

*Championing
excellence and diversity
in broadcasting*

Founded in 1983 by Jocelyn Hay CBE



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**SUBMISSION FROM VOICE OF THE LISTENER & VIEWER TO
THE LORDS SELECT COMMITTEE ON COMMUNICATIONS
INQUIRY INTO PUBLIC SERVICE BROADCASTING
IN THE AGE OF VIDEO ON DEMAND**

April 2019

INFORMATION ABOUT THE VLV

1. The Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England and Wales No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

2. VLV wishes to highlight the important distinction in broadcasting between the needs of citizens and consumers. Policy to support consumers' interests is driven by the wants of a consumer at an individual level and for private benefit. These tend to have a short term focus and are often driven by economic and competition policy. Policy to support citizens' interests, in contrast, are driven by citizens' needs, which extends to the needs of community and society as a whole; it is also driven by public rather than private benefits. Citizen interests go beyond our choices as private consumers, to provide broader social benefits to democracy, culture, identity, learning, participation and engagement. Citizen interests tend to have a longer-term focus than consumer interests which are influenced by ongoing market trends.
3. As long as the PSB system delivers the ambitions set out in the 2003 Communications Act and the BBC Charter, the concept of public service broadcasting is as relevant and important today as it has ever been.
4. SVOD services provide greater choice, especially in entertainment and drama, but they do not adequately replace provision by the UK's existing PSB system. They do not reflect the UK back to itself; they do not supply impartial news and current affairs; and there is no guarantee of a diversity or range of content on SVOD platforms.
5. VLV does not believe left to its own devices the market can be relied upon to meet citizen interests because it is driven by commercial considerations which in turn are driven by the individual choice of consumers. Therefore VLV believes that there is a strong case for increased market intervention to support PSB.
6. VLV believes it is likely that TV licence income will decline, the SVODs may price the PSBs out of the drama production market and advertising revenue for the commercial PSBs will decline as viewers migrate to the SVODs. The UK's public service broadcasting system has been widely considered to be the best in the world but it is almost inevitable that without additional regulatory intervention it will decline.

7. VLV supports proposals to convert the TV licence into a universal household tax and levies on commercial platforms including VOD players.
8. VLV believes that regulation of PSB prominence should apply across all platforms where a substantial proportion of viewing is conducted. This will be beneficial for audiences because PSB content which they value will be easier to find and there will be a greater uniformity of approach across platforms and devices. VLV believes a balance needs to be struck between prominence for curated PSB content and a level of personal choice in order to maximise the societal value of PSB. There is a risk that personalisation will increase 'echo chambers' and reduce the opportunity to broaden audience horizons.
9. UK audiences have benefitted from collaboration in recent years between the UK's PSBs and the US SVODs through co-produced content which has been broadcast on UK PSB channels. However, VLV understands from broadcasters and independent producers that Netflix is moving towards a position where it funds and retains 100% of the rights of the content it commissions and is less likely to collaborate in future.
10. VLV broadly welcomes the proposals for Britbox.

INTRODUCTION

11. The inquiry asks whether the popularity of video on demand services has made the concept of public service broadcasting redundant, in whole or in part; if so, what form public service broadcasting should take in future and how it could remain financially viable; and what action policy-makers, regulators and public service broadcasters should take.
12. In response to whether the popularity of video on demand (VOD) services has made the concept of public service broadcasting (PSB) redundant, VLV would suggest that the rise of VOD services has increased the need for greater market intervention and regulation to support PSB in the UK. While VOD services have provided greater choice for audiences, notably in drama and entertainment, VLV considers they deliver minimal citizen benefits and are undermining the existing PSB system in the UK.
13. In the context of the issues raised by this inquiry VLV wishes to highlight the important distinction in broadcasting between the needs of citizens and consumers. The debates in the run up to the 2003 Communications Act, primarily in the House of Lords, highlighted this distinction and ultimately led to Ofcom's dual role, namely "to further the interests of citizens in relation to communications and to further the interests of consumers in relevant markets, where appropriate by promoting competition".¹

¹ Communications Act 2003, clause 3 (1)

