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Author Final Version

Forthcoming (2019) in *Journal of Digital Media and Policy,* 10 (2):145–162

Public Policy, Independent Television Production and the Digital Challenge

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June 2019

Keywords:

Television production; independent producers; ownership structure; vertical integration; corporate configuration; indigenous content; media policy; production support; creative autonomy.

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Introduction

Television production is a sector of the media industry whose performance has important cultural and economic ramifications. In the UK, the growing prosperity of the programme-making sector – attributable partly to historic policy interventions – is widely recognised as a success story (Darlow, 2004; Potter, 2008). However a wave of corporate consolidation and takeovers since 2004, characterized by many leading UK production companies being bought out and often by US media conglomerates, has raised concern about the ability of the independent production sector to flourish in an increasingly globalized and competitive digital environment for television (Doyle and Paterson, 2008; Campelli, 2015). Although preserving indigenous television production and associated audience access to locally-made content remain important goals for media policy (Joly, 2017), achieving these has become more difficult in the face of trends towards consolidated ownership and 'the emergence of powerful transnational platforms commercialising cultural goods and services online' (García Leiva and Albornoz, 2017:10).

This article examines the challenges raised for public policy as ownership structures in the television production sector adjust in response to new distribution technologies and to the transformative forces of digitalization and globalization. Focusing on the UK as an example, it asks do we still need television production companies that are indigenous and independent in a digital world and if so why? What role can and should public policy play in supporting the sustainability of an independent sector?

The term 'independent' raises the question of independent from what? Independence, in the context of media, although a contested term, is generally associated with freedom from interference or persecution, especially by the state (Bennett and Strange, 2014). In the UK the definition of an 'independent' television producer has acquired legal significance since the 1990 Broadcasting Act introduced compulsory access quotas for transmission of independently made programmes on PSB channels. Similarly, by way of ensuring compliance with compulsory quotas in the European Broadcasting Directive, 'independent' producers are defined under the auspices of EU legislation (AVMS Directive 2010/13/EC). For the purposes of this article the concept of an independent television producer means not owned by a television broadcaster or by major non-UK parent television company.

The independent television production sector in the UK was ushered into existence in the 1980s through Government intervention and initially was comprised almost entirely of small creative enterprises. However a fragmented structure proved disadvantageous to the business interests and the development of 'indie' producers. Further interventions to correct this facilitated a transformation in the UK sector 'from a cottage industry twenty years [previously] where producers operated on a work-for-hire basis, to a very successful sector that in 2014 generated £2.9bn in revenues and generated 30% of its revenues from overseas markets' (Ofcom, 2015: 2). However, as organic growth contributed to scale and greater commercial success, this triggered a wave of takeovers of many of the UK's leading independent producers from 2004 onwards, often by US media conglomerates (Campelli, 2015; Lee, 2018). This, in turn, has raised questions about to what extent retaining television production companies that are indigenous and independent still matters in the digital era.

At a time of concern about how incumbent television production companies can adjust successfully to advancing technology and about how public policies ought to change to ensure that UK independent production continues to flourish on the 'global stage' (Bazalgette, 2017; Javid, 2014), this article reflects critically on historic and recent approaches to sustaining independent producers and it considers how, in a digital world, public policy may need to be re-imagined for a rapidly evolving television landscape. As the forces of digitisation are re-structuring custodianship of indigenous cultural production, it seeks to promote discussion and extend understanding of what role public policy-making can and should play in encouraging the sustainability and success of a domestically-based independent television production sector.

The analysis presented draws on preliminary findings of an original empirical study funded by the UK Economic and Social Research Council (ES/N015258/1) entitled 'Television Production in Transition: Independence, Scale and Sustainability' (TPIT). The TPIT project is a multiple case study based investigation of leading UK-based television production companies whose methodologies include analysis of financial data, quantitative content analysis and analysis of policy texts as well as expert interviews. Findings reported in this particular article draw on interviews carried out with senior executives at companies including Endemol-Shine, Sony Pictures Television International, All3Media and Tinopolis, and with corporate financiers specializing in takeovers in the television industry. Interviewees at the above-mentioned production companies have included Chief Executive Officers (CEOs) with responsibility for overall strategy, Chief Creative Officers (CCOs) with frontline responsibility for developing and producing content, and also directors of legal and business affairs. The selected group of companies and spread of interviewees facilitated evidence-gathering on questions about the effects of changes in ownership and about the perceived importance of sustaining a domestically-based independent television production sector and related implications for policy. Although mainly London-based, case studies include a number of internationally renowned television companies (such as All3Media, Endemol-Shine and Sony Pictures Television International) whose profile and activities extend across many geographic territories.

