

A Future for Public Service Television

A Submission to the Inquiry by Chris Tryhorn, November 2015

Introduction

The complex challenges facing the provision of public service television in a rapidly changing TV market have been amply and clearly set out by Ofcom in its most recent review of public service broadcasting.¹ Another overview has been offered by the government in its green paper on future of the BBC.²

This submission does not attempt to provide a similarly comprehensive analysis of the TV market. It does, however, offer some thoughts about how public service television today is defined, the threats it faces in a rapidly changing world, and how it might be strengthened – with five specific recommendations.

These are:

1. The UK's broadcasting ecology must be maintained
2. The BBC needs to have its funding futureproofed
3. Channel 4's status as a publicly owned publisher broadcaster needs to be set in stone
4. We need to decide whether we really want ITV and Channel 5 to do public service television – and get a fair deal from that
5. Public service television must be defined better, sold better – and be better

About the author

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¹ *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (Ofcom, 2015).

² *BBC Charter Review: Public Consultation* (Department for Culture, Media and Sport, 2015).

Public service television today

It is never going to be possible to define public service television with scientific precision, but it would be a good idea for this inquiry to interrogate the term before pronouncing upon its future.³ The narrowest definition would be that it simply rectifies ‘market failure’, but it has long been recognised that some degree of popular appeal is part of the public service formula. Ofcom describes it as “TV programmes that are broadcast for the public benefit rather than for purely commercial purposes”.⁴ The 2003 Communications Act defines it 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.⁵

Specific considerations apply to different broadcasters. In the agreement between the secretary of state and the BBC accompanying its current royal charter, 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”.⁶ It is debatable whether all of the BBC’s programmes do in fact fulfil this requirement, although the term ‘engaging’ is certainly a handy get-out clause.

According to the Communications Act, the UK’s three commercially funded public service broadcasters – ITV, Channel 4 and Channel 5 – are required 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.⁷

These three broadcasters are also subject to a regulatory burden imposed by Ofcom to ensure they broadcast some types of public service content in exchange for their main channels’ prominent position on the electronic programme guide (EPG). Since the 2004 licences were agreed (these were renewed in 2015), these burdens have amounted to the requirement to show a certain number of hours of news and current affairs programming – a requirement that has been subject to

³ This submission follows the inquiry in using the term ‘public service television’ rather than the more traditional ‘public service broadcasting’. The inquiry’s formulation is preferable in a world of increasing on-demand and time-shifted viewing, although it does exclude radio from the discussion. It is probably clearer too than the more radical notion of ‘public service content’; but by television I mean not just broadcast material, but all professionally produced audiovisual content intended for a UK audience of some scale. Otherwise the likes of Amazon and Netflix would be excluded from this discussion.

⁴ ‘What is public service broadcasting?’, Frequently Asked Questions, Ofcom website, http://ask.ofcom.org.uk/help/television/what_is_psb

⁵ Communications Act 2003, section 264 (4).

⁶ BBC Royal Charter Agreement (2006), paragraph 14.

⁷ Communications Act 2003, section 265.

much bargaining – and various production quotas. The detailed prescriptions of the 1991 licences have long gone, and as a result certain once-protected genres such as religion and children’s programming have been disappearing from commercial TV.⁸

Public service television is thus defined in various ways. These definitions are generally vague enough to allow programmes that are far from examples of ‘market failure’ to be classified, at least by some people, as public service television. ITV and Channel 5 can be described as ‘public service broadcasters’ by virtue of the relatively small amount of public service television they air, whereas an organisation like Sky, which is responsible for significant news and arts provision, is not classified in this way. The current habit of talking about public service broadcasters rather than public service programmes is a problem in a world where viewers increasingly think in terms of programmes, not providers.⁹

Indeed, one of the key challenges facing public service television is explaining to the public what it is and why it needs to exist. Given the vagueness of the definitions, it is perhaps not surprising that Ofcom-commissioned research found that spontaneous awareness of public service broadcasting was low and that the public service broadcasters were losing some of their distinctiveness.¹⁰ It also found that viewers were more likely to distinguish between good and bad programmes rather than public service and non-public service broadcasting.¹¹