14. Policy to support consumers' interests is driven by the wants of a consumer at an individual level and private benefit. These tend to have a short term focus and are often driven by economic and competition policy.
15. Policy to support citizens' interests, in contrast, are driven by citizens' needs, which extends to the needs of community and society as a whole; it is also driven by public rather than private benefits. Citizen interests go beyond our choices as private consumers, to provide broader social benefits to democracy, culture, identity, learning, participation and engagement. Citizen interests tend to have a longer-term focus than consumer interests which are influenced by ongoing market trends.
16. VLV considers the growth of the SVODs to have been largely driven by consumer interest. Subscription services are driven by commercial priorities which do not include supporting a range of content for different audiences. While the additional choice they provide in the market is welcome, they are not required to provide content which benefits UK society – content which reflects the culture and population of the UK. Privately owned media cannot be expected to serve and to represent the interests of all sectors of society unless regulation requires them to do so. Although free market competition can increase viewer choice, it can also reduce diversity. VLV considers the citizen benefits provided by the SVODs to be minimal.
17. While the market beyond the PSBs can and does deliver content which is beneficial for citizens, VLV does not believe left to its own devices the market can be relied upon to meet citizen interests because it is driven by commercial considerations which in turn are driven by the individual choice of consumers. Therefore VLV believes that there is a strong case for increased market intervention to support PSB.

Question 1: What is the value of public service broadcasting? Is the concept becoming outdated? Does public service broadcasting do enough to reflect and serve the demographics of the UK?

18. There has been consensus since the 1950's that regulation of broadcasting in the UK should be a public policy priority to support the provision of free-to-view public service broadcasting (PSB) to ensure it delivers a range of vital economic, social and cultural benefits.
19. The economic benefits of PSB derive principally from the showcasing and distribution of output provided by the content-producing industries. The social benefits derive from the existence of universally available public service content committed to the principle of impartiality, independent of the state and of powerful business interests and committed to the provision of information, education and debate vital for the exercise of democratic citizenship. The cultural benefits derive from the support that well-resourced content production gives to creative expression and freedom of speech, to the sharing and challenging of values and to the peaceful co-existence of identities, ideas and beliefs.

20. In summary, the benefits of the UK's public service broadcasting system are as follows:

- It supports a thriving creative economy in UK
- It provides a wide choice of high quality programmes
- It provides trustworthy news and current affairs
- It supports certain types of programming such as arts, religion, original children's programming which otherwise might not be broadcast
- It reflects the UK back to itself
- It brings the nation together at key moments
- It informs and educates society
- It promotes social cohesion
- It is available at a relatively low cost per user

Comprehensive Provision

21. If the public service broadcasting system is fulfilling its role effectively, as set out by Parliament, it should provide content for a range of ages, for audiences from across the UK from different ethnic backgrounds, gender identities and with different tastes and interests. The burden for the delivery of the PSB purposes lies most heavily on the BBC which is publicly funded.

22. In recent years both the BBC Trust and Ofcom have highlighted that there are deficits in the BBC's portrayal of and provision for certain groups of citizens: black, Asian and minority ethnic audiences, LGBT audiences and older women. There has also been a long-standing deficit in the provision of content for older children for which Channel 4 has a specific responsibility.

23. In order to ensure that the PSB system remains relevant, those responsible for delivering the mission of PSB – both broadcasters and regulators – need to make sure that the ambitions set out in legislation and the BBC Charter are delivered. The question implies that PSB is becoming outdated because it is failing to do enough to reflect and serve the demographics of the UK. VLV would suggest that any failure to deliver the purposes of PSB, which are still as relevant today as they ever were, is due instead to ineffective implementation of current regulation.

Universality

24. The UK's public service broadcasting system is based on a concept of universality whereby everyone has access to a range of high quality TV and radio content for the same fee. Currently the cost of a TV licence is £154.40 which is 42 pence per day per household or £12.60 a month. The principle of universality is crucial in order to keep the the cost per household down. The cost of the TV licence is set by Government and the same price is paid by the vast majority of UK citizens.

25. Since TV licence income funds the BBC, it is neither owned by the Government, nor by its management; audiences benefit from advertising-free broadcaster services

and because the majority of homes in the United Kingdom pay for the BBC, it has always been considered a universal service which provides a benefit to UK society.