This selection reflects awareness that, notwithstanding variations in the local market circumstances of any given country such as the UK, the impetus towards consolidation and takeovers in the independent production sector that this article is concerned with are of wider international relevance for television companies right around the globe.

In the sections that follow, this article first of all analyses the history of support for the production sector in the UK and examines how an increasingly globalized and competitive digital environment plus recent trends towards corporate consolidation and takeovers pose new challenges. It then assesses differing perspectives on whether we still need television production companies that are indigenous and independent before finally considering whether the current regime of policy support for independent producers remains fit for purpose in the digital era.

History of Support for Independent Production

The use of policy interventions to support the development of an independent production sector in the UK dates back to the 1980s when a series of measures was embarked upon aimed at countering the predominance of vertically-integrated broadcasters within the television industry by introducing some competition within programme-making (Doyle and Paterson, 2008). The initial surge in foundations of the sector followed the 1980 Broadcasting Act which implemented the recommendation of the earlier Annan Commission (Annan, 1977) that a new channel launched in 1982 - Channel 4 - should be set up as a 'publisher-broadcaster', i.e. it was required to commission all of its programmes from outside suppliers instead of making them in-house. This development spurred the development of large numbers of independent production companies. However the 'let a thousand flowers bloom; let a thousand voices be heard' philosophy which surrounded the setting up of the new channel (Channel 4, 1985: 6) detracted from the negotiating leverage of individual production companies and prevented them from properly managing and exploiting their intellectual property assets and building their businesses (Darlow, 2004).

Further support measures were to follow. An enquiry into funding of the BBC led by Professor Sir Alan Peacock was favourably impressed by the entrepreneurialism of the independent production sector and it recommended imposing compulsory access quotas for independent productions on UK broadcasters (Peacock, 1996). In a move that significantly expanding demand for programme ideas developed by independent companies, the 1990 Broadcasting Act enacted Peacock's suggestion by introducing formal requirements for the BBC and ITV to commission at least 25 per cent of their output from the independent sector (Birt, 2002; Paterson, 1990).

By the late 1990s independent producers had proven themselves to be highly competent suppliers but were still struggling, in the face of the long-standing dominance of vertically-integrated broadcasters, to compete effectively and build their businesses. This situation was recognized and addressed via the 2003 Communications Act which required UK communications regulator Ofcom to oversee the introduction of new terms of trade governing commissioning negotiations between public service broadcasters and independent producers (Doyle and Paterson, 2008). Intervention in this area improved transparency and enabled producers to retain a greater share of ownership in the rights to their productions thus improving their business performance and encouraging investment by the City which, in turn, provided resources to expand and invest in talent (Oliver and Ohlbaum, 2014). Other policy initiatives to encourage the development of independent production across the UK included, for example, support for regional screen agencies and subsidies for production of minority language programmes and, more recently, tax incentives for high-end drama productions.

Greatly helped by this series of interventions, the production sector developed from a cottage industry back in the 1990s to 'a world leader' in terms of sales (McVay, 2014). Rapid horizontal consolidation of the sector followed from the mid-2000s with the emergence of so-called super-indies – i.e. large independent producers, typically commanding a high share of UK commissioning spend (Oliver and Ohlbaum, 2014: 9) - often under foreign ownership (Lee 2018; Paterson 2018).

In encouraging fundamental changes in the structure of the UK television industry, the policy interventions deployed by successive UK governments to encourage growth of an independent production sector have both reflected and contributed to processes of media globalization (Chakravartty and Sarikakis, 2006). Public policy supported growth of an increasingly prosperous production sector but one in which super-indies came to dominate. Fuelling their success has been growing international demand for programmes and formats (Chalaby, 2012), including commissions for original programmes from US broadcasters and more recently from major SVoD services such as Netflix. Notably however, US-based buyers do not subscribe to terms of trade similar to those that govern relations between the independent sector and the UK's public service broadcasters but instead will typically insist on retaining all rights in all territories in programmes that they commission. Ensuing shifts in patterns of ownership of production companies and of content rights have triggered concerns about whether the current policy regime is appropriately calibrated towards the need, in the globalized digital environment, of ensuring adequate production of programming which meets the needs of domestic audiences.

