concomitant rise in the use of a discourse focused overwhelmingly on 'market impact'. Such an approach risks elevating commercial media interests over the public interests served by PSM. Recent economic thinking reverses this thinking, arguing that publicly-funded interventions can enhance innovation and lead to the creation of new markets, with the potential to fuel wider economic growth.⁶⁷ We believe that two of the foundations of PSB in the 20th century, consequent on the above principles, must be reinstated and renewed in the light of digital conditions.

PSM are not synonymous with market failure. This follows clearly from the underlying relationship between public service media and universality: both universality of genre

(mixed programming), and social and cultural universality (i.e. content, events and channels that draw national audiences). Recent governments have attempted to disrupt this relationship by suggesting that public service broadcasters should focus on the provision of content in which commercial providers are likely to under-invest. While it is highly likely that broadcasting, if unregulated, would primarily target the most lucrative and wealthy demographics, public service media should not be seen simply as vehicles to plug these gaps but, instead, as institutions that challenge this fragmentation precisely by providing common and overlapping spaces and channels. If PSM are reduced to operating as cultural 'ghettoes' and 'market failure' institutions in a situation of digital abundance, then they are not adequately serving the public. As David Hesmondhalgh of the University of Leeds argued in his submission to us:

[Digitalisation]...intensifies the problem of cultural fragmentation. A version of the current ecology of a generously and universally funded BBC, alongside public service oriented commercial providers, must surely remain the prime means by which such cultural fragmentation is countered, by providing trusted sources of varied representations, good explanations, innovative humour, and so on.⁶⁸

For these foundational reasons, popular programming and entertainment should remain core elements of PSM as they continue to diversify taking advantage of new platforms and new suppliers.

⁶⁷ See for example Mariana Mazzucato, *The Entrepreneurial State*, London: Anthem, 2013.

⁶⁸ David Hesmondhalgh, submission to the Inquiry.

PSM refers to an evolving digital media ecology

This ecology, as we discussed in the previous chapter, is shaped by institutional design and regulation and should not be equated with a single institution or channel. From the birth of ITV onwards, this ecology has encompassed the commercial public service broadcasters as well as the BBC and, potentially in the future, additional organisations. We want to reinstate this definition for the digital age. The PSM ecology entails complementarity between the different bodies delivering PSM's public purposes, as well as benign competition to raise standards and stimulate innovation. It optimises the public interest by creating new markets and intervening in wider markets.

We therefore question the current nostrum – prevalent in the government's thinking in relation to BBC charter review – that PSM's 'market impact' should limit their entry into new and existing markets. In contrast, new economic thinking stresses the essential contributions of publicly funded research and development, in technology and culture, to innovation, the creation of new markets and economic growth. We could speak of distributed innovation through partnerships with start-ups, universities, cultural organisations and so on: public-public as well as public-private partnerships. This paradigm in the economics of innovation is now gaining new life. As the economist Mariana Mazzucato argues, "the public sector not only 'de-risks' the private sector by sharing its risk, it often 'leads the way', courageously taking on risk that the private sector fears."⁶⁹

“THE PUBLIC SECTOR NOT ONLY ‘DE-RISKS’ THE PRIVATE SECTOR BY SHARING ITS RISK, IT OFTEN ‘LEADS THE WAY’, COURAGEOUSLY TAKING ON RISK THAT THE PRIVATE SECTOR FEARS.”

Mariana Mazzucato

Of course, this reframing should not be read as a complete licence for PSM to do everything, everywhere – especially where public resources are limited and commercial provision is highly regarded. As we note elsewhere in this report, a holistic approach to PSM should consider how changes to one part of the ecology might affect other parts. A more sophisticated approach to market impact would place greater emphasis on the positive and longer term benefits of PSM in new markets as well as having careful regard to any possible detrimental effects.

Yet despite the success of BBC iPlayer, DAB and Channel 4's documentary platform 4docs, it's remarkable how few sustained innovations public service media have made that exploit the rich potentials of digital media – such as creative participation, user-generated content, low-budget experimental production, niche markets and the 'long tail' to host this activity. This absence, two

⁶⁹Born and Prosser, 2001, p. 676. Mariana Mazzucato, 'The Future of the BBC: The BBC as Market Shaper and Creator', LSE Media Policy Project, October 14, 2015.

decades into the internet age, suggests either a failure of imagination, of sustained R & D, or of institutional commitment – or all three.

New normative thinking can help to combat this state of affairs, framing new challenges for PSM. We therefore propose new linked principles: the obligation to animate participation and new creative practices, and to curate and disseminate the results.

Tony Hall has spoken of partnership as a new principle in a digital environment,⁷⁰ while the white paper talks of the need for the BBC to improve its partnerships with other organisations.⁷¹ However, this commitment should not be limited to the opening up of the BBC, or PSM more generally, to partnering only with established (and, in some cases, elite) cultural bodies such as the Royal Opera House, the British Museum and the British Film Institute. Partnership must extend to very local engagements with small-scale and amateur producers: they too should be invited to participate in the PSM ecology, answering also to the need for greater decentralisation in media and cultural production. This is what lies behind our commitment to a new fund for digital content providers that we discuss further in Chapter 7.

The spectrum of production and services would therefore range from the fully professional to more ‘amateur’ practices: all matter today, and PSM in the digital era is about brokering partnerships and participation across this spectrum. Emulating the long tail model using the distributive powers of public digital platforms will allow

PSM to open out, boosting its function of animating the creative economy.

We want to emphasise the importance of partnership, animation, participation and curation. This would help to counter the current lack of engagement with the niche possibilities of the digital and stimulate the curation of low budget and experimental content – film, comedy, documentary, reality – on public portals that offer creatives a higher profile. The PSM ecology should involve deep reflection about socially and culturally enriching digital interventions of this kind that have the potential to empower, by vastly increasing the diversity of voices in the (three-way) public sphere, while contributing to, and even cementing, the growth of local, regional and national production hubs.

A further proposition is that the PSM should intervene in and reshape what have become entirely commercial, in some cases globally oligopolistic digital markets. Under the prevailing ‘market impact’ discourse, obsessed as it is with short-term impacts on competitor revenues and profits, such interventions are almost unthinkable. But our argument is that, if they derive from PSM’s evolving normative principles – of independence, universality, citizenship, quality (which should now include innovation and risk-taking) and diversity – then interventions in digital markets are justified. Indeed, the more significant question is why they have been ruled out. When designing such digital interventions in the media ecology, PSM should meet the same criteria as PSB before it: they are justified when they complement or raise the game of commercial services.

⁷⁰ Tony Hall, speech at the Science Museum on the future vision of the BBC, September 7, 2015.

⁷¹ Department for Media, Culture and Sport, *A BBC for the future: a broadcaster of distinction*, 2016, p. 66.

One such intervention, for example, might consist of the development of what the media scholar James Bennett describes as public service recommendation algorithms.⁷² The idea rests on the PSM norm of universality of genre or mixed programming. Current recommendation engines, including iPlayer, follow a logic of similarity – ‘if you liked that, you might also like this’ – bringing us more of the same. But is that really what a PSM institution should do? In the broadcast era, the art of scheduling took audiences through different genres, exposing them to a mixed diet that opened up new experiences and perspectives: from comedy, to news, to drama, to current affairs. In the digital age, in contrast, recommendation engines play safe, enclosing audience tastes. Bennett asks:

*What if a public service algorithm made... recommendations from left field, [opening] our horizons? If you liked Top Gear, here's an environmental documentary, or Woman's Hour. If you liked a music documentary, here's a sitcom. Choice will remain [key]: but it should be genuine choice – to watch more of the same or to explore something new.*⁷³

Explore, he says, should be the new principle. A PSM algorithm would expose viewers to a greater breadth of content, a diversity of voices, viewpoints and genres, taking them beyond what they currently know – a core principle of PSB.

Principles for the funding of public service media

It seems to us unarguable that funding mechanisms for PSM must follow on from institutional purposes, values and objectives. It is therefore imperative that the normative principles of PSM, as well as wider good governance principles, should also inform funding.

Universality and citizenship

As the Broadcasting Research Unit argued back in 1986, it is vital that “one main instrument of broadcasting [and we would argue now of PSM] should be directly funded by the corpus of users.” The BRU insisted on the need for “a contract between the citizen and the broadcasters that an equally good service... shall be made available to all for the fee paid.”⁷⁴ Ideally, access to PSM services – including those to be delivered via the internet in the future – should be free at the point of use in order to maximize this commitment their universality for citizens.

Independence

Independence is vital in the process of decision-making about setting and distributing the licence fee and other sources of PSM funding so as to retain a significant measure of autonomy from vested interests. According to the European Broadcasting Union (EBU), funding must not be “reliant on political favour, thereby promoting public trust in PSM and its role as a truly indispensable service.”⁷⁵

⁷² James Bennett, ‘Create public service algorithms’, openDemocracy, September 14, 2015. Making a similar point in his submission to the Inquiry, Professor Graham Murdock of Loughborough University in London proposed that the BBC “should take the lead in developing a public search engine as an alternative to commercial search engines, allowing users to locate material according to its veracity and social value rather than its popularity.”

⁷³ Ibid.

⁷⁴ BRU, 1986, p. 12.

⁷⁵ Richard Burnley, Public Funding Principles for Public Service Media, European Broadcasting Union, 2016, p. 3.

Transparency

Public services ought to be fully accountable to the public; the funding of public service media, equally, ought to have a commitment, as the EBU puts it, to an “open and clear funding mechanism holding PSM accountable to its audience.”⁷⁶

Redistribution

We propose that, in accord with the principles of universality and citizenship, new funding mechanisms should exist to address structural inequalities and economic disparities both between providers in media markets (for example as in the original funding relationship between ITV and Channel 4 that we refer to in Chapter 5) and, crucially, between citizens themselves.

Plurality

We believe that a healthy public service ecology is served by multiple funding sources (and public service providers) in order to minimize, wherever possible, competition for revenue. Britain is fortunate to have a television landscape financed by the licence fee, advertising, subscription and even some elements of general taxation (as in the government’s small contribution to S4C).

However, we would also wish to note specific problems with existing mechanisms in the light of the normative principles:

Subscription favours the better off, discourages universality of genre (mixed programming) and, by fragmenting audiences, damages social and cultural universality.

Advertising and sponsorship carry risks of commercial influence and of the skewing of provision towards more desirable demographics thus providing a disincentive to invest in particular kinds of content to represent particular social groups.

A flat licence fee is a regressive payment mechanism in that it is a ‘poll tax’ that, at least in relation to the BBC, currently criminalises some of the poorest sections of the population.

We propose several possible improvements for PSM funding going forward, some of which we explore in more detail in Chapter 4 in relation to the BBC. Rather than a flat fee, in order to mitigate criminalization and improve distributive justice, wealth-related payments should be implemented, whether through a revamped and platform-neutral BBC licence fee, general taxation or a household fee following the German model but based on different tiers, and with substantial exemptions for the low-waged, the unemployed and so on. In addition, we suggest exploring the use of levies on the profits of the largest digital intermediaries, ISPs and phone/tablet manufacturers in order to fund, in particular, new sources of public service content or to stimulate key genres that are currently under-funded (such as children’s television and education).

Whatever our particular preferences, we urge government to ensure that the normative principles discussed in this chapter guide legislation and policies in relation to funding, that greater attention is given to curbing inequality and that pluralism of funding remains at the heart of the PSM ecology in the digital age.

⁷⁶ Ibid.

CHAPTER THREE TELEVISION IN A RAPIDLY CHANGING WORLD: CONTENT, PLATFORMS AND CHANNELS

We argued in Chapter 1 that television in the UK has, up to this point, been structured as a relatively stable ecology. This environment has been subjected to major changes over the past generation that have brought us to a point where old assumptions and models are becoming ever harder to sustain.



The multichannel revolution

Perhaps the single most striking change in television over the past generation has been the proliferation of channels made possible since the 1980s by the new technologies of cable, satellite and digital compression.

The four-channel analogue world of the 1980s has given way to a new digital landscape of hundreds of channels and the prospect of an online environment in which linear channels play a less significant role. This explosion of choice was facilitated by governments and regulators but it was consumer-led too; millions of households chose to pay for cable and satellite subscriptions, to adopt the free digital services Freeview and Freesat and to buy the Smart TV sets that 'liberate' them from the tyranny of the electronic programme guide. The process of digital switchover was completed by 2012 without any significant hitches or public resistance.

As a result of this transformation, the analogue legacy channels' audience share has halved. In 1988, BBC One, BBC Two, ITV and Channel 4 still accounted for 100% of viewing. Ten years later, with Channel 5 now launched as the fifth analogue channel, their combined audience share had fallen to 86%. By 2014, they had just 51% of viewing between them.⁷⁷ 'Multichannel' services therefore now account for around half of all viewing, bringing new competition for advertising with them. ITV's main channel has been perhaps the most spectacular casualty, its share down from 44% in 1990 to just 15% in 2014.⁷⁸

But the overall impact on the established broadcasters has not been as disastrous as sometimes predicted. They have retained their prominence, thanks to regulation that keeps them at the top of electronic programme guides. ITV may no longer dominate the landscape in the same way, but it remains the UK's most watched commercial channel and retains the commercial clout that comes with that. The old broadcasters have also adapted to the new world by developing new 'families' of channels. Taking those channels into account, the combined audience share of BBC, ITV, Channel 4 and Channel 5 still represents 72% of the total.⁷⁹ Of the 20 most viewed channels in 2014, 17 belonged to these four broadcasters, with the five analogue legacy channels still the five most popular.⁸⁰

Sky and the rise of pay-TV

The only true broadcasting powerhouse to arrive on the scene as a result of the multichannel revolution has been Sky. The main satellite TV distributor as well as the operator of a number of channels and a content producer, Sky is a player of real significance. Its reported revenues of £7.8 billion in 2015 were far greater than the BBC's income of £4.8 billion.⁸¹

So much of Sky's scale and success has been built on the back of its acquisition of sports rights, most importantly those to English Premier League football. It has been the main broadcaster of live Premier League football since the league's creation in 1992. Live football above all else has driven the creation of a pay-TV market in the UK.

⁷⁷ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting*, 2015, p. 7.

⁷⁸ Ofcom, *The Communications Market Report 2015*, 2015, p. 192.

⁷⁹ Ofcom, *PSB in the Internet Age*, p. 7. Ofcom also reports that the share of viewing accounted for by BBC, ITV, Channel 4 and Channel 5's portfolio channels has risen from 14% in 2008 to 21% in 2014.

⁸⁰ Ofcom, *CMR 2015*, p. 204.

⁸¹ Sky's revenues are for the UK and Ireland in the year to June 2015 and mostly derive from subscriptions. The BBC's income, quoted for the year to March 2015, is made up of £3.7 billion from the licence fee and £1.1 billion from BBC Worldwide. See Sky and BBC annual reports.

Sky's original business model relied on people taking up satellite TV subscriptions to watch content they could not get elsewhere. It grew faster than the cable industry, which was dogged by poor customer service and wasted time and energy on debt-fuelled consolidation and internecine competition before finally coalescing under the Virgin Media brand. Between them, Sky and Virgin now account for just over half of households with digital TV, a proportion that has not changed much in recent years.⁸²

As the internet took off, Sky readied itself for the emerging on-demand world, developing the pioneering Sky Plus personal video recorder, moving into broadband provision, and more recently launching the 'over-the-top' service Now TV. Broadband technology has allowed telecoms companies such as BT and TalkTalk to enter the pay-TV market alongside Sky and Virgin. Despite vigorous competition – particularly from BT, which has challenged Sky on the all-important terrain of football rights – Sky remains by far the biggest beast in pay-TV.

Sky's success has not been entirely down to sport – its movie channels, at least initially, helped to drive up subscriber numbers. It has a strong news channel, which is the BBC's main rival, and a well-regarded arts channel. The Sky One entertainment channel has invested strongly in production. In total its channels accounted for 8.2% of viewing in 2014.⁸³ But Sky has not played a part in the formal provision of public service broadcasting in the UK – nor has it been asked to. In fact, it has often had an antagonistic relationship with the older, more established broadcasters, particularly under

the leadership of James Murdoch, who has now returned as the company's chairman. Its relationship with Rupert Murdoch's 21st Century Fox media empire, which currently controls 39% of Sky, lies behind this somewhat feisty anti-incumbent attitude.

Subscription revenues amounted to £6bn or 45% of overall TV industry revenues in 2014.⁸⁴ But despite the successful growth of pay-TV, the idea of free-to-air television has not been abandoned. Free, universal access to content is after all one of the cornerstones of the public service television model. Freeview, the terrestrial platform born out of the ashes of the failed ITV Digital, became a powerhouse brand that ultimately made the nationwide switch to digital possible. The very brand names Freeview and Freesat did much to cement the idea that at least some TV should remain free to air.

The internet and the on-demand revolution

Alongside the multichannel revolution and the growth of the pay-TV market, the internet has become a central feature of everyday life and its potential as a mechanism for the delivery of the kind of audiovisual content that has historically been regarded as broadcast material is only starting to be realised. Over the past decade, broadband connections have facilitated the viewing of video content over the internet, while internet-enabled tablets and smartphones have allowed consumers to watch TV 'on the go'.

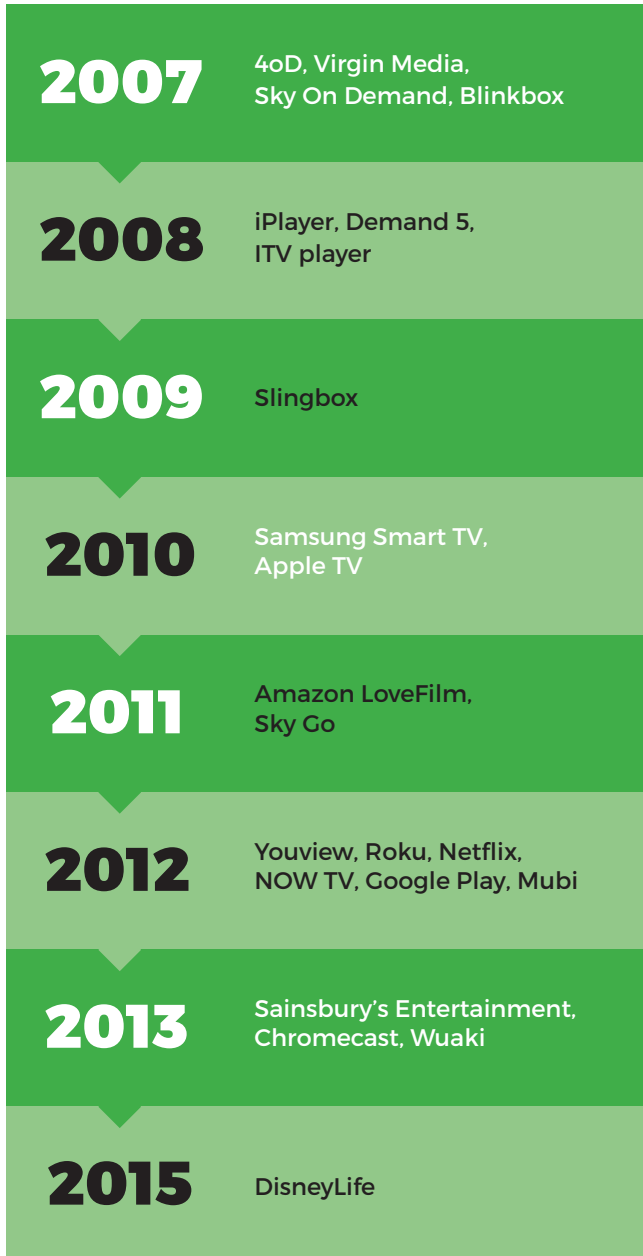
The statistics are striking: broadband take-up increased from just 31% to 80% between 2005 and 2015. Some 61% of adults now use

⁸² Ofcom, *CMR 2015*, p. 145. In 2014, they accounted for 51% of digital TV households.

⁸³ *Ibid.*, p. 202.

⁸⁴ *Ibid.*, p.165.

Source: Ofcom/Inquiry



the internet on their mobile phones, three times as many as in 2009.⁸⁵ More than half of adults using the internet say they use it to watch TV or videos, around two thirds of them doing so in the past week.⁸⁶

This rapid adoption of new technology has led to a significant growth in on-demand viewing, both in the home and on the go. Broadcasters have both responded to and driven demand for such viewing, by streaming content as it is broadcast and by launching catch-up services. The most successful of these has been the BBC iPlayer, which has evolved since its launch in 2007 as a simple catch-up service to become a more extensive on-demand platform. Broadcasters have also started to make online-only content as well as putting some programming online first before broadcasting it conventionally at a later date. BBC Three's move online in 2016, while also a money-saving device, was a major step in this direction.

It is worth noting that the habit of watching TV programmes at the viewer's convenience, rather than when broadcast, predates the arrival of on-demand technology: video players have been a part of life for decades and time-shifted viewing through personal video recorders (PVRs) is a significant part of the picture today. DVD box-set viewing, which became a popular way for people to watch TV programmes at their leisure as vast libraries of content both old and new were made available for the first time, has now been superseded by catch-up services and 'over-the-top' online subscription services such as Netflix that have built on an existing appetite for convenient consumption.

The extent to which viewing habits have now shifted away from traditional broadcasting is hard to capture and leads to some strikingly different views about the pace of change. On one measure, only 69% of the total viewing of audiovisual material is through live TV.⁸⁷

⁸⁵ Ibid., p. 340.

⁸⁶ Ibid., p. 357.

⁸⁷ Ofcom, PSB in the Internet Age, p. 19.



More than half
of adults using the
internet say they
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or videos

On another, such linear viewing still accounted for 85% of long-form audiovisual viewing in 2014.⁸⁸ But even using the latter methodology, on-demand viewing (which includes catch-up services but not time-shifted viewing) is growing rapidly – from 2% in 2010 to 6% in 2014 – with internet-connected ‘smart’ TV sets and tablets driving growth.⁸⁹ Similarly, even where the precise figures differ, the trend nevertheless remains the same: while Deloitte’s Media Consumer states that live TV viewing declined from 225 minutes a day in 2010 to 193 minutes in 2014, Thinkbox – using the same BARB source data – shows a slower decline, from 242 minutes to 221 minutes.⁹⁰ The key point is that both show that audiences are turning away not from television per se but from linear viewing and towards multi-platform consumption.

This is a widespread trend. Some 57% of adults surveyed in the second half of 2014 said they had accessed at least one on-demand service in the past 12 months, up from 27% in the first half of 2010.⁹¹ The most popular service was the BBC iPlayer, used by 31% of people in 2014.⁹² BBC figures show that requests for television programmes through the iPlayer have quadrupled from 722 million in 2009 to 2.87 billion in 2015.⁹³

Alongside the catch-up services are the ‘over-the-top’ subscription services. Dominating this new space are the two US companies Netflix and Amazon, which now have significant ambitions in content production as well as distribution. The rapid success that Netflix in particular has enjoyed since it launched in the UK in 2012 is remarkable.

It had 5.2 million subscribers – some 22% of households – by the end of 2015, up from 2.8 million a year earlier.⁹⁴ Amazon Prime Instant Video (rebranded from Lovefilm) had 1.2 million, with Sky’s Now TV signing up 523,000 – more than double what it had a year before.⁹⁵

But it is not just Netflix and Amazon driving the growth in on-demand viewing. Audiovisual material is now available from myriad sources. Vloggers like PewDiePie with 43 million subscribers and Zoella with more than 10 million subscribers in the UK alone are evidence of the huge appetite for content produced a very long way from the studios of the public service television broadcasters. Newspaper websites are now able to produce video, and cultural institutions can also use the internet to film plays, events or exhibitions. Universities and other institutes of learning make lectures and seminars available online. New entrants in news provision are making a mark – the Vice website targeting a youth demographic, for example, has a digital audience of more than 5 million in the UK.⁹⁶ These efforts may not always look like high-quality broadcasting output (though that would be hard to argue in the case of Vice), but they are competing for the time and attention of TV viewers and, according to short-form video specialists Maker Studios, are drastically expanding the very concept of ‘content’ such that “consumption can now range from a 6-second Vine to a 10-season Netflix binge marathon.”⁹⁷

⁸⁸ Ibid., p.18.

⁸⁹ Ibid.

⁹⁰ Deloitte, *Media Consumer 2015: The Signal and the Noise*, 2015, p. 4; Thinkbox, *A Year in TV, Annual Review 2015*, p. 8.

⁹¹ Ofcom, *CMR 2015*, p. 52.

⁹² Ibid., p. 53.

⁹³ BBC, *BBC iPlayer Monthly Performance Pack*, January 2016, figures extrapolated from slide 4.

⁹⁴ Ampere Analysis, *Netflix – the UK and beyond*, April 2016.

⁹⁵ Ofcom, *CMR 2015*, p. 54.

⁹⁶ Ofcom, *CMR 2015*, p. 373.

⁹⁷ Maker Studios, *The Shift Report: The Short-Form Revolution*, 2015.

These changes appear far more dramatic when the changing consumption patterns of younger people are examined in detail. Reported TV viewing of children between 4 and 15 and adults between 16 and 34 declined by 30% between 2010 and 2015 as compared to the 10% drop across the whole audience.⁹⁸ Only 50% of 16-24-year-olds' total audiovisual consumption is through live TV, compared with 69% for all age groups⁹⁹ while two-thirds of their TV viewing is live as compared to 86% of those aged above 55.¹⁰⁰ Some 47% of them have an on-demand subscription in the home, against 26% for all age groups.¹⁰¹ Only 10% of their viewing on Amazon and Netflix services is to BBC or ITV content.¹⁰² They are also increasingly watching short-form content on sites such as Facebook and YouTube that accounted for 8% of all their audiovisual viewing in 2014.¹⁰³ These changing patterns of consumption are not confined to under-25s: there is evidence that 25-34-year-olds and even 35-44-year-olds are also watching material in different ways.¹⁰⁴

How fast these changes spread remains to be seen, and it is possible that younger people will adopt the habits of older generations as they age, perhaps preferring to watch live TV more as they go out less. But even if this happens – and there are strong reasons to doubt it – it is clear that the formal boundaries between broadcasting and the internet have already effectively collapsed. The trend towards on-demand viewing and the prospects of “post-network television”¹⁰⁵ point in one direction; it's just a question of how fast the change occurs.

This does not, however, presage the imminent decline of television as a form of popular communication but rather the gradual supplementing of live television with more complex modes of consumption. Indeed, it would be a mistake to equate the appetite for short form video amongst younger audiences with a rejection of long form video when, in reality, those audiences are enjoying both. The increasing popularity of YouTube, as one source of video, “no doubt poses a challenge for traditional broadcasters” argue Enders Analysis. “But it is one that concerns the delivery of the content rather than the nature of the content itself – the production of which [comes]...from a position of experience.”¹⁰⁶ Traditional content providers may have to up their game if they are to keep up with changing consumer preferences but they still retain brand familiarity, access to capital and a track record that suggests they are not likely to disappear anytime soon.

The arrival of the Americans

As we have seen, the arrival of Netflix and Amazon is potentially of huge significance in disrupting the UK broadcasting sector. They are the biggest names at the moment; others are likely to enter the market, and they are most likely to be US companies. The giants of the technology sector – Google, Microsoft, Facebook, Apple – are all American. Channel 5 is now owned by the US media corporation Viacom, while it is often predicted that ITV will ultimately be bought by a US company. Many of the largest ‘independent’ production companies in the UK are now US-owned.

⁹⁸ Enders Analysis, *Will the young of today ever turn to trad TV?* January 15, 2016.

⁹⁹ Ofcom, *PSB in the Internet Age: Ofcom's Third Review of Public Service Broadcasting*, 2015, p. 19.

¹⁰⁰ Enders Analysis, *Watching TV and video in 2025*, January 15, 2016.

¹⁰¹ Ofcom, *PSB in the Internet Age*, p. 20.

¹⁰² *Ibid.*, p. 20.

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*, p. 21.

¹⁰⁵ Amanda Lotz, *The Television Will Be Revolutionized*, 2nd edition, New York: NYU Press, 2014.

¹⁰⁶ Enders Analysis, *Does short form video affect long form content?* May 12, 2016.

DESPITE A DECADE OF DISRUPTION, STANDARD VIEWING IS RESILIENT

Source: Thinkbox



It is not parochialism to point this out. The preservation of a vibrant and dynamic British culture and industry, with all its national, regional and local variations, has long been one of the goals of public service television.¹⁰⁷ The protection of UK-originated content and regional news is built into the quotas that are written into the broadcast licences of ITV, Channel 4 and Channel 5, for example.

At the same time, we have to recognise the appeal of much American content. It is many years since the *Financial Times*' television

critic, Christopher Dunkley, warned of the dangers of "wall to wall Dallas".¹⁰⁸ Prime-time schedules are no longer reliant on US series being bought for transmission by UK networks and instead high-quality long-form television drama has been one of the great cultural phenomena of the past 15 years, from *The Sopranos* to *Breaking Bad*. The availability of DVD box-sets and the new culture of viewing them at leisure that has developed over the past 15 years has enabled viewers to sample much more adventurous US-originated content.

¹⁰⁷ As we saw in Chapter 1, the Communications Act 2003 aims at a system in which there are "programmes that reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom, and locally in different parts of the United Kingdom", Communications Act 2003, section 264 (6).

¹⁰⁸ Christopher Dunkley, *Television Today and Tomorrow: Wall to Wall Dallas?* London: Penguin, 1985.

The online subscription services of Netflix and Amazon have followed that pattern. When Netflix and Amazon's customers were asked what programmes they watched on these services, 49% mentioned US programmes and series, more than the 37% who mentioned UK material. Some 31% said they watched the original programming now being produced by the distributors such as Netflix's House of Cards or Amazon's Transparent.¹⁰⁹

British viewers' exposure to the highest quality US output has, however, arguably undermined the distinctiveness and primacy of British content and raised questions about whether Britain's creative industry is really matching the standards reached by the US.

Funding and business models in a multichannel age

The BBC's funding arrangements have not been substantially altered throughout these tumultuous changes, despite repeated warnings from various quarters about the unsustainable nature of the licence fee. Given that viewing remains for now mainly linear, some have argued that the licence fee is just about sustainable. But at some point, ideally very soon, it will need to be reformed as we discuss further in Chapter 4.

In the absence of such reform, the licence fee has been subjected to increasing demands. Until the start of the 2007-16 charter, the BBC enjoyed annual increases in the fee's level at or above inflation, as well as profiting from a growth in household numbers. Over the past decade, successive governments (Labour, coalition, and now Conservative) have forced

real-terms cuts in the licence fee by making it pay for more and more. In part, this follows the reclassification in 2006 of the licence fee from a 'service charge' to a 'tax' – a move that further 'politicised' licence fee funds and allowed governments "to feel justified in using these funds for purposes beyond those of funding the BBC's public purposes."¹¹⁰ The costs of both the BBC's move to Salford and digital switchover were imposed on the corporation by the Labour government. The 2010-15 coalition made the BBC pay for the World Service and S4C, as well as getting it to fund the rollout of Local TV and superfast broadband. The latest funding deal, struck by the Conservative government in 2015, landed the BBC with the cost of providing free TV licences to over-75s. The result has been that the BBC has had to make cuts to its main services and that much government spending has been outsourced, with the BBC taking charge of essentially political schemes. This has not been healthy for the BBC or for British democracy as we discuss in the next chapter.

Channels funded by advertising have been subject to the deflationary pressure on prices that greater competition brings. ITV regional licences were once known as licences to print money; those days of monopoly are long gone. But the legacy channels have held on to much of their share, and have seen out the switchover to multichannel. The financial crisis of 2008-9 and the associated slowdown in advertising was a blow, but they have recovered well. Total advertising revenues in the TV industry have risen an average of 4.1% a year since 2009 to reach £3.8 billion in 2014.¹¹¹ Thinkbox, the main marketing body for commercial television in the UK, puts

¹⁰⁹ Ofcom, *CMR 2015*, p. 55.

¹¹⁰ Martin Moore, *Better protecting BBC financial independence: An exploratory report for the BBC Trust*. January 2016, p. 37.

¹¹¹ Ofcom, *CMR 2015*, p. 165.

the figures even higher and argues that TV advertising topped £5 billion in 2015, up 7.4% on the previous year.¹¹² Seen in the wider context of the media industry, TV advertising has held up well as online advertising has taken off, with TV accounting for 43.5% of all display advertising expenditure in 2014, up from 41% in 2009.¹¹³ It is the print media that have really suffered, while TV continues to attract spend as a medium for delivering impact to a mass audience.

Meanwhile, subscription has provided a new revenue model. In the UK, consumers typically pay for a bundled package of channels from a distributor: Sky, Virgin Media, or BT. Subscription tends not to be to individual channels or services. However, with superfast broadband facilitating easier downloading and streaming, there is greater potential now for content providers to retail channels or even individual shows direct to consumers. It is worth noting that while Sky and Virgin

.....

“OVER THE PAST DECADE, SUCCESSIVE GOVERNMENTS (LABOUR, COALITION, AND NOW CONSERVATIVE) HAVE FORCED REAL-TERMS CUTS IN THE LICENCE FEE BY MAKING IT PAY FOR MORE AND MORE”

.....

have been the main gatekeepers charging for access, many channel operators have gained indirectly from putting their services behind Sky and Virgin’s paywalls. ITV, for example, now has a Sky-only channel, ITV Encore.

The advantages accrued by these subscription services which are able to offer the main public service channels to their customers without paying for them would seem to be much more significant. The PSBs believe that the current arrangement undervalues their assets and that there is a case, as in the US, Belgium, Germany and the Netherlands, for pay-TV distribution platforms to compensate the public service channels in the form of ‘retransmission fees’, given that the latter produce by far the highest levels of original UK content. Sky have described retransmission fees as “a new tax on TV viewing” and argue that, at present, they charge PSBs nothing in return for giving up valuable slots on the Sky EPG.¹¹⁴ While we recognise that this is an area of great regulatory complexity (and political controversy), we feel that pay-TV platforms do indeed benefit enormously from the free availability of PSB content and that, as long as the proceeds of any retransmission fees were funnelled back into original content production, audiences would be well served by the introduction of such fees. We return to this debate in Chapter 6.

¹¹² Thinkbox, *A Year in TV: Annual Review 2015*, 2016, p. 14.

¹¹³ Ofcom, *CMR 2015*, p. 150.

¹¹⁴ Sky, submission to Ofcom’s third review of public service broadcasting, 2015.

EPG prominence

The shift towards on-demand viewing is putting pressure on the advantage that the four public service broadcasters have until now derived from their position at the top of the TV listings. This guaranteed prominence on the electronic programme guide (EPG) hugely benefits the top five channels, in terms of viewing figures and, in the case of the commercial channels, the advertising revenues that follow from higher ratings. Indeed, this advantage has provided the model by which ITV, Channel 4 and Channel 5 are required under the terms of their broadcast licences to air a set number of hours of news and current affairs programming and to fulfil various quotas on production.

But as more people access content on an on-demand basis, the value of such prominence is diminishing. Future TV sets, which may be indistinguishable from computers, are likely to offer interfaces providing access to on-demand content rather than traditional EPGs; indeed, there are signs that this is already happening with some of the latest technology. At some stage, although it would be foolish to predict precisely when, we are likely to move away from digital terrestrial and satellite distribution to IPTV where television-like content will be delivered using internet protocols. The very idea of the broadcast channel could be under threat, though it will take a long time to die out on current trends. There are as yet no guarantees of prominence for the established public service broadcasters on the interfaces of the future. The 2010-15 coalition government

promised to legislate to this effect in a 2013 paper, but nothing has yet been done.¹¹⁵

There are precedents for tackling this issue elsewhere, for example with the European Union's proposed revision of its Audiovisual Media Services Directive to force on-demand providers "to give prominence to European works in their catalogues".¹¹⁶

What, then, is television today?

Given all the changes as described above, it is necessary to consider what we even mean by television today. This report is using the term 'public service television' rather than the more traditional 'public service broadcasting'. This formulation (which excludes radio from the discussion) makes sense in a world of increasing on-demand and time-shifted viewing. Broadcast channels remain with us, and account for a larger share of viewing than is often appreciated, but the trend is clear: on-demand viewing is growing and represents the future.

Television does not simply mean broadcast material, or even material that was broadcast at some point and can also be accessed on an on-demand basis. For it to have relevance in this rapidly evolving marketplace, the idea must also cover content that is not necessarily broadcast in the traditional sense but is nevertheless produced for dissemination to a wide audience, either for free or for payment. Our definition of television in the UK would cover all professionally produced audiovisual content intended for a UK audience of significant scale. This means that the services provided by Netflix and Amazon as well as the digital

¹¹⁵ Department for Culture, Media and Sport, *Connectivity, Content and Consumers: Britain's digital platform for growth*, 2013, p. 9. Ofcom has urged policymakers to consider reforming the rules that guarantee prominence and access to public service content. See Ofcom, *PSB in the Internet Age*, 2015, section 2.19, while the Campaign for Press and Broadcasting Freedom, in its submission to the Inquiry, recommended that "EPG prominence should be extended to all PSB services whatever their method of delivery".

¹¹⁶ European Commission, 'Revision of the Audiovisual Media Services Directive (AVMSD)', May 25, 2016.

channels run by Vice and YouTube need to be part of the discussion.

Moreover, in a world of mixed media and hybrid audiovisual, text and graphics, we must also address the extent to which “television” should be extended to include the wider range of online content found across the internet, which might include short form videos and also a range of written material. Here we believe that a pragmatic approach should be taken – in some genres (news, for example), mixed media of this sort are increasingly an essential part of what we think of as public service television. It would be wrong to curtail the expansion of PST into these areas if they are seen by users as the preferred means of accessing content. In other, such as drama, more traditional long form audiovisual content is likely to remain the primary focus.

The problem of defining public service television

While we can arrive at a definition of television, pinning down what public service television might mean today is a harder task. In Chapter 1, we looked at how the Communications Act, BBC charter, and the broadcast licences for ITV, Channel 4 and Channel 5 have given some sort of a definition of public service broadcasting. But it is not a clear-cut or sufficient definition, and it predates the recent changes in technology, the marketplace and consumption habits that we have outlined. By prioritising broadcasters and channels over programmes, it leaves anomalies. How do we define news and arts programmes on Sky, for example?

What about original, high-quality drama or documentaries on Netflix or Amazon? What about video items on the Guardian website, the National Theatre or the Tate that we discuss in Chapter 7? Are none of these examples of public service television? If they are, do they deserve some form of subsidy too?

So clearly there is a problem defining public service television. The public are likewise not clear about what it is: research commissioned by Ofcom found serious gaps in public understanding. According to Ofcom, spontaneous awareness of public service broadcasting was low, and the public service broadcasters were losing some of their distinctiveness.¹¹⁷ It also found that viewers were more likely to distinguish between good and bad programmes rather than public service and non-public service broadcasting.¹¹⁸ Viewers increasingly think in terms of programmes, not providers, which is a problem given our habit of talking about public service broadcasters rather than public service programmes.¹¹⁹ Yet understanding what public service television is (or is not) in a digital environment will be key if we are to enhance the possibilities for its survival and expansion. In that context, we propose to enlarge the definition of public service television to include all those channels, services and programmes that are subject to regulatory commitments to serve the public interest. PST, we wish to emphasise once more, is not a matter of pure technological or economic compulsion but a purposeful intervention designed to embed public service objectives inside a changing television environment.

¹¹⁷ *An investigation into changing audience needs in a connected world*, Ipsos MORI for Ofcom, 2014, p. 7.

¹¹⁸ *Ibid.*, p. 41.

¹¹⁹ *Ibid.*

CHAPTER FOUR THE BBC



The BBC

For most people, the BBC is public service broadcasting and its fortunes are inescapably linked to the prospects for a thriving television landscape in the years to come. The intense debate that has taken place throughout the Charter Review process of 2015-16 has stirred up hugely different views about not only the future of the corporation but also its very purpose.

There has been a vast amount of comment and conjecture during this period about whether the BBC is too big, too inefficient, too expansionist, too risk averse, too liberal, too conservative, too popular, too elitist or simply too precious. The government outlined its proposals in two consultation documents and is in the process of clarifying its thinking ahead of a new royal charter due to take effect from January 2017.¹²⁰ We have framed our discussion here under the same main four headings that the government has used: mission, scale and scope, funding, governance and regulation. We discuss its performance in relation to specific genres and its commitment to diversity in later chapters but first, however, we look at the role the BBC plays in the broadcasting ecology.

The BBC: by far the most important part of the broadcasting ecology

As we explained in Chapter 1, the mix of broadcasting provision in the UK can be described as an ecology, with different organisations living alongside each other in a state of creative tension. There can be no doubt that the BBC is the most significant organism within this ecology. As the original broadcasting organisation in the UK, as the only publicly funded broadcaster, and as the largest in reach and scope, it is a huge presence not just in broadcasting but in British public life.