26. While subscription services – whether they are pay-tv or SVOD – provide increased choice for audiences beyond what is available on free to air channels, the cost of these services is determined purely by market forces. There is no cap on the prices operators can charge. Subscriptions to Amazon Prime and Netflix currently cost £7.99 and £5.99-£9.99 a month respectively, but these prices are likely to rise. In recent months Netflix has been trialling increased prices for UK customers and in the USA it has raised the price of its standard package from \$11 to \$13.
27. As a result of increased competition, it is likely that SVODs will need to define their identities more narrowly in order to attract subscribers as the market fragments. At the Oxford Media Convention in March 2019 James Currell, President Viacom International Media Networks UK, said, ‘It’s clear to us that ‘premium’ doesn’t just mean high-end scripted TV and movie content. It will mean different things for different audiences: reality, animation, comedy, music and sport, with specialist subscription services beginning to emerge.’ This could result over time in the narrowing of the content each SVOD provides and mean that customers will have to subscribe to an increasing number of SVODs if they are to have access to a range of content; this will drive the household cost of TV subscriptions up.

Informing democracy

28. One of the principal goals of the PSB system is that citizens in the UK should have access to high quality, impartial news so that they are well-informed and can participate fully in the democratic process. This principle of PSB is even more relevant in 2019 with the rise of disinformation on online and social media platforms and the reduction in trust of institutions, including Parliament and the media. One of the principal outcomes of the PSB system is that citizens in the UK should have access to high quality, impartial news so that they are well-informed and can participate fully in the democratic process. As the Secretary of State for Culture Media and Sport highlighted at the 2018 RTS Conference, this is a crucial issue for government:

‘...as well as tackling sources of inaccurate information, we want to strengthen and support high quality sources that people can trust. High quality and properly researched journalism is the best possible weapon in our battle against fake news.’²

29. It is crucial that free to air PSB content which informs and engages citizens is maintained for the benefit of British democracy.
30. In conclusion, as long as the PSB system delivers the ambitions set out in the 2003 Communications Act and the 2016 BBC Charter, the concept of public service

² Jeremy Wright MP, Secretary of State for Digital, Culture, Media and Sport: Speech to RTS London Conference September 18 2018

broadcasting is as relevant and important today as it has ever been. It would be wholly wrong to suggest that the increase in the popularity of streaming VOD services means there is less need for public service broadcasting. While SVOD content adds choice, especially in entertainment and drama, it does not in any way adequately replace provision by the UK's existing PSB system. It generally does not reflect the UK back to itself because it is usually aimed at a homogenous global market; it does not supply impartial news and current affairs; while there are obligations on SVODs which broadcast in Europe to commission 30% of their content from EU producers, they do not abide by this regulation; and there is no guarantee of a diversity or range of content on SVOD platforms.

Question 2) What are the consequences of the rise of on-demand providers and the decline of linear television viewing for the production of original UK content for UK audiences?

31. While the PSBs and their portfolio channels account for 70% of all viewing across all TV platforms,³ VLV notes that the share for live viewing to the PSBs and other free to air channels is declining with the rise in the popularity of the SVODs.
32. VLV does not consider the decline of viewing of linear television to be a problem as long as time-shifted viewing on PSB VOD players makes up the deficit. We consider it important however, that the BBC, ITV, Channel 4 and Channel 5 should promote PSB content on their on demand platforms so that they provide audiences with easy access to distinctive UK PSB content. In return we believe that the PSB VOD players should be given prominence on all TV sets.⁴
33. Without regulation to provide PSB, commercial providers necessarily maximise their profits for the benefits of shareholders. VLV's greatest concern about the rise of the SVODs is that as commercial platforms they are driven by commercial considerations and this inevitably means there are gaps in provision. They focus primarily on drama and entertainment content which is not culturally specific to the country where it is being consumed.
34. **Economic Sustainability:** Peter Fincham, former Director of Television for ITV, views the growth of the SVODs as currently beneficial for audiences, 'You could argue that at the moment the viewer is getting the best of both worlds. We are still getting a regular output of new and often brilliant programmes from the PSBs in the UK... but you can also subscribe to Netflix and Amazon.... You have an awful lot of content coming at you...and some of it very high quality content. As a viewer it is a legitimate question to ask – is that a sustainable economic model going into the medium term?'⁵
35. VLV is concerned that the current economic model will not hold up for the following reasons:

³ *Media Nations:UK*, Ofcom, June 2018, p.27

⁴ <http://www.vlv.org.uk/vlv-news/psb-prominence-crucial.html>

⁵ Comments made at the VLV Autumn Conference, 29 November 2018.

