

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



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## **Culture, Media & Sport Parliamentary Select Committee Inquiry: Public Service Media Content, January 2007**

### **A RESPONSE TO THE CONSULTATION QUESTIONS BY Voice of the Listener & Viewer (VLV)**

Voice of the Listener & Viewer (VLV) welcomes the inquiry by the Select Committee for Culture, Media & Sport (CMS) and is glad to respond. In the comments below VLV has responded to the specific questions set out in the inquiry's terms of reference. VLV has also identified other areas for further examination. These include the future remit of Channel 4 and the future of radio, see paragraphs 7 and 8 below.

#### **1. The prospects for maintaining plurality in public service broadcasting in the digital age**

- 1.1. VLV considers that plurality in public service broadcasting will become even more important in future as a counter-balance to the increasing concentration and globalisation of the ownership of commercial media companies. Plurality will also be important as new technology brings opportunities to use, adapt and deliver content across different media. Despite the growth of web-based, satellite, cable and broadband services, television and the brand names of the five terrestrial public service broadcasters will, in our opinion, remain an irreplaceably important element in the media landscape for the foreseeable future.
- 1.2. In recent years we have seen how a programme broadcast on a national radio or television channel can still engage the public interest and inflame opinion. We have also seen how easily and quickly the media landscape can change following BSkyB's purchase of a significant holding of shares in ITV plc. Since BSkyB is both the monopoly supplier of satellite services in the UK and the dominant owner of UK newspapers, with a growing interest in radio and new media, there is a real risk that its purchase of 17.9% of the shares in ITV plc could threaten the present plurality.
- 1.3. In programme policy terms, the purchase could well affect ITV's long-standing tradition of providing a wide range of diverse, high quality, original programming, including UK produced drama, regional programming and children's programmes.
- 1.4. ITV is now also the owner of Independent Television News (ITN), the provider of news for the ITV network and Channel Four. ITN is the only national competitor for BBC News. Although Sky currently provides an excellent news service for the UK, since Sky is not governed by a public service remit, it bears no obligation to maintain its news service and is at liberty to drop it, should it decide to do so, for whatever reason. In our view, it is essential in the interests of British democracy for the BBC to have a powerful terrestrial competitor for its news services. See paragraph 5.1 below.

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- 1.5. It is obvious that the economics and conditions of the public service broadcasters will change in future, especially after analogue switch-off. The UK media market will become even more competitive, with a variety of new screen-based information, news and entertainment services. Yet we believe that there will still be a demand for trusted television services and content, and that these will retain the potential to colour public opinion and influence our culture, society and democracy. New regulation and public intervention or funding may be required to sustain them but if the political will is there we believe that ways will be found to meet the situation.
- 1.6. Viewers and listeners want high quality programmes and content, irrespective of delivery platform or broadcaster. They do so because the UK enjoys the benefit of an 80 year tradition in which the ethos of public service broadcasting has been dominant. Examples from abroad, including Australia and Canada, show how quickly that key quality and range of programming can be lost when that public service ethos is lost to a more market-led approach. We must not allow this to happen in the UK as we move into a digital, multi-channel future. Thus the BBC, Channel 4 and S4C must be sustained as public service broadcasters and incentives found to encourage other UK broadcasters to provide competition across the board and so prevent monopoly provision in any genre of programming.

## **2. The practicality of continuing to impose public service obligations on commercial broadcasters**

- 2.1 The commercially funded public service broadcasters - ITV, Channel 4, S4C and Five - have recently experienced volatility in their finances. Advertising has been in recession and each broadcaster's income has suffered. However, all are now reviewing their strategies prior to digital switch-over. Each has created new digital channels which are distributed terrestrially, by satellite, cable and broadband. The new ITV and Channel 4 channels rely heavily on repeats of archive material. Five, with its very small archive is relying on bought in acquisitions, mostly from the USA. It is early days yet to gauge the success of Five's new channels but the others appear to be quite successful. The strong brands and quality content resonate with viewers and it is notable that the most popular channels broadcast by Sky are normally those of the terrestrial public service broadcasters or those which carry a large percentage of content originally created by them, even though that material is in many cases more than 30 years old.
- 2.2. As members of Ofcom have frequently observed in meetings with us, it is becoming increasingly difficult to 'oblige' commercial broadcasters to provide programmes and services which are not in their economic interest. As competition increases in future, life will become more difficult for broadcasters funded mainly by advertising and they may be tempted to reduce the range of their programming in order to minimise the risks. VLV therefore believes that if audiences are to continue to have access to the full range of free-to-air content laid out in the 2003 Communications Act, the introduction of incentives may prove a more effective method than the imposition of obligations which cannot be met.
- 2.3. In the run-up to switch-over, we consider that the existing PSB obligations are proportionate, and do not impinge too heavily even in the increasingly competitive market. The audience needs and appreciates the choice of programming thus provided.