As well as all the drama, entertainment, wildlife programmes, and sport, the BBC runs the UK's largest journalistic operation, responsible for national, international and regional news; it is a major patron of the arts; and it is one of the world's best known and most trusted brands, an unparalleled agent of soft power for the UK, reaching more people through the World Service than any other international broadcaster.

In terms of public service broadcasting, the BBC is easily the most significant player. Unlike the other public service broadcasters, it is required to put the public at the heart of everything it broadcasts or publishes. According to its current (2007-16) royal charter, it exists to serve the public interest and its main object is the promotion of its public purposes (see below); its core activities should be the promotion of those public purposes through information, education and entertainment.¹²¹

¹²⁰ Department for Culture, Media and Sport (DCMS), *BBC Charter Review: Public Consultation*, 2015 (green paper), DCMS, *A BBC for the future: a broadcaster of distinction*, 2016 (white paper),

¹²¹ BBC royal charter, 2006, paragraphs 3-5.

It follows that any major change to the BBC's purpose, size, funding, or constitutional arrangements would have a significant and potentially destabilising impact on the whole ecology around it.

There are various ways in which the BBC affects – largely positively, in our view – the rest of the ecology in which it sits. First and foremost, its commitment to high-quality, challenging programming has a virtuous effect on its competitors, by setting standards and thereby improving the overall quality of output. ITV's aspiration to make high quality UK-originated drama is bolstered by creative competition with the publicly funded BBC, for example. It knows that many of its audience will have watched drama on the BBC and will be making comparisons. Sky's commitment to arts programming is hard to imagine without the example of the BBC.

The BBC is also a major commissioner from the UK's flourishing independent television production sector.¹²² It has strong links to and supports the cultural sector and the wider creative industries. It encourages public engagement too, stimulating creative activity at grassroots level.

The BBC also acts – or should act – as a training ground for talent and as a laboratory for ideas that may not automatically find a place in commercial TV. That talent and those ideas can then flow into the commercial sector – and back again. Because of its guaranteed funding and because it does not have to make a profit, the BBC can afford

to take risks. It might well be argued that it takes far too few; but the main point is that it can take risks in the way that commercial operators find it hard to justify.

The BBC has devised a three-stage 'transmission mechanism' to describe the positive economic effects of its activities. The 'first-round' effects are those directly resulting from investment in content and services – spending money on programmes and the technology that allows them to be made and distributed. 'Second-round' effects include the licensing of formats and the positive impact that the iPlayer has had on the growth of the video-on-demand market. Nurturing talent and building up creative 'clusters' in areas such as Salford are part of the 'third-round' spillover effects, which are harder to measure.¹²³

The BBC has attempted to quantify how much it contributes to the wider economy in a series of reports. For 2011/12, it estimated that its 'gross value added' – or the value generated for the UK economy as a result of its activities – could be put at £8.3 billion. In other words, for every £1 of licence fee spend, £2 of economic value was generated.¹²⁴ The BBC said that in 2013/14 it had invested around £1.2 billion of licence fee income into the creative industries outside the BBC, with around £450 million on "small and micro-sized creative businesses", supporting more than 2,700 creative suppliers. It invested a further £1.5 billion outside the creative industries in the UK, largely on technology supporting content creation and distribution.¹²⁵ According to media

¹²² See the BBC's Performance against public commitments 2014/15.

¹²³ See James Heath, 'The BBC's role in the creative economy', February 5, 2015.

¹²⁴ BBC, *The Economic Value of the BBC: 2011/12, 2013*, p. 4.

¹²⁵ James Heath, 'The BBC's role...'

economists Patrick Barwise and Robert Picard, without the existence of the BBC, there would be a 5-25% drop in total content investment and an even bigger decline (25-50%) in original UK content.¹²⁶ Little wonder that the BBC is so regularly described as “the cornerstone” of the UK’s creative sector.

The BBC’s mission

Under its current charter, the BBC’s main object is the promotion of its six public purposes. These are:

- Sustaining citizenship and civil society;
- Promoting education and learning;
- Stimulating creativity and cultural excellence;
- Representing the UK, its nations, regions, and communities;
- Bringing the UK to the world and the world to the UK;
- In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services.¹²⁷

The government has now suggested scrapping the sixth public purpose. We believe that this is a mistake. The BBC has made a huge contribution in the field of innovation – from the development of colour TV to the iPlayer more recently – and we would propose that this purpose should be retained in order that the public benefits from emerging technologies. As framed, the sixth purpose clearly extends beyond Digital Switchover (DSO) and it is therefore somewhat disingenuous to claim

that this purpose has been removed because switchover has now been “successfully completed”.¹²⁸

The white paper also recommends the revision of the remaining purposes largely in order to make sure that the BBC better serves diverse audiences and lands the corporation with a responsibility “to inform, educate and entertain distinctively”¹²⁹ – issues that we shall return to shortly.

Yet, if there is a guiding principle behind these purposes and what the BBC is really about, it is universality. As is the case with the National Health Service and the state education system, this means both that the BBC is universally accessible to all and that it aspires to provide a space (or a series of spaces) to which all people are equally free to enter. Sometimes it aims to bring virtually the entire nation together but more often than this, it brings some of us together some of the time.

This is a harder trick to pull off than ever before. In the past, in a world of three or four channels, large audience figures were not hard to come by. The explosion in channels and on-demand viewing (as detailed in the previous chapter), as well as new claims on especially younger people’s leisure time – not least the limitless pleasures and distractions of the internet – and a trend towards social atomisation have combined to undermine the collective viewing experience that was such a hallmark of the late 20th century.

¹²⁶ Patrick Barwise and Robert Picard, *What If There Were No BBC Television? The Net Impact on UK Viewers*. Reuters Institute for the Study of Journalism, 2014.

¹²⁷ BBC royal charter, 2006, paragraph 4.

¹²⁸ BBC white paper, 2016, p. 89.

¹²⁹ *ibid.*, p. 28, our emphasis.

It is precisely because of this trend that the principle of universality should be so cherished and defended. It is only the BBC that can truly attempt it. Channel 4 lacks the necessary scale and its remit prioritises the serving of minorities and niches; ITV has the scale but its commercial focus can skew its agenda; pay television companies have an entirely different set of priorities. The BBC has to keep making programmes and delivering services that aspire in some way to be for everybody. This is not to say that everybody will watch or use them. But their existence should be of value to everybody even if not everybody chooses to take advantage of them.

There are real threats to universality. Firstly, there is the trend towards media proliferation and atomisation that we have already identified. Secondly, the associated 'siloes' of life, so ably served by social media, divides people into micro-communities based on interests and affinities. Thirdly, the BBC could be tempted to personalise its services in an on-demand world in such a way that it reflects only individual consumer preferences and thus splinters its audience yet further. And fourthly, the adoption of even a partial subscription model, as already floated in the government's white paper,¹³⁰ would divide viewers by putting them on different sides of the paywall (see below). So our view is that a commitment to securing universal provision and access should be at the heart of all proposals that affect the future of the BBC.

The scale and scope of the BBC

The government's consultation documents asked whether the BBC's expansion could be justified and whether it could be fairly accused of crowding out competition. In reality, after a longish period of growth driven by increases in the licence fee and more households, the BBC has, in relative terms, contracted significantly. Enders Analysis estimates that while the BBC accounted for 22% of TV revenue in 2010, this was likely to fall to 17% in 2016 and to only 12% in 2026.¹³¹ It has had to digest severe real-terms cuts as a result of recent settlements that have loaded it with new costs: a 16% cut following the deal in 2010 and a huge 23% reduction as a result of the 2015 settlement that forces the BBC to take on the cost of free licences for the over-75s, which will reach an estimated £745 million a year by 2020.¹³² In response, it has had to take some radical steps to save money, for example the withdrawal of BBC Three as a broadcast service and the proposed merger of its news channels.¹³³

Yet the government has fashioned a debate on the size of the BBC not simply by overseeing a reduction in its revenue but also by requiring it to be 'distinctive' in everything it does. Indeed, there are more references (nearly 100) to 'distinctive' or 'distinctiveness' in the main body of the 2016 white paper than there are to 'public service'.

This is, of course, far from the first criticism of the BBC for relying on populist formats of which *Strictly Come Dancing* and *The Great British Bake-Off* seem to be the

¹³⁰ Ibid., p. 103.

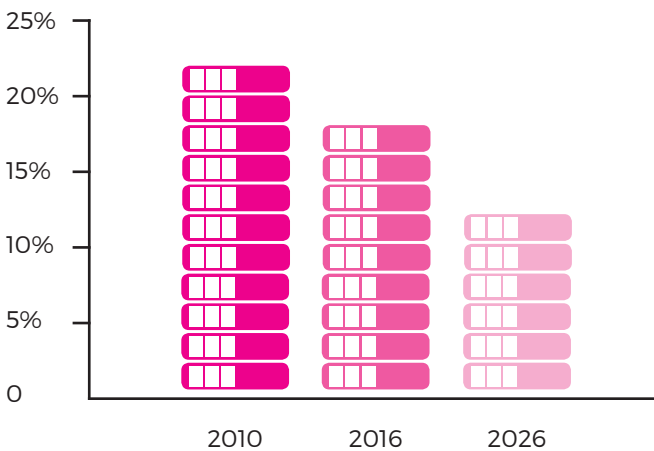
¹³¹ Enders Analysis, 'The plight of the BBC post-intervention', July 13, 2015.

¹³² Jane Martinson, 'BBC Increases savings target to £800m a year to pay for drama and sport', the *Guardian*, March 8, 2016. See also BBC white paper, p. 93.

¹³³ While we recognise the difficult financial circumstances in which the BBC finds itself, we do not believe that combining two services – the BBC News Channel and its advertising-funded counterpart BBC World News – which have very different personalities and objectives makes strategic sense. We would worry that a merged operation would satisfy neither domestic viewers nor international audiences and we hope that the BBC executive can find alternative ways of reducing costs without closing more channels and cutting staff.

BBC SHARE OF UK TV REVENUES

Source: Enders



most visible recent examples. A whole host of broadcasters and public figures – including Jeremy Paxman, David Jason, Ann Widdecombe, Janet Street Porter and the former head of programmes at ITV David Liddiment – have all previously accused the BBC of having an unhealthy obsession with ratings. Indeed, the current chair of Ofcom, Patricia Hodgson, made a famous speech back in 2002 when she was the chief executive of the Independent Television Commission berating the BBC for its occasional lack of focus: “Beating ITV with [David Attenborough’s] *Blue Planet* is a triumph. Beating it with *Celebrity Sleepover* is a tragedy.” The difference between then and now, however, is that Hodgson also insisted that BBC programmes should aim to be popular: “where’s the public service in being anything else?”¹³⁴

The problem is that what ought to be a fairly innocuous term designating the obligation for the BBC to provide creative and original content has been turned into a veiled threat not to be too popular, thereby treading on the toes of its commercial competitors. As the media historian Peter Goddard explained in his submission to the Inquiry:

*These questions about distinctiveness are not being asked for their own sake, or merely with the aim of improving the quality of the BBC’s output. Instead, they seem to be motivated by government concerns firstly about the market impact of the BBC’s programmes and secondly about the fact that it competes with other broadcasters for audiences.*¹³⁵

Goddard argues that distinctiveness is a highly subjective variable and “should not become a shorthand for moving the BBC’s output upmarket if that were to mean serving a popular audience less fully.” The BBC’s future would be severely undermined if it was required to function essentially as a ‘market failure broadcaster’ plugging the gaps where commercial broadcasters choose not to invest. Furthermore, we are concerned that the BBC’s regulator may be asked in the future to preside over potentially vexatious complaints from its commercial rivals that a programme or service is not sufficiently ‘distinctive’ simply because it is capturing too high a market share.

¹³⁴ Quoted in Jason Deans, ‘ITC: “BBC must stick to quality programming”’, the Guardian, March 6, 2002.

¹³⁵ Peter Goddard, submission to the Inquiry.

¹³⁶ BBC white paper, 2016, p. 71 – our emphasis.

¹³⁷ Broadcasting Research Unit, *Public service idea in British broadcasting: main principles*. BRU, 1986, p. 15.

It is hard to sustain the case that other media competitors, particularly in TV, have been damaged as a result of the BBC's activities. The commercial TV operators compete with each other for advertising revenues, not with the BBC. In fact, they have generally welcomed the BBC's model, as they get to keep a larger slice of the advertising cake. Nevertheless, concerned that the BBC might be 'crowding out' its competitors, the government commissioned an analysis from Oliver & Ohlbaum that examined the BBC's decision to run popular programmes at the same as ITV. The study concluded that "scheduling on BBC One is probably reducing the relative profitability of drama series in particular, with ITV drama viewing down around six to eight per cent when clashes occur."¹³⁶ We believe, however, that the government's proposal that the BBC should, from now on, schedule more 'sensitively' is both an unnecessary concession to ITV pressure given the latter's financial health and a misunderstanding of the positive benefits for audiences of competition "in good programming rather than competition for numbers"¹³⁷ between the two main broadcasters.

Looking beyond TV, newspapers now compete in a newly direct way with the BBC through their websites, and the BBC's presence as a free source of news and information makes it hard for newspapers to charge for access. But in general they have not tried to; they have preferred to follow a strategy of keeping their sites free to generate high-volume traffic. The problem is that consumers are moving away from print and are reluctant to pay for online products unless they are truly specialist – a situation

that can hardly be blamed on the BBC. Surely, the major threat to the newspaper and magazine industry is not a BBC website that may, at times, elide its news and features output with an insufficiently clear sense of public purpose but the huge growth of online competitors like Facebook, Huffington Post and BuzzFeed.

In the case of regional and local news media, there is a strong argument for the BBC to be stepping in much more vigorously through the creation of partnerships and content sharing. The white paper recognises this and proposes, for example, a 'Local Public Sector Reporting Service'¹³⁸ where BBC journalists would provide content for others to use. We support this in principle as long as the service is not used simply to underwrite the operations of commercial news monopolies that used to provide this content as a matter of routine and that have withdrawn from this responsibility solely for cost reasons. Indeed, we hope that the fund is structured in such a way to prioritise the nurturing of relationships between the BBC and emerging sources of local news including hyperlocal blogs, independent media outlets and new local news startups.¹³⁹ The fund should not operate as a corporate subsidy to existing commercial media companies.

Where the BBC does have a case to answer is in matters of creative ambition and risk-taking. There are definitely areas where it could do better: in hard-hitting current affairs, searching documentaries and groundbreaking, impartial news which was, after all, recently criticised by its former economics editor as being overly cautious and "obsessed" with right-wing newspaper

¹³⁸ BBC white paper, 2016, p. 74.

¹³⁹ See Damian Radcliffe, *Where Are We Now? UK hyperlocal media and community journalism in 2015*, Nesta, 2015.

agendas.¹⁴⁰ Its dramas have, all too often, failed to emulate the heights reached by the most critically acclaimed US shows of recent times such as *The Wire*, *Mad Men*, *House of Cards* and *Orange is the New Black*. It may be that the BBC's commitment to quality across the board has hampered attempts to take creative ambition to the next level in certain areas. But high-quality programming is crucial to winning the support of the public, who tend to be more concerned with whether content is good or bad rather than designated public service or not.¹⁴¹ It is not cheap, however, which underlines the importance of a robust funding settlement in securing the BBC's future as a public service broadcaster.

The BBC in a digital future

We are also concerned that the debate around “distinctiveness” has already had a negative impact on how the BBC sees itself, as was made evident in the internal review of its online activity, the ‘Online Creative Review’ (OCR) that followed the publication of the white paper.¹⁴²

The argument over the BBC's role as a ‘market failure broadcaster’ is too often limited to its programme output and does not extend to the wide diversity of digital and online services that it offers, and the role it can play in introducing people to new technologies. For example, the iPlayer is allowed because it is used as a means of delivering programme content to audiences. We believe that the iPlayer is crucial to the delivery of BBC content in the future and that it should be guaranteed prominence on all future interfaces; however, it seems to be us to be short-sighted that any other use is seen as ‘not core’ and therefore unsustainable.

This is especially clear in the OCR which could have been a powerful statement of the BBC's important role as a trailblazer in digital services and guarantor of a safe, trusted online space. Instead, it proposes to limit the BBC's online creative ambition in the service of ‘hard’ news and internet-based programme delivery. The OCR starts with a statement of intent from the director general:

*We will prioritise online what we are known and loved for: trusted, impartial news; the best of live sports coverage and sports news; a safe place for children; high-quality entertainment that enriches our lives; showcasing the best of culture, art and science; and live national moments and major events. And where we do not add to the market, or help it to innovate, we will withdraw.*¹⁴³

While understandable as a response to prevailing concerns in some quarters about the BBC's online presence, we think this approach risks being too limited in a world in which the BBC must transform itself over time to meet new audience needs and to adapt to new technological possibilities. It is not sufficient to argue that the market should determine the shape and scope of the BBC's online ambitions, and that the BBC will either use what the market provides or step back for fear of inventing something that might have social value but a negative market impact. The BBC's goals, after all, are not those of the market and the outcomes it seeks from its work are not those that commercial, market-oriented players seek from their investment or efforts. Google, Facebook and ITV exist to deliver the attention of (and data concerning) their audiences to advertisers. Sky exists to offer a

¹⁴⁰ Maggie Brown and Jason Deans, ‘Robert Peston: BBC follows the Daily Mail's lead too much’, the *Guardian*, June 6, 2014.

¹⁴¹ Ipsos MORI for Ofcom, *An investigation into changing audience needs in a connected world*, 2014, p. 41.

¹⁴² See Inside the BBC: BBC Online Creative Review, 2016.

¹⁴³ *Ibid.*

paid-for service to its users, subsidised by the delivery of their attention to advertisers for some channels. The BBC's imperative comes from another place.

The BBC is, if nothing else, a machine for social engineering: an attempt to deploy the latest communications technologies to serve the public interest, not an attempt to correct market failure. By accepting limits on its online provision that would be unacceptable for broadcast programmes, it will fail those audiences who do not watch the *Six O'Clock News* or *Eastenders* and who choose YouTube over iPlayer for their evening entertainment. And these audiences – and in particular younger cohorts – are likely to grow.

The combination of budgetary pressure and a lack of vision in how digital technologies may extend and transform the public service mission has already damaged the BBC's online presence, set back the development of interactive services and made the BBC a far less attractive prospect for the new generation of web developers.

We are concerned that the BBC has responded to criticism about the corporation's "imperial ambitions"¹⁴⁴ by cutting the budget for online content, this time taking out popular magazine-style material in favour of investment in 'hard' news which is presumably understood as 'news that senior politicians consider important or interesting'. We would like to see a network-centric BBC that brings broadcast and digital content to all citizens and that does so in a way that explores, exploits and enhances the power of the network. The BBC, if it is

to survive and to thrive, needs to offer great entertainment, new forms of engagement, genuine interactivity and the permanent availability of commissioned output while offering access to as much of the archive as it can.

Access to the immense riches within the BBC's archive remains very selective and only a fraction of the material collected by the Corporation is easily available. There are complex issues around rights – especially underlying rights – which need to be resolved and there are also costs around digitisation of older material, but it is imperative that imaginative solutions are found to both these problems if the public value of the BBC's archive is to be maximised in the digital era.

At present, references to archive in the BBC's governance documents are focused on "films, sound recordings, other recorded material and printed material" that is representative of the BBC's broadcast output and to which the public must be offered "reasonable access" for viewing or listening.¹⁴⁵ We believe that there is a need to include interactive outputs, games, websites, apps and other non-linear formats that the BBC is now supporting and to broaden the range of activity that is permitted, which is currently focused on viewing and listening. There needs to be far more engagement with archive material either for study, learning or reuse in new contexts. In a digital era in which sharing and reuse are increasingly prevalent, there needs to be more effective means to enable people to carry out these activities within the constraints of copyright law.

¹⁴⁴ See William Turvill, 'BBC news website under attack ahead of charter review as newspapers call for "behemoth" to be "tamed"', *Press Gazette*, July 7, 2015.

¹⁴⁵ See clause 86 of the BBC's Agreement with the government, July 2006.

If the BBC does not assert its right to claim the online world as part of the public realm then our worry is that the BBC will gradually fade into insignificance and become just one more provider of online content in a world where unregulated competitors increasingly threaten the position of public service operators.¹⁴⁶ Delivering something that feels like broadcasting in a future IP-only world will be a significant challenge, but one that the BBC's engineering history allows it to solve – just as it solved the problems of radio broadcasting, high definition television, stereo sound and colour. As we have already argued, the BBC has an impressive track record in this field and it would be a huge shame if it was not allowed to develop new technological initiatives like the Connected Studio.¹⁴⁷

A network-first BBC is not the same as a network-ready BBC. For one thing, there is little point in starting to prepare for a future transformation of the media landscape and of consumer behaviour when those transformations started many years ago. We are already living in a digital world, and in the next charter period the BBC must be as much as part of people's online lives as it was in the 1960s when we had only two TV stations and a handful of radio networks. Instead it appears to us that policymakers are more than happy for the BBC to focus mainly on the existing broadcast ecosystem and that they see its networked presence as a threat rather than something that could be exploited in the interests of audiences and the BBC's overarching mission. Underserved audiences and hard to reach sections of the population may then lose out so that the corporation ends up 'superserving' the literate, articulate and wealthy with programmes that can win

BAFTAs and other awards. This is a position that is supported by the government, many in the media industry, and a range of policy-makers and commentators. We believe that it would be a dreadful mistake.

Funding the BBC

The quality of the BBC's output stems from the way it is set up: public ownership and public funding implies a direct relationship with viewers. The validity of the licence fee – or any other form of public funding – relies on public consent and public approval of the BBC's programming. Public funding has also obviated the need for commercial funding; the absence of advertising is a great public benefit as far as many viewers are concerned.

We start from the standpoint that the BBC should remain publicly funded, and given that the BBC's scale and scope should be maintained, funding should likewise be maintained at sustainable levels. But the current mechanism of the TV licence fee cannot be guaranteed to last, given the changes in technology and consumption that have swept through the media industry. Nor is it an ideal funding mechanism in the first place.

As we set out in Chapter 3, the licence fee has been raided by governments to pay for media infrastructure projects or politically motivated schemes, which has not only undermined the BBC's ability to fund itself on a stable footing but also made a mockery of the idea that the BBC is truly politically independent. The licence fee has long been preferred over funding out of general taxation on the grounds that it keeps government at

¹⁴⁶ This position was put very forcefully by the leading political economist of the media Graham Murdock in his submission to the Inquiry in which he argues that "the BBC offers the only effective institutional base for a comprehensive alternative to [the] corporate annexation of the internet."

¹⁴⁷ See BBC – Connected Studio for details of its work.

arm's length. But recent history suggests that the licence fee does not make the BBC any less vulnerable to interference and it is also a notably regressive form of taxation, charged at the same rate to every household in the country.

So a new mechanism must be found, one that is fair, transparent and likely to remain robust for decades to come. The government initially outlined three options ahead of charter review: a reformed licence fee, a household payment, or a hybrid licence fee and subscription model.¹⁴⁸ (Advertising was rightly rejected by the government – it would be resented by viewers and would not even be welcomed by rival broadcasters).¹⁴⁹ The idea of a household payment merited scarcely a mention in the white paper. Instead, on the basis that “it commands wider public support than any other alternative model”,¹⁵⁰ the government agreed to continue with the licence fee until 2027 with the proviso that anyone using the iPlayer would also have to pay the licence fee, thereby ending the loophole that has meant that those using the iPlayer only for catch-up rather than live streaming (and who do not already own a TV set) do not have to pay the licence fee.

The white paper says that while there are no plans to replace the licence fee with subscription funding, it is very supportive of a pilot project developed by the BBC “to consider whether elements of subscription could provide a more sustainable funding model in the longer term.”¹⁵¹ Some have argued that a hybrid model will have potential benefits in terms of a possible uplift to BBC income and a fairer distribution of the costs of new services to those who

use them most. However, we believe that such a hybrid system would be a worrying precedent in which subscription may come to be ‘normalised’, thus undermining one of the central platforms of the BBC: the fact that its services are free at the point of use and thereby accessible to all. Even a partial subscription model could be the ‘thin end of the wedge’ allowing for a full subscription model at a later date which, by definition, would exclude those unable to pay from whatever services were placed behind the paywall. This is all the more likely given that closing the iPlayer loophole will require conditional access technologies which will make a shift towards subscription that much easier.

We are firmly against changing the BBC from a household charge service to one based on per-user controlled access. It is the very universality of the licence fee that guarantees the BBC scale and allows it to aspire to reach everyone in the UK. Indeed, the mere existence of a pilot subscription scheme may persuade the government that, should licence fee collection rates continue to fall despite the closure of the ‘iPlayer loophole’, a pay TV model may then become the ‘default’ position for funding the BBC. In this situation, the lure of portability – the ability of users to log in to BBC content wherever they are in the world – needs a strong and imaginative response.

We believe that change is necessary in order to future-proof the BBC against ongoing technological change and that the ‘television licence fee’ is an outdated symbol of a broadcast landscape in which the TV set was the only receiver available. So we believe that the further extension of the licence fee

¹⁴⁸ BBC green paper, 2015, pp. 102-105.

¹⁴⁹ *Ibid.*, p. 101.

¹⁵⁰ BBC white paper, 2016, p. 92.

¹⁵¹ *Ibid.*, p. 103.

is a missed opportunity for more radical and durable reform following the principles that we outlined in Chapter 2.

We would prefer a household levy, modelled on the system in Germany that allows for exemptions for the low-paid and those with disabilities. A household payment, ringfenced for BBC services, could be collected through Council Tax which would partially mitigate against the regressive nature of a flat licence fee. We also think that serious consideration should be given to funding the BBC through general taxation at a sustainable level protected in legislation. Such a levy could be styled the BBC levy, and it should fund only BBC services. No longer should the BBC have to bear the costs of projects that the government ought to be funding. Nor should the levy be ‘top-sliced’ to pay for other broadcast projects as was so often trailed during the charter review debates. Both of these options would also put paid to what we sense might otherwise be a gradual shift towards subscription funding.

It is essential whatever funding mechanism is eventually decided on, that the process of setting the level of funding is conducted independently of government. The two most recent licence fee settlements were far from transparent and it remains unclear how the new process for setting the licence fee will ensure that this is not repeated despite plans for limited parliamentary scrutiny of the figure submitted by government. The white paper firmly rejects the proposal that the licence fee should be set by an independent body on the basis that it is a “tax”.¹⁵² Yet for 80 years, the licence fee was seen as a ‘service charge’ and it was only when it

was reclassified by the Office for National Statistics in 2006, that it was effectively integrated into government spending plans. We propose that the government revisits this reclassification in order to put some distance between the BBC’s assets and liabilities and those of the national accounts. Furthermore, we would like to see decision-making over funding levels handed over to an independent advisory committee – along the lines of the School Teachers’ Review Body that advises the government on teachers’ pay. Either way, we agree with the claim by King’s College’s Martin Moore that if “the process of renewal and settlement was set out within legislation, or within the Charter itself, then it would not be possible to agree a licence fee settlement between the government and the BBC in a fortnight.”¹⁵³

Above all, it is crucial that the level of the BBC’s funding is set sustainably to bring an end to continual cost-cutting and debilitating uncertainty. This is not just about protecting the BBC, but about bolstering the wider creative industries in the broadcasting ecology that depend in no small part on the BBC. While we recognise that any new system of funding must be carefully thought through, it would be far more effective to switch to a new model while both the BBC’s popularity and the licence fee’s penetration remain very high. To abandon the licence fee, if not the principle of public funding, would represent a major change after almost a century but this does make the need for meaningful reform any less urgent.

¹⁵² Ibid., p. 98.

¹⁵³ Martin Moore, *Better protecting BBC financial independence: An exploratory report for the BBC Trust*, January 2016.

The constitution, governance and regulation of the BBC

The BBC has from the outset been formally independent of political interference. But in practice things have never been so straightforward. Numerous accounts of the BBC's history and workings stress the provisional nature of the BBC's independence, and how governments have sought to influence it or threaten it, often with dark warnings about what might happen to its next charter or its funding.¹⁵⁴ As an institution, it has learnt how to maintain a strong appearance of independence and when to act pre-emptively or bend to pressure. It is not necessary to delve far back into the past to find evidence of the BBC's weakness in the face of government interference. The way in which the BBC felt bound to accept two major assaults on its real-terms funding in 2010 and 2015, as previously mentioned, offers a telling example.

Two central features of the BBC's structural arrangements have contributed significantly to its difficulties. The first problem has been that the BBC's constitutional settlement by royal charter guarantees uncertainty. The BBC's continuation as an organisation relies on the government's willingness to renew that charter, and large amounts of its executives' time are taken up with the task of negotiating the next charter deal. Decisions about programmes or services are often made with charter review in mind, much as governments behave differently as elections approach. Governments can use the prospect of charter review and associated funding decisions

to put pressure on the BBC. This is not a healthy state of affairs, and there is no reason why after almost a century of existence the BBC should not be constituted on a more permanent basis. Moreover, we agree with Lord Fowler that a charter is not a sufficiently robust instrument to secure independence. As he told the Lords, the charter is "utterly undemocratic; it makes a nonsense of parliamentary sovereignty and it hands all power to Ministers."¹⁵⁵ We would therefore argue in favour of getting rid of the charter system and putting the BBC on a statutory footing through a new act of parliament. This would still require rigorous safeguards¹⁵⁶ to protect its independence in the face of a party with a large parliamentary majority that might be hostile to the BBC but we believe that this system would offer the potential for clearer accountability to both parliament and the public.

The other threat to the BBC's independence comes from the appointments process to the proposed unitary board that is now set to replace the BBC Trust and oversee the strategic and operational work of the corporation. In the absence of more radical proposals for reforming the structure and governance of the BBC¹⁵⁷, we largely welcome the white paper's proposal for a unitary board structure akin to that of a typical listed corporation as well as the decision to include representatives from all four nations of the UK on the new board. The BBC Trust failed to stand up to the government when the corporation was under attack and has been unable to overcome the design flaws that it inherited from the governors.

¹⁵⁴ See, for example, Jean Seaton, *Pinkoes and Traitors: The BBC and the nation, 1974-1987*, London: Profile, 2015 and Stuart Hood, *On Television*, London: Pluto, 1997.

¹⁵⁵ Lord Fowler, speech in BBC charter review debate, House of Lords, April 21, 2016.

¹⁵⁶ For example, amendments could only take place with a two-thirds majority in both the House of Commons and House of Lords as well as the Scottish parliament and assemblies in Wales and Northern Ireland.

¹⁵⁷ One exception was the chair of the Media Reform Coalition, Justin Schlosberg, who argued in his submission to the Inquiry that we should learn from the decentralised structure of the Dutch NPO that is composed of ten broadcasting associations. Schlosberg argues a "networked" BBC "would be "more immune to market pressures that many believe have fostered homogenisation of the BBC's news output and a growing dependency on a commercial-press led agenda."

As Sir David Clementi noted in his report on governance options, the Trust model conflated governance with regulation, and it has often been hard to tell who exactly has been in charge at the BBC: the Trust or the executive board.¹⁵⁸ The decision to separate off governance from regulation makes sense.

However, we are very concerned about the white paper's proposal that the government will appoint up to half of the new board: the chair, deputy chair, and members for England, Northern Ireland, Scotland and Wales.¹⁵⁹ We are told that there is precedent for government appointments to the highest levels of the BBC. It is true that the chairman of the BBC Trust and its trustees (and the board of governors before that) were indeed appointed by the government. This has in any case hardly been a satisfactory arrangement: more than one prime minister has been known to appoint a chairman specifically to 'sort out' the BBC.

But the new proposals mean that government appointees will, for the first time, sit at the heart of the BBC's operational and editorial decision-making structures. The potential for cronyism is obvious and we believe that it would unquestionably have a chilling effect on its behaviour. The situation is all the more worrying in the light of recent events in which a number of European governments have been able to place undue pressure on public broadcasters specifically through the appointments process. We are, therefore, anxious to see a process that is fully independent of government – one that is not contaminated by the possibility of

“political or personal patronage”, the phrase used by the former commissioner for public appointments, Sir David Normington, when setting out his own concerns about the politicisation of the public appointments process.¹⁶⁰

We believe that there should be 14 members of the board. Six of them – the chair, deputy chair and members for the four nations – should be subject to an independent appointments process set up specifically for this purpose that selects members entirely on merit and not because of their personal or political connections with the government or a political party. The process should be required to meet six tests that have been drawn up for this report by Sir David Normington based on the application of the ‘Nolan Principles’.¹⁶¹ We would suggest that the process is UK-wide for the appointment of the chair and deputy chair and then devolved to each nation for the remaining four members. The remaining members – a combination of executives and non-executives – should be chosen by the BBC itself, subject to the relevant ‘Normington tests’.

There is a recent precedent for the setting up of a new independent appointments process following the creation of the Press Recognition Panel in 2014 to ensure compliance with the royal charter on press self-regulation granted the previous year. In that case, a fully independent selection panel was established through the public appointments process that then, following an open process of national advertising across

¹⁵⁸ Sir David Clementi, *A Review of the Governance and Regulation of the BBC*, Cm 9209, March 2016, p. 16.

¹⁵⁹ The remaining (minimum seven) executive and non-executive members of the board will be selected by the BBC itself.

¹⁶⁰ Sarah Neville, 'Tories accused of pushing for sympathisers to be handed key public posts', *Financial Times*, April 11, 2016.

¹⁶¹ These include: 1) application of the 'Nolan Principles'; 2) an independent selection panel; 3) open competition for the roles; 4) fairness in assessing all candidates against the same published criteria; 5) no ministerial involvement in the appointments process once the selection panel has been established; 6) opportunity for parliamentary scrutiny if concerns are raised about any of the appointments. See Appendix 1 for Sir David Normington's full proposal.



**Sir David Normington's
proposed tests for
appointment of BBC
board members**

- 1.** Application of the Nolan Principles
- 2.** An independent selection panel
- 3.** Open competition for roles
- 4.** Fair application of criteria
- 5.** No ministerial involvement
- 6.** Scrutiny and oversight.

the UK, appointed the board members. If the government was unwilling to agree to this process, then we would follow Sir David's advice that ministerial involvement should then be limited to sanctioning the setting up of the selection panel and making a final decision on which of the two candidates, nominated by the selection panel for each position, best meets the published criteria.

The government has tasked Ofcom with the role of regulating the BBC. It decided against setting up a new regulator, an 'Ofbeeb', on the basis that Ofcom already has huge experience in responding to complaints, monitoring and reviewing performance and assessing market impact. Some are worried by this. As the National Union of Journalists noted in its submission to the Inquiry, Ofcom was "set up as a light-touch regulator"¹⁶² to promote competition in the communications sector. While it has a profound knowledge of the overall media landscape, it may be the case that its natural inclination – unless specifically tasked not to do so – will be to evaluate BBC content and services in relation to the interests of its commercial competitors as opposed to those of the public. Is it best qualified to adjudicate on whether new BBC services are in the public interest, for instance? How would it balance its regulation of the BBC with that of the commercial sector at times when those interests might not be aligned?

Others have pointed out that Ofcom has, in fact, twin primary duties: to further the interests of citizens and consumers. Its statutory role includes commitments to

ensure that a wide range of TV services "of high quality and wide appeal are available throughout the UK" and that there is a "sufficient plurality" of television providers.¹⁶³ Ofcom can only step up to the challenge set for it if it is equipped with the resources to carry out its responsibilities effectively, the authority to ensure that the interests of PST are properly protected and – crucially – a detailed remit that explicitly recognises the BBC's unique position as a universal public service broadcaster and that insulates it, as we have already mentioned, from unwarranted attacks from its commercial rivals for not being sufficiently 'distinctive'.

In conclusion, we need an approach to the BBC that accepts that the corporation has a remit to cater to all audiences and not one that allows it to provide content only if it is convenient for its competitors. It needs to provide both 'distinctive' and 'popular' programming in order to continue the 'mixed provision' that is at the heart of its appeal and its Charter obligations. The BBC doesn't need to scale down its output but to ramp up its risk-taking and its commitment to innovation. It desperately needs governance and regulatory structures that will allow it to exercise a meaningful degree of independence while at the same time ensuring that it can be held to account when it fails to serve its audiences adequately. If the public does not have these guarantees, it will be, as Lord Puttnam argued shortly after the publication of the 2016 white paper, "game over".¹⁶⁴

¹⁶² National Union of Journalists, submission to the Inquiry.

¹⁶³ Ofcom, 'Statutory Duties and Regulatory Principles'.

¹⁶⁴ Quoted in Jasper Jackson, 'Cameron and Osborne praised for stance against "assault on BBC"', the *Guardian*, May 18, 2016.

CHAPTER FIVE CHANNEL 4



Channel 4

If the BBC is the most important part of the public service television ecology, then Channel 4 is the next most significant. Channel 4's importance has risen as a result of ITV's long-term decline as a public service broadcaster (see Chapter 6).

Its commitment to innovation and diversity has complemented the BBC's universalist model of public service television and its appetite for risk-taking has provided a counterweight to the older broadcaster's more cautious and patrician tendencies. We believe it is vital that the UK retains at least two broadcasting organisations that are unambiguously committed to public service, as the BBC and Channel 4 are. If it were left just to one, the competition for quality that exists across the television marketplace would be much diminished.

Channel 4 was perhaps a strange creation – unique in its status as a publicly owned broadcaster funded entirely by advertising – and yet it has worked extremely well. It was launched in 1982 by the Conservative government of Margaret Thatcher but its roots stretched back to debates that began in the 1960s. The BBC-ITV duopoly was failing to reflect the full range of voices of an increasingly diverse society and made limited provision for an army of frustrated programme makers.¹⁶⁵ In its relatively short history, Channel 4 has succeeded in dealing with both of these original complaints. It has done more than any other broadcaster to

reflect the UK's diversity, and has succeeded triumphantly as a sponsor of independent production and UK filmmaking, remaining a publisher-broadcaster that produces none of its own content.

In the multichannel age, Channel 4's idiosyncratic nature and singular achievements seem more important than ever. Yet it faces an uncertain future, with persistent speculation that the government plans to privatise it, or at least impose some alteration to its constitutional arrangements. We oppose any such change as unnecessary and counterproductive to Channel 4's role as a public service broadcaster, but at the same time do not believe it should be immune to reform.

Changing times and challenges

It was recognised from an early stage that Channel 4 had to be a different kind of broadcaster from the BBC or ITV. The act of parliament establishing it gave it a remit specifically to appeal to tastes and interests not generally catered for by ITV. It was also required to be educational, to encourage innovation and experiment in the form and content of programmes to give the channel a distinctive character, and to ensure there were programmes made by independent producers. All of these requirements referred to a "suitable proportion of programmes", a handily flexible phrase that gave the founding executive team much scope for pioneering their own approach.¹⁶⁶ As the Derry-based independent producer Margo Harkin told us: "This remit was to be addressed both in terms of the content of programming and in

¹⁶⁵ See for example Maggie Brown, *A Licence to Be Different: the Story of Channel 4*, London: BFI, 2007, pp. 10-19.

¹⁶⁶ Brown, *A Licence to Be Different*, p. 28.

the means of production as people who did not ordinarily see themselves on television... would be given an opportunity to make programmes and have their experience represented on national television. It was quite revolutionary in broadcast terms.” Why, she reflected, “did no one else apart from Channel 4 trust us to do this?”¹⁶⁷

Channel 4’s original constitutional arrangements and funding model also gave it the space to be inventive and different. Operating as a subsidiary of the broadcasting regulator, it was funded by the ITV network, which paid it a subscription in return for selling its advertising. This arrangement liberated Channel 4 from the demands of commercial competition and allowed it huge creative freedom.

It was inevitable that some of the experimentalism and risk of the early, freewheeling days would dissipate after 1993, when Channel 4 became commercially independent as a public corporation that sold its own advertising.¹⁶⁸ It had to operate in an increasingly competitive marketplace as the multichannel landscape started to take shape. This was always going to put a strain on the programming mix, and to be likely to take it in a more commercial direction. In the 1990s it came to depend on US drama imports and *Brookside*¹⁶⁹; in the 2000s, leisure-based factual programming dominated the schedules. Channel 4 became

hugely dependent on the revenue generated by the reality show *Big Brother*, a programme that became a liability after the *Celebrity Big Brother* racism row in 2007.¹⁷⁰ Since *Big Brother* ended in 2010, Channel 4 has achieved a better balance in the schedule, although the main channel’s ratings have fallen.¹⁷¹

Channel 4’s more commercially focused programming has allowed it to make the programmes that more obviously fulfil its remit, as well as to meet the terms of its main channel’s licence, under which it is required to produce a certain amount of news and current affairs programmes and satisfy various production quotas in return for its prominent position on the electronic programme guide (EPG).¹⁷² Meanwhile, the remit has evolved since the channel was founded. The obligation to cater for tastes and minority interests not served by ITV was dropped following the 2003 Communications Act.¹⁷³ Instead, the act stated that Channel 4 must provide a range of “high quality and diverse” programming, with output demonstrating innovation, experiment and creativity; appeal to a culturally diverse society; contribute to education; and exhibit a distinctive character.¹⁷⁴ It was given additional new media responsibilities, including appealing to the tastes and interests of older children and young adults, in the 2010 Digital Economy Act.¹⁷⁵

¹⁶⁷ Margo Harkin, comments to Inquiry event in Coleraine, April 4, 2016.