36. Inflation in production costs: One of the consequences of the growth of the SVODs is a rise in inflation of production costs, especially of drama. This was highlighted by Peter Kosminsky at the VLV 2018 Autumn Conference,

‘It’s pretty scary. In public service drama, the co-production model has broken down.... Something which used to cost about £1.2m an hour will cost more than £2m an hour. And of course the PSB’s tariffs can’t keep pace with that. So out of that £2m an hour, the PSB will be likely to give us £800,000. When you add in the tax break money, that might take you up to a million so there’s a shortfall of half the budget. In the past when the shortfall was about a third of the budget we could rely on the sales companies to make up the difference...but there’s no way they can make up half the budget generally speaking.’

37. Sue Vertue, speaking at the same conference, said that the tax break offered by the British Government to high end drama productions has exacerbated the problem of inflation, ‘The inflation is huge at the moment. It is partly the tax credit which means that everyone’s here filming, so it’s actually really hard to get crews.’

38. According to Peter Kosminsky the PSBs will either have to reduce the number of dramas they produce or make the same number of dramas but with lower budgets which could lead to a decline in quality:

‘If the PSBs cannot afford to make content they will be elbowed aside... you’ve got a shortfall of half your budget. You either double your tariff which means you make half the number of programmes or you ghettoise the programmes which are designed to hold a mirror up to our society. Those programmes will have to be fully funded because the SVODS won’t fund them... So you have to make them with low production ambitions... and secondly with people who are prepared to work for those salaries, which isn’t everyone I am afraid.’

39. Advertising revenue: As audiences for the commercial PSBs decline, revenue from advertising is likely to decline accordingly. This will lead to a decline in investment in new content, especially content which is less commercially viable such as current affairs and UK-specific content which is more difficult to sell internationally. Ofcom research shows that audiences particularly appreciate content which reflects the UK and therefore it is likely that audiences will suffer if PSB income declines.

40. TV licence income & the future of the BBC: It has been reported that between 2013 and 2017 3.5 million people cancelled their TV licences.⁶ It is thought this trend is largely due to the fact that people do not feel the need to own a TV set any longer because they can access a range of drama and entertainment content on SVOD platforms using mobile devices. VLV notes that without a TV licence audiences are

⁶ ‘Will traditional TV channels become irrelevant in 2019?’, *New Statesman*, 2 January 2019

still able to view content provided by ITV, Channel 4 and Channel 5 on their online platforms and listen to all the BBC's radio output. If increasing numbers of people choose not to pay the TV licence fee this will have a significant impact on BBC income. VLV estimates that the BBC is already facing an effective reduction in its budget of 37% since 2010. In these circumstances it seems that the future sustainability of the BBC is under threat.

41. In conclusion, if current trends continue VLV believes it is likely that TV licence income will decline, the SVODs may price the PSBs out of the drama production market and advertising revenue for the commercial PSBs will decline as viewers migrate to the SVODs. The UK's public service broadcasting system has been widely considered to be the best in the world but it is almost inevitable that without additional regulatory intervention it will decline.

Question 3) What has been the effect of changes in the market on the UK television production sector more widely, including on training, job opportunities and the business models of independent producers?

42. No comment.

Question 4) Are the obligations on public service broadcasters appropriate?

43. In response to Ofcom's consultation on EPG prominence, VLV proposed that the PSBs should be provided with prominence across all platforms and their VOD players should be automatically loaded onto smart TVs without any cost to the PSBs. We believe this will benefit audiences because it will be simpler for them to find their favourite channels and it will support PSB which is ultimately beneficial to UK society.
44. In light of the benefits of prominence on the EPG and proposed prominence for their VOD players, VLV would not want the obligations on the PSBs to be reduced. Market forces have led to a decline in certain PSB genres since the Communications Act in 2003, as highlighted by Ofcom research. These include programmes which feature the arts, religion and children's content.
45. VLV believes that it would be beneficial for audiences if the BBC is allowed to extend the viewing window for content on the iPlayer.

Question 5) Have public service broadcasters responded adequately to market changes?

46. VLV regretted that Project Kangaroo was blocked by the Competition Commission in 2009. This initiative was innovative and if it had gone ahead it would have put the PSBs in a strong position to provide streaming services as people increasingly consume content using mobile devices.