### 3. The viability of existing funding models for ITV, Channel 4 and Five

- 3.1. We are not qualified to judge the viability of existing funding models for ITV, Channel 4, S4C or Five. In **S4C's** case, however, we note that following the report by Professor Roger Laughton in 2004, and the recent overhaul of its programme strategy by its new Chief Executive, S4C now seems to be confident about its future.
- 3.2. **ITV** is a strong brand with an extremely valuable archive of high quality content. ITV is also a highly profitable company which attracts very large audiences when it provides high quality programmes and innovative formats. As ITV's dedicated digital channels seem to be proving successful we believe the channel is starting to overcome some of its recent problems, whether those were due to the advertising recession or its own mismanagement.
- 3.3. **Five** is a relative newcomer which has widened choice for viewers. It now seems to be finding its feet, despite losing share in the past year. Five has been disadvantaged by its late launch, lower reach and poor reception in some areas but as it has the weakest remit of the public service broadcasters we hope that once the UK switches to digital and that handicap ends, the channel will find a way to remain viable.
- 3.4. VLV recognises that the existing funding model (based mainly on advertising revenue) of ITV, Channel 4 and Five may not be sustainable and that new sources of funding may need to be found. However, we believe it essential, in the public interest, that a full and open debate about new funding methods is conducted in public in the immediate future in order to ensure that the quality and editorial integrity of programming is maintained.
- 3.5. It must be realised by all involved that commercially funded broadcasting does not operate in a 'free' market. The economics of production and distribution are different to other goods and the commodities being traded are not the programmes, but the viewers and listeners who enjoy them. Commercial broadcasting is about delivering audiences to advertisers. Public service broadcasting is about delivering programmes and services to audiences. Moreover, since broadcasting is still the main source of news, information and entertainment for most people in the UK, important aspects of citizenship, culture and democracy are involved. For these reasons we consider it imperative that public policy interventions continue to be made (on existing and new platforms) in order to safeguard and sustain these services for future generations.

### 4. The case for public funding of broadcasters in addition to the BBC

- 4.1. We believe it is most important for the BBC to have competition from other public service providers in all areas of programming. There is already strong competition from unregulated cable and satellite providers but these are not competing on a level playing field. We do not consider that any of these non-UK based commercially funded companies should receive public funding because there is every risk that they will pick and choose the most profitable genres, only to drop the programming when they no longer consider it attractive. We would not support any move to 'top-slice' the BBC licence fee or to add a levy on top of it in order to provide funding for commercial broadcasters to make 'public service' programmes.
- 4.2. We do, however, consider that if in future the terrestrial PSBs: ITV, Channel 4, Five and S4C find it economically unviable to continue producing PSB content, there may be a case for continuing to provide some public subsidy in order to maintain a plurality of ownership and the wider choice of original content the PSBs provide. In the past the terrestrial channels have benefited from a lack of competition. They have also enjoyed the free use of spectrum and we consider that this subsidy should continue. We also consider that it might

be in the interest, not just of viewers because of the valuable extra choice of content they provide, but also of the nation, for these services to continue.

- 4.3. ITV and Channel 4, especially, play a valuable economic role, both in providing jobs for workers in the UK creative industries and for their contribution to the British economy through their export earnings. The UK is second only to the USA in the economic value of its media exports. The intangible benefit that these exports create by exporting British culture and promoting British interests, services and products to the world, should also be taken into consideration. Under these circumstances, we believe there may also be a case for introducing tax breaks or other fiscal measures to help maintain the viability of UK media companies.
- 4.4. VLV believes that the maintenance of Channel 4 and S4C as PSBs is essential to provide plurality, and competition for the BBC. If it becomes necessary to provide some sort of public funding to sustain the programming defined in the 2003 Communications Act, VLV would be supportive, so long as the process was transparent and value for money assured. VLV also believes (see 4.2 above) that public policy intervention may be required in the future in order to maintain the PSB programming defined in the 2003 Communications Act.