¹⁶⁸ For five years after that, it continued to be linked to ITV: it had to pay ITV a portion of its advertising revenues in return for ITV providing it with a safety net should it fall into deficit, an arrangement that proved very favourable to ITV.

¹⁶⁹ US sitcoms and dramas, films (mostly of US origin), and *Brookside* between them accounted for half of viewing in 1997. Brown, *A Licence to Be Different*, p. 207.

¹⁷⁰ Brown, *A Licence to Be Different*, pp. 1-9.

¹⁷¹ From 6.1% of the audience in 2010 to 4.8% in 2014. See Ofcom, *Communications Market Report 2015*, 2015, figure 2.59, p. 201.

¹⁷² Channel 4 is required to broadcast 208 hours per year or 4 hours per week of news (all in peak), and 208 hours per year or 4 hours per week of current affairs (80 in peak), while 56% of programmes (70% in peak) should be originally produced or commissioned, 35% of hours and expenditure should be devoted to programmes made outside the M25, with an additional requirement for 3% of programmes to be made outside England, rising to 9% from 2020. See the licence on the Ofcom website.

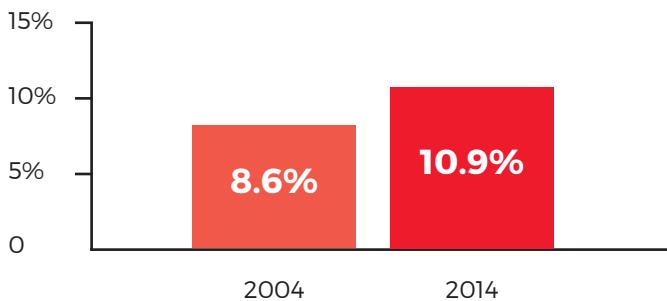
¹⁷³ Brown, *A Licence to Be Different*, p. 275.

¹⁷⁴ Communications Act 2003, section 265.

¹⁷⁵ Digital Economy Act 2010, section 22.

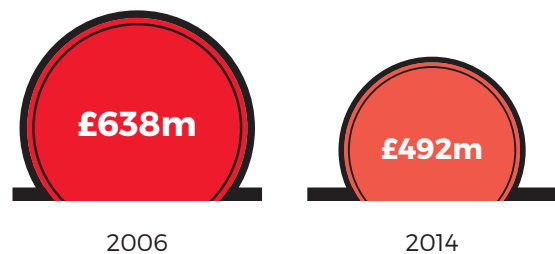
CHANNEL 4'S AUDIENCE INCREASE (INCLUDING PORTFOLIO CHANNELS)

Source: Ofcom



SPEND ON CHANNEL 4 (MAIN CHANNEL ONLY)

Source: Ofcom



Nevertheless, Channel 4's remit has remained flexible rather than prescriptive, and this has allowed the organisation to stay agile. It has made sure, for example, that its interpretation of diversity has changed with the times. In the 1980s, it made specific programmes for black and Asian audiences¹⁷⁶; it broke new ground in 1999 with the gay drama *Queer as Folk*; today it is proud of broadcasting the Paralympics and of programmes about, for example, transgender issues¹⁷⁷. This has translated into better reach among diverse audiences: for example, its viewing share among BAME audiences shows a smaller differential with its white audience than is the case for the other public service broadcasters.¹⁷⁸

The channel has, therefore, successfully negotiated what has been described to us as a “paradoxical” remit – “the need

to produce content which is attractive to audiences and thus advertisers, while at the same time able to take creative risks.¹⁷⁹ But for all its adaptability, Channel 4 has also shown a certain fragility. In recent years it has faced a number of challenges; while these have generally been shared with other broadcasters, its smaller scale and the need to fulfil its remit have sometimes made it seem unusually vulnerable. The audience for its main channel has fallen in the face of multichannel competition – from a peak of 11%, last recorded in 2000 (the first year of *Big Brother*), to just 5% in 2014.¹⁸⁰ But it has compensated for that by launching a family of channels, which between them have grown Channel 4's total audience from 8.6% in 2004 to 10.9% in 2014.¹⁸¹

¹⁷⁶ *Black on Black and Eastern Eye*, for example.

¹⁷⁷ It highlights the *Born in the Wrong Body* season in its latest annual report. *Channel 4 Annual Report 2015*, p. 60.

¹⁷⁸ In 2015, Channel 4's portfolio share among BAME viewers was 10.1%, compared with 10.7% among white viewers. The BBC's 23.2% share among BAME viewers fell well short of its 33.8% share among white viewers; for ITV the figures were 14.7% BAME and 21.9% white; for Channel 5 they were 5.2% BAME and 6.1% white. BAME viewers are much more likely to watch multichannel services, which accounted for 46.8% of their viewing, compared with 27.6% for white viewers. Taken from *Channel Four Television Corporation Report and Financial Statements 2015*, p. 36.

¹⁷⁹ Sian Powell and Catriona Noonan, submission to the Inquiry.

¹⁸⁰ Ofcom, *CMR 2015*, p. 192.

¹⁸¹ *Ibid.*, p. 201. The total Channel 4 family share peaked at 11.7% in 2008.

Channel 4 has cut programme spending – again like other broadcasters – over the past decade. Spending on the main channel fell in real terms from £638million in 2006 to £492 million in 2014.¹⁸² It has shifted some of its genre priorities; it no longer does much in the way of arts programming, for example. In its most recent review of public service broadcasting, Ofcom found Channel 4’s provision of content for older children (aged 10 to 14), for which it has a duty under its remit, to be “limited”, and that its approach “will not contribute to the amount of UK programme made specifically for children”¹⁸³. In its recent response to Channel 4’s statement of media policy, Ofcom returned to the issue, urging the organisation to show how its strategy was having an impact, and how it might play a greater role in providing older children with “an alternative, distinct voice to the output provided by the BBC”.¹⁸⁴ Channel 4 made just 12 hours of first-run originated programmes for older children last year, and only 16 hours in the education genre targeting young adults (those aged 14 to 19).¹⁸⁵

The growth of on-demand viewing presents Channel 4 with arguably a fiercer threat than that faced by other broadcasters because of its appeal to 16-34-year-olds, whose

viewing habits are changing fastest.¹⁸⁶ But the company has responded impressively, with more than half of 16-34-year-olds registered with the All4 on-demand service.¹⁸⁷ As linear viewing gives way to on-demand viewing, Channel 4’s EPG prominence will become a less potent advantage, putting strain on the deal whereby it meets various targets set out in its main channel’s licence.

Channel 4, independent producers, and the television ecology

Channel 4’s role as a patron of the independent television production sector has been a crucial part of its contribution to the television ecology in the UK. It created a market for independent production in the 1980s, and went way beyond its original blueprint in this respect. It was originally expected that the vast majority of its programmes would come from the ITV companies, but around 60% of commissions ahead of its launch were from the independent sector.¹⁸⁸ Today all of Channel 4’s programmes are externally produced.¹⁸⁹ It also runs a growth fund that invests in small and medium-sized independent companies.

Meanwhile, the independent production sector rapidly professionalised and went from strength to strength. What started out as

¹⁸² Ofcom, *Review of the operation of the television production sector*, 2015, p. 16.

¹⁸³ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting*, 2015, p. 13.

¹⁸⁴ Ofcom, *Response to Channel 4 Corporation’s Statement of Media Content Policy*, 2016. See the remarks by the chairman and chief executive in their covering letter, p2, and the detail on pp. 13-15.

¹⁸⁵ These figures – for the whole Channel 4 portfolio – were at least better than the 4 hours of programmes for older children and the 9 hours of education programmes broadcast in 2014. *Channel Four Television Corporation Report and Financial Statements 2015*, p. 20.

¹⁸⁶ Last year, Channel 4’s portfolio of channels had a 16.5% share among 16-34-year-olds, compared with 10.6% of the overall audience. The BBC and ITV’s share among this demographic is lower than their overall audience share; Channel 5’s is roughly the same. See *Channel Four Television Corporation Report and Financial Statements 2015*, p. 36.

¹⁸⁷ A total of 13.1m viewers (of all ages) had signed up to All4 by the end of 2015. See *Channel Four Television Corporation Report and Financial Statements 2015*, p. 10.

¹⁸⁸ Brown, *A Licence to Be Different*, pp. 50-51.

¹⁸⁹ It is not allowed to produce the programmes it broadcasts “except to such extent as Ofcom may allow”. Communications Act 2003, section 295 (1).



Only **8%** of Channel 4's total spending in 2014 was devoted to companies with revenues less than £10 million

Source: Oliver & Ohlbaum

collection of small producers has today been transformed into an industry of real scale and power. The Thatcher government admired the entrepreneurialism of the independent sector and rewarded it when the 1990 Broadcasting Act brought in a new system of production quotas for the BBC and ITV. The industry was given another major boost by the 2003 Communications Act, which greatly enhanced producers' terms of trade with broadcasters, allowing them to hold on to more of the rights to their programmes. Producers have also benefited from the expansion in demand represented by new channels, international business and video-on-demand services.

In recent years, the sector has seen significant consolidation: there are fewer producers, and some of them have got a lot bigger. The total number of producers with at least one programme broadcast by a public service channel has fallen from 442 in 2006 to 259 in 2014.¹⁹⁰ Channel 4 used only half as many suppliers in 2014 as it had done eight years earlier.¹⁹¹ In 2001, only 11 producers had revenues of more than £10 million; by 2014, 33 had producers reached that level, while 11 had UK revenues of more than £50 million (up from two in 2001) and five exceeded £100 million.¹⁹²

The largest companies are now mostly the subsidiaries of major international corporations. Seven of the top 10 producers in 2014 were foreign owned; five did not

qualify as independent for quota purposes as they were at least part-owned by broadcasters.¹⁹³ This top 10 accounted for 66% of all UK external production revenues in 2014, up from 45% in 2003 and from just 19% in 1993.¹⁹⁴ Their parent companies include some of the biggest US media groups. Endemol Shine, the biggest UK producer after the BBC and ITV, is 50%-owned by 21st Century Fox (the biggest shareholder in Sky), while Discovery and Liberty Global (the owner of Virgin Media) are the joint owners of the next biggest producer, All3Media. NBC Universal and Time Warner are also represented in the top 10.¹⁹⁵

This is no cottage industry any more, and one might question to what extent it needs any protection or further nurturing. Indeed it could be argued that we now have a far more export-oriented independent sector whose inclination is to minimise risk and work with tried and tested formats. As the independent producer Natasha Cox argued in her submission, this emphasis on profitable formats "is a cause for alarm for public service content, as increased competition and a focus on international sales is arguably stunting creative freedoms."¹⁹⁶ Enders Analysis too acknowledge that while consolidation may be especially beneficial for the 'super-indies', "there is an inherent risk that these same companies will consider how any new idea may sit with a global audience, rather than with a UK-specific audience."¹⁹⁷

¹⁹⁰ Ofcom, *Review of the operation of the television production sector*, 2015, p. 20.

¹⁹¹ *Ibid.*, p. 25. From "around 200" producers in 2006 to "around 100" in 2014.

¹⁹² *Ibid.*, data combined from p. 2, and p. 17.

¹⁹³ *Ibid.*, p. 18.

¹⁹⁴ *Ibid.*

¹⁹⁵ *Ibid.* for the full list.

¹⁹⁶ Natasha Cox, submission to the Inquiry.

¹⁹⁷ Enders Analysis, *Channel 4 market impact*, January 5, 2016.

However, in its recent review of the sector, Ofcom did not find significant problems associated with consolidation and recommended no urgent changes. It found that 88% of producers with at least one programme airing on a PSB channel were in the ‘small’ category (with revenues below £10 million)¹⁹⁸, while levels of market entry remained high, with 32% of producers new to the market in 2014¹⁹⁹. In the absence of solid evidence to the contrary, we would agree that no change is immediately necessary to the delicate regulatory balance that ensures the production sector remains competitive and open, but if consolidation continues and the number of companies able to enter the sector falls significantly, it will need further scrutiny and a more robust response from the regulator.

It is important to look at the issue from the demand side too. Channel 4 plays an extremely important part in supporting the independent production sector, commissioning more new hours of programmes from external producers than any other public service broadcaster.²⁰⁰ It spent £377 million on new programmes for its main channel in 2014, more than any other channel spent on external suppliers.²⁰¹ Yet despite the launch of its Indie Growth Fund in 2014 to provide seed funding for small indies, Channel 4 is not actually the strongest patron of the smaller companies. Only 8% of its total spending in 2014 was devoted to companies

with revenues less than £10 million, lower than the BBC (15% of its external commissioning spend), Channel 5 (21%) and all other channels combined (31%).²⁰² Channel 4’s spend on new commissions as opposed to returning series, in effect a measure of its support for new ideas, accounted for only 33% of its spend, again lower than the BBC, Channel 5 and the multichannel services.²⁰³ Perhaps, most worryingly of all, given its crucial role in nurturing the indie sector, Channel 4 worked with 295 companies in 2015, down from 311 in 2005 and 527 in 1995,²⁰⁴ a trend that we would like to see reversed.

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“CHANNEL 4 PLAYS AN EXTREMELY IMPORTANT PART IN SUPPORTING THE INDEPENDENT PRODUCTION SECTOR”

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¹⁹⁸ Ofcom, *Review of the operation of the television production sector*, 2015, pp. 24-25.

¹⁹⁹ *Ibid.*, p. 19.

²⁰⁰ *Ibid.*, p. 15.

²⁰¹ See the table in Ofcom, *Response to Channel 4 Corporation’s Statement of Media Content Policy*, 2016, p. 9. Across all its channels, the BBC spent £409m on external suppliers, with BBC One accounting for £217m, BBC Two for £117m, and the other portfolio channels £75m.

²⁰² It did, however, do better in this regard than ITV, which allocated just 1% of its external commissioning spend to producers with revenues of less than £10m. NB Channel 4’s figures include S4C. *Independent Production Sector Financial Census and Survey 2015*, Oliver & Ohlbaum Associates for Pact, 2015, p. 16.

²⁰³ *Ibid.*, p. 17. The BBC allocated 46% of its external commission spend on new commissions, Channel 5 38% and others 36%. ITV again lagged behind the rest, with just 15%, while Channel 4’s figures again included S4C.

²⁰⁴ Sourced from Channel 4 *Annual Reports*.

Privatisation: a solution in search of a problem

The spectre of privatisation has returned to haunt Channel 4. The idea that Channel 4 might be sold off resurfaced in September 2015²⁰⁵ and there has been persistent briefing to the media along these lines, with very little clarification from the government as to substantive policy. The most recent press stories have suggested that full privatisation is now off the agenda but that Channel 4 might have to sell a stake to a ‘strategic partner’ such as BT or that it might have to pay a dividend to the Treasury.²⁰⁶ Such ongoing speculation is clearly not healthy for the organisation.

Privatisation is not a new threat: just a few years after her government presided over Channel 4’s launch, Margaret Thatcher wanted to privatise it²⁰⁷, and the Major government’s scheme to do so in 1996 was headed off only by intervention at the highest level²⁰⁸. The threat may always be there – although the stakes for any government seeking to change its status would be high.²⁰⁹ Channel 4 has not always helped itself: sometimes its programmes have seemed too commercial, allowing its critics to argue that it might as well be privatised, while at other times it has argued that it needs public support to keep going, which might prompt

the conclusion that it would be better off as a fully commercial entity. At the present time, however, it is making no pleas of poverty – it had its highest ever revenues in 2015 – and strongly defends its constitutional arrangements.

We believe it is right to do so. The few proponents of privatisation have not been able to argue convincingly that such a course of action would be good for viewers, programme makers, or even advertisers. The only beneficiary, at least in the short term, is likely to be the Treasury, which would pocket a one-off windfall from a sale. A study commissioned by Channel 4, which pointed out the many downsides to privatisation, found it would not even raise that much money: a maximum of £400-£500 million unless its remit were diluted.²¹⁰ Enders talk of a higher figure, between £1-£1.5 billion though this would still amount to a “drop in the ocean with regard to net debt reduction”.²¹¹

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“THE THREAT MAY ALWAYS BE THERE - ALTHOUGH THE STAKES FOR ANY GOVERNMENT SEEKING TO CHANGE ITS STATUS WOULD BE HIGH”

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²⁰⁵ See for example Jane Martinson, ‘Government may privatise Channel 4, document reveals’, the Guardian, September 24, 2015.

²⁰⁶ Christopher Williams, Patrick Foster, and Christopher Hope, ‘Channel 4 escapes privatisation after Downing Street intervention’, *Daily Telegraph*, May 10, 2016.

²⁰⁷ Margaret Thatcher, *The Downing Street Years*, London: HarperCollins, 1993, p. 636.

²⁰⁸ Channel 4’s then chairman, Sir Michael Bishop, wrote directly to John Major to argue against privatisation, drawing on his close links with the Conservative party. For a full account, see Brown, *A Licence to Be Different*, pp. 192-202.

²⁰⁹ Channel 4’s chief executive, David Abraham, told us that he had received legal advice that a parliamentary bill would be required for privatisation to take effect. Inquiry event on Channel 4, March 14, 2016.

²¹⁰ Patrick Barwise and Gillian Brooks, *The Consequences of Privatising Channel 4*, 2016.

²¹¹ Enders Analysis, *Channel 4: sustainability and privatisation*, December 18, 2015.

It might be argued that Channel 4's remit and public service credentials could be preserved under private ownership. But even if a sale tied the buyer to certain regulatory requirements, it would necessarily change Channel 4; a private sector mentality would creep into the organisation. No one is likely to buy it without wanting to make a profit; and regulatory requirements can always be gamed. The way in which ITV has won concessions to its regulatory burden should serve as an example (see Chapter 6).

Channel 4's chief executive, David Abraham, told a parliamentary event organised by this Inquiry that, based on his experience of having worked for seven years at the US network Discovery, any commercial buyer of Channel 4 would make changes to maximise profits. He set out what he would do if he were in charge of such a process:

The quickest way to do that [maximise profits] would be to make the way which I've spent the money much more efficient and in order to do that I would work with far fewer companies, I would pursue far more entertainment programming, I would cut the news, I would cut all of the films, I would do barely any comedy because it's very uneconomic, I would probably not do as much original drama... I've lived in both worlds and I can tell you that these are two very binary, different ways of operating. I wouldn't

be as relaxed, and I think that you would drive inextricably towards Channel 4 being like Channel 5, somewhere between Channel 5 and ITV. I don't think that would suit the advertisers of this country who like the fact that we appeal to lighter, more upmarket viewers than the other channels because we are doing something different.²¹²

He also argued that the editorial freedom of fully commercial channels was constrained:

I know from direct personal experience that when you're running commercially funded channels there are places that you do not go... In America shows are cancelled, people get fired... We have a different approach in this country, which I'm very proud to be associated with, and it is not one where the shareholder interest is the primary, dominant factor in editorial decision making. I do think that those effects would be fairly immediate, I would get phone calls to say they'd rather we cancel this investigation into some corporation or into some powerful politician because it will be very convenient. And it is inconvenient but it is part of public life in Britain that we permit organisations like Channel 4 to behave in this way.²¹³

We find his arguments persuasive on both counts.

²¹² Inquiry event on Channel 4, Palace of Westminster, March 14, 2016.

²¹³ Ibid.

Even if the threat of full privatisation has receded, it is still the case that some kind of privatisation-lite would not be good for Channel 4. If it were to be part-privatised, that could prove to be a stepping stone to a full sale. We are at a loss as to why it should service the interests of another organisation, especially a profit-seeking company. If it were to be made to pay a dividend to the Treasury, where would that money go? Such an arrangement would in any case endanger Channel 4's independence and encourage it to become more commercial - in order to generate a surplus to meet the payments.

Channel 4 cannot be protected indefinitely from the whims of democratically elected governments, unless there is a fundamental change to its status, such as the 'mutualisation' proposed by its former chairman Lord Burns.²¹⁴ We believe that the status quo has the advantage of keeping Channel 4 as a public asset rather than one turned over to other stakeholders, for example independent producers. The current structure is admirably straightforward and gives Channel 4 a clarity of purpose: it is owned by the public and serves the public interest but costs the taxpayer nothing. Its commercial revenues must cover its costs, but there are no shareholders or specially privileged stakeholders to satisfy.

It is crucial that the government clarifies its views on the future on Channel 4. We believe it should set out unambiguously that Channel 4 will remain in public hands for the foreseeable future.

The future of Channel 4

We do not believe the Channel 4 model is broken. But even if Channel 4 avoids privatisation, it cannot be complacent about the future. As we have outlined above, it has faced challenges in recent years that could ultimately represent a threat to its ability to provide public service television.

We hope that audience share will level off and not dip below 10% across the portfolio now that digital switchover has been completed. Audience share is crucial to advertising revenues, and it is important that Channel 4 retains the freedom to broadcast commercially successful programmes that will keep those revenues coming in. At the same time, it must look to expand its provision in some genres, giving particular attention to its duty to older children, which it is failing to meet at present.

The speed at which Channel 4's audiences migrate to online, on-demand viewing and the associated dilution of the benefit of EPG prominence - a point Channel 4 has raised with us²¹⁵ - will be a crucial factor in the coming years. Ofcom has put forward suggestions about changing the regulatory model to head off this looming threat.²¹⁶ It is worth considering simplifying this model so that full public service status is shared across Channel 4's services and not just accorded to its main channel. This could make it easier to find a way of getting Channel 4 to do more for older children and young adults.

²¹⁴ Jane Martinson, 'Channel 4 chairman to step down as ministers consider privatisation plans', *Guardian*, September 28, 2015.

²¹⁵ Channel 4, submission to the Inquiry.

²¹⁶ Ofcom, *PSB in the Internet Age*, p. 31.

As we will argue in the following chapter with reference to ITV and Channel 5, a new deal on EPG prominence that takes account of changing user interfaces is likely to be necessary too. Certainly, if Channel 4's full portfolio of channels is to be given public service status, they should all benefit from EPG prominence in today's linear world, and, together with All4, continue to enjoy that prominence as interfaces evolve. In return, Channel 4 would be expected to provide more content of a demonstrably public service character both in relation to its existing broadcast output and to digital output that is likely to be popular with younger audiences.

In the meantime, we believe that the channel needs to complement its more commercial instincts and imperatives with a continuing commitment to take risks and to target minority audiences with the imagination and energy that it displayed in its early years. Lenny Henry told us that "Channel 4 had a remit when it began to represent voices from the margins and, I don't know about you, but it seems to me that they've drifted away from that...We had *Desmonds* and things but I hope that there are more programmes like *Chewing Gum* and all kind of things coming up."²¹⁷ Channel 4's strongest defence against the threat of a takeover is not simply its continuing financial sustainability but the loyalty that it continues to command across a range of constituencies and cultures – a loyalty, however, that it can not afford to take for granted.

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“THE SPEED AT WHICH CHANNEL 4’S AUDIENCES MIGRATE TO ONLINE, ON-DEMAND VIEWING AND THE ASSOCIATED DILUTION OF THE BENEFIT OF EPG PROMINENCE – A POINT CHANNEL 4 HAS RAISED WITH US – WILL BE A CRUCIAL FACTOR IN THE COMING YEARS.”

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²¹⁷ Comments to Inquiry event, 'Are you being heard?', 22 March, 2016, Goldsmiths, University of London.

CHAPTER SIX

ITV AND CHANNEL 5



ITV and Channel 5

The focus of attention in broadcasting policy debates in recent years has remained almost exclusively on the BBC and Channel 4. The position of the UK's two other public service broadcasters has been overlooked as a result.

But we believe it is crucial that the role played by ITV and Channel 5 in the television ecology is examined as we consider the future of public service television. As broadcasters with broadly similar models – free-to-air commercial operators funded principally by advertising revenue – it seems appropriate to consider them alongside each other. We believe both should remain part of the public service television ecology but that they have been contributing less to it than they might have. Here we examine how each of them is faring as a public service broadcaster and how their public service credentials could be strengthened.

ITV: a period of transformation

As we saw in Chapter 1, ITV was founded in 1955 with public service written into the licences under which its regional franchise holders were obliged to operate. The franchise award process and the regulatory system were designed to uphold high quality in ITV's output; for franchise holders, this was the price to be paid to enjoy their lucrative regional advertising monopolies. Much of the UK's best public service television was produced as a result. In ITV's early years, ITN innovated in news coverage. Later,

in the 1970s and 1980s, the ITV network developed a formidable reputation for current affairs, with weekly flagships such as LWT's *Weekend World*, Granada's *World in Action* and Thames's *This Week*. ITV produced documentary landmarks such as *The World at War*, while its drama output was famed for the likes of *Brideshead Revisited* and *The Jewel in the Crown*. There was much populist programming too, of course, which guaranteed the advertising revenues that paid for the explicitly 'public service' type programmes.

Two major factors have transformed ITV over the past 25 years: the 1990 Broadcasting Act and the multichannel revolution described in Chapter 3. The effect of both has been to put great strain on ITV's ability and willingness to produce and broadcast public service television, as well as the capacity of the regulator to achieve a desirable outcome for the public. We believe that ITV's credentials as a public service broadcaster have been significantly diminished over this time and are in danger of disappearing in the future without a meaningful effort to redefine what public service television means in relation to ITV.

The 1990 Broadcasting Act allowed for the Channel 3 licences to be awarded to the highest bidder rather than on strict criteria of merit determined by the regulator. This was a significant change that affected the whole ethos of the ITV network. It meant that companies that had paid large amounts of money to acquire licences were under pressure to get their money back, which intensified their commercial focus. The act also paved the way for the various companies

operating the ITV licences to merge. A series of takeovers brought the entire ITV network in England and Wales into the hands of just two companies, Carlton and Granada, who then merged to create a single ITV plc in 2004. Since then, ITV has taken full control of the breakfast franchise GMTV, and acquired Channel Television and the TV assets of UTV.²¹⁸ This process has homogenised the ITV network and put an end to the competition between ITV companies that had helped to drive up its quality of output.

ITV today is an unambiguously national operation, whereas before it was a network of regional businesses. Its commitment to regional programming has been significantly reduced with the agreement of Ofcom. In fact the company now styles itself as an increasingly global business, having bought a number of internationally focused production companies and developed its international formatting and distribution business. It presents a thoroughly corporate face to the City, and it is widely expected that a foreign buyer, probably a US media giant, will seek to buy it one day. It is also seen as a far stronger business today than it was 10 years ago, when it was the subject of takeover bids from a private equity consortium and the cable group NTL.²¹⁹ It successfully fended off both approaches, and its share price has improved enormously in recent years. It announced adjusted profits of £843 million in 2015 – up from just £108 million in 2009²²⁰ – and has proposed a special dividend of £400 million²²¹, on top of £1.1 billion returned to shareholders since 2011²²².

ITV's transition from a federation of regional franchises to a representative of modern corporate Britain has coincided with an explosion in the number of TV channels and the rapid growth in on-demand viewing. Its core business model was hit hard by the multichannel revolution: as noted in Chapter 3, the audience share of its main channel shrank from 44% in 1990 to just 15% in 2014, although this decline was considerably worse than those recorded by the other three legacy channels. BBC One's audience share fell from 37% to 22% over the same period (BBC One overtook ITV to become the UK's favourite channel in 2002), BBC Two fell from 10% to 6%, while Channel 4 slipped from 9% to 5%.²²³ ITV must accept that it was not simply a passive victim of the transition to multichannel, but that its declining popularity was in no small measure a result of its own choices.

This precipitous decline in the main channel's audience has in turn put pressure on the advertising rates it can charge.²²⁴ ITV today faces competition from scores of other TV broadcasters as well as from online advertising. However, as already noted in Chapter 3, the TV advertising market has held up well as a whole in recent years, and ITV has retained a considerable advantage as the only broadcaster able to deliver advertisers regular audiences of real scale. Last year it delivered 98% of all commercial audiences of more than 5 million viewers.²²⁵ It has compensated for the decline in audience at its main channel by launching a family of

²¹⁸ The only third channel franchises not owned by ITV are the two in Scotland, which continue to be owned by STV.

²¹⁹ It also faced problems implementing the merger between Carlton and Granada at a time when some in the City were still angry about the disastrous collapse of the ITV Digital platform in 2002.

²²⁰ *ITV plc Annual Report and Accounts 2015*, p. 2.

²²¹ *Ibid.*, p. 15.

²²² *Ibid.*, p. 5.

²²³ Ofcom, *Communications Market Report 2015*, p. 192.

²²⁴ The contract rights renewal system that was agreed as part of the Carlton-Granada merger also placed downward pressure on advertising rates.

²²⁵ *ITV plc Annual Report and Accounts 2015*, p. 8.

channels, developing new kinds of advertising revenues such as sponsorship, and selling advertising on its on-demand service, the ITV Hub. It has also reduced its reliance on advertising, by building its production capacity, developing a distribution business, and even venturing into pay TV with the Sky-only channel ITV Encore. Revenues from sources other than net advertising – i.e. traditional spot advertising – accounted for 49% of total revenue last year, up from 40% in 2009.²²⁶

In its efforts to become a more efficient organisation, it has also reduced costs, shifting its spending away from comedy and drama, despite high-profile recent successes such as *Downton Abbey*, towards the cheaper genre of factual. It reduced its hours of drama output by 65% between 2008 and 2014.²²⁷ It has effectively abandoned arts programming – *The South Bank Show* being a notable casualty – and heavily reduced its commitment to children’s television following the ban on junk food advertising. ITV’s ability to make these choices has been facilitated by legislation and regulation.

The decline of ITV as a public service broadcaster

Until relatively recently, ITV’s great asset was its access to the scarce analogue spectrum on which the third channel was broadcast. In return, the ITV franchise holders were required to make payments to the Treasury

– first through levies on their profits, and then, from 1993, through licence fees – and to shoulder the cost of providing public service television. Not so long ago, these licence fees were substantial: in 2004, ITV was still paying the Treasury £215 million for its licences. Ofcom changed the formula for calculating these fees in 2005, leading to a substantial reduction to less than £80 million that year, and altered it again in 2010 to reflect the declining value of analogue spectrum during the switchover process.²²⁸ Following a final adjustment in time for the new 2015 licence, ITV now pays just £140,000 in licence fees – a nominal £10,000 for each of its licences.²²⁹ Ofcom determined that no hypothetical rival would be prepared to pay for ITV’s licences and take on the cost of its remaining public service obligations in return for the remaining benefits associated with the licences.²³⁰

Over the same period, the amount of specifically mandated public service television content required of ITV has declined significantly. The 1990 Broadcasting Act retained a genre-based system of regulation, with detailed quotas for the ITV franchise holders to fulfil. In the licences that took effect in 1993, the then regulator, the Independent Television Commission, stipulated weekly averages covering nine specified genres in both national (‘non-regional’) and regional programming: drama, entertainment, sport, news, factual, education, religion, arts, and children’s. The exact figures varied considerably between

²²⁶ Ibid., p. 33.

²²⁷ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting*, 2015, p. 12.

²²⁸ The figures of £215m and £80m are reported in Stephen Brook, ‘Ofcom slashes ITV licence fee’, the *Guardian*, June 29, 2005.

For full details of the pre-2005, 2005-09 and 2010-14 terms, see the Ofcom document *Determination of financial terms for the Channel 3 and Channel 5 licences*, February 11, 2014, Table 2. The fees were made up of a fixed cash sum plus a set proportion of ‘qualifying revenues’ for each licence. The qualifying revenues applied only to advertising and sponsorship revenues attributable to analogue households, the number of which decreased to zero by 2012.

²²⁹ Determination of financial terms for the Channel 3 and Channel 5 licences, Ofcom, February 11, 2014, Table 3.

²³⁰ Ibid., under the sub-heading ‘Determination of financial terms for the renewed licence period’.

franchises, reflecting regional differences, but there were some general patterns: for example, the ITV companies had to devote an average of roughly 50 hours a week to drama (including single plays, series, serials, films and miniseries). National news was to account for about 12 to 14 hours, with regional news making up between 4 and 7 hours. All told, regional programming could account for more than 15 hours a week.²³¹

The 2003 Communications Act largely dispensed with this highly prescriptive approach, preferring that provision of genre programming should be the result of what the public service channels did “taken together”.²³² The only remaining quotas for ITV, as set out in the Channel 3 licences that took effect in 2004, covered news, current affairs, regional TV, origination, and production. Specifically, ITV was required to produce 365 hours of national and international news a year (125 in peak) – ie 7 hours a week, a significant reduction on the 1993 licences. It had to produce 78 hours of current affairs (35 in peak), or an hour and a half a week. The quota for regional news in England was standardised at 5 hours and 30 minutes a week, with an additional three hours devoted to regional programmes (26 minutes on current affairs, 2 hours and 34 minutes on ‘other’), a total of 8 hours and 30 minutes.²³³

The shift away from the genre-based approach has allowed ITV to cut back or even virtually abandon certain types of

programming, as Ofcom’s most recent review of public service broadcasting found.²³⁴ The 1993 licences required ITV to broadcast between 11 and 14 hours of children’s programmes a week, perhaps two or three hours of arts programming, and two hours devoted to religion. Now it does very little in these genres. ITV knows that because the BBC is continuing to produce these kinds of programmes, the requirements of the Communications Act for genre provision “taken together” will be met.

As well as cutting back where it was not constrained by regulation, ITV has also put much energy into winning concessions to the regulation put in place by the Communications Act. It has been highly successful in this regard. By the time of the renewal of the Channel 3 licences in 2015, ITV still had to produce an average of 365 hours of national and international news a year, but its annual quota on current affairs had been reduced to just 43 hours, down from 78 in 2004 – though 35 of these still had to be in peak.²³⁵

The reduction in regional programming has been the most striking trend. Today, ITV has to produce just 2 hours and 15 minutes a week on regional news – and 15 minutes of regional non-news content – across the English regions.²³⁶ The total amount of regional programming has thus come down from 8 hours 30 minutes to 2 hours 30 minutes over the course of a decade. This is a remarkable development for a company

²³¹ These figures are derived from an analysis of the Channel 3 licences agreed in 1991 by the ITC, which until April 2016 were available on the Ofcom website.

²³² Communications Act 2003, section 264 (6).

²³³ Border, a relatively sparsely populated region straddling England and Scotland, had to air just 5 hours and 38 minutes a week of regional programming in total, 4 hours of that on news. Grampian in the north Scotland also had a total lower than the English average: 7 hours, of which 5 hours and 30 minutes should be news. But HTV in Wales had to air 10 hours in total (5 hours and 30 minutes of news), while Scottish TV was required to broadcast even more regional programming: a total of 12 hours (7 hours and 56 minutes of news). All figures contained in the 2004 licences which until April 2016 were available on the Ofcom website.

that started out as a regional network, but perhaps unsurprising given that it is now a single entity with a management sitting in London.

At one point ITV threatened to walk away from making regional news, and Ofcom proposed that its regional news be taken over by independently funded news consortia (to be paid for out of the BBC licence fee). This idea, hatched towards the end of the last Labour government, was abandoned by the coalition government in 2010, in favour of developing local news across the UK, an evolving experiment that we examine in Chapter 8. ITV remains in charge of its regional news provision.

In the field of national news, ITV has fallen much further behind the BBC. Much of the fault lies with the decision to axe its flagship *News at Ten* in 1999, which led to the BBC moving its main nightly bulletin into the 10pm slot. This led to the notorious ‘News at When?’ period, followed by the ITV evening news bulletin’s move to the 10.30pm slot. *News at Ten* was restored to its original slot in 2008. The ITV bulletin retains authority and has had an interesting makeover in recent months, but in viewing terms ITV news as a whole has suffered. ITV still had a 27% share of TV news viewing in 2006, but accounted for just 13% in 2014, while the BBC’s share has risen from 60% to 77% over the same period.²³⁷

There was nothing irrational about ITV’s decision to reduce spend on certain ‘public service’ genres and its efforts to get its remaining quotas reduced. It is after all a listed company accountable to its shareholders and seeks to maximise profits for them. Like many other companies it has been cutting costs against a backdrop of increasing competition in commercial TV and some turbulent times in the advertising market (not least in 2008-09). Indeed it sometimes seemed to be facing a serious threat to its business model, whereas now it is flourishing commercially.

It is also important to acknowledge that ITV continues to invest more than any other broadcaster, apart from the BBC, in original UK content and that this, in itself, is a very important contribution to the overall public service television ecology. Without ITV’s investment in drama and entertainment, the overall landscape would be dominated by a BBC that faced much less home-grown competition. This is not a contribution to be underestimated.

We believe that it is legitimate to question the depth of ITV’s commitment to public service television today. ITV itself does not make much of it: there is no reference to ‘public service’ or to news and current affairs in ITV’s most recent annual report, which focuses instead on drama, entertainment and factual entertainment as the genres that produce “programmes that return and travel internationally”.²³⁸

²³⁴ Ofcom, *PSB in the Internet Age*, 2015, p. 4.

²³⁵ See the licences on the Ofcom website.

²³⁶ *Ibid.* ITV can now fold the non-news part of the requirement into news programmes. The picture is again different outside England. In Scotland, Wales and Northern Ireland, STV or ITV has to broadcast an average of 4 hours of regional news a week, with another hour and a half – or two hours in the case of Northern Ireland – of non-news programmes. Border also has different arrangements.

²³⁷ The figures are taken from two separate Ofcom reports: *New news, future news*, 2007, p. 18; and *News consumption in the UK 2015*, 2015, p. 22.

²³⁸ *ITV plc Annual Report and Accounts 2015*, p. 16. There is passing reference to “legislative and regulatory requirements” on p. 17.

We recognise that ITV continues to produce high quality news coverage and some worthwhile current affairs, notably in the Exposure strand, as well as an impressive, albeit diminished, roster of drama. However, it has all but exited some key genres, reduced its spending and commitment to public service overall, and, mindful of the need to retain popular appeal in programming, has allowed a certain amount of 'dumbing down' to take effect, with celebrity-fronted documentaries and a more consumer-led approach to current affairs (see Chapter 10 for a further discussion on current affairs). Without a fresh discussion of its role as a public service broadcaster, it could lobby for further dilution of its commitments to the point whereby it ceased to be a public service broadcaster in any meaningful sense. It is now more than a decade since Ofcom published its first public service broadcasting review that accepted the case that ITV's PSB contribution would change and reduce over time.²³⁹ We believe that, given the changes to the market since then and the importance of finding ways of sustaining the overall public service ecology, it is time to look again at the role ITV could play in the future.

A new deal for ITV

The original deal under which ITV produced public service broadcasting was simple: its franchise holders enjoyed advertising monopolies so were required to make public service television in return. They were held to account by regulators who were able to monitor the quality of their output properly. Today, as a result of the multichannel

revolution and digital switchover, the deal is less clear cut. It is important to recognise that ITV's great asset in the past – its access to scarce analogue spectrum – has now disappeared. It is because of this that it no longer has to pay anything other than nominal licence fees and has to do much less public service television than before.