Television in Transition

Alongside public policy, a significant driver of recent transformations in the television industry has been digitization and growth of the internet. Streaming has become an ever more significant way to deliver moving image services to viewers. This has changed watching habits and, as recent research from Ofcom confirms, 'the rapid take-up of subscription on-demand services means there are now more subscriptions to [SVoD services] Netflix, Amazon and NOW TV than there are to 'traditional' pay-TV services' in the UK (Ofcom, 2018: 4). Although the potential of streamed video was pioneered in the UK by the BBC, the advancement of commercial business models to exploit this potential was led by others, prominent amongst which has been Netflix (Voigt, Buliga and Michl, 2017). In the UK, talks had occurred in 2007 and 2008 between the BBC, ITV and Channel 4 about pooling resources to create a national VoD service under the working title project Kangaroo (BBCW, 2007) but this initiative was brought to a halt by the then competition authorities, the Office of Fair Trading and the Competition Commission competition, because of concerns that such an entity would be too dominant (Snoddy, 2018).

Disruption to established modes of delivery and viewing of television over the last decade has been characterised by the increasing 'incursion' and success of US-based internet companies (Garraghan, 2018). Netflix, which started life as a DVD-by-post business, launched a limited SVoD service in late 2007 in the USA with licensed material and then expanded outwards, including to the UK and other European territories in 2012. With its service bolstered by re-investment of revenues into original commissions, Netflix has gradually evolved into a global streaming business (Voight, Buliga and Michi, 2017: 127). Rather than moving speedily to develop their own competing services, the strategy adopted by many broadcasters in the UK and around the globe of earning additional revenues by licensing material to new upstarts such as Netflix and Amazon Prime has merely served to reinforce the appeal of SVoD services for viewers. The development of global online markets for entertainment and the rise of internet companies – Amazon, Facebook, Google, Netflix and Apple – has sparked countering corporate strategies on the part of established media and communication players such as the US studios, telecommunications and cable companies, and has precipitating re-configurations in ownership through mergers and acquisitions within and across adjacent sectors (Evens and Donders, 2018), including the television production sector.

The rise of globalized SVoD services which aim to commission programmes that they can offer in every country, while obviously posing a major competitive threat to broadcasters, has presented production companies with new commercial and creative opportunities (Lotz, 2018). Commissions for original programmes from SVoD services tend to pay well and have extended opportunities surrounding international sales beyond finished product and/or format sales where localisation of a format licensed to a broadcaster forestalls unlicensed copying and maintains a revenue stream from the programme to the licensor (Chalaby, 2012; Esser, 2016; Moran, 2009). While the logic of localization is apt for certain genres, it is not suitable for high cost drama productions where large-scale investment needs to be amortised across multiple territories, an approach well-suited to services that command a global reach. However, the advent of greater competition at the programme commissioning stage poses potentially difficult questions for production company strategies in terms of deciding which distribution platform, markets or audiences to target when programmes are in development. A further consideration is that, however generous the fees on offer from an SVoD service in return for global rights, because ownership of rights and of an asset base are pivotal to raising capital and securing investment, without such ownership production companies cannot really develop as sustainable businesses. As has been argued elsewhere, ‘the lessons provided by the history of the UK production sector suggest that programme-makers must be circumspect about being lured by big fees into a cost plus model of production financing in which the outlet that is commissioning the content expects to take ownership of almost all the rights’ (Doyle, 2016).

A number of theoretical approaches have emerged to analyse the effects of changing market structures, more ubiquitous connectivity and the rise of globalized networked media industries (Winseck and Jin, 2011). Chalaby (2016) and Evens and Donders (2018) have drawn usefully on global value chain theory, building on earlier perspectives from transaction-based political economy (Gereffi, Humphrey, and Sturgeon 2005) to analyse the structural effects of international groups’ involvement in television formats and the emergence of digital platforms. A value chain perspective is especially valuable in assessing issues of power, inequality and potential bottlenecks or barriers to market access. But a focus on value chains as opposed to specific industries and their wider ecosystem can be limiting (Hearn, Roodhouse and Blakley, 2007). And, as some critics have noted, while global value chain theory ‘takes firm competences/capabilities and strategy as its starting point, it does not have a well-developed conception of the firm’ (Lane and Probert, 2009: 32).

