

Championing
excellence and diversity
in broadcasting

Founded in 1983 by Jocelyn Hay CBE



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Submission to “A Future for Public Service Television: Content and Platforms in a Digital World” by the Voice of the Listener & Viewer

Ensuring the Future of Public Service Television for the benefit of citizens

This is an important time for public service television in the UK. The current debate, dominated by BBC Charter Review, has been focused on whether the BBC has a negative impact on the market. It is VLV's view that there is strong evidence to suggest the opposite.¹ The creative industries in the UK are flourishing and our broadcasting industry is thriving. It is VLV's view that the debate should instead be focused on what public service television could be doing better for the benefit of the public as citizens and as consumers.

One of VLV's concerns is that the debate is overly dominated by the voices of those with commercial interests. In representing the interests of listeners and viewers, VLV is keen to ensure that the public's interests are highlighted in this debate, so that the social benefits derived from broadcasting in the UK are maintained.

The social and cultural purposes of television

Many of the arguments which informed the current BBC Charter were developed in *Building Public Value*, the policy document which the BBC published prior to the last Charter Renewal. The VLV believes that a vision where the benefits to the citizen are core to the mission of public service television is still valid today:

The BBC's founders believed that broadcasting could make the world a better place. Public intervention would ensure that its astonishing creative power – to enrich individuals with knowledge, culture and information about their world, to build more cohesive communities, to engage the people of the UK and the whole globe in a new conversation about who we are and

¹ <http://blogs.lse.ac.uk/mediapolicyproject/2015/09/16/bbc-tv-and-its-impact-on-investment-in-uk-content-enders-analysis/>

*where we are going – would be put to work to the sole benefit of the public.*²

VLV believes that public service television should be universally available, available to all free at the point of use, provide something for everyone, including impartial and accurate news and other high quality content for the benefit of the whole of UK society.

Ofcom was established to ensure that the needs of the citizen and consumer are met. These needs may differ but both are equally important. The marketplace will tend to provide for the needs of consumers when there is a benefit to the provider. There may be less financial return from content which benefits the citizen.

The explosion of media platforms in the past decade has led to increased competition for viewers. VLV believes increased competition alongside deregulation of broadcasting has resulted in an increase in the volume of more popular genres and a reduction in the mainstream provision of UK specific content which benefits citizens (for example, UK culturally specific children's content, current affairs, regional and religious content).

Since the introduction of regulation limiting the type of advertising which can be placed around children's programming, the investment of content for children on the commercial PSBs has dropped by 95%.³

Despite the proliferation of channels since digital switchover, it is clear that the UK broadcasting sector faces market failure in some key public service genres. 'Market failure' refers to the fact that, whatever the number of providers in the market at any given time, the market may still fail the citizen if there isn't a free to air provision of wide range of high quality, diverse and informative programming, especially in genres which may not be considered commercially attractive.

The PSB system in the UK has existed up until now as a conscious democratic, social and cultural intervention in the market in order to achieve certain public value purposes: to enrich our lives with high quality engaging content which broadens our horizons, excites us and helps us cohere as a nation.

VLV believes there is currently a balance provided by the existing UK PSBs on free to air television which in most genres provides the public with such content. We would like this system to continue to be supported by a regulatory regime which encourages investment in a range of high quality public service content which is provided for the benefit of citizens as well as consumers. We do not believe that the viewing habits of individual consumers should drive public policy choices which may limit the provision of universal service, and thus the freedom of choice for all viewers.

² *Building Public Value*, 2004, BBC, pg. 6

³ Ofcom Children's PSB Annual Report 2014

The impact of changing production, consumption and distribution practices

TV viewing: The broadcasting landscape in the UK is currently in a state of transition which is leading to a widening generation gap in usage trends and a slow move away from the viewing of live television among some audiences. However, we note that this trend has not proved to be as great as many have anticipated. Currently 95% of audio-visual content is viewed live or recorded on a television set.⁴ VLV believes that live and recorded viewing will remain the primary means by which the public consume content for the foreseeable future and should remain the primary focus of the public service broadcasters.

The Rush Online: VLV is very concerned by the broadcasting industry's enthusiasm to migrate content online. VLV believes there is a risk that content provision which is considered of specific interest to certain audiences, attracting smaller audiences, will be moved to online platforms and this will be accepted as an argument that the PSBs no longer need to provide such content on their broadcast platforms.

For example, the BBC's current proposal to 'ride two horses' – one the traditional broadcasting model and the other the online model; the closure of BBC Three as a broadcast platform; and the suggestion that it might close the BBC News Channel, replacing it with an online news streaming service.