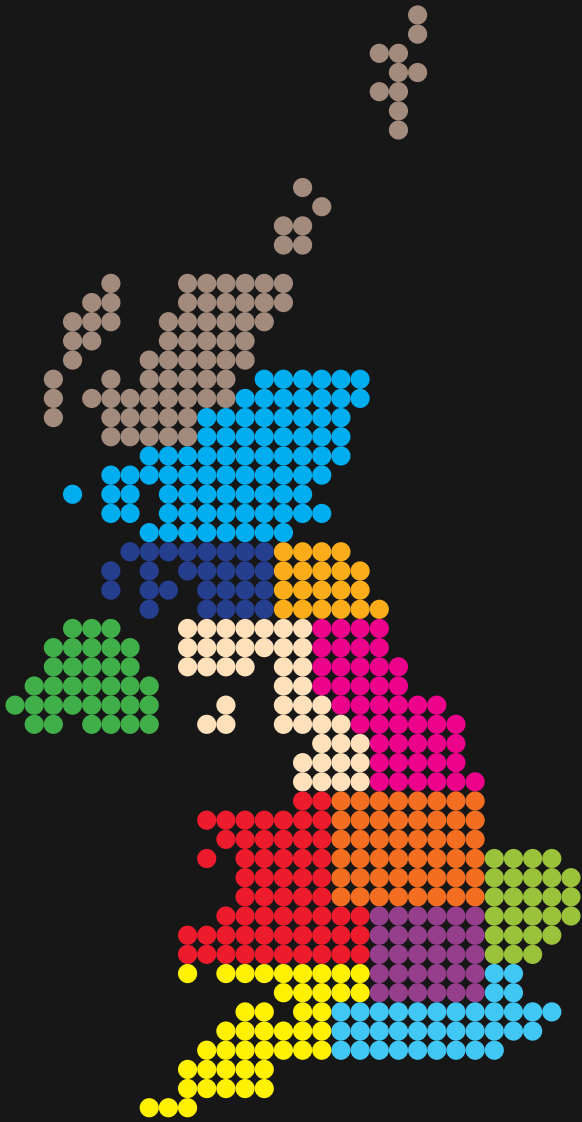
But ITV retains two key advantages today: its right to 'appropriate prominence' on electronic programme guides and its reserved capacity on the digital terrestrial TV platform, where its channels enjoy a disproportionately high level of exposure.²⁴⁰ Gauging just how important these advantages are is crucial to any attempt to set criteria for ITV's public service commitments in the future. Many argue credibly that EPG prominence remains very beneficial to ITV at least in a world where the majority of viewing remains linear, in continuing to reinforce the traditional prominence ITV has had in public culture and the national conversation. Arguably, the benefit that ITV has derived and continues to derive from it has been underestimated; it is highly unlikely at this point in time that ITV would choose to walk away from its third channel status.

This is not to say that ITV does not face challenges. While the benefit of EPG prominence remains considerable for now, there is a growing threat to its viability. At some stage in the future, Internet Protocol television (IPTV) will become the norm effectively ending the benefits associated with EPG prominence for broadcasters such as ITV. Even in the short term, the development of new interfaces on some TV sets and other viewing platforms, where

²³⁹ Ofcom, *Ofcom review of public service television broadcasting*, 2004.

²⁴⁰ ITV's operates a multiplex on Freeview through its subsidiary SDN and all of ITV's channels apart from ITV Encore are found there; ITV2 is at channel 6 and ITV3 at channel 10. The digital terrestrial platform accounts for the highest share of viewing hours of any platform – 44.3% of the total in 2014, ahead of 40.5% for satellite and 14.6% for cable. ITV's main channel enjoys a better share on terrestrial TV than on satellite or cable – 15.5% in 2014, compared with 13.6% on satellite. See Ofcom, *CMR 2015*, p. 195.

The changing face of ITV



1993-2002



2016

- | | |
|---------------|----------------|
| ■ Grampian TV | ■ Central |
| ■ Scottish TV | ■ Anglia |
| ■ Border TV | ■ HTV |
| ■ UTV | ■ West Country |
| ■ Tyne Tees | ■ Carlton LWT |
| ■ Yorkshire | ■ Meridian |
| ■ Granada | |

- | | |
|-------|-------|
| ■ STV | ■ ITV |
|-------|-------|

content is not primarily arranged by channels, means that EPG prominence is already losing its value for PSBs. This was rightly flagged up as a risk factor by ITV in its submission to us where it drew our attention to the Netflix button on many new TV sets and the way in which the home screens from the likes of Sky and Samsung are “increasingly driven by on-demand content access, clearly reducing the prominence of linear television services.”²⁴¹ Another issue taken up by ITV relates to retransmission fees; this is a highly complicated debate but the basic argument is that ITV and other public service broadcasters should be paid for the channels that they currently make available to pay platforms such as Sky for free. ITV believes that the value it provides to these platforms is not recognised under the current arrangements; it also says it benefits less from its exposure on pay platforms than on free-to-air services as pay audiences extensively time-shift their viewing and then skip the advertisements.²⁴²

Given these factors, and that more than a decade has passed since Ofcom’s last full review, we believe that it is time for a major examination of ITV’s future role as a public service broadcaster, and of the mechanisms available to secure that role. We believe there should be a new deal for ITV by which its commitment to public service television is boosted in return for meaningful protection on EPG and on-demand prominence for the foreseeable future and action from the government to allow ITV to charge some kind of retransmission fees. EPG prominence could potentially be extended to ITV’s other,

‘non-PSB’ channels. How this would work in practice will require careful thought; but ITV should be guaranteed some kind of front-page billing on TV content portals. In return, ITV would be required by regulation – as set out in new versions of the Channel 3 licences – to up its game in public service content. We see two areas where this should apply: regional TV and current affairs programming. It would be for ITV to decide how best to meet the creative challenge posed by its increased commitments and we set out some suggestions below. We suggest that the emphasis be placed on greater quality in both cases alongside modest increases in quantity.

Regional television

ITV was built as a regional network and retains support and goodwill as a regional broadcaster. It makes sense for it to build on its regional heritage, and we believe this may prove to be commercially valuable in the long term as it strengthens its relationship with viewers. It should not be left to the BBC to provide regional television. We note also that regional newspaper journalism has been under great pressure in recent years and that the need for regional representation has arguably grown in the light of devolutionary developments across the UK. A democratic deficit has emerged whereby local voices are no longer heard and political accountability is being lost. Local TV (see Chapter 7) does not represent a meaningful substitute for regional TV and its coverage is patchy in any case.

Among the proposals that could be considered is that ITV should be mandated by regulation to do more regional non-news

²⁴¹ ITV, submission to the Inquiry.

²⁴² See ITV’s presentation to the Westminster Media Forum in June 2015, which also contains an image of a Sky advertisement promoting the benefits of its personal video recorder and featuring the names of two ITV dramas.

programming – to do 30 minutes rather than 15 minutes a week as now. This could, for example, translate to two hour-long programmes to be shown each month. The first might take the form of a current affairs discussion show, allowing viewers to hear from, for example, local MPs, council leaders, civil society organisations and other local representatives. The second might be a journalism-led magazine show, with serious analysis of local political affairs as well as features covering matters of local interest, or an investigative current affairs series along the lines of UTV's *Insight* which was cancelled in 2009 and that left "BBC NI as the sole provider of such programmes at a time when the region has been dogged by governance and financial scandals."²⁴³ Between them, these new programmes could hugely invigorate local reporting and democratic accountability. We do not believe they would need to be transmitted in peak, but they should be made available on the ITV Hub and displayed prominently there. On-demand viewing allows important programmes like these to remain available for longer and to be seen by viewers outside specific regions who may nevertheless be interested in that region or particular issues. These are just suggestions, of course, and we would leave it to ITV to come up with its own response to any increased regulatory burden.

Current affairs

At the moment ITV is required to produce 43 hours of current affairs a year, less than an hour a week. This quota is met by *Tonight*, *The Agenda with Tom Bradby*, and the new *Peston on Sunday*, as well as the *Exposure*

and *On Assignment* strands. These are not negligible programmes, especially *Exposure*, but in scale and ambition they do not always live up to the best of ITV's traditions and they do not as a whole adequately meet the full needs of the British viewing public. We believe that the current quota is feeble and propose that ITV should have to devote more of its airtime to current affairs – a return to the 90 minutes a week stipulated by the 2004 licences seems reasonable. We also believe it should repurpose its output. For example, ITV could develop a hour-long weekly flagship along the lines of the old *World in Action*. This could conduct full-length investigations or sometimes adopt a magazine format, allowing for the coverage of arts, science and religion, topics that have essentially been abandoned by ITV. There is a great opportunity here to reinvent current affairs TV for the 21st century, while building on the best of ITV's traditions. This would have the additional benefit of raising the game of other broadcasters, not least the BBC, by restoring the competition for quality that was a hallmark of the public service television world of the 1970s and 1980s. Again, this is just a suggestion but one to which we believe any future review of ITV should give close attention.

When ITV does this kind of hard-hitting television even now, it wins plaudits and improves its reputation among viewers who do not necessarily watch its other output. The award-winning *Exposure* documentary on Jimmy Savile in 2012 is a powerful example. It may cost money to produce high quality current affairs television, but it is an

²⁴³ Dr Ken Griffin, submission to the Inquiry. Note that in Northern Ireland, ITV (now the owner of UTV) still has to broadcast much more regional non-news programming than in the English regions: two hours per week (against 15 minutes in the English regions), of which 33 minutes must be current affairs. See the UTV licence.

investment in a company's brand and its future. ITV cannot plead poverty when it has just racked up annual profits of £843m and is handing £400m to shareholders in a special dividend.

We believe that programme quality is crucial here, and that it needs to be audited. The way that regulation has developed has taken us away from subjective assessments of quality. Ofcom can measure whether ITV is meeting the requirements of its licences by totting up programme hours, but it is not required to decide whether *The Agenda*, for example, is a sufficiently high quality programme in terms of the depth of its analysis, the diversity of its contributors and the ambition of its approach. We believe that a more subjective approach to assessment, similar to what was practised before the 1990 Broadcasting Act, could be reintroduced to the regulatory system. The 2003 Communications Act may require ITV to provide a range of "high quality and diverse" programming²⁴⁴, but this is not meaningfully enforced. Ofcom needs to be empowered to make a qualitative audit of public service programmes. This should apply to news, current affairs and to regional television. It will not be easy to bring into effect, as much expertise has been lost since the move to quantitative regulation.

ITV might say that it would walk away from its commitments if it were forced into a new deal that it argued was too onerous. We doubt this: the value of EPG prominence, if protected by new regulation to take account of changing technology, remains considerable. Would ITV willingly jettison

this? We believe there are benefits to ITV from remaining a public service broadcaster that may not be easy to quantify on a balance sheet but which will help to keep it at the centre of British public life.

Channel 5

Channel 5 plays a much less significant role in the public service television ecology than ITV. It is a much smaller player: its main channel has never had an audience share above 7%²⁴⁵, and its family of channels has a combined audience that is less than Sky's.²⁴⁶ Since it has been broadcasting for less than 20 years, and launched as the multichannel revolution was already gathering ground, it lacks the rich history and cultural prominence that has put ITV at the heart of British television both commercially and, historically, in terms of public service.

Nevertheless, it is designated as a public service broadcaster in legislation and has similar regulated commitments to broadcast certain amounts of news and current affairs and to meet quotas on origination and production (an important difference is that it has no regional programming commitments). Like ITV, Channel 5 has been held to these commitments as part of a deal to reflect certain privileges: the value of its analogue spectrum, and since digital switchover, its prominence on the EPG and reserved capacity on the digital terrestrial platform. Like ITV, it no longer has to pay licence fees of any significance, reflecting the declining value of those broadcasting privileges.²⁴⁷

²⁴⁴ Communications Act 2003, section 265.

²⁴⁵ Ofcom, *CMR 2015*, p. 192. Channel 5 started out in with an audience share of 2% in its launch year, 1997; this rose to 7% by 2004, and then declined steadily to reach 4% by 2014.

²⁴⁶ *Ibid.*, p. 198. In 2014, Channel 5's family of channels had a combined share of 5.9%, compared with Sky's 8.2%.

²⁴⁷ Ofcom, *Determination of financial terms for the Channel 3 and Channel 5 licences*, February 11, 2014, Tables 2 and 3.

Channel 5's owner Viacom says it wants the channel to remain part of the UK's public service broadcasting system. In its submission to us, it pointed out that Channel 5 exceeds its commitment to original programming and in fact makes a voluntary commitment to children's programming, with an early morning strand of mostly animated content aimed at young children.²⁴⁸

However, Channel 5 is not widely acknowledged for its contribution to public service television. Indeed, Ofcom-commissioned research reported: "Participants of all ages expressed some surprise that Channel 5 had public service obligations."²⁴⁹ We can see why viewers felt that way. Channel Five's schedule is best known for US dramas, Australian soaps and *Big Brother*, with a lot of documentaries about the benefits system (although we note that a channel rebrand has been announced). It does, however, broadcast more hours of current affairs than ITV (its licence requires 130 hours a year, but only 10 of those in peak²⁵⁰).

We do not view Channel 5 as such an important part of the public service television ecology as the BBC, Channel 4 or ITV. However, we would like Channel 5 to remain part of it, and propose that the regulatory commitments currently imposed on it should be maintained, with one improvement: that its laudable voluntary commitment to children's programming should from now on be embedded in its licence. British-made children's programming is a genre under

threat, and of great benefit to children themselves and their families and carers. It would be useful to put Channel 5's status as a broadcaster catering for young children on a formal footing. The regulated children's content should be UK-originated. In this way an important part of the public service ecology will be more reliably maintained.

In return for this change to Channel 5's licence – although this would not mark a significant change in practice for the broadcaster – we believe that Channel 5 should benefit from similar guarantees on EPG prominence that we envisage for ITV (as set out above). It would also benefit from any changes resulting from further exploration of the debate on retransmission fees, an issue that it brought up in its submission to us.²⁵¹

²⁴⁸ Viacom International Media Networks, submission to the Inquiry.

²⁴⁹ Ipsos MORI for Ofcom, *An investigation into changing audience needs in a connected world*, 2014, p. 48.

²⁵⁰ See the licence on the Ofcom website.

²⁵¹ Viacom International Media Networks, submission to the Inquiry.

CHAPTER SEVEN

NEW SOURCES OF PUBLIC SERVICE CONTENT



New sources of public service content

As we outlined in the earlier part of this report, public service content is no longer confined to the traditional public service broadcasting system. The conventional definition of public service broadcasting, as set out by the 2003 Communications Act and understood by Ofcom, is everything produced by the BBC, and the programming undertaken by the main channels of ITV, Channel 4, and Channel 5 that fulfils the commitments of their broadcast licences.²⁵²

But there is now much audiovisual material being produced outside these parameters – either broadcast or made available online – that shares many of the traditional features and aims of public service television. Some of this is provided by the many commercial operators that broadcast on multichannel platforms, such as Sky or Discovery, as well as by Local TV services; some of it is offered by the new on-demand services such as Netflix and Amazon; while some of it is being produced online by arts and cultural organisations such as the Tate or the National Theatre, and by many other bodies besides. Here we offer an overview of this new world of provision and suggest how some of these new forms of public service content could be strengthened through a specific public intervention.

Public service television outside the PSB system

In Chapter 3, we described how the multichannel revolution has changed the television landscape. Up to 30% of traditional linear television viewing is now to channels not owned by the BBC, ITV, Channel 4 or Channel 5.²⁵³ None of these channels has anyso-called “positive” public service obligations attached to the terms of their broadcast licences, although they still have to observe the Ofcom code on broadcast standards, including requirements for due impartiality, fairness and protecting the vulnerable. The multichannel world has been allowed to develop without the restrictions that were attached to the traditional analogue broadcasters, and essentially in accordance with market forces. Nevertheless, some of the key genres associated with public service television – news, arts programming, high-quality original drama – play a part in the programme mix offered by some of these services.

It is important to state, however, that the multichannel operators’ investment in UK-originated programming, while growing, is limited. In its review of public service broadcasting published last year, Ofcom found that, taken in total, the UK’s ‘non-PSB’ channels (ie also including the portfolio channels of ITV, Channel 4 and Channel 5) spent only £350m in 2013 on first-run UK-originated programming excluding sport, just 15% of the total investment across the board in all non-sport genres. Sport accounted for more than 80% of the non-PSB services’ investment.²⁵⁴

²⁵² Communications Act 2003, section 264 (11). S4C is also a public service broadcaster.

²⁵³ The combined share of the BBC, ITV, Channel 4 and Channel 5 portfolios was 72% in 2014 – so 28% was to the rest. See Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting*, 2015, p. 7. The portfolio channels of ITV, Channel 4 and Channel 5 do not count as public service channels, so the share of viewing accounted for by non-public service channels is more than 40%.

²⁵⁴ Including sport, the total was £1.96bn, up from £1.38bn in 2008; non-sport investment rose from £245m in 2008, a 43% increase in real terms. These figures are restated based on 2014 prices. See Ofcom, *PSB in the Internet Age*, p. 8.

The most significant channel grouping outside the public service broadcasters' portfolios is that operated by Sky. Its channels accounted for 8.2% of all viewing in 2014, with 0.7% of that to its news channel, the only one in its portfolio offered on Freeview.²⁵⁵ Sky has built its business principally on the acquisition of sports rights, as well as by offering movies and entertainment programming. But it has steadily invested more in content of a more public service character. One particularly notable feature is the Sky Arts channel, which has been operating since 2007 and provides programming not dissimilar to BBC Four's output.²⁵⁶ Sky has also developed Sky Atlantic as the home of high quality US drama, following deals with HBO and Showtime. Sky is now investing more in its own drama, commissioning major series such as *Fortitude* and *The Tunnel*. It is forging partnerships with the likes of HBO and Showtime²⁵⁷ to create ambitious drama series, a move that has been seen as a reaction to the potential threat posed by Netflix and Amazon.²⁵⁸

This push into drama is part of a much-heralded drive to spend £600 million a year on "home-grown British programming"²⁵⁹, a target Sky said it met in 2014²⁶⁰. There is some confusion as to how exactly Sky has reached this figure. Relatively little of the money would seem to be accounted for by drama. Enders Analysis has estimated that the total production value, including funds from co-producers, of first-run Sky scripted entertainment series (drama and comedy)

was £70 million in 2015, up from £40 million two years earlier.²⁶¹ Sky's chief executive, Jeremy Darroch, has said that a "reasonably small" amount of the £600 million is spent on news and a "pretty small" amount on sports programming (the £600 million does not include sports rights acquisitions).²⁶²

Otherwise there is little detail available on how this eye-catching figure breaks down nor is it clear how it squares with Ofcom's suggestion that the entire 'non-PSB' sector accounted for just £350 million of non-sport spending in 2013.²⁶³ ITV has estimated that £80 million of this was accounted for by the PSB portfolio channels, so the amount spent by the multichannel operators would in fact have been just £270 million.²⁶⁴

Sky is not the only multichannel operator, of course, and there are other sources of original UK programmes or public service-like content. Another significant channel business is UKTV, which is 50%-owned by BBC Worldwide and was originally set up to exploit the BBC's archive. It now commissions its own programmes for channels such as Dave and Really, although its output is largely entertainment-based. Another notable channel group, Discovery, features science, history and wildlife programmes. Satellite and cable viewers (and to a lesser extent, Freeview households) can watch a huge variety of news channels, from Al Jazeera to CCTV, as well as foreign-language channels and children's services such as the Nickelodeon and Disney channels.

²⁵⁵ Ofcom, *The Communications Market Report 2015*, 2015, p. 202.

²⁵⁶ The channel emerged from a previous service, *Artsworld*. Until last year, there were two Sky Arts channels. It now has an on-demand service, with some content exclusively available on demand.

²⁵⁷ The traditional terrestrial broadcasters used to be the home of top US shows but have increasingly been priced out of the market.

²⁵⁸ See Enders Analysis, *Sky's originals: seeking iconic differentiation*, 2016.

²⁵⁹ See *Sky Annual Report 2014*, p. 14.

²⁶⁰ Tara Conlan, 'Sky vows to ramp up spending on original British content', the Guardian, February 4, 2015.

²⁶¹ Enders, *Sky's originals*.

²⁶² Conlan, 'Sky vows to ramp up spending on original British content.'

²⁶³ Ofcom, *PSB in the Internet Age*, p. 8.

²⁶⁴ See ITV's submission to the inquiry, and its presentation to the Westminster Media Forum in June 2015.



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NO, THANKS

The UK's 'non-PSB' channels spent only £350m in 2013 on first-run UK-originated programming excluding sport, **just 15%** of the total investment across the board in all non-sport genres.

Source: Ofcom

As we noted in Chapter 3, the subscription video-on-demand services Netflix and Amazon have made a huge impact in a short space of time, and now have serious ambitions in drama production. For now, the content offering is dominated by movies, comedy and US drama. But they are developing UK projects: Netflix is making *The Crown*, a drama series about the royal family, along with the third series of *Black Mirror*, which was poached from Channel 4. Amazon stepped in to fund the BBC One drama *Ripper Street*, while it is soon to launch the motoring show *The Grand Tour* with *Top Gear*'s former presenters. These are bold moves, and we can expect plenty more programmes from on-demand platforms that compete directly with the output of the traditional British broadcasters.

We welcome the fact that Sky and other commercial operators are producing some content that is of a public service character. Sky News provides a highly respected service that acts as a worthy rival to the BBC news channel. The output of Sky Arts is particularly admired. Discovery's programming often reflects some of the principles of PST that we outlined earlier. The sort of drama that Sky, Netflix and Amazon are now putting out may be indistinguishable from the output of the UK's public service broadcasters. As well as appreciating its quality, we can applaud the contribution such investment makes to the creative economy, while remembering that its scale is still relatively small.²⁶⁵ As Ofcom has observed: "Although the multichannel sector's investment in a number of high-end drama series has attracted attention, the volume of hours produced remains limited compared to that from the PSBs."²⁶⁶

²⁶⁵ As the performers' union Equity told us: "The recent increase in content production by commercial broadcasters and other service providers such as Netflix is very welcome and has led to the creation of a large number of good quality jobs for performers and many other creative workers." However, it also noted that "the reality is that PSBs continue to be the source of the vast majority of investments in drama production in the UK". Equity, submission to the Inquiry.

²⁶⁶ Ofcom, *PSB in the Internet Age*, p. 8.

It is important to remember too that commercial operators produce their public service content only because it is part of a commercial strategy and on some level makes commercial sense, as something that gains a strong audience (as of course public service television can), builds their reputation, or works as a loss leader. Ofcom has noted that the multichannel sector's new UK programming "tends to be in only a few commercially attractive or strategically important genres (either in terms of profitability or brand enhancement), such as news, entertainment and comedy".²⁶⁷ We are glad that commercial multichannel operators are making this content, but it is not something for which they should be additionally rewarded, as it is always done in their shareholders' interests. Nor should the existence of this kind of programming outside the public service broadcasting system be used as a pretext for cutting the funding of public service television within it or for weakening the regulation in place to secure it.

We also believe that the context set by the public service broadcasters encourages the provision of this sort of programming. The fact that Sky has invested in a news channel and ensured that its output is of a high standard cannot be separated from the environment created by the public service system, where the impartiality of news has long been written into the law and spirit of broadcasting, and where BBC and ITN had already established the template for high-quality news provision. Likewise, Sky's investment in arts programming might not have been so lavish or have happened at all were it not for the BBC's example.

Public service television can in fact support an environment in which commercial operators can flourish. Susanna Dinnage, the head of Discovery UK, told us that her channel thrives in a public service environment for a variety of reasons: the public service broadcasters keep people actively engaged in television, enhance the reputation of British television, serve up a diverse offering, lead and curate audiences to find content in new ways, and help to develop a strong creative community. According to Dinnage: "If we didn't have a strong PSB [system], there wouldn't be as much commissioning – there is an amazing correspondence between the pace of growth in PSB and commercial industries."²⁶⁸

Local TV

Another part of the multichannel landscape worth mentioning is Local TV, which has been rolled out in 20 locations since the launch of Grimsby's Estuary TV in November 2013, with another 14 stations set to launch. There are now local channels in major cities such as London, Birmingham and Manchester, as well as in smaller places such as Preston (That's TV) and Norwich (Mustard TV).²⁶⁹ The channels are granted a licence by Ofcom to broadcast on Freeview on a prominent slot (channel 8 in England, 23 in Scotland and Wales), and can also negotiate carriage on Sky or Virgin, as well as streaming their output on their own websites. Some are backed by significant media groups: STV operates the Edinburgh and Glasgow services, while London Live is part of Lebedev Holdings, the owner of the Evening Standard newspaper. But licensees are "varied in type and size" and can be not-for-profit ventures or commercial partnerships.²⁷⁰

²⁶⁷ Ibid.

²⁶⁸ Comments to Inquiry's advisory committee, April 26, 2016.

²⁶⁹ For full details, see the Local TV Network website.

²⁷⁰ See Ofcom's *Update on Local TV in the UK*, September 15, 2014.

Under the 2012 parliamentary order establishing Local TV, services must meet the needs of their areas – by bringing social or economic benefits or catering for local tastes, interest and needs, broaden the range of television programmes available in that area, and increase the number and range of the programmes about that area or made in that area. The programmes are supposed to facilitate civic understanding and fair and well-informed debate through coverage of local news and current affairs, reflect the lives and concerns of communities and cultural interests and traditions, and include content that informs, educates and entertains and is not otherwise available through UK-wide TV services.²⁷¹ It is worth noting that there is no reference here to programme quality, nor to minimum quantities of specific types of output. The exact nature of programming commitments is decided by negotiation with Ofcom.

The rollout of the Local TV network has been funded using money from the BBC licence fee²⁷², but the channels are not otherwise subsidised and are expected to be financially sustainable²⁷³. It is too early to make a firm judgement about Local TV as it is a relatively new – and still evolving – experiment. There are doubts about the long-term viability of the business model: Ofcom has commented that it is “very unlikely that all channels will succeed”.²⁷⁴ We are also sceptical that it represents a significant contribution to public service television; it is no substitute for the kind of regional programming that continues to be provided by the BBC and ITV. We note

that Ofcom has allowed some licensees to cut the amount of local programming they put out²⁷⁵ but we have also heard some positive opinions in the course of gathering views for this report.²⁷⁶

Public service content outside the television world²⁷⁷

As we outlined in detail in Chapter 3, there has been a major shift in recent years in viewing habits, with more and more people watching material on-demand, not just through catch-up services such as the BBC iPlayer but also online. Greater broadband speeds have facilitated the viewing of audiovisual material through an internet connection. At the same time, the technical and financial barriers to making such content have fallen. Anyone with a smartphone can make a video. Alongside the amateurs, all sorts of professional organisations have embarked on making content. Video production and programme making skills are no longer the preserve of professional broadcasters or even of large production studios. Every newspaper, advertiser, campaigning group, agency, corporation and brand is now in the content creation game.

So too are the UK’s many and diverse cultural institutions. Ranging from national organisations established in statute to diverse local, regional and charitable establishments, they could prove to be key contributors to a more plural, diverse and dynamic public service media landscape in the future. Many of these institutions, some of which long

²⁷¹ The Local Digital Television Programme Services Order 2012, Statutory Instrument 2012, no 292.

²⁷² The BBC agreed to make £25m available but not all of this has been spent.

²⁷³ Ofcom, *Update on Local TV in the UK*.

²⁷⁴ *Ibid.*

²⁷⁵ See for example, William Turvill, ‘Ofcom allows six local TV services to cut back on local programming, news and current affairs’, *Press Gazette*, October 8, 2015, John Reynolds, ‘Ofcom allows five local TV stations to cut local programming commitments’, *Press Gazette*, April 13, 2016.

²⁷⁶ At our Edinburgh event, Stuart Cosgrove was very positive about Local TV in Edinburgh and Glasgow, for example.

²⁷⁷ This section draws heavily on Andrew Chitty’s paper, ‘Beyond Broadcasting: Public Service Content in a Networked World’, delivered at the Inquiry’s ‘Concepts of Public Service’ event, British Academy, March 3, 2016.



NEW KIDS

ON THE BLOCK

predate the broadcast era, exist to promote the kind of public service objectives that we have associated with British broadcasting since its emergence in the 1920s – stimulating knowledge and learning, reflecting UK cultural identity, and informing our understanding of the world. Many are active in genres that are currently perceived as at risk or failing in delivery on television – specialist factual, science, arts, children’s content. We are not just talking about metropolitan or national organisations; the network of local and regional museums, art galleries and charities is far more widespread, diverse and connected to communities than the outposts of our public service broadcasters.²⁷⁸

The technological developments of the past decade or so have given these institutions new digital tools to reach out to the public, and some of them have done remarkable things with audiovisual productions. When Benedict Cumberbatch stepped on to the stage of the Barbican as Hamlet in October 2015, there was a global audience of 225,000 people in 25 countries, courtesy of the National Theatre’s NT Live service.²⁷⁹ Screenings of the play have gone on to make nearly £3 million for NT Live.²⁸⁰ The Tate now produces its own films and shares them with third parties such as the Guardian and the BBC. Its film series TateShots generated 1.9 million views in YouTube in 2014/15. A “live tour” of its 2014 Matisse exhibition that was broadcast in cinemas worldwide won a Royal Television Society award.²⁸¹

In the past the distinction between television – narrative-driven, entertainment-focused, universally available – and these collection-based institutions, locked into their geographically static buildings, may have seemed absolute. But in the past 20 years the distinction has become far less clear. Take Tate, perhaps the most sophisticated and confident brand in the cultural sphere, with a clear, definable mission: to increase the public’s understanding of art. This can be done through galleries and exhibitions, interpretation and education – but for 20 years now, core parts of Tate’s intellectual endeavour have been delivered through digital media. Tate has developed a knowledge and skills base that combines editorial and curatorial excellence and digital knowhow to develop what is probably the strongest global cultural brand around contemporary art.

Our cultural institutions, both local and national, have deep specialist knowledge in areas that are core to public service content – whether it be science and technology, ecology and the natural world, cultural identity, history, or dramatic excellence. They also have the editorial knowledge, the assets, the audiences and the expertise to become significant public service content players in the digital world.

What they do not have, by and large, is the money to pursue this destiny. At the moment they operate on relatively modest budgets and are expected to generate much of their own revenue. Even our largest museums and galleries generally have operating revenues of

²⁷⁸ Given their reliance on local authority support, this rich regional landscape of local and regional cultural intuitions is also far more at risk from recent structural changes in public funding, with institutions from large to small at risk of closure or radical reductions in their remit. See *Museum Journal*, ‘Cuts put regional museums at risk’, February 16, 2016. Surely this is an argument for diversifying funding rather than continuing to superserve our public service broadcasting system.

²⁷⁹ Rebecca Hawkes, ‘Live broadcast of Benedict Cumberbatch’s Hamlet watched by 225,000 people’, *Telegraph*, October 21, 2015.

²⁸⁰ David Hutchison, ‘Benedict Cumberbatch Hamlet takes £3m at NT Live box office’, *The Stage*, December 9, 2015.

²⁸¹ *Tate Report 2014/15*, p. 33.

below £100 million. The Tate, for example, had operating revenues of £92 million in 2014/15, of which only about a third was grant-in-aid.²⁸² As a performance company charging for tickets, the National Theatre generates an even higher proportion of its own revenues: out of its turnover of £118 million, only 15% (just under £18 million), comes from the Arts Council.²⁸³

None of these organisations has dedicated funding to support digital content creation or engagement beyond the pursuit of their overall public service mission. Whilst initiatives in the 2000s did attempt to support the digitisation of collections and to pilot new services²⁸⁴, the galleries, museums and national performing companies have largely had to use their core funding, topped up with bids to the likes of the Heritage Lottery Fund, to develop their digital offerings.

It seems highly likely that these organisations could do much more if they were released into the networked world with a fraction of the resources that we currently provide or safeguard for public service broadcasters. Our cultural institutions have shown they have the creative skills but that they are also in this for the long term. They have core missions that embody a commitment to specific areas of the public realm, with robust corporate governance and detailed statutory frameworks to back them up.²⁸⁵

One potential way of getting more from these institutions might be to get them to partner

with public service broadcasters. However, the track record of such partnerships up to now has not been good. Cultural institutions talk of projects primarily conducted to broadcasters' priorities and timelines, their resources, knowledge and contacts being exploited, and their brand minimised. Contrast that experience to what the National Theatre has achieved by going it alone with NT Live. Instead of partnering with a broadcaster, the National Theatre has solved the problems of new video production, distribution, rights and business models on its own and is now generating income to return to the core business – £6 million last year, representing 5% of its revenues.²⁸⁶ Following its own creative and business judgement, it has also become a lead partner and platform provider for other organisations – the record-breaking *Cumberbatch Hamlet* was not a National Theatre production, for example. It is hard to imagine it would have achieved this level of creative and business success if, seven years ago, it had looked to go into partnership for televising plays with the BBC or Channel 4.

Alongside the established cultural institutions, a huge amount of small-scale, grassroots content production is now taking place. While there are some initiatives, for example by Channel 4, to encourage some of this activity, we feel there needs to be a much larger support network and more significant funding to harness the creativity of new or marginalised voices who are squeezed out of the mainstream despite deserving wider attention.

²⁸² *Ibid.*, p. 89.

²⁸³ *National Theatre Annual Review 2014-2015*.

²⁸⁴ The £50m New Opportunities Fund NOF Digitise programme was launched in 1999 to support the creation of content and the digitisation of collections in the cultural sector. The DCMS's £15m Culture Online programme, which ran from 2002 to 2008, funded new digital services, bringing cultural institutions together with digital media producers. The Treasury has funded discrete initiatives on an invest-to-save basis such as The National Museums Online Learning Project.

²⁸⁵ Primarily the National Heritage Acts of 1980, 1983, 1997 and 2002, and the 1992 Museums and Galleries Act, which set out the governance arrangements, public duties, and the statutory and legal obligations of the museums and galleries applying to artefacts in their collections, and how these may be acquired, loaned and disposed of on behalf of the nation.

²⁸⁶ *National Theatre Annual Review 2014-2015*.

A new fund for public service content

We believe that the time is ripe for making more of the public service content being developed outside the traditional broadcasting world – both by established institutions and at grassroots level – and to bring it more meaningfully within the sphere of television. The development of this content should not be regarded as a threat to the television model, whether through traditional linear broadcasting or by on-demand platforms, or as giving broadcasters an excuse to opt out of making programming in certain fields.

To take this step will require the injection of public money so that cultural institutions and other bodies from across the UK can bid to use such funds for making television. We suggest the updating of what is now a well-established idea: the creation of some kind of body that would distribute this public money – what has sometimes been called, perhaps unhelpfully, an Arts Council of the Airwaves. Variants of this idea have been proposed before²⁸⁷, but it may be that the right moment for it has finally arrived, now that the media landscape has been transformed by ubiquitous broadband, smartphones, and digital switchover.

The government's recent white paper on the future of the BBC did in fact bring the idea back into play. The white paper proposes a 'public service content fund' to operate

as a three-year pilot (with grants first made in 2018/19), using money unallocated from the 2010 licence fee settlement. The proposal is somewhat sketchy but it is suggested that the scheme could fund children's programmes or content targeted at underserved audiences such as BAME groups or audiences in the nations and regions.²⁸⁸

We believe elements of this proposal make sense. But we do not believe that licence fee income (even if this, for now, is 'old' licence fee money rather than the top-slicing of new income) should be used to fund it: the licence fee should fund the BBC. We also believe that the proposed funding level of £20m a year is inadequate if a new fund is to make a meaningful contribution to the public service television landscape.

We propose a new service for digital innovation: it could be called, for example, the DIG (standing for Digital Innovations Grants). This initiative would be financed by a levy on the revenues of the largest digital intermediaries (notably Google and Facebook) and potentially other sources including the four dominant broadband internet service providers in the UK (BT, Sky, Virgin and Talk Talk) and smart TV manufacturers. All of these companies derive a huge amount of value from the distribution of existing public service content and we feel that it would be entirely appropriate for them to make at least a small contribution to its continued existence. We estimate that a 1% levy on revenues generated within the UK would raise well in excess of £100 million a

²⁸⁷ In 2004, an independent report commissioned by the Conservative party suggested that a Public Broadcasting Authority (PBA), funded by the Treasury and accountable to Ofcom, should take responsibility for delivery of all public service content, with all broadcasters and producers able to submit bids. Broadcasting Policy Group, *Beyond the Charter: the BBC after 2006*, 2004. Ofcom floated the idea of a Public Service Publisher (PSP) in its 2005 review of public service broadcasting. Andrew Chitty and Anthony Lilley then explored this idea, suggesting a new institution that would ensure the delivery of public service content in the digital age. They proposed a PSP with initial funding of between £50m and £100m, which would be a commissioner of content and could work with a diverse range of suppliers and distribution partners. Ofcom, *A New Approach to Public Service Content in the Digital Media Age – the potential role of the Public Service Publisher*, 2007. The Labour government's 2009 Digital Britain report then suggested using a portion of the TV licence fee to allow contestable funding, allocated by an arm's-length body, for public service content where there were gaps in provision. Department for Business, Innovation and Skills, Department for Culture, Media and Sport, *Digital Britain*, 2009.

²⁸⁸ DCMS, *A BBC for the future: a broadcaster of distinction*, 2016, pp. 71-72.

year, less than the annual budget of Channel 5 but more than that of BBC Three and BBC Four combined.²⁸⁹

In the course of our Inquiry, we heard recommendations to consider levies of this kind. The National Union of Journalists, for example, argued in its submission to us that there was a need to consider new sources of funding including levies and tax breaks to raise additional money for public service content.²⁹⁰ There is a long history of the use of levies – for example, on recording equipment and blank media – in the European communications industries.²⁹¹ More recently, we have seen a £50 million payment by Google to support the French culture industries as well as a new rule that forces video-on-demand operators to invest a proportion of their revenue in French cinema.²⁹² A recent report for the thinktank ResPublica suggested a levy on the revenue of large digital news intermediaries to support a fund aimed at sustaining new forms of public interest journalism.²⁹³

Furthermore, we believe that a levy would be popular with audiences. In a 2015 YouGov poll, commissioned by the Media Reform Coalition, 51% of respondents said that they would support a levy on the revenue of social media and pay TV companies to fund new providers of investigative and local journalism, with only 9% disagreeing.²⁹⁴ We think that the support would be even higher with a remit to provide a wider array of public service content.

DIGITAL INNOVATION GRANTS

We estimate that a **1% levy** on UK revenues of digital intermediaries and ISPs would raise in excess of **£100 million a year**.

Money awarded by the DIG fund would be disbursed via a new independent public media trust with a clear set of funding criteria, transparent procedures and an accountable system of appointments, as per our proposals for the BBC unitary board. The trust would also recognise the need for meaningful representation from all the nations of the UK.

The DIG would be open to any cultural institutions or bodies that wanted to produce public service audiovisual content and could provide evidence of their creative purpose and expertise. These applicants should not be wholly commercial operations; rather, they should have demonstrable public service objectives and purposes. It should not be for existing commercial broadcasters

²⁸⁹ The fund would have to abide by European Union rules on state aid if the UK votes to remain in the EU but we believe that such a fund would have a strong case for meeting the relevant criteria.

²⁹⁰ National Union of Journalists, submission to the Inquiry.

²⁹¹ See Institute for Public Policy Research, *Mind the funding gap: The potential of industry levies for continued funding of public service broadcasting*, 2009.

²⁹² See IHS Technology, 'France introduces new tax on VoD operators based abroad', September 2014.

²⁹³ Justin Schlosberg, *The Mission of Media in an Age of Monopoly*, ResPublica, 2016.

²⁹⁴ Media Reform Coalition, 'Poll shows strong support for action on media ownership', April 1, 2015.

or production companies to subsidise their content production. The funding could, however, be used to work with partners of any kind, and these might include broadcasters or producers.

In awarding grants, the fund would be mindful of the kind of programming that is not appearing on established channels or is under threat. It could fund local and investigative journalism, for instance, or education, science, history and other specialist factual content. It should look to innovation in form and content, to adopt a phrase from the original remit of Channel 4. In fact, we believe that this intervention could provide something of the energising quality that Channel 4's launch gave the broadcasting world more than 30 years ago. This would be a Channel 4 moment geared to digital convergence and the networked world of today.

It is crucial that all of the content created with DIG funding is made widely available and easily discoverable on all interfaces. Any organisation applying to the DIG would need to provide a distribution and access plan as part of its application for funding, and this would be treated with as much importance as the content of the proposal. We do not believe that DIG content should be tied to a particular platform, while developing a standalone app and brand implies a big overhead in technology and marketing. Applicants for funding may already have their own channels (and brands) with significant audience reach and traction, so DIG funding should not preclude them from strengthening their own public service objectives.

We propose, therefore, that the DIG would create partnerships and framework agreements with the public service broadcasters and other platform owners to promote and distribute DIG-funded content with appropriate branding and acknowledgement. At the heart of this arrangement would be distribution agreements with the BBC and Channel 4 for access to and promotion on the BBC iPlayer and All4 platforms, which would detail the appropriate editorial presentation and curation of DIG-funded content. The DIG would be expected to make other agreements with other partners that would maximise the prominence, findability and reach of the content it funded.

DIG funding would not be limited solely to linear video content and would include other digital content, applications and mobile and online experiences that met its objectives. Applicants would be expected to use their own digital channels and those of partners to maximise prominence and access to this content.

Qualifying applicants for DIG funding would retain all the intellectual property of their output and retain editorial and contextual control of the content once funded. Applicants would be expected to hold discussions with distribution and funding partners prior to making their application to create both a funding proposal and a distribution and access plan. The DIG would not necessarily be the sole funder, nor would distribution partners be limited to those with which the DIG has a framework agreement. We believe that the work of such a fund would help to transform and revitalize the relevance of public service content for UK audiences.

