

*"Working for quality  
and diversity in  
British broadcasting"*



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Founded by Jocelyn Hay in 1983

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## **RESPONSE TO CONSULTATION QUESTIONS IN OFCOM'S SECOND REPORT INTO PUBLIC SERVICE BROADCASTING**

Voice of the Listener & Viewer is the only national body that represents the interests of television viewers in maintaining high standards in British broadcasting and this response follows a wide-ranging consultation with our national membership and with a range of academic and industry experts.

### *Section 4: Models*

*1) Do you agree that public service provision and funding beyond the BBC is an important part of any future system?*

VLV believes that this is an absolutely crucial moment for the future of public service broadcasting in this country. The overwhelming thrust of all the research in this area – particularly that undertaken by Ofcom – is that the public wants, and appreciates, PSB and when the alternatives are spelt out, is prepared to pay for it. VLV also believes that competition with the BBC from commercial PSBs for mass audiences is vital, if we are to preserve a television system that has been of enormous benefit to UK citizens at home and to the UK abroad.

The importance of public service provision and funding extending beyond the BBC cannot be overstated. Channel 4, as the other publicly owned PSB channel, is a hugely important asset and one that requires secure funding. Nor can the contribution of ITV and Five to the reputation of the UK's free-to-air broadcasting output be over-estimated. Without the spur of real competition the BBC would surely be much diminished and in danger of once again becoming the dull and unadventurous monopoly broadcaster that it was before the arrival of ITV in 1955.

Ending competition for mass audiences and high quality programmes by the public service broadcasters would, we believe, be disastrous. This is not the plaintive cry of those who believe that the current UK television system represents perfection – we have many criticisms to make of the BBC, Channel Four, ITV and Five. But having investigated the alternatives we remain convinced that in order to maintain continued high quality programming for mass audiences, both the maintenance of the licence fee and the continuation of securely funded commercial PSBs is vital. So VLV backs Ofcom's Model 1, 'enhanced evolution'.

We recognise that viewers want a choice of public service broadcasting across a range of genres, bringing in different, or complementary, views to those provided by the BBC. In particular we believe it is essential that commercially-funded PSBs provide viewers with choice in (i) news (ii) current affairs (iii) regional programmes (iv) children's programmes and (v) programmes by young and innovative producers.

According to Ofcom's own figures, people listen and view TV and radio for an average of six hours a day, the majority of which is provided by the universally available public service broadcasters. We believe that PSB plays a huge role in the lives of the British public and that its social, cultural and political importance, although not readily quantifiable, is much greater than its relatively modest economic scale would suggest.

We therefore believe that national policy on PSB should reflect this, and that Ofcom's current market-based proposals for spectrum auctions, strike the wrong balance; either more spectrum should be allocated free to broadcasters or some of the proceeds of spectrum sale should be earmarked to support PSB.

Whilst new technology and pay TV both offer new opportunities to provide a range of high quality content for those willing and able to pay for it, only PSB provides a full range of *UK-produced, universally available* programmes and, at a much lower cost per viewer-hour than pay TV. The policy challenge is therefore to ensure the continued strength of the universally available PSB system, while allowing those who choose to pay more for more choice are able to do so.

After securing the long-term stability of the BBC, the next priority should be to ensure the continuing supply of a wide range of universally available, free-to-air, UK-produced programmes on the commercial public service broadcasters, despite any slowdown in advertising revenue. The rest of this submission addresses this issue

*2) Which of the three refined models do you think is most appropriate?*

VLV does not accept 'the game is up' in terms of ITV continuing as a PSB – that is why we favour Model One 'Enhanced Evolution'. However, we do believe that there is scope for a negotiation to be undertaken in which, in return for continuing access to the so-called regulatory assets - spectrum, 'must carry' provisions and protected positions on electronic programme guides – ITV maintains some of its PSB obligations. Five is, apparently, content with its current PSB arrangements and so no such negotiations will be required.

However, the bedrock of PSB will remain the BBC and for this reason we do not accept Ofcom's various statements that licence fee money used to support commercial PSB would not come from

'core BBC services' but only from what Ofcom initially called the 'excess licence fee' but now calls the 'switchover surplus'. Ofcom's formulation of the current licence fee funding, while it is open to a wide range of interpretations, strongly implies continuing the current trend of cuts in the value of the licence fee going to fund BBC programmes and services. We believe that this weakens the very foundations of PSB. Any attempt to take money from the BBC's licence income would be wrong.