Research evidence from the TPIT project suggests that, following in the example of Lane and Probert’s dissection of the fashion industry, an understanding of the impact of technological and market changes on production companies requires more fine-grained analysis of the interplay and power relations between global markets, regional and international regulatory systems, sectors and firms (Lane and Probert, 2009). Our findings suggest that, while recent restructurings in ownership in the UK television production sector owe much to historic policy interventions, they also reflect wider and more complex catalysts for change in the sorts of corporate shapes or configurations (i.e. size and whether owned by a multinational parent company or whether vertically integrated or not) that conduce to success in the television production sector in the digital era (Doyle, 2018). Changing technological and market dynamics have accentuated the importance of configuration as a critical success factor for television production companies. The exact nature and extent of the advantages that size or that adopting differing cross-ownership configurations may confer on production firms vary somewhat from one instance to the next but are generally centred around availability of finance and other benefits of scale, greater ability to manage risk, increased market access, improved knowledge and higher bargaining power (ibid).

While driven by a compelling economic logic, increased investment interest from multi-nationals in indigenous UK and European-based players also has implications for content and, in turn, audiences. Such implications are a concern for policy-making because access to diverse audiovisual outputs, including indigenously-made content, is generally seen as integral to plurality and preservation of regional and national identities and in some cases languages (UNESCO, 2002: 5-6). Preserving access to diverse outputs is dependent on 'in home countries, a vigorous industrial base for the production of cultural goods' (Mas-Colell, 1999: 89). Consequently, recent transformations in ownership have elicited concern about how incumbent television production companies can adjust successfully to advancing technology and about how public policies ought to change to ensure that independent production continues to flourish in the global arena.

Do we still need television production companies that are indigenous and independent?

The use of policy interventions to support the development of an independent production sector in the UK harks back to an era in the pre-1980s when, because television was dominated by a handful of broadcasters who made all their own programmes in-house, promoting competition and diversity were seen as desirable goals. Since then the production sector has grown to the point where many sizeable businesses are flourishing. As a consequence, television production is now celebrated as a substantive contributor to UK creative industries exports (Bazalgette, 2017). At the same time, its role as a vector for local and national cultures is widely recognized (Barker 1999; Hall, 1992; Waisbord, 2004). It is therefore not surprising that processes of consolidation and foreign takeovers of leading UK independent producers have provoked questions about whether or not there remains a need for an indigenous and independent production sector in the digital era.

Prominent amongst critics of takeovers of UK production companies has been David Abraham, former CEO of Channel Four who in a speech at the Edinburgh TV Festival in 2014 warned vociferously that consolidation and takeovers of indigenous and independent television production companies by US or other foreign multinationals are liable to be detrimental to content, for example by stifling creativity (Abraham, 2014). Some of the criticisms advanced are echoed in concerns raised by sociologists, political scientists and political economists about the potentially negative effects of differing forms of corporate ownership on media content (Bagdikian, 2004; Freedman, 2008; Harvey, 2015). Press coverage surrounding 'foreign owners swoop[ing]' on 'British indie TV producers' and the potential implications for content has also been critical (Sweney, 2014).

However preliminary findings emerging from the TPIT project call into question the extent to which creative processes are hampered by takeovers. While a full analysis of the association between ownership configurations and the sorts of output that a production company makes is well beyond the scope or intention of this article, it is noteworthy that empirical data concerning the content outputs of a substantial sample group of leading UK-based production companies across the decade from 2008 to 2018 that has been collected and analysed as part of the TPIT project provides little or no evidence that acquisition automatically results in changes in the nature of the output of that company. Added to this, evidence from interviews with a range of television executives suggests that, rather than stifling creativity, having the backing of wealthy owners brings considerable advantages in terms of being able to finance production, including of larger, more ambitious and challenging projects. Jane Turton of All3Media, an entity which has acquired several UK-based production companies and that, in turn, was taken over by US media group Liberty Global/Discovery in 2014 points out that, for production companies, having the necessary financial backing to develop programmes and employ talent is clearly beneficial and she argues that 'we should not be parochial about where the capital comes from' (Turton, Interview, London: July 2018).