A rapidly changing landscape and the threats to public service television

There have been huge changes in the media landscape over the past decade. Digital switchover has completed the shift to multichannel television. The big broadcasters lost their old oligopoly, but also maintained dominance through families of channels, despite major funding cuts to the BBC and pressures on advertising. Internet use and the availability of high-speed broadband have grown enormously, while smartphones and tablets have transformed consumption habits. Video content is now easily consumed in many other ways than through a traditional television set. This technological revolution has collapsed the boundaries between broadcasting and the internet and facilitated on-demand viewing. The broadcasters have all adapted to this new world, but significant non-broadcast competitors such as Amazon and Netflix have arrived with ambitions in content production as well as distribution.

⁸ *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (Ofcom, 2015), section 3.36-37.

⁹ As detailed in *An investigation into changing audience needs in a connected world* (Ipsos MORI for Ofcom, 2014), p41.

¹⁰ *An investigation into changing audience needs in a connected world* (Ipsos MORI for Ofcom, 2014), p7.

¹¹ *Ibid*, p41.

Alongside (and indeed before) the launch and growth of such on-demand services, the culture of DVD box set viewing has enabled viewers to sample vast libraries of content, notably from the US, at their leisure. Their exposure to the highest quality output from the likes of HBO has undermined the distinctiveness and primacy of British content. It is worth noting that Channel 5 is now owned by the US media corporation Viacom, while many believe that ITV will ultimately be bought by a US company.

The shift towards on-demand viewing, led by the younger generation, will continue; the only question is how fast this will happen. It also means that people are accessing content from all sorts of different platforms, which are supplanting the numerically listed EPG of the linear world. This is diminishing the value of the EPG prominence that underpins the deal by which ITV, Channel 4 and Channel 5 provide public service television.¹² If the transition continues rapidly, commercial broadcasters would find it harder to fund public service television. In the interfaces of the future, should we regulate to give prominence to public service programmes? The 2010-15 coalition government promised to legislate to this effect in a 2013 paper, but there has been no action on this.¹³

Against this backdrop of rapid changes in technology, consumer behaviour, and competition, political debate has focused on the future of the BBC ahead of the next royal charter, and there have been reports that the privatisation of Channel 4 could be on the agenda too.¹⁴ The election of a Conservative majority government has made more radical shifts in policy more likely politically.

How to strengthen public service television

This submission offers five recommendations for the inquiry to consider.

Recommendation 1: The UK's broadcasting ecology must be maintained

The word 'ecology' is often used to describe the mix of broadcasting provision in the UK, and it seems an apt term. It conjures up the way in which different broadcasters and producers feed off each other, in terms of ideas and nurturing talent, and how a number of idiosyncratic entities live alongside each other, competing and co-existing. These organisations play a role in supporting the wider creative industries and encourage grassroots creativity too. The notion of an

¹² The position of BBC1 and BBC2 at the top of the EPG is also hugely important to the BBC.

¹³ *Connectivity, Content and Consumers: Britain's digital platform for growth* (Department for Culture, Media and Sport, 2013), p9. Ofcom has urged policymakers to consider reforming the rules that guarantee prominence and access to public service content. See *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (Ofcom, 2015), section 2.19.

¹⁴ See for example 'Government may privatise Channel 4, document reveals', Jane Martinson, The Guardian, 24 September 2015, <http://www.theguardian.com/media/2015/sep/24/government-considering-channel-4-privatisation-document-slip-up-reveals>

ecology has for some time been gaining ground in the arts world, where there are increasing attempts to map the subtle interdependencies and overlaps of interest between the commercial, publicly subsidised and amateur spheres.¹⁵

The point about most ecologies is that they permit delicate balances to be maintained; pull on one thread and things can unravel. We should be very careful about upsetting those balances in the television world. It is not unimaginative or somehow reactionary to argue for the preservation in broad terms of the status quo when the status quo has a proven track record of working.