CHAPTER EIGHT

TV: A DIVERSE ENVIRONMENT?

“We’re just trying to
redesign the face of
British TV”

(Idris Elba’s speech to Parliament, 18 January 2016)



Television and diversity

We have earlier argued that television is a crucial means through which we come to know ourselves and to learn about the lives of others and that public service television, in particular, should provide ample opportunities for dialogue between and within all social groups in the UK.

Success for a commercial broadcaster is predicated on reaching the most desirable demographics or on attaining sufficiently high ratings; to the extent that commercial television does facilitate this dialogue and does address all social groups, it is more of a happy accident. For public service television, on the other hand, adequately communicating with and representing all citizens is not a luxury but an essential part of its remit.

Issues of diversity – based on the recognition that the population consists of multiple and overlapping sets of minorities – are therefore central to the continuing relevance (or impending irrelevance) of any public service media system.

This is far from a new proposition in relation to broadcasting. More than 50 years ago, the Pilkington report insisted that catering for minorities was not an optional add-on or indeed a capitulation to special interests but a vital part of broadcasting's responsibility to serve all citizens. "Some of our tastes and needs we share with virtually everybody; but most – and they are often those which

engage us most intensely – we share with different minorities. A service which caters only for majorities can never satisfy all, or even most, of the needs of any individual."²⁹⁵ Some 15 years later, the Annan committee also agreed that broadcasting could no longer conceive of its audiences as in any way homogeneous; contemporary culture, it argued, "is now multi-racial and pluralist: that is to say, people adhere to different views of the nature and purpose of life and expect their own views to be exposed in some form or other. The structure of broadcasting must reflect this variety."²⁹⁶ Broadcasting, it famously asserted, should be "opened up"²⁹⁷ in order both to promote the most diverse range of experiences and perspectives and to more effectively communicate with a changing population.

As we argued in Chapter 2 in relation to the very idea of public service media, if television in the 21st century is to retain legitimacy and relevance, then it has little option but to recognise the desire of all social groups to be listened to and to be properly represented. This is especially the case when, for example, devolution, inequality, immigration and the establishment in law of 'protected characteristics' – such as age, disability, gender, race, sex, sexual orientation and religion – have further weakened the idea of the UK as a 'singular' space in which we all face the same challenges and share the same dreams. Public service television – and this is no easy task – has somehow simultaneously to recognise our common interests and to serve the needs of different minority and under-represented groups.

²⁹⁵ Sir Harry Pilkington, *Report of the Committee on Broadcasting 1960*, London: HMSO, 1962, p. 16.

²⁹⁶ Lord Annan, *Report of the Committee on the Future of Broadcasting*, London: HMSO, 1977, p. 30

²⁹⁷ *Ibid.*, p. 16.

This means that diversity, as it applies to television, needs to take on board issues of voice, representation and opportunity. It needs, in other words, to provide a means by which all social groups are able to speak, to be portrayed respectfully and accurately, to have equal employment prospects and, finally, to have access to a wide range of content.

The US academic Phil Napoli has identified three dimensions of broadcast diversity that connect to these capacities: source, content and exposure diversity.²⁹⁸ We dealt with one element of source diversity in Chapter 7 where we examined the prospects for new suppliers of public service content in a digital age; we will consider another crucial area of source diversity later in this chapter where we confront the fact that television continues to be an industry dominated by white middle-class men. We discuss content diversity both in relation to the need to support the broadest range of television genres (in Chapter 10) and, in the next section, in relation to how minority groups are represented on television as well as how they themselves perceive this representation. Exposure diversity – in other words, “the degree to which audiences are actually exposing themselves to a diversity of information products and sources”²⁹⁹ – is particularly difficult to measure and to mandate but our belief is that if audiences are presented with a television environment that is more open and receptive to the labour, lifestyles and languages of minority groups, then they are far more likely to seek out this material and to cultivate more promiscuous consumption habits. Public service television,

we believe, has a crucial role in delivering both surprises and certainties to a curious (and diverse) population.

Are you being served?

Many viewers appear to be content with the quality of television in general. Ofcom reports that audience satisfaction with the delivery of public service broadcasting has risen from 69% of respondents in 2008 to 79% in 2014³⁰⁰ and, while half of all adults believe that programme quality has stayed the same in the last year, the gap between those who think it has improved (17%) in relation to those who believe that things have got worse (30%) has more than halved in the last ten years³⁰¹. Research carried out for the BBC Trust found that the public’s “overall impression” of the BBC has increased since 2008 earning an average score of 7.4 on a scale of 1-10 with 60% of respondents claiming that the BBC offers them “quite a bit”, “a lot” or “everything I need”³⁰².

The problem is that satisfaction levels are not shared equally by all the population and that some groups – notably ethnic, regional, national and faith-based minorities – have expressed significant dissatisfaction with how they are represented or with the range of programmes relevant to their interests. So, for example, the wealthiest audiences are more than 50% more likely to praise the BBC’s performance than those in the poorest households while English viewers are significantly more positive than Scottish ones.³⁰³ Just 44% of Christian and 47% of non-Christian audiences agree that the BBC adequately represents their faith while only

²⁹⁸ Phil Napoli, ‘Deconstructing the Diversity Principle’, *Journal of Communication* 49(4), 1999, pp. 7-34.

²⁹⁹ Napoli, *Deconstructing*, p. 25.

³⁰⁰ Ofcom, *Public Service Broadcasting in the Internet Age*, 2015, p. 7.

³⁰¹ Ofcom, *UK audience attitudes towards broadcast media*, 2016, p. 6.

³⁰² NatCen, *Purpose Remit Survey UK report*, BBC Trust, 2015.

³⁰³ *Ibid.*

41% of non-white audiences and a mere 32% of black audiences are happy with how the BBC represents them.³⁰⁴ Just consider the implications for the BBC that less than one-third of black audiences report that they are satisfied with Britain's main public service broadcaster. In fact while public service television channels (including their portfolio channels) account for some 73% of the viewing of white audiences, the figure drops to a mere 53% for black, Asian and minority ethnic (BAME) audiences.³⁰⁵ Overall satisfaction levels may look impressive but there are serious fissures behind the glossy headline figures.

This unevenness in satisfaction levels spills over into Ofcom's figures for audience perceptions of both visibility and portrayal of a range of social and geographical communities across all public service television channels. For example, while 42% of viewers in Northern Ireland think that there are too few people from Northern Ireland on TV, a mere 4% of Londoners think there are too few Londoners on TV; while only 6% of Londoners think they are shown in a bad light, some 20% of those from the North of England think they are represented negatively; similarly, while a mere 8% of men aged 55 and above think there are too few of them on TV, the number rises to 27% of women who think that there should be more older women on our screens. Finally, while there is a broad consensus among both the general viewing population and those viewers with disabilities that there are too few disabled people on TV there is no such agreement about the representation of black ethnic groups where 16% of all PSB viewers feel they are portrayed negatively in contrast

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“PUBLIC SERVICE TELEVISION, WE BELIEVE, HAS A CRUCIAL ROLE IN DELIVERING BOTH SURPRISES AND CERTAINTIES TO A CURIOUS (AND DIVERSE) POPULATION.”

.....

with the 51% of black respondents who felt they were shown either “fairly” or “very” negatively.³⁰⁶

It is true that all minority groups are naturally more likely to want both to increase their visibility and to draw attention to the frequency and scale of negative representations. Who, after all, wants to feel either marginalised or caricatured? The more important point, however, is that if sections of a viewing public that is meant to be at the heart of public service broadcasting do not see themselves on screen or do not recognise the representations that do exist as valid, then broadcasters have a credibility problem they need to address. As the equality campaign Creative Access put it to us, the media “cannot reflect society if society is not reflected in the media” and they warned of the consequences for broadcasting if it does not “represent visually the society that pays its bills”.³⁰⁷ The slogan ‘No Taxation without Representation’ may have originated in the run-up to the American Revolution in the 18th century but 21st century broadcasters have

³⁰⁴ Ibid., pp. 31, 33.

³⁰⁵ Channel 4, *Annual Report 2015*, p. 36.

³⁰⁶ Ofcom, *PSB Diversity Research Summary*, June 2015, pp. 7, 9, 15, 20, 34.

³⁰⁷ Creative Access, submission to the Inquiry.

much to fear if they neglect its message. This is all the more crucial in a situation in which there are more platforms and channels to choose from and where, as the actor Idris Elba put it in his call for broadcasters to embrace diversity, “if young people don’t see themselves on TV, they just switch off the TV, and log on. End of...”³⁰⁸

We are not at all suggesting that public service television is a monocultural space or that broadcasters have totally failed to recognise the identity claims as well as the demographic and social shifts that are changing the face of the UK. Channel 4’s heavy investment in and promotion of the Paralympics and the BBC’s commissioning of a range of programmes concerning transgender issues is evidence of such recognition. What we are arguing is that ‘opening up’ television – to a full range of voices, cultures, narratives and identities – is an ongoing process and that public service television needs constantly to renew itself. If it fails to keep pace with changing tastes and attitudes, then it will undermine both its popularity and its legitimacy.

Indeed, as long as different social groups are not adequately addressed and as long as they are ignored, stereotyped or patronised, then struggles over visibility and representation will continue. One topic that has generated a significant amount of debate in recent years is the representation of working class lives in reality television,³⁰⁹ a genre that has – formally speaking – allowed ‘ordinary people’ to enter a television world in which

their presence, until then, had been largely confined to soap operas, ‘kitchen sink dramas’ and Alan Clarke productions from the 1970s. Factual entertainment is relatively cheap to produce, popular with audiences and has the added attraction of dramatising the experiences of ordinary viewers for ordinary viewers. It has won hearts and minds with programmes like *The Great British Bake-Off* but it has also antagonised whole sections of the population with, for example, what has been described as ‘poverty porn’³¹⁰ – programmes (usually with the word ‘benefits’ in the title) which explore the ‘reality’ of life for some of the poorest in society. In his lecture to the Royal Television Society, the writer Owen Jones condemned the “malignant programming” that “either consciously or unwittingly, suggest that now – in 2013 – on British television, it’s open season on millions of working-class people...”³¹¹ Professor Bev Skeggs, a sociologist who has studied reality television, put it to us that this is “social work television, the moral television that tells people how to behave as better mothers (though very rarely better fathers interestingly) and how to look after children.”³¹²

Of course, broadcasters themselves insist that television programmes that can help to stimulate a discussion about, for example, how to cope with poverty in ‘austerity Britain’ are invaluable and responsible. This was precisely the argument provided by the producers of Channel 4’s *Benefits Street* in 2014 where the claim by the channel’s head of documentaries that there

³⁰⁸ Idris Elba’s keynote speech to Parliament on diversity in the media, January 18, 2016.

³⁰⁹ Reality television, as the format expert Jean Chalaby reminds us, “is a broad church, with many strands in constant evolution, and therefore does not lend itself easily to grand statements.” It includes a variety of categories including observational documentaries, factual entertainment, reality competitions, talent competitions and constructed reality. See Jean Chalaby, *The Format Age: Television’s Entertainment Revolution*, Cambridge, Polity, 2016, pp. 43-44.

³¹⁰ See ‘Who Benefits? Poverty Porn’ at the Edinburgh International Television Festival, August 23, 2013.

³¹¹ Owen Jones, ‘Totally Shameless: How TV Portrays the Working Class’, November 25, 2013.

³¹² Comment at ‘Are you being heard?’, Inquiry event at Goldsmiths, March 23, 2016.

THE
PEOPLE
SHOULD
BE
TELEVISED

If the viewing public that is meant to be at the heart of public service broadcasting do not see themselves on screen or do not recognise the representations that do exist as valid, then broadcasters have a credibility problem they need to address.

is no more “important job for programme makers than to record what life is like on the receiving end of the latest tranche of benefit cuts”³¹³ was countered by accusations that programme simply “demonised the poor and unemployed.”³¹⁴ The fact that death threats were issued to local residents, that Ofcom received nearly 1,000 complaints and that a petition condemning the programme gathered more than 50,000 signatures suggests that the perceived dangers of misrepresentation remain very real.

Yet while we have plenty of data on what audiences think of television content, regulators are not required to collect data on the actual on-screen representation of different social groups. Instead we have occasional pieces of industry and academic research that attempt to monitor specific areas of content. For example, the Cultural Diversity Network carried out research in 2009 and 2014 that found that women, disabled people, lesbian, gay and bisexual and BAME individuals were all significantly under-represented on television in relation to their proportion of the UK population.³¹⁵ Professor Lis Howell’s annual ‘Expert Women’ project examines the representation of women experts on television news bulletins. Its most recent findings in November 2015³¹⁶ showed that there were five men to every woman on ITV’s *News at Ten*, a ratio of three to one on Sky News with Channel 5 News coming out on top with a ratio of 1.6 men to every woman.

A similar study in 2014 led by Professor Howell in association with *Broadcast* magazine about the ratio of white to black, Asian and visible ethnic minority (BAVEM) contributors revealed a far more mixed picture: while the ratio of white people to ethnic minorities in the UK is approximately six to one, researchers found that ITV performed worst with a ratio of over seven to one in its programmes while both Channel 4 and the BBC had ratios of 4.3 to one with Sky, a non-PSB channel, performing especially well with a ratio of three to one. The study, however, also identified a ‘diversity gap’ in relation to specific genres like topical, factual and entertainment leading Howell to conclude that a major problem lies in drama (apart from soaps) and “in factual entertainment programming where BAVEM’s are almost invisible”.³¹⁷ Unfortunately, the research was not followed up and, without a commitment from either broadcasters or regulators to commission such research, detailed data on representation – both quantitative and qualitative – is likely to remain scarce and impressionistic.³¹⁸

Of course better data about representation and even increased visibility of minority groups will not, by itself, necessarily lead to more favourable representations. However, without a comprehensive record of who is being portrayed and in what circumstances, it will be even more difficult to attain a more diverse on-screen television landscape.

³¹³ Nick Mirsky, ‘Benefits Street struck a nerve – exposing how vital a documentary it is’, *Guardian*, January 10, 2014.

³¹⁴ John Plunkett, ‘Benefits Street to be investigated by Ofcom following viewers’ complaints’, *Guardian*, February 25, 2014. In the end, Ofcom found that *Benefits Street* was not in breach of its rules.

³¹⁵ Creative Diversity Network, *Diversity monitoring: the top TV programmes*, August 2014.

³¹⁶ Hannah Gannagé-Stewart, ‘ITV News at Ten slammed for “shocking” lack of expert women’, *Broadcast*, November 25, 2015.

³¹⁷ Robin Parker, ‘Entertainment shows fail diversity test’, *Broadcast*, August 21, 2014. It is also worth noting that newer white ethnic minorities, for example Polish and other Eastern Europeans, are not captured in this data.

³¹⁸ Project Diamond, an industry-wide diversity monitoring system, was launched in 2015 and aims to collect data on the backgrounds of both on-and off-screen talent. It is, however, voluntary and therefore unlikely to provide the comprehensive picture that is required.

“RECENT DATA FROM DIRECTORS UK SUGGESTED THAT 1.5% OF TELEVISION PROGRAMMES WERE MADE BY BAME DIRECTORS”

Diversity strategies

UK television, therefore, does not yet look like the audience it is supposed to serve. This is also true in terms of the composition of the television workforce that remains, some 15 years after the former director-general Greg Dyke’s comment that the BBC was “hideously white”³¹⁹: it is disproportionately white, male, over-35, London-based and privately educated. This is accentuated at top levels where women occupy 39% of management positions while BAME individuals occupy a mere 4% of executive positions, well below their respective proportion of the population (of 13%).³²⁰ This is not quite as bad as the situation in the UK film industry where Directors UK found that women directed a mere 13.6% of films made between 2005 and 2014 leading them to conclude that “there has not been any meaningful improvement in the representation of female directors”.³²¹

There is, however, no room for complacency in relation to television and a real need for concrete measures to address the situation.

Lenny Henry certainly touched a nerve in his celebrated BAFTA lecture in 2014 where he argued for action to address the fact that BAME individuals make up only 5.4% of the creative industries (precisely the same figure as in 2000) and that, while the sector has grown overall, fewer BAME people are working in it.³²² Recent data from Directors UK suggested that 1.5% of television programmes were made by BAME directors while, of the 6000 directors on its database, a mere 214 (3.5%) were from BAME backgrounds.³²³

In response to this deficit, diversity has become a key buzzword inside the television industry with all broadcasters publishing ‘diversity strategies’ that relate to their plans to develop more ‘inclusive’ hiring and representational practices. For example, the BBC has recently published its latest Diversity and Inclusion Strategy, Channel 4 introduced its 360° Diversity Charter in 2015 while ITV has a Social Partnership strategy that it aims to embed throughout its programming.³²⁴ While all these initiatives are to be welcomed as a sign that broadcasters have accepted that they have to improve their performance in relation to diversity, they are not without their own problems.

³¹⁹ Amelia Hill, ‘Dyke: BBC is hideously white’, the *Guardian*, January 7, 2001.

³²⁰ Creative Skillset, 2015 Employment Survey, March 2016.

³²¹ Directors UK, *Out of the Picture: A study of gender inequality amongst film directors in the UK film industry*, May 2016, p. 7.

³²² Tara Conlan, ‘Lenny Henry calls for law to boost low numbers of black people in TV industry’, *Guardian*, March 18, 2014.

³²³ Directors UK, *UK Television: Adjusting the Colour Balance*, 2015, <https://www.directors.uk.com/news/uk-television-adjusting-the-colour-balance>.

³²⁴ See the House of Commons Library briefing paper on *Diversity in Broadcasting*, No. 7553, April 12, 2016 for an overview of diversity strategies.

First, there is the definitional issue. We have already argued that diversity in television needs to be understood with reference to voice, representation and opportunity and that, therefore, it cannot be restricted to the portrayal of a specific social group. However, there is a danger that diversity becomes a 'catch-all' phrase that refers to a blissful state of 'inclusion' rather than a commitment to tackle previous patterns of 'exclusion'. When the cover of the BBC's strategy document insists that "Diversity includes everyone" – with a photograph of Bake-Off winner Nadiya Hussain along with Paul Hollywood and Mary Berry – the implication is that diversity is all about the creation of a 'happy family' as opposed to the commitment to challenge the

structures and ideas that have undermined prospects for inclusion and equality.

Even Channel 4, which, as we have already seen in Chapter 5, was launched with a remit to target minority audiences and which regularly attracts high levels of BAME viewers to its news bulletins, is keen to shift diversity onto less contentious ground.

*Diversity is not about the colour of someone's skin; it goes way beyond that. Diversity is about being all-inclusive, regardless of culture, nationality, religious persuasion, physical and mental ability, sexual orientation, race, age, background and addressing social mobility.*³²⁵

VOICE, REPRESENTATION & OPPORTUNITY

Television must provide a means by which all social groups are able to speak, to be portrayed respectfully and accurately, to have equal employment prospects and, to have access to a wide range of content.

³²⁵ Channel 4 – Equality Objectives, March 2012, p. 1.

The problem is, however, that diversity *is* about skin colour, gender, sexual orientation, class and other characteristics, and therefore about how specific marginalised groups have not been sufficiently well integrated into the television workforce and television programming. So, for example, when Idris Elba stood up in front of parliamentarians in 2016 to insist – quite rightly we believe – that diversity is “more than just skin colour” and is mainly about “diversity of thought”,³²⁶ the fact remains that he was asked to deliver the speech precisely because of a growing concern that opportunities for BAME participation in the TV industry remain very limited. Race, as well as other forms of ‘difference’, cannot be so easily ‘erased’ from diversity talk.

Indeed, Sara Ahmed, who has written widely on diversity and public policy, argues that there remains a “sticky” association between race and diversity. While, in reality, it is not so easy to move ‘beyond’ race, the language of diversity is “often used as a shorthand for inclusion”³²⁷ – a way of recognising difference but freeing it from negative associations concerning actual forms of discrimination. Diversity, she insists, can then be used to avoid confrontation and simply to highlight the contributions and achievements of different groups without asking more fundamental questions of why these achievements were marginalised in first place.

Television historians like Sarita Malik remind us that diversity policy was not always like this. When Channel 4 first started, it operated as a “multicultural public sphere” with a series of programmes that engaged directly

with “questions of representation and racial stereotyping”.³²⁸ Malik identifies a change in programme strategy after the closure of its Multicultural Programmes Department in 2002 as part of a more general shift in broadcasting from a ‘politicised’ policy of multiculturalism to a more consumerist emphasis on cultural, and now creative, diversity. What we are now left with is the possibility of a “depoliticized, raceless ‘diversity’ consensus”.³²⁹

The implication here is that broadcasters are using justified complaints about a lack of representation to pursue commercial strategies to appeal to diverse audiences without fundamentally changing commissioning and funding structures. The cultural theorist Anamik Saha describes this as the “mainstreaming” of cultural diversity which “while no doubt increasing the visibility of blacks and Asians on prime-time television, had actually has little impact on the quality of representations.”³³⁰ So while BAME individuals may be increasingly visible on TV, the quality of their representations has not have fundamentally changed and we are still stuck, all too often, with a repertoire limited to “terrorism, violence, conflict and carnival” or, in terms of how Muslims are portrayed, to “beards, scarves, halal meat, terrorists, forced marriage”.³³¹

This connects to the second potential problem with broadcasters’ diversity strategies, especially with regard to employment: the reliance on targets, the provision of small pockets of funding and training and what the Campaign for Broadcasting Equality described to us

³²⁶ Idris Elba, speech to parliament on ‘Diversity in the Media’, January 18, 2016.

³²⁷ Sara Ahmed, *On being included: Racism and Diversity in Institutional Life*, London: Duke University Press, p. 14.

³²⁸ Sarita Malik, “‘Creative Diversity’: UK Public Service Broadcasting After Multiculturalism”, *Popular Communication* 11(3), p. 10

³²⁹ Malik, ‘Creative Diversity’, p. 17.

³³⁰ Anamik Saha, “‘Beards, scarves, halal meat, terrorists, forced marriage’: television industries and the produce of ‘race’”, *Media, Culture and Society* 34(4), 2012, p. 430.

³³¹ Cited in Saha, ‘Beards’, p. 425, p. 435.

as “Flash-in-the-Pan initiatives which are announced with a great flourish but which fail to deliver structural change.”³³² Let us be clear: additional money for diversity is a positive sign but the BBC’s £3.5 million spend in 2014 that was dedicated to increasing diverse employment constituted less than 0.1% of the BBC’s overall budget. Similarly, targets are entirely welcome and a very useful focus for organisations seeking to highlight the need for change but they are rarely successful by themselves, can be easily manipulated and are painfully slow in their realisation. The fact that there have been, according to Lenny Henry, some 29 target-led diversity initiatives adopted by the BBC in the last 15 years, bears witness to this.³³³

The BBC has now launched its 30th such initiative promising to ensure that, by 2020, half of its workforce and its screen time will be composed of women, 8% of disabled and LGBT people and 15% of BAME individuals.³³⁴ Channel 4 have announced similar targets (actually more ambitious in terms of BAME figures) and have announced ‘commissioning diversity guidelines’ which require independent production companies to demonstrate their commitment to diversity both on- and off-screen.³³⁵

It is not clear to us, however, how these targets, no matter how necessary they are, will overcome the structural barriers that have undermined diverse employment in television up to this point (and which we discuss further in Chapter 11): the employment networks that favour friends and contacts, the reliance

on unpaid interns and the reluctance of commissioners to take risks. Small steps in the right direction will do little to counter the pressures pushing in an opposite direction. So, for example, while there are a number of training schemes aimed at entry level positions, this can simply reinforce the notion that it’s the talent that is the problem and not the institutions themselves. “Training schemes and initiatives”, argues Simone Pennant of diversity campaigners the TV Collective, “inadvertently create the perception that the reason why Black, Asian and ethnic minority talent are leaving the industry or not striving in their careers is because they are ‘not good enough’ for existing roles.”³³⁶ According to Lenny Henry: “When there aren’t enough programmes from Scotland we don’t give the Scots more training. We place more commissioners up there to find good Scottish programme makers to make decent programmes. Let’s do the same to ensure BAME representation.”³³⁷

We believe that Lenny Henry is right to argue that “systemic failures” have led to a lack of diversity in the industry and we believe, therefore, that “systemic” solutions are required alongside the provision of targets and training schemes.

This takes us back to the importance of the principle of quality that we discussed in Chapter 2: that high quality minority representations require conditions that support innovation, experiment, risk-taking and the right to fail, conditions that arguably undersupplied in the current PSM ecology.

³³² Campaign for Broadcasting Equality, submission to the Inquiry.

³³³ BBC News, ‘Lenny Henry criticises BBC chief’s diversity plans’, June 24, 2014.

³³⁴ BBC, *Diversity and Inclusion Strategy*, April 2016, p. 22

³³⁵ Channel 4, *360° Diversity Charter -One Year On*, 2016.

³³⁶ Simone Pennant, TV Collective, submission to the Inquiry.

³³⁷ Lenny Henry, comments at ‘Are you being heard?’ Inquiry event, Goldsmiths, University of London, March 22, 2016.

“IF BROADCASTERS WANT TO STAY IN THE GAME, THEIR COMMISSIONERS MUST TAKE MORE RISK WITH DIVERSE TALENT”

Idris Elba

So firstly, we need to tackle the blockages at commissioning level. Idris Elba, for example, warned in his speech to Parliament that, all too often,

*Commissioners look at diverse talent, and all they see is risk. Black actors are seen as a commercial risk. Women directors are seen as a commercial risk. Disabled directors aren't even seen at all. In general, if broadcasters want to stay in the game, their commissioners must take more risk with diverse talent.*³³⁸

We need to change the culture of commissioning and to provide incentives for commissioners to take risks. This might be enhanced if the Equality Act 2010 were to be amended so that commissioning and editorial policy would then be covered by public service equality duties.³³⁹ There is also a need to create new and more diverse commissioning structures at the same time as placing new obligations on existing commissioners to break from a 'risk-averse' mindset by working with a broader base of talent. As one BAFTA member warned

us: “There's so little risk taking...that we risk stifling a whole new generation of makers and audiences”.³⁴⁰

Secondly, public service broadcasters who after all have a specific remit to serve multiple audiences, should be required to use a range of instruments to improve minority employment and representation. As the founder of the Campaign for Broadcasting Equality told us, “there need be no conflict between ring fenced funds, quotas, targets and other measures to promote diversity. They are complementary.”³⁴¹ In particular, given the worryingly high levels of dissatisfaction of BAME viewers, together with the under-representation of BAME talent in the industry itself, we believe that public service broadcasters should be required to increase their investment in BAME productions through significantly enhanced – and ideally ringfenced – ‘diversity funds’ along the lines that Lenny Henry has called for³⁴² in order to secure conditions for a more representative workforce (at all levels) and prospects for more representative content.

We recognise that television alone cannot be expected to solve issues of underrepresentation given the inequality we see in relation to access to other services like health, education, employment and housing. But television certainly has a role to play both in addressing these issues and in involving minority audiences in the dialogue that will be necessary if we are to live together and to act collectively to overcome all forms of discrimination. For that to happen, appropriate targets and quotas need to be complemented by sufficient resources if aspiration is to turn into reality.

³³⁸ Elba, speech to parliament.

³³⁹ As recommended to us by Simon Albury of the Campaign for Broadcasting Equality in his submission.

³⁴⁰ Survey of BAFTA members undertaken for the Inquiry, March 2016. See Appendix 2 of this report.

³⁴¹ Simon Albury, Campaign for Broadcasting Equality, submission to the Inquiry.

³⁴² For example, in his demand for catalyst funding for BAME output that takes its cue from the quotas drawn up for content production in the nations and regions (Inquiry event at Goldsmiths, University of London, March 22, 2016).

CHAPTER NINE NATIONS AND REGIONS



Nations and Regions

Public service broadcasting has previously been described as “social cement”³⁴³ in relation to the role it plays in bringing together and solidifying the various communities of the UK.

At a time when the UK’s constitutional shape is changing and when devolutionary pressures are increasing, what kind of role should television play both in maintaining the cohesiveness of the UK and in reflecting and giving voice to these hugely important shifts?

This is not, of course, an entirely new question. Back in 1951, in the very early days of television, Lord Beveridge chaired a committee on the future of broadcasting in which he spoke of the need for “greater broadcasting autonomy” for the constituent countries of the UK. This was rejected by the government of the day that nevertheless acknowledged their “distinctive national characteristics, which are not only valuable for their own sake, but are essential elements in the pattern of British life and culture. It applies in only lesser degree to the English regions which also have a rich and diversified contribution to make and should be given full opportunities for making it.”³⁴⁴

Some 65 years later, with the emergence of devolved governments and assemblies as well as “city-regional machinery” in places like Manchester, Leeds and Birmingham, there has been a clear shift to what Tony Travers at the London School of Economics calls a “quasi-federal UK”.³⁴⁵ Significant powers

have been devolved to the administrations in Scotland, Wales and Northern Ireland and some additional powers transferred to municipalities in England. According to the Royal Society of Edinburgh, with the “passage of the Cities and Local Government Bill in 2016 some 55% of the population will be experiencing a form of decentralised decision-making”.³⁴⁶

Yet Whitehall and Westminster continue to exert a decisive influence on major areas of everyday life. For example, the UK remains one of the most fiscally centralised of all major western countries with only a tiny proportion of tax raised locally. So while there has been devolution of power and resources in some policy areas, there has not been a similar shift in relation to fiscal policy, defence, pensions, competition law and foreign policy that are matters ‘reserved’ for the Westminster parliament.

Furthermore, England continues to dominate the UK not just politically but also in terms of population and wealth. It has 84% of the population and 86% of GDP although these headline figures gloss over some significant differences. While the South East’s share of GDP has risen from 38.6% to over 45% of the total in the last 50 years, the share held by the North West and North East has declined by a quarter: from 16.8% to 12.7% of GDP. According to Travers, “despite the substantial redistribution of resources from place to place, significant territorial inequality has persisted.”³⁴⁷

³⁴³ Paddy Scannell, ‘Public Service Broadcasting: The History of a Concept’, in Andrew Goodwin and Garry Whannel (eds), *Understanding Television*, London: Routledge, 1990, p. 14.

³⁴⁴ Cited in Robert Beveridge’s submission to the Inquiry.

³⁴⁵ Tony Travers, ‘Devolving Funding and Taxation in the UK: A Unique Challenge’, *National Institute Economic Review*, 233, August 2015, p. R5.

³⁴⁶ Royal Society of Edinburgh, Response to Scottish Parliament Education and Culture Committee report on BBC Charter Renewal, Advice Paper 15-21(A), November 2015, p. 6.

³⁴⁷ Travers, ‘Devolving Funding’, p. R6.

This chapter will explore the extent to which these “territorial inequalities” are relevant to the UK television system and discuss the kinds of action that broadcasters have taken to address the situation. Given that television policy remains a ‘reserved’ matter for the Westminster parliament, with devolved administrations having little control over the shape and content of television, the chapter also seeks to consider whether the present arrangements are fit for purpose or whether, in the light of changing constitutional arrangements, they need to be updated and a new approach developed that more adequately serves all the population of the UK.

Television’s role across the UK

Unlike their multichannel counterparts, public service broadcasters are required to cater to all the geographical constituencies of the UK and, according to Ofcom³⁴⁸, they do this in several ways.

First, they make programmes either produced or set in different parts of the UK to transmit to all UK audiences. Recent ‘network’ programmes have included *The Fall*, produced in Northern Ireland, *Doctor Who*, which is made in Wales, *Broadchurch* made in Dorset and *Happy Valley* and *Last Tango in Halifax* produced by the Manchester-based RED production company. The intention here is both to represent parts of the UK to the whole of the UK – the ‘intercultural’ mode of address that we referred to in Chapter 2 – as well as to redistribute TV budgets outside of a London base that has long performed the same role for British television as Hollywood studios have for US television.

PSBs also produce news and current affairs programmes in and for Scotland, Wales and Northern Ireland and the English regions as well as a small range of non-news programmes. This refers to the crucial ‘intracultural’ form of address in which a community speaks to itself in order to get to grips with shared experiences and problems. The BBC and Channel 3 licence holders are required to produce a specific amount of each genre broken down into news, current affairs and non-news (although, as we saw in Chapter 6, ITV is no longer required to produce standalone non-news programmes in its regional English output).

Finally, there are services aimed at minority language speakers: for example, S4C provides Welsh-language television for the more than half a million people who speak Welsh while BBC Alba provides programming for Gaelic speakers in Scotland.

We discuss the growth in ‘network production’ later in the chapter but research carried out for Ofcom as well as the BBC Trust³⁴⁹ shows that there is especially strong demand for material produced in and for ‘the nations’ – as Scotland, Wales and Northern Ireland are referred to – and the English regions. Although there are very different political and cultural contexts that pertain to the ‘nations’, as distinct from the ‘regions’, they are key spaces in which communities are able to find out about issues that directly pertain to their lives and their identities. As the managing director of UTV told us, audiences for its Live at 6 news bulletin are often bigger than those for Coronation Street while Ofcom research suggests that “the importance people place

³⁴⁸ Ofcom, Public service broadcasting in the internet age: *The Nations of the UK and their regions*, Ofcom 2015, p. 5.

³⁴⁹ For example, see the BBC Trust’s Purpose Remit Survey reports and Ofcom’s *Nations of the UK and their regions*.

on their Nation or region being portrayed fairly to the rest of the UK has increased across the UK since 2008.”³⁵⁰

The concern that we wish to highlight is the growing gap between expectations and performance. This gap is likely to grow given the increased demands of audiences together with current pressures on public service broadcasters to cut budgets and to secure ‘value for money’ which, if narrowly interpreted, could lead to a further reduction in ‘minority’ services.

For example, despite the fact that we have had a Scottish parliament and assemblies in Wales and Northern Ireland since 1999 and despite the increased infrastructural investment linked to the creation of both a ‘Northern Powerhouse’ and a ‘Midlands Engine’, investment in television for the ‘nations and regions’ does not keep pace with these developments. Non-network output in 1999 reached 17,891 hours (that is first-run original output produced for the ‘nations and regions’ by the BBC, ITV and S4C; by 2014, 15 years after devolution, it had fallen to 13,814 hours (and that includes programming by BBC Alba), a decline of nearly 23%.³⁵¹ The main reason for this is the reduced obligation for Channel 3 licence holders to provide such programming (a situation we referred to in Chapter 6) though there have also been significant declines in BBC output – in Wales, for example, the BBC’s English language television output has dropped by 27% since 2006/7.³⁵²

If we focus only on the period between 2009 and 2014, the picture appears to be more stable with an overall 7% increase in hours. However this headline figure disguises a 9%

fall in Wales, a 3% decline in Northern Ireland and a small fall in the English regions. The picture is affected by the very welcome 57% increase in hours in Scotland but, even here, there were very specific explanatory factors notably the increase in resources provided to cover the 2014 Commonwealth Games and the independence referendum as well as the distorting impact of STV’s low-budget, overnight programme, *The Nightshift*, that ran from 2010 to 2015.³⁵³

Spending on programmes produced for the ‘nations and regions’ has also declined markedly in the past few years: from £404 million in 1998 to £277 million in 2014, a drop of just under one-third in real terms. This is due to the significant decrease in Channel 3 spend which has overshadowed a small increase in BBC investment.³⁵⁴

The most worrying declines have been in the English regions and in Wales with spending down by 11% and 16% respectively. It could be argued that the situation in Wales has been improved by the contribution of S4C to the Welsh cultural economy although its own creative capacity has been squeezed by a highly uncertain economic picture. It suffered a 24% cut to its core funding in 2010 when the bulk of its source of income was transferred from the government to the BBC, while BBC Wales’ contribution to the channel is also set to decline. According to the Institute of Welsh Affairs, these reductions threaten the ability of Welsh broadcasters to tell the full range of stories in the widest possible range of forms: “pluralism needs to be viewed not just in terms of the number of providers, but also in terms of the range, form, purpose and tone of programmes and the voices they carry.”³⁵⁵ Rhys Evans of BBC

³⁵⁰ Ofcom, *The Nations of the UK and their regions*, p. 6.

³⁵¹ Data from relevant Ofcom *Communication Market Reports*.

³⁵² Institute of Welsh Affairs, *IWA Wales Media Audit 2015, Executive Summary*, p. 2.

³⁵³ Ofcom, *Communications Market Report: Scotland*, Ofcom, 2015, pp. 46-47.

³⁵⁴ Ofcom, *The Nations of the UK and their regions*, p. 11.

³⁵⁵ IWA Wales Media Audit 2015, p. 2.

Wales told us at our event in Cardiff that “a fully developed national television service should go beyond news and sport and should help create and define a wider culture. We need to be entertained as well as informed.”³⁵⁶

A similar picture affects the prospects for BBC Alba where small pockets of funding from the Scottish government and the BBC allow for a mere 1.7 hours of original material per day with a 73% repeat rate overall. Despite its popularity with Gaelic viewers, its director of development and partnership, Iseabail Mactaggart, told us that insufficient funding “creates really serious audience deficits” that need urgently to be addressed.³⁵⁷

Years of declining output and spend have, therefore, hindered the ability of broadcasters to more effectively cater to national and regional audiences and, in the case of some communities, have done little to dispel the idea that a centralised UK television system could ever adequately recognise their distinct needs and identities. The TV producer Tony Garnett, who has a distinguished record with the BBC, now talks of a “Central London Broadcasting Corporation” that “steals from the rest of the country by taking its money and spending it on itself.” Instead of truly reflecting the diverse lives of its population, the BBC – the main, but not the sole, target of his criticism – “reflects distorted slivers of privileged life, for the international market; then it goes downmarket to caricature everyone else in soaps.”³⁵⁸

There is ample evidence that, as Garnett puts it, “patience is wearing thin”. For example, most audiences are firmly convinced that television is disproportionately composed of people from London and the South East who make up only 25% of the total population. Some 53% of viewers think they see someone from those regions every day on TV, almost double that of any other single region. While only 4% of Londoners think that they don’t see enough of themselves on television – and one has to wonder which programmes they watch – some 42% of those from Northern Ireland and 20% of Scottish viewers claim to be under-represented.³⁵⁹

Indeed, only 48% of Scots polled for BBC Trust research argued that they were sufficiently well represented by BBC News and only 51% by BBC entertainment and drama, the lowest figures for the UK.³⁶⁰ Research carried out for the 2016 Charter Review found that Scots were “significantly” less favourable towards the BBC and that just over a third of them thought the licence fee offers good value for money.³⁶¹ This data is deeply worrying sign for the BBC if it is to sustain a case for universal funding across all the parts of the UK. There remains considerable anger following the 2014 independence referendum when, as the BBC’s Audience Council for Scotland put it, “members questioned whether, overall, the coverage had captured the popular nature of the campaign and the increased role of social media.”³⁶² Others were more forceful. *The Herald* columnist and blogger Angela Haggerty told us that there is now “rapidly

³⁵⁶ Comments at Inquiry event, Cardiff University, April 6, 2016.

³⁵⁷ Comments at Inquiry event, Royal Society of Edinburgh, April 13, 2016.

³⁵⁸ Tony Garnett, ‘The BBC should explore the world beyond London’, *Guardian*, April 17, 2016.

³⁵⁹ Ofcom, PSB Diversity Research Summary, June 2015.

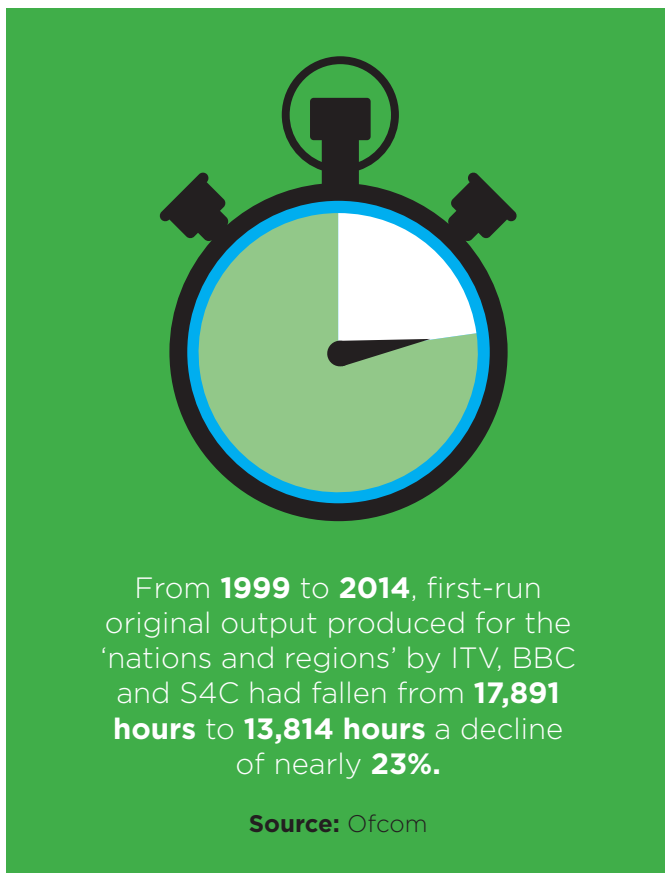
³⁶⁰ NatCen Social Research, Purpose Remit Survey UK Report for BBC Trust, 2015, p. 36.