## **5. The future for key areas of public service media content such as news provision and children's programming**

### **News**

- 5.1. We consider it essential to the future of British democracy for a plurality of UK news provision to be available to UK viewers. While BSkyB provides the excellent and much-valued Sky New service, Sky has no obligation to maintain that service or to provide a range of news items which covers national and international issues, politics, commerce and industry. Sky News needs only to be impartial in what it presents.
- 5.2. There is a danger that unless there is a strong national competitor for the BBC, the opportunities for political pressure on the BBC could become intolerable, both in the way in which its news is presented and in the way its news agenda is set. This applies as much to stories which the newscasters decide to follow as to those they do not, for instance, during an election campaign when staged photo-opportunities are used to obtain media coverage.
- 5.3. As a group representing the citizen interest in broadcasting, we believe it is vitally important for the news agenda to be set by independent newscasters, not by politicians or other powerful groups.
- 5.4. We believe it is important for the nations and regions of the UK to have plurality in their news services. At present only ITV and the BBC provide news for the nations and regions; Sky provides only international and UK news. ITV, however, may not continue to provide regional news after digital switch over.
- 5.5. The BBC has an extremely tight remit with regard to news, we consider this should be carried across the PSBs and that, if necessary, ways should be found to help enable them to fulfil the remit. If it is found that news operations cannot be made financially viable in future, we believe that cross-subsidy and other methods of allocating independent public subsidy should be found to enable them to fulfil it. (see 4 above.)

## **6. Children's programmes.**

- 6.1. VLV has been concerned for more than a decade about growing threats to the quality, range, diversity and origination of programmes for children available on commercially funded terrestrial channels in the UK. We will not repeat all the arguments and facts supplied by Save Kids' TV, of which VLV is a member, but we agree wholeheartedly with the case it has made to you.
- 6.2. ITV has an excellent record of providing high quality programmes which could compete with the BBC. Five also has an excellent record of providing original programmes for pre-school children. Both are now threatened by competition from the unregulated satellite and cable channels whilst at the same time facing a loss of advertising income due to the recent ban on the advertising of high fat, salt and sugar products.
- 6.3. The UK is the most competitive market for young viewers in the world - 23 dedicated channels target British children - but most are the offshoots of foreign owned corporations which broadcast mainly American content, much of it animation. These channels provide entertainment which many children enjoy but little content reflecting their own rich, cultural heritage of language, literature, values and environment. Since homes with children have a higher penetration of multi-channel television than those without, many of these young viewers are regularly exposed to the consumerist values of the more commercially-focused foreign channels and growing up with a 'Disneyfied' view of the world, rather than their own history and culture.
- 6.4. The BBC is doing an excellent job both on its terrestrial channels and with its two daytime dedicated channels CBBC and CBeebies. But the BBC needs competition to keep it on its toes and to provide an alternative view and source of high quality content. Children are the most important viewers – they are the future of our nation. They need, and have a right to enjoy, the same wide range of programmes as adults: high quality programmes which are made for them in their own cultural idiom, which reflect their own localities, culture and values, and which put their interests above those of overseas advertisers and producers. We consider that in return for other advantages which the PSBs will continue to enjoy, for instance, the 'must carry' rules, plus prominence and favoured positioning on the EPG, ITV, especially, should be encouraged to continue providing a range of original indigenous programming which meets the needs and interests of young viewers across the UK. ITV should also be able to cross-subsidise if necessary a range of original, indigenous programming which meets the needs and interests of young viewers across the UK. There may also be a case for assistance to be provided by the proposed public service provider, should the PSP become a reality.

## **7. Programmes for the Nations and Regions**

- 7.1. The nations of the UK already enjoy, and should continue to enjoy, distinctive high quality services which meet their particular needs and interests, including news. (see 5.2 above)
- 7.2. Although the ITV regions were based on the functionality of the analogue transmitter network rather than areas of cultural interest, we believe there is a case and desire for programmes which showcase regional identity and talent. Society and communities need programmes which not only reflect the culture of the locality but also when broadcast nationally, help the nation to experience and understand its various parts.
- 7.3. Research published by Ofcom in 2005 appeared to show a relatively low appreciation of regional programmes but we believe some of the viewing figures may have been affected by the lower quality of the programmes caused by lower budgets, and to inconvenient

scheduling. The provision of programmes which reflect and help to create understanding between different groups in society is a fundamental principle of public service broadcasting. It needs to be encouraged even though we appreciate that the smaller audiences involved will affect the economics of such programming.