In such a context, and given the lack of clarity from the government, it is important to make the case that public funding for the BBC should be maintained and Channel 4 must not be privatised. Such radical upheaval at either broadcaster could have untold consequences, and the uncertainty needs to be cleared up.

BBC and Channel 4 have a virtuous effect on the rest of the TV market, 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. Would Sky be as committed to arts programming were it not for the existence of the BBC?

The quality of the BBC and Channel 4's output, and their ability to be freed, at least to some extent, of commercial constraints stems directly from the way they are set up as organisations: their public ownership and, in the BBC's case, the direct relationship with viewers that public funding entails. Commercial ownership – or in the BBC's case, commercial funding – would inevitably dilute their commitments to public service output, whatever regulatory constraints were formally imposed.

Thinking about the BBC and Channel 4 together can help to define their respective purposes. It makes sense to treat the two questions in conjunction for a more holistic sense of the broadcasting ecology and the role of public service television within it.

Recommendation 2: The BBC needs to have its funding futureproofed

The BBC should remain publicly funded, as argued above. Crucially, though, this funding needs to be futureproofed to take account of changes in technology and consumption. It needs to be funded honestly and not continually raided by opportunistic governments using it to pay for media infrastructure projects or politically motivated schemes.

¹⁵ See for example John Holden's *The Ecology of Culture* (Arts & Humanities Research Council, 2015), for which I was the researcher.

The TV licence fee is a peculiar throwback to a bygone era of broadcast monopoly and spectrum scarcity. But as a means of funding today's BBC it seems preferable to the alternatives, including the most suggested option, voluntary subscription, which would probably lead to the BBC becoming a premium service for more affluent citizens.¹⁶ The universality of the fee guarantees the BBC scale and allows it to aspire to reach everyone in the UK. The government has narrowed the options down to a reformed licence fee, a media levy, or a hybrid licence fee and subscription model.¹⁷ The first two options are preferable.¹⁸

It is time to ditch the anachronism of a 'TV licence fee' and adopt the platform-neutral term 'BBC licence fee', creating at the same time an opportunity to make the funding more honest. The BBC should no longer have to bear the costs of projects that the government ought to be funding.¹⁹ The level of its funding should be set sustainably to bring an end to continual cost-cutting and debilitating uncertainty.

Recommendation 3: Channel 4's status as a publicly owned publisher broadcaster needs to be set in stone

Channel 4 has enormously enriched British television since it was launched in 1982. Viewed now, in the multichannel age, when ITV is arguably no longer the public service broadcaster it was, its importance seems greater than ever. 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, ie the BBC, the competition in terms of quality that exists across the television marketplace would be diminished.

Channel 4's business model – publicly owned, commercially funded, a 'publisher-broadcaster' that produces none of its programmes – is idiosyncratic, but none the worse for that. It takes its public remit seriously, but privatisation would threaten that remit. Even if a sale tied the buyer to certain regulatory requirements, it would necessarily change Channel 4. No one is likely to buy it without wanting to make a profit; and regulatory requirements can always be gamed.

Such an existential threat will always lurk in the background, without more fundamental backing for the Channel 4 model. The government should set out

¹⁶ The government has excluded funding by advertising or through general taxation. *BBC Charter Review: Public Consultation* (Department for Culture, Media and Sport, 2015), p50.

¹⁷ *BBC Charter Review: Public Consultation* (Department for Culture, Media and Sport, 2015), p51-52.

¹⁸ The problem with a partial subscription is that it could be the 'thin end of the wedge' allowing for a full subscription model at a later date, and by definition would exclude those unable to pay from whatever services were placed behind the paywall.

¹⁹ Recent examples include the costs of digital switchover, local TV, superfast broadband, and free licences for the over-75s.

unambiguously that Channel 4 will remain in public hands and that it sees it as a critical part of the UK's broadcasting ecology.

Action may also be needed to support Channel 4's ability to make public service programmes. Ofcom has put forward interesting suggestions about changing the regulatory model as the advantage of EPG prominence diminishes.²⁰

Recommendation 4: We need to decide whether we really want ITV and Channel 5 to do public service television – and get a fair deal from that

One could be forgiven for not realising that ITV and Channel 5 are public service broadcasters.²¹ It is not something either broadcaster makes much of.²² Programmes outside news that are obvious examples of public service television do not always spring readily to mind.