³⁶¹ GfK Social Research, Research To Explore Public Views About The BBC, 2016.

³⁶² Audience Council for Scotland, Annual Review 2014-15.

growing discontent with the BBC and broadcasting as a whole in Scotland. There is a severe lack of trust and a lack of confidence in the coverage among many people...The status quo of broadcasting in Scotland is no longer acceptable.”³⁶³

So the key question for us is, at a time when more viewers are associating themselves with a ‘sub-national’ UK identity, how should policymakers and television executives react and what steps should be taken to best meet the needs of viewers from across the UK? We



first examine the emergence and impact of the ‘nations and regions’ strategy and then consider some alternatives.

Going ‘Beyond the M25’: the emergence of a ‘nations and regions’ strategy

Simply put, fundamental shifts in the UK’s political tectonic plates, and an indefensible imbalance in investment in the UK creative economy provided the key motivations for developing a ‘nations and regions’ strategy especially for the BBC and Channel 4, organisations without the regional structure that ITV at least used to have. The licence fee is collected in every corner of the UK yet for most of its history, the vast majority of spending took place where only a minority lived. In 1992, 80% of BBC network television programmes were made in London and the South East which then had 25% of the UK population³⁶⁴ and which are areas that are not culturally, politically and socially representative of the entire UK.

Demands for a more decentralised service also reflect the realities of everyday lives, many of which continue to be lived locally despite increasing patterns of mobility and migration. According to research carried out for TSB in late 2015, people live on average 60 miles away from their childhood home with some 60% of people continuing to live in the same area where they were born. “Even in an age of easy, cheap travel, instant global communication and the chance to experience life across the world, a significant proportion of Brits remain firmly connected

³⁶³ Comments to Inquiry event, Royal Society of Edinburgh, April 13, 2016.

³⁶⁴ John Birt, *The Harder Path*, London: Time Warner, 2003, p. 312

to their origins.”³⁶⁵ As people grow older, have children, buy homes and plan their recreational time, so their appetite for local information and expression grows. The celebrated phrase, ‘think global, act local’ reflects the significance of supra- and sub-national spheres of interest and the idea that, paraphrasing Daniel Bell, the nation-state is too small for the big problems in life and too big for the small problems.

So there was real pressure in the late 1990s on the BBC – as the ‘national’ broadcaster – to address its deep-seated metropolitan bias and to shift some production from London to other parts of the UK. The generous licence fee settlement granted in 2000, shortly following John Birt’s term in office as director general, had very clear ‘out of London’ requirements which were then supported by the new DG, Greg Dyke. Once the argument had been accepted inside the BBC, Channel 4, which already had a strong pedigree in culturally representative programming, was left exposed and immediately followed suit.

There had already been a BBC ‘regional directorate’ throughout the 1980s and 1990s. Scotland had lobbied especially hard against being seen as a ‘region’ and so in 1999, Mark Thompson was appointed as director of national and regional broadcasting followed in 2000 by a new director of nations and regions. Stuart Cosgrove was given the same title at Channel 4 not long afterwards.

The 2004 Building Public Value initiative and subsequent charter review process emphasized the BBC’s commitment to meet the needs of an increasingly diverse and fragmented UK. The BBC promised to

strengthen its programming for the devolved nations, to step up its local services, both in the nations and in the English regions and to develop its network of ‘Open Centres’ and ‘digital buses’ where less well-off people could access online technologies for no additional cost, seven days a week.³⁶⁶ Whole departments and channels were to leave the London base with Salford announced as the main destination.

However, the main focus of this strategy was on increasing network output in Scotland, Wales and Northern Ireland with only a very limited expansion of local services in the English regions including the launch of a local television pilot that was subsequently refused permission by the BBC Trust following heavy lobbying by the newspaper industry. In 2008, Jana Bennett, the director of BBC Vision, unveiled proposals that she described as a “radical shift in the whole set up of broadcasting”³⁶⁷: a promise that spend on network programming in the nations would go up from 6% of total spend in 2007 to 17% by 2016, representing their share of the overall UK population, and that ‘out of London’ spend overall would rise to 50% by 2016 (still significantly below its share of the population). For the first time in many years, the gravitational field in British broadcasting was due to change – a situation that would be further cemented by the requirement imposed on Channel 4 in 2014 to allocate 9% of its budget to ‘out of London’ productions by 2020.

This strategy, it could be argued, had an inescapable logic and an underlying sense of fairness. ‘Sustainability’ was seen as a key objective of the BBC’s approach in which just

³⁶⁵ TSB, *Homebirds*, 2015.

³⁶⁶ BBC, *Building Public Value: Renewing the BBC for a Digital World*, BBC, 2004, pp. 75-77.

³⁶⁷ BBC, ‘Jana Bennett unveils major TV production shift outside London’, press release, October 15, 2008.

four new or enhanced centres of network production, one in each nation and the new Media City in Salford, would be established. Thus real concentrations of craft and talent could be created and developed.

There have been undoubted successes. The targets for 2016 have been met and indeed have been exceeded: as of 2014, the 'out of London' spend was over 53% while Scotland, Wales and Northern Ireland accounted for over 18% of total spend.³⁶⁸ Cardiff Bay has built quite an industry around *Dr Who*, *Torchwood* and *Sherlock*; in Northern Ireland, strengthened BBC foundations (along with a significant contribution from Northern Ireland Screen and the Northern Ireland government) have enabled the creation of *Game of Thrones* (albeit for HBO) and much more including the network series *The Fall*; *Question Time* is now produced out of Scotland which has also excelled at Saturday night National Lottery programmes like *In It to Win It* and *Break the Safe*.

And therein lies a major problem with the existing nations and regions strategy for network programming: that it may have shifted elements of production out of the capital but there is little guarantee that this will lead to rich and complex representations of the nations themselves. "While drama production has been a beacon of success in Wales", argue Cardiff University's Sian Powell and Catriona Noonan, "this drama rarely reflects life in Wales and Wales is solely a location for filming rather than part of the narrative setting."³⁶⁹ Angela Graham of the Institute of Welsh Affairs told us that "it's ironic that BBC Cymru Wales is enjoying such great and welcome success when

its domestic output is tragically low."³⁷⁰ It has made *War and Peace*, *Casualty* and *Dr Who* but it lacks the resources to dramatise experiences that more directly speak to people from Cardiff to Caenarfon. *Dr Who* may be about many things but it is not, at least overtly, about the people of Wales.

There is also the problem, as with Scotland in particular, that a 'tick box' approach to 'out of London' programming may not necessarily lead to the emergence of a sustainable production infrastructure. Production has indeed been shifted but often by temporarily transferring labour and resources during the programme run: the so-called 'lift and shift' strategy. Additionally, commissioning, finance and most national channels remain within the magic circle that surrounds W1A – a pattern that is replicated by the vast majority of big, successful, independent production companies.

So despite the positive impact of increased network spend across the UK, it can be argued that the balance of power has not fundamentally shifted. Key positions – including those of director general, director of television, director of England and director of BBC Studios – are all still based in London; network production in the nations is now under the creative leadership of genre heads based in London while the main conurbations of England, with their massive populations, are not directly represented at the BBC's most senior management table in London. Meanwhile, funding pressures remain intense both on the nations as well on the BBC's output across the English regions. Given all these developments, one could make the argument that power is now actually more centralised inside the capital than it was previously.

³⁶⁸ BBC Annual Report and Accounts 2014/15, p. 82.

³⁶⁹ Sian Powell and Catriona Noonan, submission to the Inquiry.

³⁷⁰ Comments at Inquiry event, Cardiff University, April 6, 2016.

At least some of this has been acknowledged by the broadcasters themselves which explains why many are stepping up their commitments, particularly with regard to Scotland, Wales and Northern Ireland. Tony Hall, the BBC's director general, for example, accepts that not enough has been done to provide programming and governance structures that adequately reflect the demand for a 'louder' voice from the nations. "Audiences have told us...that they think we need to do more to capture distinctive stories from across the UK and share them across the country, as well as doing more to reflect the changing nature of the UK and support democracy and culture."³⁷¹ He now promises to complement the quotas for network content with, for example, new drama commissioning editors in each nation, dedicated 'splash' pages for its news websites and the iPlayer, and increased support for English-language programming in the nations.

We welcome these commitments but we note that they do not signify a meaningful shift in power away from W1A: decisions about the nations will continue to be taken in London while the new drama commissioners will still report to the overall controller of commissioning in London. We believe that a new approach is now needed: one that accepts both that a centralised structure and culture can never adequately represent all citizens and that a changing political settlement will require a robust response from broadcasters.

In reality, despite some who thought that any significant shift of production out of London might weaken the BBC as a whole,

the 'nations and regions' strategy was developed not to undermine the BBC's role as a 'national broadcaster' but precisely to rescue it. As Greg Dyke forcefully argued back in 2005, such changes were necessary "if the BBC really wants to be the national broadcaster and not what it is today, a broadcaster aimed disproportionately at the South of England middle classes. This bias will only change if more broadcasters live away from the South-east and more BBC programming commissioning is done away from London."³⁷² For some critics, however, the existing 'nations and regions' strategy was only ever "a response from institutions reluctant to devolve real power, which construct this offering as a means to retain control in London."³⁷³ At a time when, as we have already argued, more and more decisions are being taken by directly elected assemblies and parliaments as well as by mayors, local crime commissioners and unitary authorities in the English regions, we feel that a more full-blooded engagement with decentralisation is not simply advisable but necessary if the BBC in particular is to retain loyalty from viewers across the UK.

A 'devolved' approach to UK television

At its most basic level, a devolved television system would simply allow distinct communities to decide what stories to tell and how to tell them. The present arrangements, based on centralised budgetary, commissioning and editorial control, all too often prevent them from doing this. This lack of autonomy has stirred up some lively debates on the possible devolution of television policy. The Institute

³⁷¹ Tony Hall, 'The BBC in the devolved nations: progress update', letter, May 12, 2016.

³⁷² Greg Dyke, 'On Broadcasting', *Independent*, January 3, 2005.

³⁷³ Neil Blain and David Hutchison, 'A Cause Still Unwon: The Struggle to Represent Scotland', in N. Blain and D. Hutchison (eds), *The Media in Scotland*, Edinburgh University Press, 2008, p. 14.

of Welsh Affairs, for example, argues that responsibility for broadcasting “should be shared between the UK government and the devolved administrations”³⁷⁴ while the academic Robert Beveridge put it to us that Scotland should have full control over its media policy.³⁷⁵ In a high-profile speech at the Edinburgh International Television Festival in August 2015, the Scottish first minister, Nicola Sturgeon, called for a “federal” BBC³⁷⁶, a demand that was rebuffed in the UK government’s 2016 white paper but one that we think is likely to resurface in any future referendum debate and that merits very serious discussion. While there is little point in this Inquiry pre-empting constitutional change, there is also little point in refusing to acknowledge significant shifts in the public’s appetite for increased autonomy.

In the meantime, as Robert Beveridge told us, “we need to establish new and better ways of working within which to secure the Scottish public interest within the evolving constitutional settlement.”³⁷⁷ Following this logic, devolved administrations are energetically making the case for further decentralisation. The Scottish government, for example, has asked for the ability to spend the £323 million raised by Scottish licence fee payers on content and services of its own choosing including, of course, content produced centrally.³⁷⁸ This form of “budgetary control over commissioning”, it argues, could even be achieved within the terms of the existing charter and ought to be seen as a fairly basic democratic principle. The Welsh assembly is recommending that commissioners for the nations and regions should be based in those areas and provided

with greater control of network funding, “as a means of increasing the range and diversity of output, both locally and for the network”.³⁷⁹

There appears, however, to be few spaces in UK-wide policy circles in which to argue for these sorts of policies without being dismissed as either ‘nationalist’ or ‘parochial’. This is particularly the case in Scotland where, as we have already noted, the BBC already receives the lowest performance ratings in the UK. We ought to recognise the strength of the Scottish’s government’s mandate to secure more control over the country’s future but we also need to disentangle what are sometimes still seen as ‘partisan’ nationalist politics from the wider opinions of the Scottish public – not every demand for more autonomy is necessarily a full endorsement of Scottish National Party policy.

The debate over the idea of a *Scottish Six*, a dedicated one-hour news programme produced in and for Scotland, is a case in point. John Birt, who as we have seen helped to pioneer the official ‘nations and regions strategy’ was fiercely opposed to the idea of such a programme and committed himself to “a bitter battle to prevent the BBC being split apart by the fissiparous forces of devolution”. He was firmly against the idea of giving any ground to what he saw as nationalist arguments when in fact, as *Guardian* journalist Charlotte Higgins argues, many proponents were simply BBC loyalists “whose intention was not to threaten the institution but to improve its service for its audience.”³⁸⁰ This is precisely the point: if the BBC, and other broadcasters, are to keep up with changing political tastes and consumption

³⁷⁴ *IWA Wales Media Audit 2015*, p. 5.

³⁷⁵ See, for example, Robert Beveridge’s submission to the Inquiry.

³⁷⁶ Kate Devlin, ‘Nicola Sturgeon calls for new Scots channels in BBC revolution’, the *Herald*, August 27, 2015.

³⁷⁷ Robert Beveridge, submission to the Inquiry.

³⁷⁸ Scottish Government, *Policy Paper on BBC Charter Renewal*, February 2016, p. 8.

³⁷⁹ National Assembly for Wales, *Inquiry into the BBC Charter Review*, March 2016, p. 3.

³⁸⁰ Charlotte Higgins, ‘The BBC: how the voice of an empire became part of an evolving world’, the *Guardian*, July 2, .



EDINBURGH



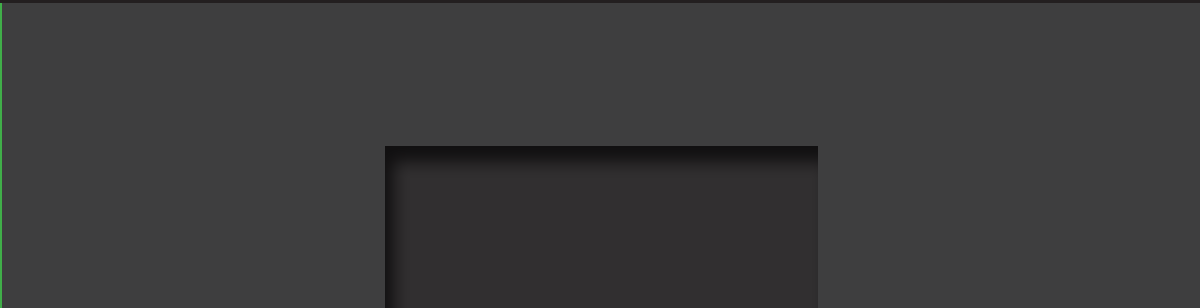
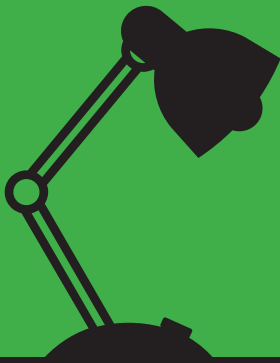
BELFAST



CARDIFF



LONDON



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“TOO MANY DECISION MAKERS CONTINUE TO WALK THE SAME METROPOLITAN STREETS AND EAT IN THE SAME RESTAURANTS TO TRULY APPRECIATE, AND HENCE REFLECT, A FAST CHANGING UK.”

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patterns, then resistance to change is not a luxury they can afford and we hope that the existing pilots for a *Scottish Six* come to fruition very soon.

We believe that Scottish, Welsh and Northern Irish Six O’Clock News programmes on the BBC are long overdue. Early evening news bulletins remain incredibly popular and modern technology would make a ‘drag-and-drop’ hour-long bulletin easy to deliver and provide an appropriately tailored mix of international and national news that may even help to address the falling rate of news consumption of 18-34 year olds. As the former head of nations and regions for Channel 4, Stuart Cosgrove, argued at our event in Edinburgh: “I believe that Scotland is a country rich in stories, that we deserve the dignity of a dedicated news service and that television news is failing to connect with younger viewers and needs to address its own shortcomings.”³⁸¹ Demands for more autonomy – for the ability to have some say over when to opt out and what to spend

money on – are less representative of a call to eviscerate the UK state than evidence for Cosgrove of “a nation saying we want to do better and be better, but we think that you need to help us be better because Westminster holds all of the keys to the unlocking of the creativity of this nation in terms of spend and allocation, in terms of the structures and the systems.”

So while we welcome the quotas for network spend for and the creation of new commissioners in the nations, we believe that real commissioning power should follow shifts in production. Too many decision makers continue to walk the same metropolitan (and sometimes suburban) streets and eat in the same restaurants to truly appreciate, and hence reflect, a fast changing UK. For this to happen, commissioners need to be in charge of budgets that should be devolved with them. There is no particular reason why drama commissioning could not be based in Cardiff, comedy commissioning in Glasgow and children’s commissioning in Belfast. If, as it is mooted, Tony Hall is set to restructure the BBC around new divisions focused on education, information and entertainment,³⁸² then a new opportunity arises to devolve power via commissioning budgets.

We also welcome the government’s commitment in its BBC white paper to main minority language television services. Indeed, such programming may be more important than ever in a multichannel age and it can hardly be accused of lacking ‘distinctiveness’. The arguments for S4C were originally made in 1982 when the UK had just three channels. “How much stronger”, asked S4C’s Huw Jones at our meeting in Cardiff, “are those

³⁸¹ Comments at Inquiry event, Royal Society of Edinburgh, April 13, 2016.

³⁸² Steve Hewlett, ‘Tony Hall’s grand reorganisation of the BBC “is playing with fire”’, *Guardian*, May 1, 2016.

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“THE SIGNIFICANT SUCCESS OF DANISH DRAMA IS THE RESULT OF IMAGINATIVE GOVERNMENT INTERVENTION AND THE SUPPORT OF THE INDUSTRY - SOFT POWER ACHIEVED IN SUBTLE WAYS IN ‘SMALLER’ STATES.”

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arguments today when the English language offering for the viewer consists of more than 500 channels, while in Welsh we still only have the one?”³⁸³ We note the fact that the government intends to review S4C in 2017 but we are mindful that the government’s commitment to language programming has to be backed up with secure, long-term funding. Given the particular purposes they serve in relation to national heritage, cultural diversity and education, we feel that they should be at least partially funded by ringfenced money – either from central government or another source – and not left to survive on whatever the BBC can find from its (declining) budgets.³⁸⁴

A devolved strategy would also recognize what is possible in other countries. The significant success of Danish drama is the result of imaginative government intervention and the support of the industry – soft power achieved in subtle ways in ‘smaller’ states. As the former controller of BBC Scotland John McCormick told us, devolved structures are common in other European countries. “While comparable audiences in Ireland and Catalonia are each served by half a dozen or more TV channels located in their territory, the German länder have one by right under federal law and the Dutch provinces have one. In Scotland, apart from BBC Alba we still have the twin TV channel opt out model established in the earlier part of the premiership of Harold Macmillan.”³⁸⁵

As well as a new and more vigorous strategy for the devolved nations, we also need a far stronger remit for the English regions with specific responsibility for diverse ethnic and faith-based representation. English regions – with the notable exception of the North West – have failed to benefit from the existing ‘nations and regions’ strategy and, indeed, Bristol has had its drama base ‘lifted and shifted’ to Cardiff. Ethnically and socially diverse areas like the East and West Midlands and Yorkshire, which are home to far more license payers than those in Wales, Scotland and Northern Ireland, enjoy little or no network television production and are underrepresented in most genres.

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³⁸³ Comments at Inquiry event, Cardiff University, April 6, 2016.

³⁸⁴ See the submission to the Inquiry from Teledwyr Annibynnol Cymru, the association of Welsh independent producers, that makes an eloquent case for increased funding of S4C.

³⁸⁵ Comments at Inquiry event, Royal Society of Edinburgh, April 13, 2016.

The announcement by the BBC to locate several departments in Birmingham, including its centre of excellence for skills, recruitment and talent development, Diversity Unit and HR functions is very welcome and, in part, a response to the energetic campaign run in the city to secure improved broadcast representation.

The BBC's agreement to move its online channel, BBC Three, to Birmingham by 2018 is more evidence of a willingness to reflect demands for greater investment in infrastructure outside of London. We would also strongly recommend that, given its statutory remit to reflect the cultural diversity of the UK, Channel 4 continues to think seriously about moving at least some of its operations from SW1 to Birmingham or another currently under-represented area, and that it strengthens its nations and regions office in Glasgow.

We believe that it may be worth revisiting the BBC's local television proposal that was ultimately rejected by the BBC Trust in 2008, following heavy lobbying by the newspaper industry, on the grounds that its public value was not sufficient then to offset market impact concerns.³⁸⁶ In a revised form, such a proposal – creating partnerships between the BBC and local news organizations, both commercial and not-for-profit, as has been raised in the government's white paper³⁸⁷

– might help to address the immense local democratic deficit in English regions. The existing commercial Local TV model, as we have already discussed elsewhere, has not been able to find the necessary investment for in-depth local news and a creative use of the BBC's infrastructure would galvanise television at a local level.

We are not arguing that these devolutionary changes should be at the expense of core PSB services for the UK where demand remains strong across the nations and regions. Indeed, some of the highest viewing figures for network content are in Wales; that fact does not preclude the need, at the same time, for more Welsh content. As John McCormick of the Royal Society of Edinburgh put it in relation to Scotland, “it's important to find a way of articulating the need for adequate Scottish public service broadcasting without losing sight of the value of existing provision from London, from which we all benefit enormously. And the desirability of not harming it.”³⁸⁸ Our point is that public service television – and this is not restricted to the BBC alone – will be strengthened if it is restructured on a more democratic and accountable basis that recognises both the demand for UK-wide content as well as a growing appetite for output that fits the changing political configuration of the UK in the 21st century.

³⁸⁶ BBC Trust, 'BBC Trust rejects local video proposals', November 21, 2008.

³⁸⁷ BBC white paper, 2016, p. 73.

³⁸⁸ Comments at Inquiry event, Royal Society of Edinburgh, April 16, 2016.

CHAPTER TEN CONTENT DIVERSITY



Content diversity

One of the key ways to ensure a healthy public service ecology is to maintain a rich and heterogeneous provision of programming. British television, thanks to its public service tradition, is well known for the wide variety of genres that have helped to provide a diversity of cultural expression.

These genres enable public service broadcasters to engage with a range of subject matters, both familiar and new, and to entertain, challenge and expose audiences to different experiences. Some of those genres – such as big entertainment, quiz shows, reality and comedy – fulfil entertainment values and are in good health³⁸⁹, while others are in crisis, due to rising costs, a highly competitive pay TV market and the scaling down of commitments following changes to the quota regime in the 2003 Communications Act. Here we address the challenges facing specific television genres and consider how best to protect and nurture content diversity. It is not possible to do justice to every genre but will focus on some of the genres – news and current affairs, drama, children’s, arts and sport – that are most ‘at risk’ in the current public service television environment.

Genres that have been traditionally associated with public service broadcasting – such as education, natural history, science, arts, current affairs, children’s and religion – have now been in steady decline for over a decade. Public service channels produce by far the highest levels of original content in

these genres and, despite the introduction of tax relief for certain areas including high-end drama, live-action children’s programming and animation,³⁹⁰ spending across all genres on first-run original programmes fell by 15% between 2008 and 2014.³⁹¹

A shift to on-demand viewing in recent years has further segmented our viewing habits. As we noted in Chapter 3, although the vast majority of our viewing continues to be live, some genres are increasingly viewed on catch-up services. Big entertainment shows and sports events often account for the highest proportion of live viewing, compared to drama series, which have the highest proportion of on-demand viewing.³⁹² These trends are significant as they point to the increasing complexity of maintaining public service mixed genre provision given an increasing reliance on ‘big data’, consumer preferences and taste algorithms that may serve to limit the diversity and visibility of a broad range of genres.

In particular, creating a programme in a more fragmented television landscape that reaches a ‘mass’ audience and that contributes to a shared cultural life represents a considerable challenge. Today, that responsibility increasingly lies with the ‘big entertainment’ shows that have traditionally occupied primetime weekend evening slots, and, together with drama, are the most popular genre with the highest audience share at 17%. These shows are costly – a 14 week run of BBC One’s *Strictly Come Dancing* or ITV’s *X Factor* costs in excess of £20 million, as they often involve a long production cycle.³⁹³ Nonetheless as talent shows generate several hours of programming each week, their cost per hour remains lower than that of drama.

³⁸⁹ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting*, July 2015. See also, Jeremy Tunstall, *BBC and Television Genres in Jeopardy*, New York: Peter Lang, 2015.

³⁹⁰ Mark Sweney, ‘Children’s TV gets tax break for live-action productions in autumn statement’, the Guardian, December 3, 2014.

³⁹¹ Ofcom, *PSB in the Internet Age*, p. 7.

³⁹² Oliver & Olhbaum and Oxera, *BBC television, radio and online services: An assessment of market impact and distinctiveness*, February 2016, p. 56.

³⁹³ According to Richard Holloway the shows take up anything between 43 – 46 weeks to produce. In Tunstall, 2015, p. 293.

But they are hugely important to public service channels, who are the most successful innovators of entertainment genres and biggest producers of television entertainment formats, with the ability to commission “more new titles every year than any other TV system in the world,”³⁹⁴ because of the ratings and profile they generate. Other genres, as we shall see, are in a far more fragile condition for a variety of reasons.

News and current affairs

Television news has for over half a century been one of the most valued and popular public service genres. It remains the key platform through which ordinary citizens access news with two-third of adults turning to television compared to 41% who go online.³⁹⁵ The traditional narrative is that through the provision of impartial and accurate information across a range of domestic and international topics, television news has sought to develop informed citizenship and to promote active participation in democratic processes. Current affairs complements these noble objectives and, through research and in depth analysis, aims to investigate events of interest to the public and to monitor the affairs of powerful elites. Yet, both genres are now in crisis albeit in different ways.

The crisis is not one of falling levels of output. Buoyed by the growth of a multichannel environment, total news and current affairs output has actually increased across the PSB

networks since 2009. The picture is uneven of course: while hours have increased on BBC One and Channel 5, they have fallen on BBC Two, ITV and Channel 4.³⁹⁶ It is partly a crisis of investment – spending declined by 14% between 2008-2014³⁹⁷ while at the same time newsrooms are producing more hours of material with fewer staff.

In terms of television news, however, the crucial development is that audiences are simply starting to switch off. While the average viewer watched 119 hours a year in 2010, this had fallen to 108 hours by the end of 2014, a decline of some 10% in four years.³⁹⁸ The change is particularly intense on the public service channels: Thinkbox, using BARB figures, reports an 18% decline since 2003 in audiences for TV news bulletins on the public service channels in contrast to only a 7% decline across the whole multichannel environment.³⁹⁹ Some broadcasters are feeling the effect more than others – viewing figures for the ITV Evening News, for example, had dropped from 3.4 million viewers on weekday evenings in 2010 to 2.5 million by late 2015⁴⁰⁰ while the BBC’s share of a declining field has actually increased in recent years.

The crisis is particularly acute when it comes to younger audiences who are far more developed in their consumption of online news. Thinkbox reports that 16-34 year olds now watch an average of six minutes a day of TV news on the main channels, down from 13 minutes a day in 2003. 16-24 year olds

³⁹⁴ Oliver & Olhbaum and Oxera, *BBC television, radio and online services: An assessment of market impact and distinctiveness*, February 2016, p. 62.

³⁹⁵ Ofcom, *News Consumption in the UK: research report*, December 2015.

³⁹⁶ Ofcom, *PSB Annual Report 2015: Output and spend index*, July 2015.

³⁹⁷ Ofcom, ‘Public Service Broadcasting in the internet age’, presentation to the Inquiry, September 29, 2015.

³⁹⁸ Ofcom, *News Consumption*, 2015.

³⁹⁹ Thinkbox, *TV Viewing Across the UK*, 2016.

⁴⁰⁰ Rasmus Kleis Nielsen and Richard Sambrook, *What is happening to Television News?* Reuters Institute for the Study of Journalism, 2016, p. 9.

watch even less TV news with their annual consumption down 29% since 2008 with the average young adult watching only just over two minutes a day.⁴⁰¹ This reflects an attitudinal as well as a technological shift. As Luke Hyams of short-form video specialists Maker Studios told us at our launch event:

Generation Z are growing up in a time when these ever present social media platforms are free, unfiltered and enable anyone with a smartphone to become a broadcaster. The voices and opinions that they interact with on these services are devoid of perceived journalistic bias or an agenda and tell it like it is with a raw, unedited delivery that most young people have come to accept as the norm.

Where does this leave public service broadcasters like the BBC? The independent position and distinct voice of the corporation seems to be lost upon swathes of this generation, who look upon the BBC as just another voice of authority in an increasingly crowded media landscape.⁴⁰²

We therefore agree with the authors of a recent report on the future of television news that the crisis needs to be immediately addressed. “Television news is still a widely used and important source of news, and will remain so for many people for years to come, but if television news providers do not react to the decline in traditional viewing and the rise of online video...they risk irrelevance.”⁴⁰³

None of this means that television bulletins have lost their influence as a source of news and television is still, according to Ofcom, “by far the most-used platform for news.”⁴⁰⁴ Jeremy Tunstall argues that the BBC remains the UK’s news agenda setter⁴⁰⁵ and, while social media and online video are central to any future vision of the news, the role of existing PSB news providers is still crucial in shaping how we talk about matters of public interest. For example, in Northern Ireland, the media academic Ken Griffin told us that the BBC and UTV remain “the main source of objective news and current affairs coverage” and are able to offer an alternative to the country’s print media which, he argues, “consistently exhibit political bias.”⁴⁰⁶ Similarly, in Wales, Sian Powell and Caitriona Noonan of Cardiff University argue that there is only a limited range of news sources about devolved politics in Wales and so the need for effective public service broadcasting is “central to the future of a well-informed citizenry and a publicly accountable government in Wales.”⁴⁰⁷

Indeed, social media have not replaced the ability of the major news bulletins to set the tone for ongoing national debates around major political issues like elections and economic matters. It is, we believe, a sign of the increasing politicization of the whole media landscape (and therefore a reminder of the need for the BBC and other broadcast organizations to be meaningfully independent in editorial matters) that serious complaints were made, for example, about the BBC’s coverage of the independence referendum in Scotland in 2014 and about its approach to

⁴⁰¹ Ofcom, *Public Service Broadcasting in the Internet Age*, Ofcom, 2015.

⁴⁰² Luke Hyams, ‘Do Young People Care About Public Service Broadcasting?’, *Huffington Post*, December 4, 2015.

⁴⁰³ Nielsen and Sambrook, *What is happening to Television News*, p. 3.

⁴⁰⁴ Ofcom, *News consumption in the UK 2015: Executive summary*, December 2015.

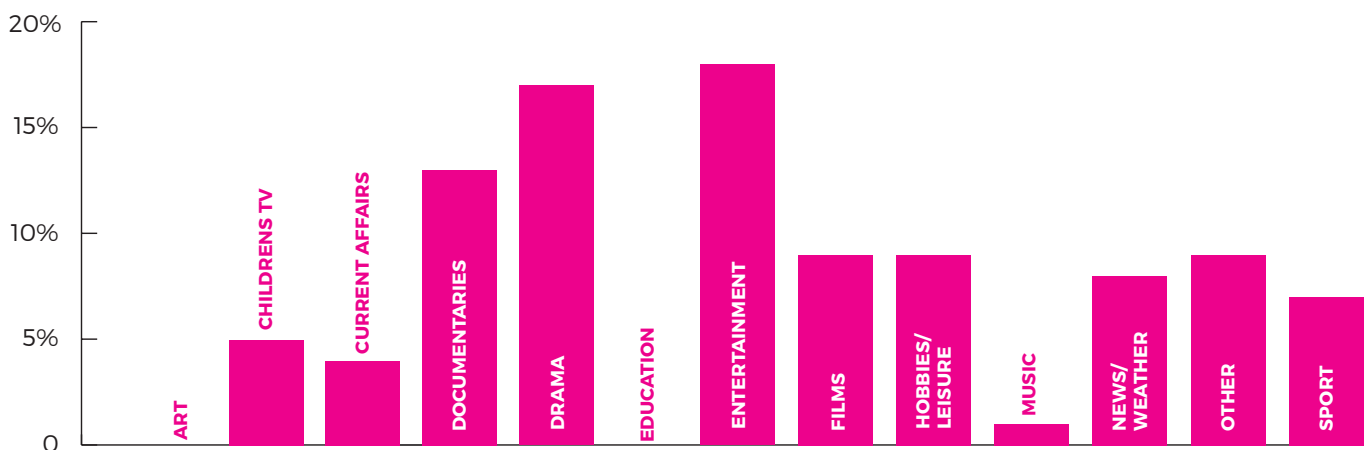
⁴⁰⁵ Tunstall, 2015, p. 143.

⁴⁰⁶ Ken Griffin, submission to the Inquiry.

⁴⁰⁷ Sian Powell and Caitriona Noonan, submission to the Inquiry.

MONTHLY VIEWING BY GENRE

Source: BARB



austerity where, as one researcher concluded, its bulletins were “almost completely dominated by stockbrokers, investment bankers, hedge fund managers and other City voices.”⁴⁰⁸ Impartiality is a worthwhile objective as long as it is not used to police the divisions that burst to the surface at times of major political conflict.

Indeed, public service news media must meet especially demanding standards of impartiality when dealing with topics where there are significant differences of opinion (although, of course, they should not seek to avoid topics that are deemed to be ‘controversial’). Impartiality is not secured merely by allocating similar amounts of time to ‘pro’ and ‘anti’ voices. Many issues

that matter for the public, or for specific sections of the public, are complex and there should be no expectation either that there are only two positions to be covered or that the ‘Westminster consensus’ is necessarily the most appropriate starting place. On the other hand, neither does impartiality refer to the affordance of equal airtime to ‘sense’ and ‘nonsense’. According to Professor Steve Jones, the BBC’s coverage of climate change, for example, has at times given unwarranted attention to a small number of climate change ‘deniers’: “Attempts to give a place to anyone, however unqualified, who claims interest can make for false balance: to free publicity to marginal opinions and not to impartiality but its opposite.”⁴⁰⁹ Impartial coverage requires both an engagement

⁴⁰⁸ Mike Berry, ‘Hard Evidence: How biased is the BBC?’ *New Statesman*, August 23, 2013.

⁴⁰⁹ Steve Jones, *BBC Trust review of impartiality and accuracy of the BBC’s coverage of science*, July 2011.

with a range of informed positions and a commitment to drawing on credible evidence as opposed to unsubstantiated claims.

The nature of the ‘crisis’ in current affairs is rather different. There was a steep decline in current affairs provision in the 1980s and 1990s⁴¹⁰ followed by a 35% fall in output between 1992 and 2002.⁴¹¹ Yet, in recent years, far from falling off a cliff, the average consumption of current affairs appears to be increasing with a 52% rise in viewing time since 2003 across all channels (albeit with a slightly smaller rise of 23% on the main PSB channels).⁴¹² Ofcom figures also show a 10% rise in hours produced across the schedule between 2009-2014 with BBC Two and Channel 5 showing increases of nearly 60%. The situation is not quite so rosy when it comes to peak-time current affairs where a majority of the overall increase is accounted for by the BBC’s digital news channel and where both BBC One and ITV show less than one hour a week of current affairs.⁴¹³

The problem, therefore, is not about the total number of hours transmitted but with the very delicate position that current affairs occupies in a ratings-driven environment. Despite the public’s appetite for high quality investigations and analysis, current affairs programmes remain expensive to produce and do not attract the largest audiences. That they still continue to feature in prime-time schedules is largely to do with the obligations placed on public service broadcasters by regulators. According to one anonymous producer quoted in a 2013 report on the

future of current affairs, “if there were no regulation, current affairs would disappear overnight. It would legitimise the race for ratings”; another argued that “broadcasters’ commitment to current affairs is dubious and is slipping fast. They are doing our stuff, but grudgingly, because they have to. There is relentless pressure to soften what we do.”⁴¹⁴

There appears to be a quite different atmosphere – and of course a very different financial landscape – from the 1970s when programmes such as ITV’s *World in Action*, *This Week* and *Weekend World* reached collectively 20 million viewers a week and had huge resources thrown at them.⁴¹⁵ The small increase in peak-time current affairs output since 2009 has been matched by a 14% fall in spending and there is anecdotal evidence, according to Steven Barnett, “that there is now more emphasis on the personal, the human interest and on celebrity issues than in the late 1990s.”⁴¹⁶ ‘Infotainment’ is gradually replacing output that used to focus on international stories and costly investigations. Channel 4’s *Dispatches* and the BBC’s *Panorama* remain the cornerstones of this latter genre but they are becoming increasingly reliant on ‘safer’ topics such as consumer or lifestyle stories.⁴¹⁷ In the light of these shifts, we want to reiterate our commitment to in the democratic importance of “accountability journalism”⁴¹⁸. We believe that not only should the quotas remain (and in the case of ITV, as we have already argued, increased) but that there needs to be a revival, monitored by Ofcom, of the ‘hard-hitting’ investigative strands that have

⁴¹⁰ Steven Barnett, *The Rise and Fall of Television Journalism*, London: Bloomsbury, 2011.

⁴¹¹ David Bergg, ‘Taking a horse to water? Delivering public service broadcasting in a digital universe’, in J. Cowling and D. Tambini (eds.), *From Public Service Broadcasting to Public Service Communications*, London: IPPR, 2002, p. 12.

⁴¹² Thinkbox, *TV Viewing in the UK*, 2016.

⁴¹³ Ofcom, *PSB Annual Report 2015: Output and spend index*, July 2015, pp. 30-31.

⁴¹⁴ Quoted in Jacquie Hughes, *An Uncertain Future: The Threat to Current Affairs*, International Broadcasting Trust, 2013, p. 11.

⁴¹⁵ Jeremy Tunstall, submission to the Inquiry.

⁴¹⁶ Quoted in Hughes, *An Uncertain Future*, p. 12.

⁴¹⁷ Tunstall, 2015, p. 184.

⁴¹⁸ Hughes, *An Uncertain Future*, p. 4.

produced some of the most celebrated output of British television like *World in Action's* programmes on thalidomide in the 1970s.

We believe that the lives and concerns of all citizens, but especially young people and ethnic and other minorities, are too often underserved by the journalism of existing public service providers. Young people, for example, often don't see their world and their concerns covered in a comprehensive and relevant manner. This alienates them and pushes them towards more energetic newcomers such as Vice Media who operate outside of the formal public service compact. The dominant culture of journalism fails to reach these and other minorities and too often seeks to manufacture an unsatisfactory consensus by over-representing the centre ground. At a time of growing disillusionment with traditional parliamentary politics and, especially in the light of increased devolutionary pressures, we believe that news providers need to adopt not simply a more technologically sophisticated grasp of digital media but a model of journalism that is less wedded to the production of consensus politics and more concerned with articulating differences. Television, as Richard Hoggart reminds us in relation to the Pilkington Inquiry, "should not hesitate to reflect 'The quarrel of this society with itself', even though politicians may not like the result."⁴¹⁹ We believe that this is the case today just as much as it was in 1962.

Drama

Drama, including soaps, is one of the most popular genres associated with the remit of public service. The genre's popularity, with an average audience share of 17% in 2015, is matched by its high costs. As one of the most expensive genres, a typical, prime-time homegrown drama costs between £500,000 and £1 million per hour.⁴²⁰ While public service channels continue to be highest investors in the genre, Ofcom's 2015 review of public service broadcasting reported a 31% fall in investment in original drama since 2008.⁴²¹ Although audience satisfaction with drama is stable,⁴²² BARB figures show that the average time spent watching drama series and soaps on the main channels fell by 50% between 2003 and 2015.⁴²³

This does not appear to signal a lack of interest in drama itself as falling levels of investment by PSBs has been, at least in part, offset by a huge increase in co-productions and pay TV platforms offering globally appealing US content. Streaming services such as Netflix and Amazon appeal to younger demographics, and the subscription take-up has been exponential, with almost a quarter of UK households subscribed to Netflix by the end of 2015.⁴²⁴ They are changing our viewing habits too, with 'binge viewing' becoming an increasingly popular way of engaging with quality, complex drama. The domination of US content is also clear with a doubling of American scripted shows, from 200 to an estimated 409, with content produced for streaming media experiencing the largest jump.⁴²⁵ Netflix has recently

⁴¹⁹ Richard Hoggart, *A Measured Life*, London: Transaction Publishers, 1994, p. 66.