## **8. The value of the Public Service Provider concept as advanced by Ofcom.**

- 8.1. VLV is in principle open to suggestions for the creation of a new Public Service Publisher/Provider (as outlined in the Ofcom review on Public Service Broadcasting and set out for consultation on 25 January 2007). Such an organisation could - if properly regulated – add capacity for innovative public service programming, and provide competition for the BBC.
- 8.2. The success or failure of the PSP will, in our view, be determined by the nature of its remit, funding and organisation. In particular, the following questions are central to the debate:
- Where will the PSP be funded from? Can it be guaranteed, for example, that the BBC's licence fee revenue will be protected from so-called 'top-slicing' in order to support the PSP? Or from the imposition of a levy which would muddy the lines of accountability and cause resentment among licence-fee payers.
  - Does the government, or Ofcom have a preference with regards to the PSP's remit? If so, what is it? What research will be carried out to inform the remit?
  - How will the PSP be administered? Who will appoint its members? What criteria will it use for allocating funds?
  - What will the relationship be between the PSP and existing broadcasters with public service obligations, such as ITV, Channel 4, S4C and Five?
  - Will the PSP be required to source programming from independent producers? If so, to what extent?
  - To whom, and by what means, will the PSP be accountable? In particular, by what benchmarks will its public service provision be assessed?

## **9. The case for public service material on new media**

9.1. VLV believes it is imperative that the UK should take the lead in the provision of public service broadcasting across new media, taking full advantage of the opportunities these technologies offer for targeted local and minority programming, interactivity, and access to archival material.

9.2. VLV wishes to emphasize its support for the role the BBC has played in this process to date. The BBC has innovated in terms of the quality and depth of its web coverage – building one of the most popular and respected web sites in Europe - and on-demand radio, and looks set to do so in the future with televisual and archival services.

9.3. In doing so, the BBC not only broadens and strengthens its own public service offering, but by acting as a trusted guide drives demand in the sector- establishing potential markets for commercial broadcasters, and setting benchmarks for quality and delivery of services.

9.4. On this basis, it is the view of VLV that the BBC should be supported in developing its online services as necessary. In addition, we believe that alternative funding mechanisms (perhaps including the proposed PSP, or other financial incentives) should be used to encourage public service provision from other organisations working in new media.

## 10. The Future Remit of Channel 4

- 10.1. The committee has asked for views on the funding of Channel 4 but not about the future remit of the Channel itself. VLV considers that the present remit of Channel 4, which includes serving audiences which are not well served by other broadcasters and requires it to innovate and take risks in its programme making, serves the audience well. In future, in an even more competitive globalised market, we believe this remit will prove even more valuable as some channels will find it difficult both to serve minority audiences and to take risks in their programme commissioning.
- 10.2. Despite occasional controversy, Channel 4 has proved a valuable and irreplaceable addition to the UK broadcasting ecology. Its future should be assured in the interests of British culture and democracy. VLV considers that there may be a case for extending Channel 4's remit in future to include gaps which may arise in PSB output before and after digital switch-over. Possible genres, for example, might include children's programmes and regional programming.

## 11. Radio

- 11.1. We note that the Committee has not included Radio in its terms of reference. We would therefore like to draw its attention to the valuable role that radio plays in the ecology of UK media. As with television, radio not only brings pleasure to millions of people daily, but (BBC Radio especially) makes a unique contribution to the PSB content of new drama and music and in fostering original comedy. Radio also plays an important role in exporting British culture, ideas and music to the rest of the world. As with all other media, radio has not been replaced by television or other new media services but is now enjoying a renaissance because of its ease of portability and transmission across new delivery platforms.

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*Voice of the Listener & Viewer (VLV) is an independent, non-profit-making association, free from political, commercial and sectarian affiliations, working for quality and diversity in British broadcasting. VLV represents the interests of listeners and viewers as citizens and consumers across the full range of broadcasting issues. VLV is concerned with the structures, regulation, funding and institutions that underpin the British broadcasting system. VLV does not handle complaints.*

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