One important question is to what extent, when a company has been taken over, the ethos or objectives of the parent company may then become impressed upon the development of programme ideas. Whether acquiring companies opt to remain 'hands off' or to centralize, shape and control the activities of acquired firms varies across the sector. One interviewee observed that 'real aggregators' who favour high levels of centralized control are apt to alienate staff and 'crush the value of the company they've bought' (Interviewee C2, London: May 2018). But for the vast majority of production companies who are taken over, whether by a domestic or by a foreign conglomerate, the general consensus amongst interviewees is that this has not resulted in any interference in creative processes. This accords with earlier research findings and theorizing to the effect that, in organisations where the aim is to encourage creativity, autonomy within the work environment is vitally important (Amabile et al, 1996; Bilton, 2007). Jes Wilkins, Chief Creative Officer (CCO) of Firecracker Films which in 2012 was acquired by Tinopolis - the only British-owned super indie, which has expanded by acquiring subsidiaries across the UK as well as in the USA - explains how perceptions about the effects on creativity are often misguided:

> Some people fear losing autonomy, creatively. That is not really the case at all. But it is how you see it.
>
> (Wilkins: London, Interview: July 2018)

John Willis, Group Creative Director at parent company Tinopolis identifies a number of 'real advantages of scale' that stem from, for example, 'sharing back office functions' but is clear that for the individual production subsidiaries 'creatively everyone has their own space and their own identity' (Willis: London, Interview: May 2018). For Wayne Garvie, President of International Production at Sony Pictures Television International: 'if you're ambitious for scale you have to be part of a bigger organisation' but then the key to motivation for production subsidiaries is 'to keep the corporate behemoth away from people so that they can do what they should do which is developing, selling and making great pieces of content' (Garvie: London, Interview: May 2018).

Speaking of criticisms advanced by David Abraham and others about the potentially harmful effect of takeovers on production companies, Tim Hincks, former Group President of Endemol-Shine and now CEO of Expectation Entertainment says:

> I broadly think it is overstated, that notion of ownership having an effect on the creative pipeline. I mean yes, a shareholder will of course look at the numbers and look at the performance. But the leap from that to "are we making the right shows?" is quite a big leap.
>
> (Hincks: London, Interview: July 2018)

A number of television conglomerates, including for example Tinopolis and All3Media, have adopted a federal model in which, while finance and other support functions are at least partly centralized or shared amongst subsidiaries, each production company retains full autonomy and creative independence. Influential organisational theorist Peter Drucker was first to highlight how federalism offers an approach to management that is often better suited to modern organsations, with their complex networks, alliances and multi-national dimensions, than traditional hierarchies with top-down lines of control (Drucker, 1974). Although the concept of 'autonomy' within creative production is complex (Banks, 2010; Hesmondhalgh and Baker, 2011), recent analyses of creative and cultural industries have tended to reinforce the idea that high levels of autonomy are crucial in sectors where creativity is at the heart of the business. In practice as in theory, the importance of allowing creative subsidiaries freedom to get on with the task is very widely recognized across the UK television production sector. Jane Turton of All3Media is adamant that the ability of television producers to remain indigenous, independent and essentially British in outlook is not affected nor threatened by having an overseas parent company. The views of Nick Catliff, Managing Director of All3Media production subsidiary Lion Television fully corroborate this point of view:

> We'll talk through our programmes and she'll [Turton] go to the awards ceremony. She watches the programmes, she understands them but she's not telling you how to make them...
>
> (Catliff: London, Interview: May 2018)

Others echo Tim Hinck's assertion that, while being acquired inevitably involves accountability for business performance to the acquiring parent company, it is less likely to precipitate interference in creative decision-making. Interference is unlikely because, as one leading corporate financier points out, a track record of creative success and of autonomously producing commercially viable programmes is precisely the reason why any independent production company becomes a target for takeover in the first place (Dey: LA, Interview: June 2018). Concerns that production companies, following acquisition, may be subject to intensified commercial pressure misses the point that commercial ambition is often endemic within production companies that are packaged for takeover and, as Doug Wood at Endemol Shine puts it, 'most producers *do* want people to watch their shows and *do* want to have large audiences' (Wood: London, Interview: June 2018).