Such online services, while they are welcome as *additional services*, are not adequate substitutes for public service television which is universally available and free at the point of use. If such content is only available via online platforms or subscription services, this reduces choice and will result in a system whereby only those who can afford it will be able to access certain services

The importance of the existing public service broadcasters: VLV believes that the main public service channels have been broadly successful in delivering the purposes of PSB as defined by Ofcom and remain hugely important. We note that the five main PSBs still attract 78% of all viewing and account for the vast majority (90%) of investment in new programming⁵, supporting the creative industries sector and providing benefit to the UK economy.

Quality of Content: While PSB plays a huge role in the lives of the British public we do not believe that its social, cultural and political importance is fully quantifiable via data which focuses on spend, volume of content or audience research. While these are useful indicators of market trends, they do not tell the whole story. VLV believes it is the quality of programmes, one of the key characteristics of PSB, which is most likely to be eroded through reduced investment and this aspect of the delivery of PSBs is the one most difficult to measure.

⁴ PSB Review 2015, Ofcom, Para 2.12

⁵ Ofcom's Third PSB Review, December 2014, para 2.13

Funding and regulation of public service television

VLV believes that the guiding principles for the regulation of public service television are providing a universal service which is free at the point of use, choice and value for money – none of these values being at odds with the commercial imperatives that must inform the BBC, ITV, Channel 4 and Five in a competitive marketplace.

As stated above, VLV supports the existing mixed PSB ecology of the UK whereby a publicly funded BBC competes with commercial broadcasters ITV and Five, and the not for profit, publicly owned Channel 4. Under this system advertising revenues are rising, viewing share to the PSBs remains high and healthy competition provides plurality of supply, keeping quality thresholds high which is beneficial for audiences.

Funding: The BBC remains the cornerstone of PSB in the UK but it needs sufficient funding to be able to effectively deliver its mission. VLV members support public funding as the primary source of the BBC's income.⁶ It is only by pooling everyone's resources through the licence fee that the BBC is able to provide a low unit cost which provides a real benefit to UK society while fulfilling audience expectations. VLV opposes subscription as a BBC funding model because once the BBC loses its universality its income could be dependent on the popularity of its content and this will be a precursor to a decline in less profitable genres.

VLV members strongly opposed the last two licence fee settlements which were both conducted hastily without any public or Parliamentary scrutiny. They have diverted money from BBC budgets, undermined the BBC's independence from government and compromised its ability to deliver its mission. VLV has proposed the institution of a statutory body, the Licence Fee Body, to recommend the level of future licence fee settlements. This would provide protection to the BBC from the Government 'top slicing' the licence fee and diverting it to fund other projects.

VLV believes that Channel 4 should remain a publicly owned commercial broadcaster which should reinvest any revenue back into content provision rather than focus on the interests of shareholders.

VLV notes Ofcom's 2015 projection that revenue from advertising for the commercial PSBs should remain stable in the coming years. We would not want any relaxation of regulation governing the commercial PSBs because we do not believe that would be beneficial for audiences.

Discoverability

One of the greatest issues facing public service television regulation as technology develops will be ensuring prominence for public service content, one of the primary regulatory levers available to Ofcom. VLV believes that in the short to medium term the EPG is likely to remain the primary search engine for most

⁶ (61.2%) support the continuation of the current system of the licence fee. VLV Membership survey August 2015

viewers and, as the number of broadcast channels increases, this prominence will become increasingly valuable.

In the longer term, as IPTV becomes more popular, discoverability of PSB content will become more challenging. In an increasingly online space, public service content will have to compete with other content. In order to fulfil their responsibilities as public service broadcasters and justify the benefits they receive as such, the PSBs will need to find effective ways to give prominence to the public service content they produce.

The Future & How to regulate to mitigate problems

VLV considers that the chief threats to the future of high quality public service television in the UK are:

- Further reductions in the purchasing power of the BBC licence fee through reductions in its budget.
- The underestimation of the value and impact of public service broadcasting's contribution to diversity, democracy, education, culture and citizenship in a market where success is too often measured on the basis of a commercial model which focuses on profit and market share.
- A weakening of the remit of Channel 4 due to a change in its operating model.
- The increasing challenge to ensure prominence and discoverability of public service content as more and more people access television on a range of devices including mobile.
- Increased competition in the broadcasting market leading to market failure in key public service genres.

In order to mitigate these threats VLV proposes that:

- The future of the BBC and Channel 4 need to be secured as the key providers of a range of UK culturally specific public service content, including those genres which are considered to be less commercially attractive and at risk.
- The BBC Charter will need to set out clearly a new, more definite governance model for the BBC to ensure its independence from government and its accountability to the licence fee payers who fund it. The current iPlayer loophole also needs to be closed so that those who benefit from BBC services pay for them.
- Ofcom will need to assess existing regulation to ensure that it is fit for purpose in the digital age. This needs to guarantee levels of culturally relevant UK produced PSB content which is easily discoverable.

- Any proposed changes to Channel 4's operating model will need to be properly scrutinised to ensure that the benefits which currently accrue to citizens are not diverted to satisfy the needs of shareholders.