⁴²⁰ Tunstall, 2015, p. 91.

⁴²¹ Ofcom, presentation to the Inquiry, September 29, 2015.

⁴²² Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting*, July 2015.

⁴²³ Thinkbox, presentation to the Inquiry, April 19, 2016.

⁴²⁴ Jasper Jackson, 'Netflix races ahead of Amazon and Sky with 5m UK households', the *Guardian*, March 22, 2016.

⁴²⁵ Josef Adalian, 'There Were Over 400 scripted TV shows on the Air in 2015', *Vulture*, December 16, 2015.

The image features a solid pink background. At the top, there is a white-outlined rectangle with a smaller white-outlined rectangle inside it. Below these, a white semi-circle is positioned at the bottom edge of the top rectangle. In the center, a white circle is bisected by a horizontal white line. At the bottom, there is a white-outlined rectangle with a smaller white-outlined rectangle inside it, and a white semi-circle is positioned at the top edge of the bottom rectangle.

Sports content now
accounts for some
46% of all investment
in first-run UK original
programming

Source: Ofcom

promised to spend \$5 billion on programming and to produce 600 hours of new content in 2016 alone.⁴²⁶

While this increase is not directly linked to the fall in drama spending in the UK, it clearly makes the market more competitive, a situation welcomed by the BBC's head of drama, Polly Hill, who points to the need for PSBs to take risks in developing fresh ideas and engaging scripted content.⁴²⁷ Yet, while this might be an extra push to increase the already high standards of UK drama, not all public service channels are able or willing to take up this challenge, with ITV, a channel traditionally associated with high-end dramas such as *Downton Abbey* or *Mr Selfridge*, recording an alarming 65% drop in drama investment since 2008.⁴²⁸

The pressure to produce popular, high-budget drama has also led to an increasing dependence on US investment – reflected in a growing reliance on UK-US co-productions. The BBC's recent adaptation of John Le Carré's novel *The Night Manager* was coproduced with US TV channel AMC while Andrew Davies' adaptation of Tolstoy's *War and Peace* for BBC One was coproduced with the Weinstein Company. Netflix has also invested in UK specific content, namely the British drama *The Crown*, filmed at Elstree Studios, but also the third season of Charlie Brooker's *Black Mirror*, with Channel 4 losing the right to show the season's first run as a result.⁴²⁹ This is not limited only to high-end

drama and the US market alone. Michael Winterbottom's quirky *The Trip* moved from the BBC to Sky Atlantic for its third season reflecting the BBC's inability to “compete with the financial resources which Sky Atlantic was able to commit.”⁴³⁰

While there are clear advantages and benefits to such collaborations, notwithstanding increased investment opportunities and increased international recognition for British talent and content, US/UK co-productions tend to cultivate a specific subgenre of ‘period and fantasy world dramas’⁴³¹ or novel adaptations, which do not necessarily lead either to risk-taking or, for that matter, making ‘British stories for British audiences’ but to content with a broadly international appeal. This is an issue that has been repeatedly addressed in relation to the need for television to reflect the full diversity of life in the UK as we discussed in the previous chapter and that was raised at several of our events.⁴³² Furthermore, much like sports, commercial pressures have, in the past, resulted in audiences losing out, with quality scripted shows like *Mad Men*, *The Wire* and *The Sopranos* migrating behind paywalls, out of reach of their loyal viewers who had previously watched them on public service channels.

⁴²⁶ Nathan McAlone, ‘It would take 25 days to binge-watch all the new Netflix original content coming out this year’, *Business Insider*, January 6, 2016.

⁴²⁷ Hannah Furness, ‘BBC has nothing to fear from Netflix or Amazon, head of drama says’, *Daily Telegraph*, December 28, 2015.

⁴²⁸ Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting*, July 2015, p. 12. It should be noted that 2008 marked a highpoint of investment prior to the crash that saw ITV deliberately shift to factual commissioning in the face of a significant drop in advertising revenue.

⁴²⁹ John Plunkett, ‘Netflix deals Channel 4 knockout blow over Charlie Brooker's *Black Mirror*’, the *Guardian*, March 29, 2016.

⁴³⁰ Adam Sherwin, ‘The Trip: Steve Coogan and Rob Brydon take hit TV show to Sky’, the *Independent*, February 15, 2016.

⁴³¹ Oliver & Olhbaum and Oxera, *BBC television, radio and online services: An assessment of market impact and distinctiveness*, February 2016, p. 52.

⁴³² For example, *Are You Being Heard? Representing Britain on TV* held at Goldsmiths, 22 March 2016; *Future for Public Service Television – Inquiry Event for Wales*, April 6, 2016. *Does Television Represent Us?* Held at the Black-E, Liverpool, May 4, 2016.

Children's television

Educating, informing and entertaining children is one of the fundamental purposes of public service broadcasting. In this day and age, this should be a relatively easy task, considering that children today spend more hours in front of screens than they do at school.⁴³³ Indeed, while it is true that younger audiences are migrating more rapidly away from linear television as we discussed in Chapter 2, viewing live broadcast television on a TV set nevertheless remains one of the most popular activities for children and young people. According to Sonia Livingstone and Claire Local of the London School of Economics, "96% of children age 5 - 15 use a TV set to watch television, and the majority (87%) of viewing of broadcast TV among 4 - 15 year olds is of live television."⁴³⁴ CBeebies, for example, is very popular for the youngest audiences and maintains high audience figures with a weekly reach of 48% of its target audience.⁴³⁵

However, a range of evidence-based submissions to our Inquiry⁴³⁶ pointed out that, while there is no shortage of children's audio visual content overall, there is an alarming reduction in commissioning and spend on children's television on the main public service channels. Latest Ofcom figures confirm this and point to a serious fall in investment in children's TV amongst commercial public service providers with a drop of 20% in spending between 2008 and

2014.⁴³⁷ This has been accompanied by a 51% fall in consumption of children's TV on the public service channels in contrast to only a 5% fall across the whole of television since 2003.⁴³⁸

Advertising restrictions on high fat and high sugar food on children's television are often cited as the main cause of the reduction of investment in original programming by commercial providers. The Children's Media Foundation points out that ITV and Channel 5 spend far more on the acquisition rather than the commissioning of programmes and argue that the multichannel landscape is increasingly dominated by animated imports and high level of repeats. In 2013, commercial children's TV channels, including Disney, Nickleodeon and ITV-run CiTV, broadcast 136,311 hours of content, of which only 111 of these hours were first-run UK originations, a decrease from 281 hours in 2010.⁴⁴⁰

Advertising restrictions, coupled with the removal in the 2003 Communications Act of quotas for children's television have clearly contributed to the reduction of the children's programming on commercially funded public service channels. According to Jeanette Steemers of the University of Westminster, the Act "spelt the death knell for competitive commissioning between the BBC and ITV in particular... at their peak in 2001, commercial PSBs led by ITV had commissioned 739 hours, spending £74 million." This is contrast to the £3 million spent by commercially

⁴³³ Children's Media Foundation, submission to the Inquiry.

⁴³⁴ Sonia Livingstone and Claire Local, LSE Media Policy Project, submission to the Inquiry.

⁴³⁵ BBC Trust, Review of the BBC Children's Services: Summary Report. September 2013.

⁴³⁶ For example the Children's Media Foundation, Livingstone and Local, Steemers.

⁴³⁷ Ofcom, presentation to the Inquiry, September 29, 2015.

⁴³⁸ Thinkbox, *TV viewing in the UK*, Source BARB 2003-2015.

⁴³⁹ Jeanette Steemers, submission to the Inquiry.

⁴⁴⁰ Ibid.

.....

“WE KNOW REMARKABLY LITTLE ABOUT WHAT CONTENT CHILDREN ENGAGE WITH ON THE INTERNET”.

Livingstone and Local

.....

funded public service broadcasters in 2014.⁴⁴¹ The removal of restrictions means that Channel 5, having initially promised to show 24 hours of children’s programming per week, now “over-delivers” on the “voluntary commitment” of its children’s programming, a situation to which we referred in Chapter 6.⁴⁴²

There are additional concerns arising from children’s changing consumption habits. A quarter of all CBBC viewing now takes place via the iPlayer, according to the BBC⁴⁴³, and children increasingly use social media to devour content. This raises search and discoverability issues and, as Livingstone and Local observe, “we know remarkably little about what content children engage with on the internet.”⁴⁴⁴ Putting new sets of restrictions, with content within ‘walled gardens’, tackles important safety issues but also tends to limit the range and diversity of content, with children’s provision then becoming increasingly risk-averse and limited.⁴⁴⁵ On the other hand, with media literacy being a further issue, exposure to

inappropriate adult content poses a real risk for children, especially given that children’s online content is mainly advertising-funded and is free of broadcasting restrictions.

We therefore agree with those submissions that argued that there needs to be a greater provision of commissioned public service content for the youngest audiences as well as content aimed at those aged between 13 and 17 who we feel are currently underserved. We feel that the BBC should be required to maintain its investment in CBeebies and BBC Three (and indeed we believe that the BBC should devise new formats that bring children and young people to its main channels) but we believe that other PSBs have a responsibility to produce children’s programming. Ofcom should ensure that Channel 4 fulfils its duty under the 2010 Digital Economy Act to produce content for older children (as covered in Chapter 5) while Channel 5 should be further encouraged to engage with younger viewers. We believe that children’s programming is a genre that would benefit from more attention from regulators and policymakers and we note the conclusion in a recent report on the funding of children’s TV that the most successful support schemes – in Canada and France – “rely on substantial state intervention in the form of output quotas, investment quotas, levies on commercial players, and the redistribution of funds to producers through subsidies and tax breaks.”⁴⁴⁶

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⁴⁴¹ Ibid.

⁴⁴¹ Viacom International Media Networks/Channel 5, submission to the Inquiry.

⁴⁴¹ Jeanaette Steemers, submission to the Inquiry.

⁴⁴¹ Sonia Livingstone and Claire Local, submission to the Inquiry.

⁴⁴¹ Ibid.

⁴⁴¹ Jeanette Steemers and Feryal Awan, ‘Policy Solutions and International Perspectives on the Funding of Public Service Media Content for Children:

⁴⁴¹ A Report for Stakeholders.’ CAMRI, May 2016, p. 23.

Arts television

Arts television is another crucial public service genre – one that enables audiences to appreciate the creative achievements of the UK and to take part in a range of cultural activities: “Everyone should have access to the arts regardless of economic social background and a healthy public broadcasting system will reflect these values.”⁴⁴⁷ This is also the case given the importance of the arts for the wider television ecology let alone its contribution to the UK’s international reputation as a source of creativity and innovation. Yet arts programming has, alongside religion and current affairs, been disappearing from the schedules of our major broadcasters and it is “increasingly unattractive to commercial PSBs”⁴⁴⁸ in particular. According to Ofcom, there were just 7 hours of original, peak-time arts and classical music output on ITV in 2014, 19 hours on Channel 4 and nothing at all on Channel 5.⁴⁴⁹

Back in the 1980s, however, arts programming was in relatively good health and offered a wide variety of contemporary themes, covering both high and popular culture. There were 23 editions per year of ITV’s flagship arts programme, *The South Bank Show*, but it was cancelled in 2009 after more than 30 years only to be then relaunched on Sky Arts in 2012 with much smaller audiences. The BBC’s leading arts strand, *Arena*, used to produce more than 20 programmes a year

throughout the 1970s and 1980s but now there are only around five editions a year. The fate of *The South Bank Show* and *Arena* is symptomatic of a long-term, sharp decline in arts provision in the last 25 years. Between 1992 and 2002, arts programming on public service television more than halved⁴⁵⁰ while further decline was caused by the removal of specific quotas in the 2003 Communications Act. Investment in public service television provision of arts programming is currently lower than ever, with a total of £41 million spent on first run UK originations, down by 25% since 2008 and hours of original output down by 10% in the last five years.⁴⁵¹

While there continues to be a healthy demand for arts programming on public service channels as well as on pay TV channels such as Sky Arts,⁴⁵² broadcasters are increasingly meeting this demand through a heavy reliance on repeats and archive material delivered with shrinking budgets. The BBC continues to be the largest producer of arts programming with three quarters of all public service television programming.⁴⁵³ It is also the only provider of a dedicated arts, culture and ideas channel, BBC Four, which was launched in 2002 and has “the highest appreciation figures of any BBC television service in audience surveys and the highest ranking for distinctiveness.”⁴⁵⁴ BBC Four has been dedicated to the genre – described as “think television”⁴⁵⁵ – but it is

⁴⁴⁷ Caitriona Noonan and Amy Genders, submission to the Inquiry.

⁴⁴⁸ Mediatique, *Ofcom PSB Review: Investment in TV Genres*, December 1, 2014.

⁴⁴⁹ Ofcom, *PSB Annual Report 2015: Output and spend index*, July 2015.

⁴⁵⁰ In David Bergg, ‘Taking a horse to water? Delivering public service broadcasting in a digital universe’, in J. Cowling and D. Tambini (eds.), *From Public Service Broadcasting to Public Service Communications*, London: IPPR, 2002, p. 12.

⁴⁵¹ Ofcom, *PSB Annual Report 2015: Output and spend index*, July 2015, p. 20.

⁴⁵² 43% of people argue that television is their most important media source for finding out about the arts, history and science. Research carried by

⁴⁵³ Ipsos MORI for Ofcom, 2014.

⁴⁵⁴ Tunstall, 2015, p. 222.

⁴⁵⁵ D. Butcher, ‘Stand up for BBC Four’, *Radio Times*, August 27- September 2, 2011, p. 157.

⁴⁵⁶ Vana Goblot, *BBC Four as ‘A Place to Think’: Issues of Quality, Cultural Value and Television Archive in the Digital, Multiplatform Age*. Doctoral thesis, 2013, p. 178.

currently required to produce only 150 hours of new arts and music programmes a year.⁴⁵⁶ Whereas this is a considerable increase on its 2011 remit of 100 hours, this is only a small proportion of its overall total of 3,276 hours of programming a year. Furthermore, it has to achieve this on a smaller budget, down from £54.3 million in 2010 to £48.7 million in 2016/17.⁴⁵⁷

The archival properties of new digital platforms have unlocked possibilities for broadcasters to offer further public value by extending access to older arts content, but they have also highlighted the fact that the range of contemporary themes is waning. According to Noonan and Genders, current arts provision is “too narrow in its focus and often reluctant to take creative risks.”⁴⁵⁸ Indeed, BBC Four’s arts and music quota, for example, relies heavily on pop music documentaries based on archive material, which are curated into seasons and themed evenings, regularly filling, for example, its Friday night schedule.

We discussed in Chapter 7 how cultural institutions with well-established commitments to educate, inform and entertain as well as to curate, are developing their own platforms which offer audiovisual content without funding that is specifically aimed at digital content creation. This content is incredibly popular: the Tate’s short films, for example, have more than 8 million views on YouTube⁴⁵⁹, a clear indication of the public’s

appetite for this type of cultural content. The National Theatre’s streaming service, NT Live, also shows how streaming and recording of live theatre performances for those who are unable to attend in person both extends and deepens public service objectives.⁴⁶⁰ However, just because a wide range of public and cultural institutions are increasingly active in producing arts content, this should not be seen as an opportunity for public service television broadcasters to opt out of the genre.

Sport and listed events

Sporting events hold a powerful place in the social and cultural life of nations. Nelson Mandela once observed that the communicative power of sports “cuts across all cultural and language barriers to reach out directly to billions of people worldwide.”⁴⁶¹ The BBC’s coverage of London Olympic Games in 2012 reached 90% of the population, or more than 50 million people, in the UK alone.⁴⁶² The London Paralympic Games, broadcast on Channel 4, was watched by nearly 70% of the population – a total of 39.9 million people.⁴⁶³ Audience enthusiasm for televised sports events remains steady and, since the London Olympics, the number of people taking part in sports has increased. In 2015, Sport England reported 15.74 million people aged 16 years and over playing sport at least once a week, an increase of 1.65 million (10.48%) since its 2005/6 survey.⁴⁶⁴ Because of the significance of sporting events to millions of citizens, live coverage

⁴⁵⁶ BBC Four Service Licence, April 2016, p. 3

⁴⁵⁷ *Ibid.*, p. 2.

⁴⁵⁸ Caitriona Noonan and Amy Genders, submission to the Inquiry.

⁴⁵⁹ *Ibid.*

⁴⁶⁰ Enders Analysis, *How Online Media Services Have Fulfilled the Public Service Objectives*, p. 26.

⁴⁶¹ Quoted in Tom Evens, Petros Iosifidis and Paul Smith, *The Political Economy of Television Sports Rights*, Basingstoke: Palgrave Macmillan, 2013, p. 54.

⁴⁶² John Plunkett, ‘BBC Olympic coverage watched by 90% of UK population’, *Guardian*, August 13, 2012.

⁴⁶³ Data provided by the International Paralympic Committee, www.paralympic.org/london-2012.

⁴⁶⁴ Sport England.

of major sporting events helps to fulfil some fundamental purposes of public service television concerning universalism and citizenship. The irony, however, is that sports – and especially live football – has been responsible for driving the growth of a huge pay TV market in the UK.

Since the launch of ITV in 1955, certain live sports fixtures have been established as 'listed' events, occasions that are required to be made available to audiences on free-to-air channels. Garry Whannel, an academic expert on media and sport, told us in his submission to the Inquiry that the number of protected sporting events has been steadily decreasing since the 1990 Broadcasting Act. Among those losing their 'listed event' status include Test cricket, the Commonwealth Games and the Oxford versus Cambridge boat race. Although Ofcom's Code on Sports and Other Listed and Designated Events designates multi-sport competitions such as the Olympic Games as must have live coverage,⁴⁶⁵ the free-to-air future of these events is uncertain. The recent purchase of rights for the summer and winter Olympics by Discovery Communications will only increase this uncertainty even though it has agreed to sub-license rights to the BBC for the foreseeable future.⁴⁶⁶

Despite the reduction in the number of listed events, sports broadcasting overall remains resilient. Indeed, the last three decades have been marked by an exponential growth in sports coverage.⁴⁶⁷ According to Jeremy

Tunstall, "British TV viewers in 1988 were offered about 55 hours of sport per week. That number of hours has grown thirty fold to about 1,600 hours of sport per week today."⁴⁶⁸ This flourishing has been, however, limited to pay TV platforms, although there is evidence that some operators may at least be starting to recognise the value of removing the paywall, for example with BT Sport's live streaming of the Champions League final on YouTube.⁴⁶⁹ Yet this is the exception and the bulk of televised sports is located behind the paywall of Sky that now has more than 12 million customers⁴⁷⁰ making it the "number one digital destination for sport in the UK" for the first time.⁴⁷¹ In 2015, Sky Sports coverage reached its peak and transmitted 12,854 hours of football coverage, 7,154 hours of cricket and 6,708 of golf⁴⁷². In contrast to these huge numbers, there has been a significant decrease in sports coverage on free to air channels, especially on ITV, despite its recent high-profile acquisition of horseracing rights from Channel 4.

The steady migration of sporting events from free to air, public service channels to pay television such as Sky and BT has accelerated since the late 1980s when the development of satellite and cable television markets offered more air time and money to secure exclusive broadcasting rights. Pay television channels have since become the dominant economic partners with sports organisations, and their symbiotic partnership is also fuelled by the amount of space given to sports coverage on more dedicated channels. Yet, according to

⁴⁶⁵ Summer and Winter Olympic Games are classified as listed events in Group A, although the definition of 'live' is a subject of interpretation. For example, in the case of "an event which consists of defined separate parts which overlap in time (e.g. the Olympic Games or the FIFA World Cup Finals) and cannot therefore be televised simultaneously in full, the restrictions will apply to each match or competition as if it was a single event." See Ofcom, *Code on Sports and Other Listed and Designated Events*, 2014, Section 1.12.

⁴⁶⁶ 'BBC and Discovery Communications sign long-term Olympic Games partnership,' February 2, 2016.

⁴⁶⁷ This growth is still not matched by online platforms. According to Enders Analysis Report for Ofcom, *How online media services have fulfilled the Public Service Objectives*, 2014, p. 46, it is niche sports (outdoor action sports) that are increasingly available over the internet.

⁴⁶⁸ Tunstall, 2015, p. 331.

⁴⁶⁹ H. Mackay, 'BT Sport to live stream Champions League and Europa League finals on YouTube', *Daily Mirror*, May 12, 2016.

⁴⁷⁰ John Plunkett, 'Sky profits rise as it passes 12 million UK and Ireland customers', the *Guardian*, July 29, 2015.

⁴⁷¹ Sports Market Intelligence.

⁴⁷² *Ibid.*

Whannel's submission to the Inquiry, one of the consequences of this move is a significant reduction in range and diversity of sports shown on television. Whannel notes that in the 1960s, the BBC alone "covered around 90 different sports in the course of a year", which has since dropped dramatically, with minority sports not getting "airtime even if offered for free."⁴⁷³ This lack of diversity has only been very recently improved in terms of a gender balance, with an increasing number of women presenters and a slight increase in coverage of women's sports.⁴⁷⁴

Football in particular is a sport widely recognised for its "genuinely social character"⁴⁷⁵ yet it is also the sport which, more than any other, has been absorbed by corporate interests, driving inflationary pressures in relation to the cost of sports rights. This has had significant implications for public service broadcasters who are increasingly unable to compete. According to Ofcom, the overall investment by PSBs in sports coverage dropped by 9% between 2008 and 2014 to £547 million a year while multichannel investment, dominated by Sky, increased by 30% to nearly £1.6 billion.⁴⁷⁶ The cost for Premier League rights has now reached over £5 billion for three years – some £10 million per game – an increase of 70% since the last UK television deal in 2012.⁴⁷⁷

Because of this inflation, sports content now accounts for some 46% of all investment in first-run UK original programming⁴⁷⁸ and these costs will inevitably be passed on to viewers.

Yet, free to air public service channels such as BBC One continue to pull in large audiences that exceed audience figures for pay TV. *Match of the Day* is the most popular single sports offering, with viewing figures rarely less than 4 million on Saturdays, prompting its presenter, Gary Lineker, to argue that it is still more widely watched than Sky's coverage.⁴⁷⁹ While it is certainly true that pay TV channels have both facilitated an overall increase in sports coverage and innovated the form this coverage takes, only a minority of UK citizens have been able to benefit as long as the content lies behind a paywall. As one of our respondents told us: "Could the super Saturday of the 2012 London Olympics, when gold medals were won by Jessica Ennis, Greg Rutherford and Mo Farah, ever have had the same impact, if viewed only by a small proportion of the population?"⁴⁸⁰ In short, there is clear evidence that preserving sports coverage on free-to-air channels is of significant importance to the public; yet public service broadcasters are more dependent than ever "on the continued

⁴⁷³ Garry Whannel, submission to the Inquiry.

⁴⁷⁴ Ibid.

⁴⁷⁵ Evens, Iosifidis and Smith, 2013, p. 54.

⁴⁷⁶ Ofcom, presentation to the Inquiry, September 29, 2015.

⁴⁷⁷ Owen Gibson, 'Sky and BT retain Premier League TV rights for record £5.14bn', the *Guardian*, February 10, 2015.

⁴⁷⁸ Ofcom figures show that spending on sports coverage in 2013 added up to £2 billion out of a total spend on original programming of £4.3 billion.

If figures from the Commercial Broadcasters Association are used, the percentage comes down to 43.5%, still a significant figure.

⁴⁷⁹ Donald McRae, 'Match of the Day still sets the tone of TV coverage, says Gary Lineker', the *Guardian*, September 30, 2013.

⁴⁸⁰ Gary Whannel, submission to the Inquiry.

existence (and effective enforcement) of listed events legislation.”⁴⁸¹ We therefore support the efforts of the European Broadcasting Union to protect audiences’ access to major sports events and hope that reviews both at UK and European Union level will strengthen existing provisions to make sure key content remains free to view.

Conclusion

The evidence suggests to us that specific genres that have long been key to the mixed provision underlining public service television are ‘at risk’. We agree with Noonan and Genders that “it may be time to comprehensively explore new models for funding content which the market may struggle to provide”⁴⁸² but, in order to maintain a true diversity of genres, we also believe that commercial PSBs should be required to produce ‘at risk’ content as a condition of their public service status. We have, for example, proposed that the BBC halts the decline in its spending on content for children and young people; that ITV be required to produce additional regional and national current affairs programmes; that Channels 4 and 5 increase their investment in programming aimed at different groups of young people; that the BBC halts the decline in its spending on content for children and young people; and that a new public service content fund is established to provide a range of digital content – in for example news,

current affairs and arts – that is currently disappearing from broadcast schedules. We do not seek to pre-empt the public’s changing appetite for specific genres but to put in place the conditions for the continuing production of public service content across a range of genres and platforms.

⁴⁸¹ Paul Smith and Tom Evens, submission to the Inquiry.

⁴⁸² Noonan and Genders, submission to the Inquiry.

**CHAPTER
ELEVEN
TALENT
DEVELOPMENT
AND
TRAINING**



Talent development and training

In a digital age, knowledge and skills are at an ever greater premium. They are what the UK depends upon for its overall competitiveness. They also provide the underpinning of a strong and vibrant creative sector – including the audiovisual industries – that, as we saw in Chapter 1, is worth nearly £80 billion a year, accounting for over 5% of the UK economy.⁴⁸³

There is a fundamental necessity to create structures that equip everyone with the knowledge and skills they need to enter into and progress within the industry and to help the UK remain competitive. If the UK screen sectors fail to invest sufficiently in a skills base that has the ability to exploit all kinds of developments in digital technology right across the value chain, then the UK's fabled reputation for creativity and imagination may quickly prove worthless.

The screen sector in the UK has grown rapidly in the last decade⁴⁸⁴, enhanced by the rise of gaming, software and a range of other digital content. Yet, as the industry body Creative Skillset has noted, there are challenges associated with this development.

Digital technology has transformed the landscape and the content production process in many parts of the creative

industries. These transformations require companies to diversify and innovate new business models. But the sector is dominated by very small companies (84% of media firms employ under 10 people) who are not always connected to the sources of innovation and investment or to research and technology expertise. There are also sub-sectors with high-levels of freelancers who are also finding it difficult to update their skills (cost/time constraints and availability of niche training).⁴⁸⁴

The industry is characterized by growing insecurity: there is less and less regulation of employment and fewer opportunities for in-house training given that freelancers now make up, for example, some 67% of camera staff, 60% of post-production staff and 40% of the television workforce as a whole.⁴⁸⁶ This figure is likely to increase in the light of the success of the government's tax relief for high-end television production where levels of freelancing are higher than average⁴⁸⁷ together with the rise of 'portfolio careers'.

There is also an acute problem with routes into the industry for a new generation of talent. Many thousands of young people work in free or underpaid internships that often do not constitute effective professional training but are merely used as forms of cheap labour. According to Creative Skillset, 46% of the television workforce has undertaken work experience, 82% of which was unpaid, a situation that systematically discriminates against those people who are not able to

⁴⁸³ Department for Culture, Media & Sport, *Creative Industries Economic Estimates*, January 2015, p.17.

⁴⁸⁴ Creative Skillset have identified a 28% increase in the numbers working in broadcasting, film, animation and games between 2009 and 2015 in the UK. See *Creative Media Workforce Survey 2015*, 2016.

⁴⁸⁵ Creative Skillset, written evidence to BIS select committee, November 2, 2015.

⁴⁸⁶ Creative Skillset, submission to the Inquiry.

⁴⁸⁷ See Olsberg SPI, *Economic Contribution of the UK's Film, High-End TV, Video Game, and Animation Programming sectors*, February 2015.

rely on the ‘bank of mum and dad’.⁴⁸⁸ As Ken Loach told us at an Inquiry event:

*One thing about the broadcasting industry, there is huge exploitation in it. It’s run on people trying to build their CVs and working for nothing. It’s run on trainees being forced to do overtime without payment. There’s huge exploitation. Any Inquiry into broadcasting must take that into account, and the BBC [and other broadcasters] must stop commissioning programmes on budgets that they know will require the people making them to exploit their workforce. That must end.*⁴⁸⁹

This pressure is exacerbated by the prevalence in the industry of ‘informal recruitment methods’ – 61% of TV jobs are acquired in this way, for example through word of mouth, former colleagues or a direct invitation from the employer⁴⁹⁰ – that mitigate against new entrants to the industry and especially those without access to industry contacts. A recent analysis of the UK Labour Force Survey concludes that “those from working-class backgrounds are significantly under-represented” in the cultural and creative industries and that, even when they manage to find a job in the sector, they are still liable to face a “pay gap” because of their backgrounds.⁴⁹¹

These barriers to entry, accompanied by the problems we identified in Chapter 8 whereby women and minority groups are

also under-represented in the television industry, are, according to Creative Skillset, “critical factors affecting the growth of the PSB workforce. There is currently a high proportion of graduates entering the creative industries, but a workforce from a wide range of backgrounds with a rich mix of skills is vital to creativity and employability.”⁴⁹² We realize that broadcasters and industry bodies are very active in this area and have put in place a wide range of training schemes, apprenticeships and outreach programmes but we believe, nevertheless, that they could do much more (and spend much more) to improve opportunities for entry-level employment into and training within the industry, especially if the UK is to maintain its reputation as a creative hub in the television world.⁴⁹³

Training and apprenticeships

In an increasingly fragmented and precarious industry where work is unlikely to be continuous and where risk-averse commissioners may well prefer to work with established talent (as we mentioned in Chapter 8), it is vital that there are accessible routes of entry and affordable training opportunities that are open to people at all stages of their career. As Anne Morrison, the deputy chair of BAFTA, told us, issues of retention and career development are just as important as getting an initial foothold inside the industry.⁴⁹⁴

⁴⁸⁸ Creative Skillset, *Creative Media Workforce Survey 2014*, 2015.

⁴⁸⁹ Ken Loach, comments at Inquiry event, May 4, 2016, Liverpool.

⁴⁹⁰ Creative Skillset, *Creative Media Workforce Survey*, p. 11.

⁴⁹¹ Dave O’Brien et al, ‘Are the creative industries meritocratic? An analysis of the 2014 British Labour Force Survey’, *Cultural Trends*, 25 (2), 2016, p. 117.

⁴⁹² Creative Skillset, submission to the Inquiry.

⁴⁹³ According to the *Guardian* journalist Owen Jones, tackling barriers to entry would also improve on-screen content. “If we want television to provide a more honest, accurate portrayal of life outside the privileged bubble, it means cracking open the industry. It risks becoming a closed shop for those from pampered backgrounds. We need to abolish unpaid internships, which increasingly mean that only those who can afford to live off their parents can get a foot in the door.” ‘Totally Shameless: How TV Portrays the Working Class’, speech to the Royal Television Society, November 25, 2013.

⁴⁹⁴ Comments to Inquiry roundtable on talent development and training, June 15, 2016

Broadcasters have responded to this challenge with a number of initiatives. Sky, for example, runs a software academy as well as taking on some 180 apprenticeships that lead to a nationally recognised professional qualification; Channel 4 runs outreach programmes aimed at marginalised communities as well as operating a popular production training scheme while ITV takes on some 30 to 40 apprenticeships every year. Broadcasters are also investing in their workforce through measures such as the voluntary high-end TV production levy that has contributed more than £4 million to training and skills for the TV workforce since its inception in 2013 and that has resulted in several successful schemes – such as the ‘Step Up’ scheme for drama producers – delivered in collaboration with Creative Skillset.⁴⁹⁵

The Indie Training Fund (ITF), financed by its member companies, which runs training courses for production companies and freelancers across the UK also plays a valuable role in supporting the sector while engagement by PSBs with online networks such as Hiive⁴⁹⁶ – the online network for creative professionals – where vacancies and development opportunities on productions are openly advertised and filled on merit, also offer the opportunity to develop the skills base and to enhance diversity. These initiatives are all hugely welcome but, on their own, are insufficient to meaningfully address existing barriers to entry and unlikely to provide training and employment opportunities in sufficient numbers to deal with skills shortages.

The BBC has historically been a key training ground for the UK’s creative industries, making a substantial annual investment in the training and development of its own staff, and operating a series of very competitive training and apprenticeship schemes. As such, the BBC has been a cornerstone of the UK’s success in building a creative sector with world-class skills and talent.

However, this track record is now at risk. For example, the BBC’s investment in training for its own staff through the BBC Academy has been substantially cut in recent years as a result of efficiency savings.⁴⁹⁷ Training appears to be seen as an overhead, rather than as an integral part of the BBC’s public service mission.

The current BBC agreement requires the BBC to “make arrangements” for the training of BBC staff and to “use its best endeavours” to work with others across the industry.⁴⁹⁸ The BBC executive has then to report annually to the BBC Trust, which publishes its “observations” on the effectiveness of the arrangements. These provisions are helpful but have not been strong enough to ensure that training is given appropriate importance within the corporation. The obligations are framed in broad terms, with no indication of the outcomes to be achieved or the level of priority to be given to the investment.

⁴⁹⁵ Creative Skillset, submission to the Inquiry. There are also children’s TV, animation and film levies in operation.

⁴⁹⁶ www.hiive.co.uk

⁴⁹⁷ The BBC’s ‘Delivering Quality First’ scheme, launched in 2011, imposed a 35% cut to the BBC Academy’s budget by 2013.

⁴⁹⁸ Department for Culture, Media & Sport, *BBC agreement*, July 2006.

For example, the BBC's plans for BBC Studios are likely to mean an increased reliance on a freelance workforce, and it is therefore vital that the BBC works in partnership with the rest of the industry on skills issues and consults with the industry on its plans in this regard. At present, the BBC's approach to skills too often seems to exist in something of a vacuum. Given its pivotal role in the PSM landscape, the corporation needs to develop a much stronger commitment to collaboration in order to identify and address skills needs and gaps. The lack of discussion in relation to training in the recent white paper on the future of the BBC would suggest that the government too does not see this as a priority for the corporation (and the wider industry) despite the skills gaps that are starting to open up in areas like high-end drama.

One area in which the government has been active – although not specifically in relation to the screen industries – concerns the proposed introduction of an apprenticeship levy in April 2017 that poses some significant challenges (and potential opportunities) for the television workforce. The levy will be statutory across all companies with pay bills over £3 million a year and the government anticipates collecting £3 billion a year by 2020, with a total of three million apprenticeship starts by that date. According to Creative Skillset, the new apprenticeships “could – with industry backing – be a powerful driver for greater creative industry workforce diversity via paid, job-ready entrants.”⁴⁹⁹

Yet the screen industries have found it difficult to engage up to this point with apprenticeships, not least because of the freelance nature of the production sector. Despite the schemes that we have already referred to in this chapter, the number of apprentices remains low and the industry is not yet ready with the architecture needed to fully embrace opportunities for apprenticeships. The TV industry has many hundreds of niche and specialised occupations, many of them impacted by technological change and the requirement that an apprenticeship needs to last for 12 months presents a challenge to industries that operate on very different and less predictable time frames. Significant energy and investment will be required to translate these roles into appropriate standards, especially as this process will need to involve many small and micro-enterprises. It is vital, therefore, to find a way to use levy proceeds to support standards development, certainly in the first year of the scheme.

The government's scheme also needs to be carefully aligned with the industry's existing apprenticeship schemes as well as with existing voluntary levies as any reduction in investment in the latter would undermine the competitiveness of the screen sectors and restrict its ability to meet growing demand. These sectors cannot afford to lose their ability strategically to direct money to areas of identified need through, for example Creative Skillset and the Indie Training Fund. Furthermore, as Sky put it to us, more detail is needed about standards, costs and how best to ensure that the government's scheme does not “unfairly disadvantage UK apprentices outside England”.⁵⁰⁰ According

⁴⁹⁹ Creative Skillset, submission to the Inquiry.

⁵⁰⁰ Sky, briefing note to the Inquiry, June 16, 2016.

to Creative Skillset, without a “shared, coherent strategy across the industry and some flexibility from Government...there is a risk that the new levy will result in a transfer of funds – and opportunities – away from our industries towards other sectors of the economy.”⁵⁰¹

Others are more optimistic about the potential impact of the apprenticeship levy. Michael Foster, the co-founder of Creative Access, put it to us that “the tax is a potential godsend to the long-term future of television” and that, if properly implemented, it will bring in those disadvantaged social groups who have been largely excluded from the industry.⁵⁰² He argues that new apprentices are unlikely to come from the same pool as those who are benefiting from, for example, the high-end drama levy and that there is little to fear from the new scheme. He proposes that industry bodies sit down together as soon as possible to devise appropriate and ambitious standards before the scheme is launched and suggests that the screen sectors follow the example of the construction industry – which is also characterised by short production periods and is cyclical in nature – and establish a holding company for apprentices “which is responsible for their employment, payment and overall vocational training”.⁵⁰³

We believe that there is a healthy debate that needs to take place urgently between broadcasters, government and all industry bodies to make sure that these issues are fully considered so that the industry is able to act to make the best use of the apprenticeship scheme when it comes on-stream in April 2017.

Higher education

Given that opportunities for in-house training provided by the largest broadcasters have fallen in recent years, universities and film schools have increasingly taken on the role of providing media training. But to what extent can higher education institutions provide the levels of specialised and up-to-date skilling that are required by the industry and how can they, as fee-paying organisations, overcome the barriers to entry that we identified at the start of this chapter? It is generally acknowledged that BA degrees in media will provide a general liberal arts education with a good spread of skills and critical engagement. They do not, however, necessarily provide graduates with a direct route into employment nor with cutting-edge and industry-standard skills. Those seeking a media career are likely to go the extra mile and attend a postgraduate programme, often self-financed after years of work.

For example, the National Film and Television School (NFTS), funded by the government and by industry, has a continuing and important role to play in training the next generation of the television workforce. Channel 4’s recent donation of £1.5m to the school to help fund its new Creative Industries Skills Academy and to provide bursaries is a very welcome example of the role that public service broadcasters can play in helping higher education to develop the skills base of the screen industries.

Despite their undoubted attractions, studying on the two-year postgraduate courses at the UK’s two premier film schools, the NFTS

⁵⁰¹ Creative Skillset, briefing note to the Inquiry, June 17, 2016.

⁵⁰² Michael Foster, submission to the Inquiry.

⁵⁰³ Ibid.

and the London Film School, is prohibitively expensive for the vast majority of people. Universities offering one-year Masters courses are now attempting to deliver a 'film school experience' without film school prices although, even with the existence of the BAFTA scholarship programme and the government's postgraduate loan scheme, they remain a route that is not universally accessible.

However, given that the Masters degrees have become a more recognised unit for media teaching and training, we now need to think of innovative ways of increasing funding opportunities and of opening up these programmes to a wider range of groups: for example those who do not live near a campus, those with young families, and those who need to balance study with continued working. We believe that the industry could still do more to help underwrite the costs of high-quality Masters provision given the value it receives from the many writers, directors, producers and crew who enter its ranks from higher education. We also believe that higher education institutions themselves could also do more to make their programmes accessible to those from non-traditional backgrounds.⁵⁰⁴

There are many reasons why the university sector has inherited the mantle of film and television teaching and training, and many benefits in terms of its links to related fields of study like visual arts and theatre, its

commitment to a critical, reflective practice and its encouragement of innovative thinking. While most postgraduate programmes have highly-qualified staff with relevant industry experience and a curriculum that focuses both on established genres and formats as well as more critical and experimental approaches, there is now increasing pressure on Masters courses to deliver more narrowly-defined training, to provide regular access to the latest equipment and skills, and to impose high-on constant production scenarios. There is a danger that, under-funded by a government that appears determined to treat tertiary education as a service industry, many of these Masters courses will become cheap training schools that simply tick boxes and do not innovate or hothouse vital new talent from diverse sectors and backgrounds.

Just as it is crucial for HE programmes to engage with industry, it is equally crucial that industry collaborates with academia in a mutually supportive and constructively critical way – through joint research and projects – so that screen programmes are in constant dialogue with all parts of the industry. If the government wishes to expand the creative industries in the UK, then it ought to address the need for additional mechanisms by which the industry can facilitate such relationships and best contribute to the teaching and training that is required to take these vital industries forward.

In conclusion, at a time of enormous change and volatility within the television ecology, we need more than ever an overarching strategy

⁵⁰⁴ For example, the retreat-based MA screenwriting programme at Royal Holloway, University of London which, by allowing part-time block attendance, was able to raise the application rate of older students, students already working in the media industries seeking to re-train, those with families, and those from more diverse class and ethnic backgrounds.

concerning entry into and training within the screen industries. As Creative Skillset argues:

*A holistic and collaborative approach across not just PSBs but all screen-based industries is increasingly vital to ensure that the Creative Industries' talent base can compete globally. This requires upskilling and re-skilling with an integrated view and a systematic approach to tackling barriers to entry and enabling progression within an ever more casualised workforce.*⁵⁰⁵

We fully agree with this statement and would suggest that, as a key industry body in this area, Creative Skillset is in a perfect position to bring all interested parties together and to coordinate the most effective plan for talent development.