Our preliminary findings suggest that the drivers which shape the content outputs of individual television production companies are manifold and therefore it would be wrong to assume that changes in parental ownership will automatically and directly impinge on the sort of programmes that a company makes. But, although the relationship between ownership and content is complex, virtually all interviewees agree that in principle there *is* a need for television producers that are local and independent. It is widely accepted that local programme-makers have an advantage in understanding the needs of local audiences. Many point to the need for diversity and plurality. If, as was historically the case, all or most television production were carried out in-house by broadcasters rather than by separate and external firms then this might well stifle 'new ideas coming through' and encourage 'a derivative approach' (Wood: London, Interview: June 2018). Another sort of concern, in instances where domestic vertical integration is not an issue but instead where the parent company is a foreign media group making inward investment into the UK production sector, is that profits and earnings generated by successful production companies are channeled back to an overseas entity instead of helping to build the economic sustainability of the UK programme production sector.

How does policy need to change?

> 'Often, companies that achieve early success are acquired by a large international player, rather than building sustainable businesses in the UK. While we want the UK to continue to be an attractive country for inward investment, it is vital that those companies that want to grow organically have the means to do so.'
>
> Creative Industries Council (CIC) (2014): 6.

Over the last fifteen years, adjustments in UK public policy that enhanced the position of independent production companies *vis-à-vis* broadcasters on ownership of IPRs have substantially improved the business performance and sales revenues of television producers. But greater emphasis on proper exploitation of IPRs, market positioning and profits has also enhanced the appeal of UK 'indies' as takeover targets for larger and transnational media companies, reinforcing questions about why it is that businesses in creative sectors find it difficult to scale up while remaining independent and indigenous (CIC, 2014). Successive surveys of the television production sector have identified major shifts in ownership characterized by increasing consolidation – five companies accounted for 45 percent of the sector's revenues in 2014 – and the growing controlling presence of non-domestic parent groups (Parker, 2015: 2). The growing scale and power of some consolidated production groups (the super-indies) has led to calls, especially from broadcasters, to re-visit and possibly to do away with existing public policy interventions that have supported their development, in particular the terms of trade introduced via the 2003 Communications Act. For example Adam Crozier, then CEO of ITV, argued that '[i]n the UK we're massively over-regulated and it is distorting the market in a number of different ways. Some of the programme suppliers we deal with are every bit as big and powerful as ITV' (Crozier, cited in Brown, 2010).

A review of policies for the production sector carried out by Ofcom for the Secretary of State for Culture, Media and Sport in 2015 provided a timely opportunity to examine and, as it transpired, to re-affirm the objectives which shape governance of the television production sector in the UK and which have historically justified such measures as the 25% compulsory access quote for independent producers on PSB channels and the terms of trade. The guiding objectives are:

> '- to promote cultural diversity and to open up the production system to new energies and voices;
> - to stimulate the growth of small and medium sized enterprises (SMEs), promoting creativity and fostering new talent; and
> - to tackle vertical integration within the UK programme supply market'
>
> (DCMS, 2014: 7)

Ofcom observed that, despite consolidation, 'there remains a diverse and vibrant SME production sector and the system continues to promote very high levels of market entry' (Ofcom, 2015: 6). Some 259 production companies were active in the UK in 2015 compared with around 500 in 2001, suggesting a continued and healthy diversity of differing voices (ibid: 14). While acknowledging patterns of consolidation and the acquisition of large UK producers by global media corporations, the review concluded that, in the round, the existing regime was working well and is 'largely self-correcting' in that much (although not all) of the consolidation has involved UK broadcasters buying up production companies and consequently these enlarged players no longer qualify as 'independent' producers for quota purposes.