47. In response to the advent of digital TV, all the PSBs diversified by creating portfolio channels which have offset the decline in viewing to their main channels. They all have their own on-demand catch up services, which increasingly are becoming viewing platforms in their own right, providing box sets of series with long viewing windows. The ITV Hub has a free and a paid-for version whereby it is possible to watch and download content which is free from advertising. Channel 4 has led the way with dynamic advertising on its on demand platform which delivers bespoke adverts based on location, weather, time of day, date and demographics. It is also developing All4+, an advert free service like ITV Hub+.
48. While these technological developments have maintained the reach of the PSBs within the UK until recently, it is clear that the SVODs, with their global scale and huge budgets, are likely to undermine the PSBs unless they can increase their scale by working together. In this context, the VLV welcomes the announcement in March that Britbox will go ahead.

Question 6) How can commercial public service broadcasters fund original productions for UK audiences at a time of declining advertising revenues? How might public service funding regimes—including the BBC licence fee—be adjusted?

49. There are a number of sources of income to fund PSB services currently. These include TV licence revenue, advertising, subscription to on-demand platforms, tax reliefs for a range of content, including children's, animation and high end content, and the DCMS Contestable Fund pilot which is due to run until 2022.
50. VLV is concerned with two specific aspects of the current funding regimes. These are advertising regulation for the commercial PSBs and how BBC funding settlements are agreed.
51. VLV is concerned that in considering the introduction of further advertising restrictions on TV and online for products high in fat, sugar and salt, the Government should take research into account if it demonstrates that the existing ban on advertising such content on children's channels has not had the desired impact which is to reduce obesity in children. It is estimated that extending this restriction to all TV channels pre-watershed could reduce the commercial PSB's income by £200m a year at a time when advertising income is predicted to decline or remain flat at the best. This reduction in income will impact detrimentally on content investment which benefits audiences; and this needs to be taken into consideration in determining final decisions on this issue.

BBC Funding Settlements:

52. The VLV believes the method of negotiating BBC funding settlements should be reformed. The current process is not subject to any public or Parliamentary scrutiny and has led to settlements in 2010 and 2015 which have reduced the BBC's budget by 37%. Both sets of negotiations were conducted hastily behind closed doors between senior BBC and BBC Trust staff and members of the Government and both

have diverted money from BBC budgets, undermined the BBC's independence from government and compromised its ability to deliver its mission.

53. The table below sets out VLV estimates of BBC income and additional responsibilities imposed by the Government since the 2010 BBC funding settlement. All figures are based on data from BBC Annual Reports. These estimates do not include the benefits of closing the 'iPlayer loophole' because this information is not in the public domain.

BBC Income and additional responsibilities since 2010											
Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Income											
Gross Licence Fee Revenues	3513	3606	3656	3726	3735	3743	3787	3830	3175	3251.6	3326.0
Funding Monitoring/WS	296	277	264.7	238	0		291				
Over 75s evasion								0	468	247.0	
Estimated CPI allowance									76.6	74.4	71.5
Gross Income	3809	3883	3920.7	3964	3735	3743	4078	3830	3719.6	3573.0	3397.5
Additional responsibilities											
BBC World service/monitoring	318	278	307	272							
BBC World service					243	261	269	268	268	268.0	268.0
BBC World Service grant								70	70	70.0	70.0
BBC Monitoring					16	5.8	6	5.5	7.2	7.2	7.2
S4C	32.2	29.2	30	105	107	110	110	107	105.4	105.4	105.4
Local TV				16	2.9	3.5	3.9	4.7	0	0.0	0.0
Broadband Rollout				150	150	150	150	80	20	10.0	0.0
over 75's									182	403.0	745.0
Total spent	350.2	307.2	337	543	518.9	530.3	538.9	535.2	652.6	863.6	1195.6
Balance to spend on services	3458.8	3575.8	3583.7	3421	3216.1	3212.7	3539.1	3294.8	3067	2709.4	2201.9
% of budget compared with 2010	100	103.38	103.61	98.91	92.98	92.88	102.32	95.26	88.67	78.33	63.66

54. There is no better articulation of the inadequate nature of the past two licence fee negotiations than that expressed in the Culture, Media and Sport Committee report *The Future of the BBC*, published in February 2015. The Committee was chaired at the time the report was published by John Whittingdale MP, who then went on to be the Secretary of State for Culture, Media and Sport and was responsible for the 2015 BBC funding settlement. The report said, 'We believe that the current means of setting the licence fee is unsatisfactory. The 2010 settlement demonstrated that the BBC's independence can be compromised by negotiations with the government of the day that lack transparency and public consultation... No future licence fee negotiations must be conducted in the way of the 2010 settlement: the process must be open and transparent, licence fee payers must be consulted and Parliament should have an opportunity to debate the level of funding being set and any significant changes to funding responsibilities. We recommend that the independent panel and Charter Review process consider the appropriate length of licence fee settlements and the period in which they should be reviewed and changes made.'⁷