⁵⁰⁴ Creative Skillset, submission to the Inquiry.

**CHAPTER
TWELVE
CONCLUSION
AND RECOM-
MENDATIONS**



Conclusion

Television is changing. This report has reflected on the culture, economics, institutions and purposes of public service television in order to help it to change in a way that will benefit the public interest. The whole history of television in the UK is one of purposeful interventions into the broadcast environment: first with the creation of the BBC along non-market lines followed by the creation of a highly regulated but commercial ITV network. BBC Two and Channel 4 were further examples of strategic thinking by government to create new structures that were not simply an extension of but a modification to the existing ecology.

It has now been over 30 years since Channel 4 was launched - the last major creative policy intervention that fundamentally reshaped the UK television landscape. Of course we have had new channels, services and platforms, together with digital switchover, that have had an impact on the architecture of television in the UK but we believe that the time is ripe for a further consolidation and expansion of the public service idea. Given the huge potential of digital technologies to disrupt settled environments - both positively and negatively - it is vital that we take steps to secure a television system that will address the interests of all audiences during a period of transition and that has the capacity to leverage public service principles into a radically different technological future.

This report has sought to argue that we have a fantastic opportunity to produce the foundations for a more representative and creative television landscape. The major question is whether government - any government - will have the energy or independence of spirit to achieve this.

Will it have the commitment to devise a strategy that will continue to ensure that the UK produces high quality television in a far more competitive environment and where the attractions of being a 'public service television broadcaster' are far less obvious? Will it be bold enough to argue for new sources of funding that will radically enhance existing provision? Will it have the confidence to stand up to voices that will insist that only a 'light-touch' regulatory environment will produce the necessary incentives for producing TV content?

Will it have the imagination to guide UK television into an internet-only future but protect the principles of universality and diversity that will be required to make sure it remains distinctive and envied at an international level?

We have been guided by the views and suggestions of a wide range of people and institutions: on our advisory committee, at our various public events, at our policy forums and academic workshops, and through the high-quality submissions that were presented to the Inquiry.

We have learned that there is little consensus in these debates. People understandably disagree about the pace of change, about whether to prioritise the performance of existing broadcasters or to focus on new providers and emerging platforms, about whether to remain pragmatic or to sketch out a vision that might seem overly ambitious, and indeed about whether an independent Inquiry can have any material impact on a such a volatile industry and on such an politicised policy process.

We remain determined, however, to find mechanisms that link television producers and distributors to their audiences and allow them speak to issues of common concern, that recognize the needs of distinct communities and that involve the public as active subjects. However, if we are sustain a television ecology that sees communication, as Raymond Williams once put it, not in terms of the selling but the “sharing of human experience”, we will have to raise our ambitions and to expand the terms of debate beyond those of policymakers who are often more interested in stability and consensus. We need to build on television’s strengths, address its weaknesses and re-imagine a public service television system that thrives in a digital era.

.....

“WE HAVE A FANTASTIC OPPORTUNITY TO PRODUCE THE FOUNDATIONS FOR A MORE REPRESENTATIVE AND CREATIVE TELEVISION LANDSCAPE.”

.....



Recommendations

General

The UK's public service television system is a vital political, economic and cultural resource and should be viewed as an ecology that needs careful protection and coordination. Public service media should not be viewed as synonymous with market failure and therefore should not be regulated simply in relation to the impact of their content and services on the wider media market. Principles of independence, universality, citizenship, quality and diversity need to be embedded into the regulation and funding of an emerging digital media landscape.

- 1.** In return for public service broadcasters meeting the obligations of their licences, their content should be guaranteed prominence on electronic programme guides, smart TVs and on the interfaces of on-demand players as they emerge.
- 2.** Retransmission fees should be paid by pay-TV platforms to public service television operators to address the current undervaluation of public service content by these distributors.
- 3.** Ofcom should supplement its occasional reviews of public service broadcasting with a regular qualitative audit of public service content in order to ensure that audiences are being served with high-quality and diverse programming. This should include detailed data on the representation and employment of minority groups and a comprehensive account of the changing consumption patterns of younger audiences.
- 4.** Ofcom should continue to monitor the independent production sector and take action, where necessary, if consolidation continues to increase and if diversity of supply is affected.

The BBC

We support the inclusion of diversity as a specific public purpose for the BBC but strongly reject the abolition of the purpose focusing on the delivery of emerging communications technologies and services to the public. We believe the BBC should be encouraged to pursue networked innovation, to embrace the internet and to develop a range of content and services for the online world.

The BBC should continue to provide mixed programming and cater to all audiences as well as competing with other broadcasters to produce high quality programmes. The BBC needs to demonstrate further commitments to creative ambition and to address shortfalls in specific areas, for examples its services to BAME audiences, its relationships with audiences in the devolved nations, its institutional commitment to impartiality and its willingness to embrace new types of collaborative partnerships.

- 5.** The government should replace the licence fee as soon as is practically possible with a more progressive funding mechanism such as a tiered platform-neutral household fee, a supplement to Council Tax or funding via general taxation with appropriate parliamentary safeguards. We do not believe that advertising or subscription are appropriate to the aspiration that BBC content and services should be free at the point of use.
- 6.** The government should hand over decision-making concerning the funding of the BBC to an independent advisory body that works on fixed settlement periods.

7. The BBC should be reconstituted as a statutory body, as with Channel 4, thus abolishing its royal charter or – at the very minimum – providing statutory underpinning to a continuing royal charter.

8. Appointments to the BBC's new unitary board should be entirely independent from government. We recommend that the process should be overseen by a new independent appointments body and based on a series of tests drawn up by the former commissioner for public appointments, Sir David Normington. Representative voices from the devolved nations must be involved in selecting the members for Scotland, Wales and Northern Ireland.

9. If Ofcom is handed the responsibility of regulating the BBC, it must be given the resources and the structures to regulate the BBC independently of both government and its commercial rivals.

Channel 4

Channel 4 occupies a critical place in the public service ecology – supporting the independent production sector and producing content aimed specifically at diverse audiences.

10. Channel 4 should not be privatised – neither in full or in part – and we believe that the government should clarify its view on Channel 4's future as soon as possible.

11. Channel 4 should significantly increase its provision for older children and young adults and restore some of the arts programming that has been in decline in recent years.

12. Channel 4 should continue to innovate and experiment across different platforms and it should aim to arrest the fall in the number of independent suppliers that it works with.

ITV and Channel 5

We believe both ITV and Channel 5 should remain part of the public service television ecology but that they have been contributing less to it than they might have.

13. We recommend that ITV and Channel 5 continue to receive the privileges afforded to other public service broadcasters but we believe that their commitment to public service needs to be strengthened.

14. Ofcom should be asked to conduct a major review of how best ITV can contribute to the PSM ecology for the next decade and beyond, including explicit commitments for programming and investment, alongside a fresh look at the range of regulatory support that can be offered.

15. ITV should be asked to take on a more ambitious role in regional TV and in current affairs. Measures to be considered might include increasing the minimum amount of regional current affairs from 15 to 30 minutes a week and an increase in network current affairs output to the equivalent of 90 minutes a week.

16. Channel 5's voluntary commitment to children's programming should from now on be embedded in its licence, with specific commitments to UK-originated children's content, in return for the channel continuing to receive the benefits of its public service status.

A new fund for public service content

We recognise that there are important new sources of public service content coming from commercial operators such as Sky and Discovery as well as subscription video-on-demand services like Netflix and Amazon. We note, however, that this output is dependent on the extent to which it serves a larger commercial purpose and it not part of any regulatory obligation. We also note the importance of traditional public service television providers in creating an environment in which commercial operators are able to thrive through their investment in training and high quality content, which boosts the ‘brand’ of television in the UK.

We wish to highlight the growing contribution to a digital media ecology of a broad range of cultural institutions – including museums, performing arts institutions and community organisations – who are producing video content in areas such as science and the arts.

17. In order to increase the levels, quality and security of this provision, we propose to set up a new fund for public service content. This would consist of a series of digital innovation grants – the DIG – that would be open to cultural institutions and small organisations that are not already engaged in commercial operations.

18. DIG funding would not be limited to linear video content but to other forms of digital content that have demonstrable public service objectives and purposes. We would expect applicants to partner with existing public service broadcasters and platform owners in order to promote their content.

19. The DIG would be funded by the proceeds of a levy on the revenues of the largest digital intermediaries and internet service providers and would be disbursed by a new independent public media trust.

Diversity

There is clear evidence of dissatisfaction with the performance of public service television from ethnic, regional, national and faith-based minorities and it is vital that PST operators address these issues if they are to retain any legitimacy with these audiences.

There is also evidence that the television workforce is not representative of the wider UK population and that there is a systematic under-representation of, for example, ethnic minorities and those from poorer backgrounds at top levels of the industry.

We welcome the various ‘diversity strategies’ adopted by all broadcasters, but these have not achieved the desired change either in representation or employment. We believe that there are systemic failures that account for an enduring lack of diversity on- and off-screen and therefore that more systemic solutions are required alongside the setting of targets and provision of training schemes.

20. The 2010 Equality Act should be amended so that public service television commissioning and editorial policy would be covered by public service equality duties.

21. A renewed commitment to diversity must be accompanied by sufficient funds. We agree with the proposal by Lenny Henry that the BBC (and in our view other public service broadcasters) should ringfence funding

– taking its cue from the BBC’s funding of its nations and regions output – that is specifically aimed at BAME productions (though this could apply to other minority groups in the future).

Nations and regions

The public service television system has failed to reflect the changing constitutional shape of the UK such that audiences in Scotland, Wales, Northern Ireland and the English regions are being under-served. We believe that the English regions have failed to benefit from the existing ‘nations and regions’ strategies of the main public service broadcasters and that the broadcasters have a responsibility to shift both production and infrastructure to areas that are currently marginalised.

We welcome the increase in ‘out of London’ production as well as recent commitments from public service broadcasters to step up their investment in the devolved nations. We are concerned, however, that their proposals will fail to challenge the underlying centralisation of the UK television ecology.

We propose a ‘devolved’ approach to public service television that ultimately aims at sharing responsibility for broadcasting matters between the UK parliament and the devolved nations.

22. Commissioning structures and funding need to better reflect devolutionary pressures and budgets for spending in the devolved nations should be wholly controlled by commissioners in those nations.

23. We firmly believe that it is time for a ‘Scottish Six’ – and indeed a ‘Welsh Six’ and a ‘Northern Irish Six’.

24. The government (or governments in the future) should both protect and enhance funding aimed at minority language services that play such a crucial role in maintaining cultural diversity and identity. The government needs to identify stable sources of funding for S4C other than the BBC in its review of the channel in 2017.

25. The BBC should be allowed to revisit its local television proposal and strike up meaningful partnerships with a range of commercial and not-for-profit news organisations in order to galvanise television at the local level.

Genres and content diversity

We note that there has been a decline in investment in some of the genres traditionally associated with public service television: arts, current affairs and children’s programming. Other genres, for example drama and sports, have been negatively affected by rising costs and competition from heavily capitalised commercial rivals.

Regulators and broadcasters need to work together to consider how best to address these pressures in order to maintain a diverse public service ecology. There should be no automatic assumption that a particular genre is no longer ‘affordable’.

We believe that the creation of the Digital Innovation Grants (DIG) fund will create significant opportunities for a broader range of public service organisations to contribute to reversing the decline in, for example, arts, history, science, religious and children’s programming.

We note the decline in viewing of television news across the main public service broadcasters, especially among younger audiences. We believe that this is partly due to wider changes in consumption patterns but also that new sources of news are providing an energetic and robust challenge to television bulletins that are sometimes seen as 'staid' and unrepresentative.

We note that there has been a steady migration of live sports from free to air channels to pay TV and that the vast majority of sports coverage is now to be found on pay TV channels. Public service broadcasters are increasingly unable to compete with companies like Sky and BT in rights to the most popular sports. While some 46% of all investment in first-run original programming in the UK is devoted to sports, only a small proportion of the audience is able fully to benefit from this.

26. At a time of increasing disengagement with mainstream political parties, public service news content ought to adopt a model of journalism that is less wedded to the production of consensus politics and more concerned with articulating differences.

27. We have earlier recommended that Channel 4 significantly increases its provision for older children and young adults, while Channel 5 should have its commitment to children's programming embedded in its licence. The BBC must also be required to maintain its engagement with younger audiences and to reverse its recent cuts in this area.

28. We support the efforts of the European Broadcasting Union to protect audiences' access to major sporting events and believe that the government needs to protect the number of 'listed events' available to UK audiences on a free-to-air basis.

Talent development and training

Employment in the television industry is growing but it is a sector that, due to some significant barriers to entry, does not yet reflect the demographic make-up of the UK. There is an urgent need for a more consolidated approach to maximising entry-level opportunities and increasing investment in training and professional development at all levels of the industry.

29. Creative Skillset, as the key industry body that is charged with developing skills and talent, should coordinate a sector-wide response to challenges concerning entrance into and training within the television industry.

30. The government should meet urgently with industry bodies and broadcasters to consider how best to make the forthcoming apprenticeship levy work effectively for the television industry.

APPENDIX ONE



Appointing the BBC board

Sir David Normington,

former commissioner for public appointments

June 2016

1. In its recent white paper on the BBC, the government proposed the creation of a new unitary board with six members appointed by the government: the chair and deputy chair and four non executives, one for each of the four nations of the UK. It is important that these six individuals are, and are seen to be, independent of government and willing and able to act in the public interest and uphold the BBC charter.

2. This requires an appointments process, which ensures that people are appointed on merit and not because of their personal or political connections with the government or a political party. An appointments process for the BBC board should meet six tests:

The Nolan Principles:

This should be the overriding requirement. All those involved – ministers, selection panel members and candidates – must be able to demonstrate that they have observed the Seven Principles of Public Life (the “Nolan Principles”). Two are particularly relevant to the selection of board members: integrity which requires public office holders to avoid placing themselves “under any obligation to people and organisations that might try inappropriately to influence them in their work”; and objectivity, which says that people in public office must act “impartially, fairly and on merit, using the best evidence and without discrimination and bias”.

An independent selection process:

There should be an independent panel to conduct the whole selection process. The chair and the majority of members should be independent of the BBC, the government and its ministers and have not engaged in significant political activity in the last seven years (significant political activity meaning being an active member of a political party, a candidate in an election, a party office holder or a significant donor).

Openness:

Selection should be by open competition with the role description and the criteria for the post advertised and publicly available.

Fairness:

All applicants must be assessed against the same published criteria and the candidate or candidates who best meet those criteria should be appointed. An applicant’s current or past political activity should be neither a barrier to appointment, but nor should it give them any advantage.

Ministerial involvement:

Government ministers should play no part in the appointments process once the panel has been established and the criteria for the roles have been agreed. They should only appoint candidates to the board who have been recommended by the independent panel.

Scrutiny and oversight:

An independent regulator (eg the commissioner for public appointments) should provide assurance that the appointments have met these criteria and been made on merit, free from political or personal patronage. He or she should be under a duty to report any concerns to the relevant House of Commons select committee, which should be ready to hold a pre appointment scrutiny for the chair appointment and in any other cases where concerns have been raised.

3. There is a precedent for the government deciding to create a totally independent selection process, when it needed during the controversy about press regulation to convince parliament and the public that it would play no part in appointments to the regulatory body. Under the royal charter on press self regulation, the commissioner for public appointments was given the task of setting up an independent selection process to appoint the Recognition Panel (which was established under the charter) and to certify that those appointed had been selected on merit by a fair and open process. The secretary of state in his commissioning letter set out some basic requirements as to how the process should operate and the mix of skills required on the Recognition Panel, but otherwise played no role at all in the process or in the final choice of successful candidates.

4. The government is unlikely to be prepared to play no part at all in the six BBC appointments, but a variant of the process used for the press body might be used to provide public confidence that the BBC appointments process has been independent. The main elements of this could be as follows:

i. The secretary of state for culture, media and sport asks the commissioner for public appointments (or another regulator) to set up an independent panel to conduct an open competition to select the six appointees.

ii. In a public letter to the commissioner he sets out his expectations of the skills, experience and diversity he expects of the appointees and asks to be given, if possible, a choice of the two candidates for each role who best meet the published criteria. He also nominates a senior official from DCMS to represent him on the selection panel and asks the devolved administrations to do the same for the appointment of their nation's non-executive member.

iii. The commissioner then sets up a process, which meets the criteria set out in paragraph 2 above, with a majority of independent members, including the chair, on the selection panel.

iv. The selection panel makes the final decision on which two candidates best meet the published criteria. The secretary of state must appoint one of the two or ask for the competition to be rerun. He cannot substitute his own candidate.

v. The commissioner for public appointments certifies that the appointments were made on merit after a proper process; or raises any concerns with the select committee, which may call some or all for a pre appointment scrutiny.

vi. As part of their contract of appointment all successful candidates must be able to sign up to act in accordance with the Seven Principles of Public Life. This should be tested explicitly during the selection process.

**APPLICATION OF THE
NOLAN PRINCIPLES
AN INDEPENDENT
SELECTION PANEL
OPEN COMPETITION
FOR ROLES
FAIR APPLICATION
OF CRITERIA
NO MINISTERIAL
INVOLVEMENT
SCRUTINY AND
OVERSIGHT**

APPENDIX TWO



BAFTA members' survey delivered in partnership with A Future for Public Service Television Inquiry

Omega Douglas

April 2016

Introduction

BAFTA members, who are at the coalface of enormous changes in the broadcasting industry and will be responsible for navigating their way through them in order to continue to deliver the UK's globally respected television content, were invited to complete a survey addressing some of the major issues being examined by the Inquiry. These range from the quality of UK-originated content delivered by public service television broadcasters and their willingness to take risks in the commissioning of new programmes, to regionalism and the adequacy of investment in key genres.

The survey, which was anonymous and voluntary, was completed by 156 BAFTA members between March and April 2016. 89.6% of respondents are professionally based in England, 6.5% in Scotland, just 0.65% in Wales and none are based in Northern Ireland. The vast majority, 74.5%, have been working in the television industry for more than 20 years, or between 10-20 years (16.3%). A small proportion of respondents, 4.6%, have worked in the industry for five years or less.

Responses to the 12 survey questions, most of which were multiple choice but included space for comment, opinion and

recommendations, threw up a range of distinct, but related, themes. Broadly, these can be categorised as follows:

1. Risk: This relates to the extent to which respondents believe public service television broadcasters are willing to take risks in the commissioning of new programmes. There are numerous comments about this issue, with many members reporting having experienced a notable decrease in risk taking.

2. Quality: A recurring theme throughout, respondents frequently highlight their concern over the quality of content. They often link this concern with calls to support public service broadcasting and mitigate against commercial pressures.

3. Regions: The issue of whether television production is too London-centric is the focus here, with much contrasting opinion regarding the question of whether production based in the capital hinders programme diversity.

4. Governance: Many respondents commented on both internal and external governance. The former in terms of management structures, which most respondents say requires revision, and the latter in terms of political interference, which all who commented say must be avoided.

What leading creative voices in the UK think about:

1. Risk: “Let’s not sand down the rough edges of who we are”

When it comes to commissioning new programmes, 73.5% of respondents say that, in their experience, public service television broadcasters are less willing to take risks than they were ten years ago. An overwhelming number of respondents point to the need for more creativity, and less committee thinking and rigidity. Many suggest that the reluctance to take risks boils down to a fear of criticism and job insecurity amongst commissioners, which leads to formulaic programming, including too many soaps, adaptations and period dramas. “It feels to me that the BBC takes fewer risks with BBC One dramas,” one respondent writes. “A TV film like *Threads* would never get made now or shown on BBC One prime time. The decisions seem to be to make more comfortable and pretty TV dramas like *War & Peace* or *Downton Abbey*.”

Respondents’ comments reveal a strong sense that there is a risk-averse culture in television broadcasting, which does not nurture new talent and leads to practitioners from only a handful of well established production companies being heard. One respondent warns that: “There’s so little risk taking ...that we risk stifling a whole new generation of makers and audiences.” This reported lack of risk taking does not stop at the types of programmes that are commissioned; it also impacts on other related areas such as casting and budgets. One respondent explains:

“When I first became a casting director, the reasoning was that we’d go round the country finding really good actors to play leading parts. Now ‘names’ are required sometimes irrespective of their suitability...The result is that the so-called ‘names’ demand enormous fees, which has a knock on effect on the fees the smaller parts receive. At very least I would urge producers...assuming they have a really good script, to hold their nerve and be prepared to re-cast if they’re being held over a barrel.”

This is one of many solutions respondents offer in order to create an environment that is more conducive to the commissioning of new, less formulaic programmes. Other solutions include: ensuring that those commissioning programmes also have experience of making them (“the quality of judgement of the gatekeepers needs to be the primary concern when appointing them, in particular a solid background of programme making rather than a shallow experience in commissioning alone”); increasing class and ethnic diversity amongst gatekeepers, including commissioners, and capping their job tenure; introducing a pilot season; saving money by putting writers, actors and other creative practitioners on, as one respondent describes it, “exclusive holding contracts. Most self employed would happily take a years contract for potentially less money.” Another respondent, who has more than 20 years experience in the industry, also suggests promoting a creative and fiscal environment that is more outward looking and focuses on Britain’s global and European stature to improve co-production opportunities with Europe, and instigate greater programming diversity. There should be, this respondent writes:

Less jobs for 'preferred customers' who return time and again to the public trough to re-tread what the BBC/Channel 4 hopes will be successful formulas. Look at the Canal Plus model to help promote UK Independent film. Unless a British film receives BBC or Channel 4 backing it will not have a chance of finding a domestic release as the sales companies are either part owned by the broadcaster...or insist on a public broadcaster in the finance plan to lower their risk profile to near zero. This means the playing field is skewed from the outset towards those who have primary contact with the public broadcaster and have worked within that system. This also reduces the level of creativity, innovations and new talent and weighs against minorities and women who comprise a large percentage of the industry but do not have the same access to decision making and programming.

The need to nurture new talent and give creatives the freedom to fulfil their vision is highlighted by many respondents as being particularly important. One BAFTA member writes so passionately about this issue in response to the final survey question, which asks for a recommendation about how best to secure an environment designed to produce high quality television in the UK, that it is worth quoting them at length:

Nurture talent. Give them an opportunity to fail. In the 80s people like Andrew Davies, French and Saunders etc were given opportunities to experiment and make interesting shows. The shows now feel over thought, over-noted and lacking in verve. There are a few that get through and are brilliant (Black Mirror for example). But hire people when they are still forming, and let

them find out who they are on the screen. Channel 4 has been traditionally very good at this. But the BBC in recent years has been less good. And now BBC Three has gone off air, there will be even less opportunity for newer, stranger voices to get their break. And it is these people who will go on to be the mainstream. They will shape the future of UK TV. Without them, we will be stuck with endless seasons of Strictly Come Dancing and Bake Off – which while good shows, do not appeal to all. We need a diversity of ages, cultures, genders to be watching TV. No one should feel BBC One is 'not for them'. In a way BBC One defines what kind of a people we are. It is the flagship. And that's great. But let's not sand down the rough edges of who we are.

2. Quality: "More output, less money"

The vast majority of respondents (89.4%) believe that, of all the UK television broadcasting sectors, the BBC and Channel 4 produce the highest quality, original content. Streaming services, such as Netflix, come second as far as respondents are concerned. But streaming services are seen to be a long way behind the BBC and Channel 4, with just 8% of survey respondents holding the view that such broadcasters produce the highest quality, original content. ITV, Channel 5 and the multichannel broadcasters (for example, Sky and UKTV) drew, with only 1.3% of respondents saying they produce the highest quality, original content.

That said, just over half of respondents (59.3%) feel that the existing public service television broadcasters are delivering sufficient amounts of high quality UK-originated content, with 28.4% holding the

view that public service broadcasters are not delivering enough quality British content. The remaining respondents are undecided. Interestingly, these findings seem to tally with the fact that 59% of respondents say there are fewer opportunities to produce high quality television programmes in the UK than there were 10 years ago. Just 19.2% feel there are more opportunities.

In keeping with Ofcom's 2015 Public Service Broadcasting review, which noted that there has been a significant decline in investment in some key television genres, respondents say that additional support is needed in certain areas. Arts and classical music come out as most in need, with 73.5% of BAFTA members who completed the survey stating this area needs further support. Also considered to be high priorities for investment are: drama (63.1%); education (61%); children's (55.2%); news and current affairs (45.5%). In sharp contrast, only 1.5% of respondents feel that soaps require additional support. One respondent writes: "the BBC has to seriously address its declining children's investment." There are also noteworthy comments regarding news provision. These include: "Panorama's being shortened to half an hour is evidence of the dumbing down of the BBC", and: "The overall remit of news and current affairs is being compromised due to devastating cutbacks – because it doesn't 'pay'. But we have a duty to inform and educate which is equally if not more important than entertaining." Crucially, most respondents do not believe that the lack of investment by public service broadcasters in the above genres, is being countered by sufficient levels of high quality content from new pay television, or online

suppliers. Just 7.3% of respondents say that these suppliers are providing adequate levels of quality educational content, and only 14.9% believe that children's programming is well served. Meanwhile, well under half believe that arts and classical music (23.5%) and news and current affairs (30.3%) have sufficient levels of high quality coverage. Drama is the only exception, with 56.5% of respondents believing that new suppliers are producing high quality content. As one respondent writes: "Scheduler-led BBC, ITV, C4 drama is about 10 years behind Netflix, Amazon, which have adopted a creator-led model." This view is shared by other respondents, one of whom states:

The majority of quality drama is shown by Sky/Netflix; whilst some UK equivalents are comparable in terms of acting and writing, the lack of budget often makes them look amateur in comparison to the big US TV dramas.

In keeping with budgetary concerns, many respondents commented on the need to protect the licence fee, with one writing that it saves "us from more life diminishing advertising or inequitable subscriptions." Importantly, a number of respondents also say that the quality of BBC programming improves the content delivered by other providers, who use the BBC as a benchmark. One respondent's view echoes those of many:

Stop cutting funding and protect public service broadcasting in the name of democracy. A strong free media will ensure a strong free democracy. And that promotes creativity. The BBC, for example, is one of

Britain's greatest ambassadors to the world. And it's still respected. But if cuts continue it will lose that respect. Don't throw that away.

3. Regions: "Spread the load"

Over half of respondents (53.2%) believe there is a need for higher levels of television production to be based across the regions and nations of the UK, outside of London, in order to contribute to more programme diversity. However, 33.3% say they do not believe that such a move is necessary, and the remaining 13.5% are unsure. Whichever side they come down on, many survey respondents express strong views on regionalism.

Those in favour of more television production being based outside London, suggest that more locally made television would better reflect local interests. They also argue that skills and talent throughout the UK should be utilised, and that practitioners based in London tend to be unaware of how London biased national media is. One respondent puts these concerns succinctly, stating that: "Diversity of output is not possible without a diversity of makers, and this means a spread geographically, socially, ethnically and beyond."

Channel 4, ITV and Channel 5 are highlighted as needing to enhance their regional offer, whilst the BBC's centres in Salford and Glasgow are seen to give the corporation adequate regional focus. As one respondent writes: "Without the BBC producing programmes in the regions, there would be little. The destruction of the regional independent companies such as Granada etc was a disaster."

On the other hand, several respondents believe that geographical location has no bearing on diversity of programming. "I've come to the conclusion that this is a red herring," one respondent writes. "What matters is a diversity of voice and opinion, not where a production (which will inevitably draw staff from all over the UK) is geographically based."

Others comment that, in our digital age, we should not be concerned about where television production takes place. Perhaps somewhat controversially, one respondent writes: "Most talent naturally concentrates in the capital. Whole crews of people travelling to the regions to make programmes and then return to London is a ridiculous waste of time and money, paying lip service to regionalisation."

The question of regionalism links to the issue of which audiences are, and are not, fully served by public service television. Interestingly, despite the fact that over half of respondents believe there is a need for higher levels of television production to be based across the regions and nations, most do not, as the government's recent consultation on BBC charter review asks, believe that, "the public would be better served by a more focused range of BBC services". Quite the opposite. In fact, 87.7% state that the BBC should continue to make a full range of programmes, and only 12.3% of respondents expressed the view that the BBC should produce programmes aimed at underserved audiences.

So it is felt that diversity, rather than niche programming, is needed. Reasons given for this include the concern that specialised channels, catering to specific interests, may lead to audiences missing out on alternative programming that challenges their views and broadens their information horizons. Respondents also expressed concern that if the BBC does not continue to make a full range of programmes, it would become a fringe channel. “This would give rise to its value, and so become a self-fulfilling prophecy of its demise,” writes one respondent. Another adds that: “It is vital that the BBC make a broad and diverse range of programmes as this reflects the diverse audience of licence payers.”

4. Governance: “Don’t concentrate power in fewer and fewer hands”

Many respondents express concern about the internal and external governance of public service broadcasting, and the impact this has on content. There is a widely held view amongst respondents, that multiple layers of management within broadcasting institutions can stifle creativity. Comments include: “Get rid of consensus decision making, get rid of a middle management that strives for mediocrity”; “More development and consultation with programme makers”; “A quicker commissioning process and more money and time invested in the development of projects and scripts.” It is also suggested that the power to green light projects is currently in the hands of too few individuals and needs to be more evenly spread. One respondent articulates a view that is echoed by a great deal of survey participants:

There seems to be a notion that finer and finer filters will produce better and better programmes. This is not the case, as creatives become disillusioned and it fosters “look alike” programming and “second guessing” dominates submissions. A policy of “let a thousand flowers bloom” would be better, to see which unusual programmes would be successful. The process has become far too top down and driven by “channel profiles” and “channel requirements” instead of seeking out quality whatever form it takes.

The vast majority (77.6%) of respondents also express unease about the current discussion surrounding the privatisation of Channel 4. Of specific concern is the possibility that a change in ownership may lead to more emphasis on generating profit, and decrease the amount of revenue available for UK originated content.


As for external governance, many respondents highlight how vital it is to safeguard the independence of the BBC from Government and, as one respondent puts it: “get rid of culture ministers who don’t understand the industry they serve.” There are also suggestions that the Government engenders a climate of fear and uses, “the licence fee as a stick to beat the BBC with”. This, alongside financial constraints, is felt to lead to the kind of timidity in commissioning highlighted in the “Risk” section above. The following point from one respondent captures the view of many:

The BBC must be protected financially and given sufficient money to compete in a competitive market with less interference from Government, as it seems to have to spend so much of its time justifying itself and cutting costs.

Conclusion

We believe that each and every one of the above comments and recommendations from BAFTA members must be taken seriously, as they are vital to ensuring public service television content continues to be effectively nurtured now and in the future. As such, the opinions expressed here are an invaluable part of the Inquiry's findings. "It's extremely important that leading creative voices in the UK should be heard and their views reflected, in this wide-ranging review of public service television," says Lord Puttnam, chair of the Inquiry. "BAFTA members will be crucial in delivering our internationally admired television service for many years to come."

APPENDIX THREE



Public service broadcasting, public value and public goods

Baroness Onora O'Neill

June 2016

1. There used to be straightforward technological reasons for thinking that broadcasting must be publicly organised and controlled. Although broadcast content is accessible to any individual with the necessary kit, content could once be provided only by coordinating and regulating the use of a limited resource (spectrum scarcity) and it was natural to think that public provision was the way to establish and run broadcasting. It would now be technically possible to have content provided solely by unregulated providers on a voluntary or commercial basis. Some indeed argue that there is evident risk in entrenching state power in the provision and regulation of broadcasting, and point out that states may use their powers to dominate broadcast content, as has happened all too widely. So a case for public service broadcasting now has to be made afresh, and cannot be based on technological arguments.

2. During the last decade there had been a tendency to appeal to conceptions of 'public value' to articulate standards that matter for the provision of public services, including public service broadcasting. In my opinion the results have not always been clarifying, for two reasons. The first is that it is often unclear which values are public values, whether there is a definitive list of public values, or whether the same public values matter for broadcasting and for other activities of public importance. The second and the deeper problem is that it is often left unclear whether public values are what the public actually value, or what they ought to value (but may not).

3. Our lack of answers to these questions suggests that the concept of public value may be less useful (less valuable!) than it at first appears to be. Indeed, there are deep reasons to be cautious about the use of term value in ethical debate. Ethical discussions since the early 20th century have often hovered between the thought that values are objective, and that we should seek to show how they can be justified, and that they are merely subjective. The widespread use of the possessive phrase my values indicates equally widespread reliance on subjective interpretations of values: my values may differ from yours. If we take a subjective view of values, any conception of public values could reflect claims that a large proportion of the public shares certain values. This subjective interpretation of the term value has triumphed in economic analysis, where it is common to equate values with preferences, which some may hold but others reject.

4. Yet we also constantly register uncertainty about subjective views of values. We doubt whether a consensus on values is automatically ethically sound; we are aware that many received views and values are abhorrent to others and that some of them are menacing and dangerous. The marginalisation of some people on account of their gender or race or origins is now widely rejected: yet such values have been a part of a wide consensus at other times. Subjective views of value are treacherous terrain for

ethical judgement or debate, including debates on the reasons for supporting public service broadcasting. Appeals to subjective interpretations of public value may not offer any stable basis for claims about public policy or in particular about public service broadcasting.

5. In discussing public service broadcasting it may be more useful to consider public goods rather than public value. A public good is one that is not depleted by use. Its consumption by one individual does not undermine its availability for others. Public goods are therefore said to be non-rivalrous: nobody has less merely because others have access. Often public goods are not only non-rivalrous, but also (more or less) non-excludable: it is hard or expensive to exclude some people from enjoying them. Typical public goods include a sound currency, a non-corrupt judiciary, a medical database, a common language, flood control systems, lighthouses, and street lighting. All non-rivalrous goods (although sometimes geographically restricted). Nobody loses when others too enjoy them. Broadcast content is a public good par excellence—although it is technologically possible to exclude some from enjoying it.

6. Individual choices, such as those that reflect consumer preferences, are not enough to secure public goods – even where all individuals want them. Problems of non-coordination and free riding cannot be resolved by uncoordinated provision, including provision by unrestricted free markets. Public goods require either public provision or some coordination or regulation of ways in which other providers contribute to them. If we think that there are sorts of broadcasting that are valuable for the public, then we have reason to seek structures

that can provide it. This might be secured by institutions funded by public provision (a formulation that covers state-controlled broadcasters who may sometimes ignore any conception of public service broadcasting); or by broadcasters with more varied funding working to a public service remit – and there is disagreement about what that requires.

7. Among the public goods to which public service broadcasting can make significant contributions are: a shared sense of the public space and of what it is to communicate with others who are not already like-minded; access to a wide and varied pool of information and to the critical standards that enable intelligent engagement with other views; an understanding of the diversity of views held by fellow citizens and by others; a shared enjoyment of cultural and sporting occasions that would otherwise be preserved for the few or the privileged; an understanding of the diversity of views others hold. These are examples of public goods that are distinctively, although not in all cases uniquely, important for public service broadcasting.

8. The list of public goods in para 7 is not a list of the standards that matter in broadcasting (as elsewhere). A list of such those standards would no doubt include honesty, accuracy, clarity, commitment to correct errors, as well as standards of respect for persons that require broadcasters (like others) not to abuse, defame, misrepresent, intrude on privacy, or at the limit injure or breach others' rights. These are important standards for personal, public and social life, and thereby also for public service broadcasting, but they are not peculiar to PSB. By contrast the standards listed under 7 are distinctively, although not uniquely, relevant to public service broadcasters.

APPENDIX FOUR



Inquiry events

Do we still need public service television?

November 25, 2015

the Guardian, London

Inquiry launch event. With the Inquiry chair Lord Puttnam; Melvyn Bragg, broadcaster and author; Jay Hunt, chief creative officer, Channel 4; Luke Hyams, head of international content, Maker Studios. The event was chaired by Jane Martinson, the Guardian's media editor.

What would TV look like without the BBC? Funding the future of public service television

December 15, 2015

the British Academy, London

With Greg Dyke, former director general of the BBC; Brian Eno, musician and producer; Mariana Mazzucato, professor, University of Sussex; Toby Syfret, head of TV, Enders Analysis. The event was chaired by Lord Puttnam.

Workshop on key normative arguments for the future of public service broadcasting

January 28, 2016

the British Academy, London

With Georgina Born, professor, Oxford University; Des Freedman, professor, Goldsmiths, University of London; James Curran, professor, Goldsmiths, University of London; Natalie Fenton, professor, Goldsmiths, University of London; Dr Anamik Saha, Goldsmiths, University of London; Sonia Livingstone, professor, LSE; Dr Damian Tambini, LSE; Julian Petley, professor, Brunel University; Steven Barnett, professor, University of Westminster; Sylvia Harvey, visiting professor, University of Leeds; Justin Lewis, professor, Cardiff University.

Rethinking the principles of public service media

March 3, 2016

the British Academy, London

With Stuart Murphy, former director of entertainment channels, Sky; Baroness Helena Kennedy, barrister, broadcaster and Labour member of House of Lords; Jon Thoday, co-founder and managing director of Avalon Entertainment; Andrew Chitty, member of Ofcom Content Board and founder of Digital Life Sciences; Des Freedman, professor, Goldsmiths, University of London. The event was chaired by Georgina Born, professor, Oxford University.

What is the future for Channel 4 in the UK media ecology?

March 14, 2016

Palace of Westminster, London

With David Abraham, chief executive of Channel 4; Lord Inglewood, former chairman of the House of Lords select committee on communications; Laura Mansfield, Outline Productions and chair of PACT; Guy Bisson, research director, Ampere Analysis. The event was chaired by Lord Puttnam.

Are you being heard? Representing Britain on TV

March 22, 2016

Goldsmiths, University of London

With Sir Lenny Henry, actor, writer and TV presenter; Dawn Foster, writer and journalist; Bev Skeggs, professor of Sociology, Goldsmiths, University of London; Pat Younge, MD of Sugar Films and former BBC chief creative officer who also chaired the event.

A future for public service television – Inquiry event for Northern Ireland

April 4, 2016

Ulster University, Coleraine

With Michael Wilson, managing director of UTV; Margo Harkin, Besom Productions; Ian Kennedy, former head of stakeholder partnerships, Creative Skillset; Pat Loughrey, Goldsmiths, and former director of nations and regions, BBC; Dr Colm Murphy, Ulster University. The event was chaired by Maire Messenger-Davies, emerita professor, Ulster University.

A conversation with Tony Hall, director general of the BBC

April 5, 2016

BAFTA, London

Lord Puttnam in conversation with the director general of the BBC, Tony Hall.

A future for public service television – Inquiry event for Wales

April 6, 2016

Cardiff University, Cardiff

With Angharad Mair, BAFTA Wales and Tinopolis; Huw Jones, chair of S4C; Ian MacKenzie, head of nations and regions, Channel 4; Angela Graham, Institute of Welsh Affairs; Rhys Evans, head of strategy and digital, BBC Wales. The event was chaired by Sian Powell, Cardiff University.

A future for public service television – Inquiry event for Scotland

April 13, 2016

Royal Society of Edinburgh, Edinburgh

With Angela Haggerty, editor, Common Space; Iseabail Mactaggart, director of development and partnership, MG Alba; Stuart Cosgrove, journalist and broadcaster; Neil Blain, professor emeritus, University of Stirling; John McCormick, chair of the Scottish screen leadership group. The event was chaired by Lord Puttnam.

Does television represent us?

May 4, 2016

The Black-E, Liverpool

With Ken Loach, filmmaker; Phil Redmond, TV producer and screenwriter; Ruth Fox, head of research, Hansard Society; Cat Lewis, CEO, Nine Lives Media. The event was chaired by Lord Puttnam.

Our BBC, our Channel 4: A future for public service television?

June 14, 2016

Crucible Theatre, Sheffield – a Sheffield Doc Fest event.

With Lord Puttnam; Ralph Lee, head of factual and deputy chief creative officer, Channel 4; Hugh Harris, director of media, international, gambling and creative economy, Department for Culture, Media & Sport; Patrick Holland, head of documentary, BBC. The event was chaired by Jane Martinson, the Guardian's media editor.

Talent development

June 15, 2016

Millbank, London

With representatives of BAFTA, BBC Academy, Sky Academy, ITV, Channel 4, Creative Skillset, National Union of Journalists, Indie Training Fund, TRC Media, Creative Access, WFTV, NFTS and Goldsmiths. The session was chaired by Lord Puttnam.



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