Straddling both socio-cultural and economic aims, the objectives identified by Ofcom are broadly in line with what earlier theorisation has highlighted as traditional concerns for policy-making across media more widely: on one hand, content and its potential political and cultural significance and, on the other, the economic value and importance of media industries (Freedman, 2008; Hesmondhalgh, 2013). The main ambitions for interventions in the UK production sector have been to sustain diversity, in the interests of national and local audiences, and also to promote a healthy industry that contributes to economic growth. However, in emphasizing that the situation needs to be kept under review (Ofcom, 2015: 6), the UK regulator has pointed to a challenge affecting media policy-making more widely: that of re-negotiating its priorities afresh in the face of ongoing digital transformations and an increasingly globalized and competitive media environment (Flew, 2014; Chakravartty and Sarikakis, 2006).

Ofcom's conclusion that, despite consolidation, the current regulatory regime is fit for purpose is partly a reflection of the fact that 'the production sector remains characterized by high levels of new market entry' (Ofcom, 2015: 19) which means the system remains open to new voices and creative renewal. Earlier research into cultural industries has suggested that because 'the conception stage of texts remains small scale and relatively inexpensive' this can at least partially explain the continued presence of small companies, even as large corporations become more dominant (Hesmondhalgh, 2013: 209). But, as Lee has observed, setting aside 'high-profile commercial success stories among the 'super-indies' and 'mega-indies'' (Lee, 2018: 43), it remains that many smaller indies struggle for financial survival. For the latter constituency, a protective regulatory regime remains vital (Ofcom, 2015: 4), a point echoed by many interviewees in the TPIT project. Susan Cooke, former Director of Legal and Business Affairs at Lion Television argues that removing the terms of trade, which 'help foster creativity and competition' and which 'work tremendously well' to promote the business performance of independent producers, would be a step backwards (Cooke: London, Interview: July 2018). For Jane Turton of All3Media, it is important to remember that there are still many small independent production companies providing diversity and indigeneity who rely on the protection afforded by terms of trade to retain ownership of rights and to build their businesses:

> I think the producer is the best person to exploit the rights. They get them. They understand them. They created them. And they're very good at being commercial. But we need to have the space to do it in and some protection around those terms of trade.
>
> (Turton: London, Interview: July 2018)

In line with Iosifidis' suggestion that compromises and trade-offs between economic and cultural aspirations are endemic in media policy-making (Iosifidis, 2011), the construction of policies for the television production sector inevitably involves some tension between promoting growth and business success in globalized markets and, on the other hand, the need to encourage production of content aimed at the narrow interests of national audiences. Whether, in the face of ongoing changing technological and market changes affecting television, diversity is under threat and content aimed primarily at local audiences is available in adequate quantities to meet audience needs are themes that surface regularly in media and cultural policy-making discourses both in the UK and internationally (Doyle, 2018; García Leiva and Albornoz, 2017:10; Joly, 2017). At the 2018 Edinburgh Television Festival, the current leader of the UK opposition Labour Party Jeremy Corbyn warned that 'we can't allow what our countries produce at home to be crowded out' and, by way of mitigating this problem, he proposed imposing a new tax on SVoDs such as Netflix with proceeds directed towards subsidizing the BBC (Waterson, 2018). But given the ongoing shifts in television consumption habits referred to earlier (Ofcom, 2018), interventions such as this stand little chance of impeding the growth of services such as Netflix and Amazon Prime or of diminishing their growing prevalence as commissioners and owners of original television content.

With regard to the related problem of non-domestic ownership of production companies, a solution mooted by one of our interviewees is that PSB broadcasters such as the BBC, when commissioning original programmes externally, should be required to commission work only from production companies that are domestically-owned, and not from subsidiaries of foreign or US-owned media groups. However, given that the UK's creative industries 'are uniquely dependent on the free movement of talent and ideas across national boundaries, for creative as well as commercial reasons' (Newbigin, 2017) and that countering protectionism is a repeatedly espoused priority for British foreign policy post-Brexit, it seems unlikely that adopting such a step would attract a consensus of support.

One policy issue about which there *is* wide agreement is that, as part of the infrastructure of public support for independent producers, public service broadcasters such as the BBC have an ongoing and important role to play. Earlier research has flagged up the significance of PSBs as gatekeepers to the development of local creative talent (Boyle, 2018). Many leading executives interviewed for the TPIT project take the view that, through the commissioning decisions that it makes, the BBC functions as an important catalyst in nurturing indigenous productions and in fostering the development of the UK independent television production sector. BBC Director-General Tony Hall has argued that, in an era of increased competition from globalized platforms, the BBC is uniquely well placed to understand the needs of local audiences and to support the production of high quality original indigenous programmes (Hall, cited in Pickard and Garrahan, 2018). That Ofcom agrees is confirmed by the inclusion, within a newly minted Operating Licence drafted when it took over as the corporation's first external regulator in April 2017, of a formal requirement to support national and regional production (Ofcom, 2017: 2-3).