In the past, when ITV was the UK's only commercial broadcaster, the viewers switched on and the advertising revenues rolled in, so public service output was no threat to the business model, and in fact was a crucial part of the licence award process. Now, amid vast competition, getting 'eyeballs' is ITV's priority, and ITV1's position at channel 3 on the EPG has been a key advantage.

The question for the public here is: who is getting the better deal, the broadcasters or the public? Are ITV and Channel 5 doing sufficiently good public service programmes to deserve their high EPG slots? The problem is that the regulatory requirements are made in vague terms: a better audit needs to be made. We need to decide whether they really are fulfilling their remit as public service broadcasters, and whether they should up their game as such.

This is an important question as the next generation of TV interfaces is likely to see the traditional EPG model transformed beyond recognition. It would definitely be in ITV's interests to gain prominence on future interfaces as their business model depends on being the UK's biggest commercial broadcaster, with the advertising benefits such scale brings. In such a scenario, should they be asked to do more to justify that prominence – and should we hold them to account more for the quality of their output? Without regulation, they would have to rely on the status and appeal of their shows to justify such prominence.

²⁰ *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (Ofcom, 2015), section 6.23.

²¹ Ofcom-commissioned research reported: "Participants of all ages expressed some surprise that Channel 5 had public service obligations." *An investigation into changing audience needs in a connected world* (Ipsos MORI for Ofcom, 2014), p48.

²² I searched in vain for a reference to 'public service' in ITV's 2014 annual report. The company does, however, make much of the importance of its "high quality content" and makes passing reference to adhering to its regulatory requirements.

Recommendation 5: Public service television must be defined better, sold better – and be better

Outside broadcasting and political circles, how many people really know what public service television is? Ofcom's research found serious gaps in public understanding. If we view it as such a public good, should it not be sold to the public better?

First, of course, we must be clear about what it is. We should perhaps start by defining public service television less generally; should we be calling ITV and Channel 5 'public service broadcasters' when this is far from a sufficient description of them? Maybe we need to think more in terms of public service programmes, as the public increasingly does.²³ At any rate, the renewal of the BBC's royal charter provides an opportunity for a tighter definition, which could then feed in to discussions around Channel 4's remit and any future regulatory burden imposed on ITV or Channel 5.

The task of 'selling' public service television need not be overwhelmingly difficult. All organisations that lie somewhere between the purely profit-seeking and the state have to justify receiving any kind of public subsidy.²⁴ There are ways of explaining why not everything worthwhile need be popular. For example, there is a value in something that you do not currently watch but might choose to watch one day, and a value in something you have no intention of ever watching but are glad that other people can watch. These kinds of ideas are not complicated and can bolster the validity of content that appears to have limited appeal.²⁵

But nothing will boost the case for public service television like the programmes themselves. A notable finding of Ofcom's research was the public's tendency to be more concerned with whether content was good or bad rather than designated public service or not.²⁶ There are definitely areas where broadcasters could do better: a personal wish list would include more investigative journalism, more challenging documentaries, a revival of regional (not local) programming, and better long-form drama to emulate the heights reached by recent American shows. This kind of programming is not cheap and it may be necessary for more 'popular' programmes to lose out as a result. Real quality of output, however, will provide the best argument in favour of public service television in the 21st century.

²³ See the findings in *An investigation into changing audience needs in a connected world* (Ipsos MORI for Ofcom, 2014), p41.

²⁴ Arts organisations that have lost Arts Council funding and have been subject to pressure on outreach and public engagement have more experience of this than broadcasters.

²⁵ There is a significant literature to draw on here, and indeed the notion of 'public value' was adopted by BBC in the last charter review process, with the BBC Trust using 'public value tests' to assess the merits of new services.

²⁶ *An investigation into changing audience needs in a connected world* (Ipsos MORI for Ofcom, 2014), p41.