*3) Do you agree that in any future model Channel 4 should have an extended remit to innovate and provide distinctive UK content across platforms? If so, should it receive additional funding directly, or should it have to compete for funding?*

Channel 4 is not a fully-fledged commercial operation - it has a special remit and it does not have commercial shareholders. VLV considers that Channel 4 would be the most appropriate broadcaster to become a complementary or alternative public service broadcaster to the BBC. Its public service remit should therefore be revised, and strengthened.

Ofcom should provide the Channel with a new, extended, and more coherent, public service remit using 'Next on 4' as a starting point. We accept the argument that Channel Four requires some additional public funding to achieve these goals, without it having to compete for such support. (see Section 6).

*4) Do you think ITV1, Five and Teletext should continue to have public service obligations after 2014? Where ITV1 has an ongoing role, do you agree that the Channel 3 licensing structure should be simplified, if so what form of licensing would be most appropriate?*

VLV recognises that in many instances unregulated commercial broadcasters may wish, for their own commercial reasons, to provide distinctive, high quality UK content. Equally, the existing commercial PSBs may wish to undertake to continue to provide such programmes for a number of years in return for a guarantee from Ofcom for "regulatory assets". This could be a self-regulatory, or co-regulatory, arrangement which would then make irrelevant the debate about whether ITV and Five should be "forced" to continue to fulfil their public service requirements.

Clearly the regional structure of ITV is ceasing to be one of its defining characteristics. This situation needs to be clarified. Under Model 1 'Enhanced Evolution' ITV must be defined as either a UK-wide commercial PSB with a regional underpinning or essentially a national service for England (and the Scottish borders), Scotland, Wales and Northern Ireland. Either way this needs to be reflected in ITV's new licence agreement.

*5) What role should competition for funding play in future? In which areas of content? What comments do you have on our description of how this might work in practice?*

We already have competition for advertising funding between ITV, Channel 4 and Five and we have learnt from past experience that the total amount of advertising revenue available for television does not increase as a result of an increase in channels, it just spreads the existing (and diminishing) funds more thinly. Competition for licence fee funding would undermine the BBC as the cornerstone of our broadcasting ecology.

We note that Ofcom is thinking in terms of allocating to Channel 4 the BBC's digital switchover 'pot'. We are opposed to this – not just because of the direct cut in BBC funding it involves - but because it breaks the bond between the public, the BBC and the licence fee. At the moment the public, which continues to support the licence fee, recognises that the licence is used solely to fund the BBC. If part of the fee is top-sliced to fund Channel 4, this vital link is broken and public support for the licence fee could be irrevocably damaged. We would therefore suggest that the potential for the BBC to provide Channel 4 with certain, specified, forms of support, should be urgently explored. We note that the Director General of the BBC has indicated that he will be coming forward with a number of proposals as to how the BBC can offer forms of support to Channel 4. We look forward to seeing these proposals, the principle of which we very much support. We also keenly await the details on industry levies that appear to work effectively in a number of countries, as an alternative means of providing funding for Channel 4.

#### *Section 5: Long-term: nations and regions*

*1) Do you agree with our findings that nations and regions news continues to have an important role and that additional funding should be provided to sustain it?*

Yes, it is vital. If the 'Enhanced Evolution' model is chosen then it might be appropriate to investigate the feasibility of offering some form of tax incentives to encourage the production of more comprehensive regional news programming by ITV. As a second best option, if ITV was unwilling or unable to offer a comprehensive regional news service then we would prefer that the network carried regional news provided by outside suppliers (excluding the BBC) – this might require separate licenses to be allocated for this purpose.

*2) Which of the three refined models do you think is most appropriate in the devolved nations?*

We believe that only 'evolution' offers a realistic chance of maintaining the significant presence of commercial PSB activity in the devolved nations.