The central role that media policy-making in the UK (and across Europe) has accorded to PSBs for responsibilities including boosting local content creation industries has a long history (Picard and Siciliani, 2013) and it continues to command wide support. It does however raise questions about the extent to which the policy environment is fully attuned to the needs of an increasingly globalized and competitive digital era. This is because, at a time when technologies are changing, a public regime that is conducive to innovation within creative industries is seen as essential (Andari et al, 2007; Bazalgette 2017; BIS/DCMS, 2018). Yet, as Google's chief executive Eric Schmidt suggested at the Edinburgh Television Festival back in 2011, it appears that UK industry is being stifled and prevented from innovating and reaching its potential by over-weaning regulation. Schmitdt referred to the example of UK regulators blocking project Kangaroo on grounds of competition (or, in his words, 'in case it might be too successful') as 'absurd' when delays in developing an indigenous UK online streaming service can only serve to help larger rivals from overseas (Kiss, 2011:3; Doyle, 2013). The spectacular growth of Netflix and other rivals over the last seven years underscores the prescience of Schmidt's analysis and, although discussions are now underway amongst broadcasters in the UK and also in Germany about projects to launch streaming services, critics argue that such ventures are coming to the marketplace late and 'lack the scale and breadth of programming' of the existing major SVoD players (Garraghan, 2018).

According to Schmidt's diagnosis an underlying problem is that while some sectors of the media are still regulated as cultural entities, what is needed in the digital age is a looser regulatory environment that first and foremost supports innovation and therefore encourages the development of large companies that can become successful global players. However, important though support for innovation may be, and much though industrial priorities may at times predominate in media policy-making, it remains that media policy in the UK and Europe is strongly wedded to an interpretation of the public interest that goes well beyond the competitiveness and commercial success of industry to embraces a range of socio-cultural imperatives including democracy, inclusiveness, social cohesion (Iosifidis, 2011; Freedman, 2008). While some would argue that digital transformations necessitate a review of the scale and scope of PSB provision (Weeds, 2013), Ofcom's assessment that, through commissioning programmes which reflect local culture and communities, PSBs occupy a pivotal role as part of the ecosystem underpinning the success of the UK independent production sector (Ofcom, 2015) remains widely supported.

The growing success of the UK television production sector over the last fifteen years owes much to public policy and, as Ofcom recently concluded, there is no obvious case for dismantling measures that have served so well in building the prosperity of the sector (ibid). However, at a time of concern about the long-term implications for industry and content of ongoing re-configurations in ownership of the production sector, one important challenge is to build understanding of how, if at all, indigenous and independent production companies can potentially replicate the advantages, discussed above, that are conferred by being taken over by multinational and/or vertically integrated media groups. Research on these questions is ongoing as part of the TPIT project. While, arguably, the forces driving current reconfigurations of ownership and economic power in the television industry lie largely outside the control of national policy-makers, one potentially hopeful sign is the emerging phenomenon of leading UK producers who, having worked for multinationals, now want to set up their own creative enterprises, for example, Expectation Entertainment launched in 2017 by former Endemol Shine group president Tim Hincks and former ITV Director of Television Peter Fincham. It remains to be seen how such ventures fare but the emergence of enterprises that, rather than hoping to secure a majority inward investment from a multinational group, are intent on achieving sustained commercial success and organic growth independently, may signal an important turning point in the evolutionary development of the UK's indigenous television production sector.

Acknowledgements:

The support of the UK Economic and Social Research Council (ES/N015258/1) is gratefully acknowledged. Thanks also to all interviewees who kindly participated in the research. The 'Television Production in Transition: Independence, Scale and Sustainability' project team consists of Professor Gillian Doyle (Principal Investigator), Richard Paterson (Co-Investigator), Dr Kenneth Barr (Research Associate) and Dr Michael O' Neill (Research Associate).

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