## *Section 6: Funding*

2) *What source or sources of funding do you think are most appropriate for the future provision of public service content beyond the BBC?*

3) *Which of the potential approaches to funding for Channel 4 do you favour?*

We have an open-mind about additional funding models. We are attracted to the notion of some form of industry levy being used to fund commercial PSB. There are a number of other ways that might enable Channel Four to bridge its funding gap. These include exploring saving money by reducing the number of digital channels that Channel 4 currently transmits, conducting a rigorous examination of administrative costs (including the salaries of senior executives) and investigating co-funding arrangements with other publicly-funded bodies, notably those in the English regions, in Scotland and in Wales.

## OTHER KEY PROGRAMMING ISSUES

### *Children's' Programmes*

Children's programming has long been of particular concern for VLV. We reiterate our position which we took in response to the Ofcom Consultation on the Future of Children's Television in December 2007 – that there is a need for a wide range of high quality UK-produced indigenous children's programmes, aimed at different age groups, and that the BBC should not be the sole provider. Ofcom's own research demonstrated that this is the wish of the majority of parents.

In the Children's Programming Section of its PSB Review Phase 2 (paras 7.22 to 7.26) Ofcom sees limited scope for using its current powers to 'maintain provision' by the commercial PSBs - although the research shows that the public already considers even this provision inadequate. Paras 7.24 to 7.26 indicate what might be provided by the existing PSBs – but S4C made it clear at VLV's recent conference that it does not see itself taking a major role in developing programmes for the rest of the UK, and the limited moves by Channel 4 and Five are totally dependent on finding new funding. VLV recommends firstly, that urgent action is needed in implementing recently suggested funding initiatives – the limited short term one of tax breaks for producers, and the more comprehensive idea of industry levies outlined by Steve Morrison at the Ofcom/Polis Forum in September 2008. This would help to ensure the future of other threatened PSB genres in addition to children's programmes. VLV also supports further encouragement of the suggestion of a dedicated online portal for children's programmes, with financial help for piloting a scheme.

### *News Programming*

National and International News is another of the areas that may require additional funding. There are strong arguments for extending some of the proceeds of the so-called 'Digital Dividend' to ITN, given the difficulties currently facing ITV. The importance of maintaining, and strengthening, a national and international news provider that is neither part of the BBC nor part of a global media conglomerate,

cannot be over-stated. No matter which funding model is chosen, the prospects for ITN could be problematic. An independent news company capable of supplying news to Channel 4, ITV and elsewhere, is vital to maintaining the contribution of PSB to the UK's democracy and society.

#### *Arts Programming*

The BBC continues to be one of the biggest patrons of the arts in Britain. It commissions thousands of hours of live and new music and drama every year. This role is unlikely to be assumed by any other institution. The commissioning of programmes about the arts and promoting access to the arts in all their various forms has been an essential element in public service broadcasting (PSB) from its earliest days. New digital technology has enabled many new content producers to enter the market; they range from satellite subscription services, the Tate Gallery and Royal Opera House to local arts festivals and amateur performers. Meantime, converging technology has brought new means of delivery, including the Web. Despite this the PSBs continue to play a unique and vital role in commissioning and disseminating arts programmes, free to air, to citizens in the UK.

Some commentators suggest that the availability of satellite services, CDs and programmes via the web, renders the traditional role of the PSBs obsolete. VLV does not agree. The opportunities that new methods of production and forms of delivery bring are random, sometimes expensive, and difficult to find and access. A system is needed to help make them better known and more accessible. Following a detailed consultation process the VLV has drawn up the following action plan for the arts on television:

- The BBC Trust should encourage BBC Management to develop, and publish, a clear strategy for the BBC's involvement in the arts, including the development of productive partnerships with arts associations and content producers from across the UK.
- The Trust itself should monitor the BBC's progress and set targets for the kind of partnerships to be developed, where they will be established and what resources the BBC should allocate to the initiative.
- Ofcom should ensure that Channel 4 develops and publishes a more focused strategy on the arts, one that reflects the Channel's enhanced public service remit. In order to achieve this the Channel should be set specific 'arts targets'.

#### RADIO

Finally, one important point we would wish to emphasise is that, whilst we recognise that this Review is only considering PSB as it affects television, we would stress that any reduction in the funding of the BBC would also have an immediate, and damaging, impact on the Corporation's radio output. We would therefore urge that should there be any adverse changes in the funding of the BBC that a mechanism should be devised to ring-fence the funding of BBC Radio.

4 December 2008