55. VLV considers that the current method of determining the level of BBC funding potentially undermines the independence of the BBC and risks giving the government undue influence, especially when negotiations are conducted in the run

⁷ *Future of the BBC*, Culture, Media and Sport Committee, February 2015, Para 246,255, 256, 92.

up to Charter Review. It is notable that the next negotiations of BBC funding are due in 2020 just prior to the Government's mid-term review of the BBC Charter in 2021/22. VLV believes that the timing of these negotiations will put undue pressure on the BBC to agree to a settlement that is not in the interests of licence fee payers in order to avoid fallout which might impact on the mid-term BBC Review.

56. In place of the current method of negotiating BBC funding settlements, VLV proposes a Licence Fee Body should be set up. This Body would be responsible for recommending the level of income the BBC receives and also be responsible for determining the methods to collect the TV licence, so that this should not be an issue for politicians to decide. This body would comprise a Chairman and other members who have the requisite expertise and knowledge, are independent of government, of the BBC and other media organisations; the chair and members would be appointed by the Secretary of State who would have a duty in making these appointments to consult with the BBC board and Ofcom. The Licence Fee Body would consult with the public and recommend a level for the licence fee. The Secretary of State would have a duty to lay this recommendation before the Parliaments of the UK.
57. **Additional potential sources of funding:** VLV supports the consideration of a number of proposals which have been suggested in the past to support PSB. These include converting the TV licence into a universal household tax and levies on commercial platforms.
58. In the context of this submission, we would like to highlight the current proposal by Peter Kosminsky that SVOD services should be charged a levy for access to UK audiences. At the VLV Conference in November 2019 he said, 'I would like to suggest they should have one regulatory obligation... and that is that they pay a levy for the right to broadcast to our 60m viewers. They should pay a levy on the UK subscribers they currently have...and this would go into a fund which PSBs could go to and approach with projects competitively and these could make up the shortfall which is becoming apparent in UK PSB funding'.

Question 7) How important is prominence for public service broadcasters? Can it be maintained in the face of rapid technological development and greater personalisation of content?

59. Prominence is crucial if the PSBs are to remain easily discoverable and maintain their reach as the broadcasting landscape undergoes fundamental change. The growth in the use of PVRs, online and connected devices, text and voice search and the greater availability of fast broadband has led to shift in viewing habits away from live television. This trend is especially apparent among younger audiences. While these technological developments provide greater choice for audiences, it has made PSB content more difficult to find in a more fragmented and crowded space. Current regulation only guarantees PSB prominence on the traditional linear EPG and VLV believes legislation needs to be updated to include connected devices and online platforms.

60. In considering these matters it is important that principles are established which can underpin any changes Parliament might need to make to the statutory regime in future to maintain the prominence of PSB content and services in an online world.
61. VLV believes that regulation of PSB prominence should apply across all platforms where a substantial proportion of viewing is conducted. This will be beneficial for audiences because PSB content which they value will be easier to find and there will be a greater uniformity of approach across platforms and devices.
62. A link to the EPG should be available on the home page of all user interfaces on TVs and PSB VOD players should be prominent across all platforms so that they can be easily found. VLV would like hardware manufacturers to be required to provide pre-loaded PSB players which are given guaranteed prominence. If the PSB system is to be maintained in the UK, the PSBs need to be able to maintain their reach in order to be viable and VOD is already an essential viewing platform for most audiences. VLV believes that rules and protections for PSB prominence should be 'platform agnostic'.
63. In order to maintain public policy objective to promote PSB content, VLV believes that the prominence regime should also be extended to include recommendations, predicted text search and voice search. Search transparency should be required so that when content is promoted the reasons for this promotion are clear; free PSB content should be promoted when it is available; and PSB content should be promoted in text or voice searches.
64. VLV believes that in the longer term it will be necessary to extend the prominence regime to online services once they become 'significant means' for accessing PSB content.

Personalisation:

65. VLV is concerned about the impact of personalisation. While the ability to personalise user interfaces is beneficial for audiences in some regards in a crowded space, it has to be noted that there are risks in this approach. The ability to find recently watched series should not be restrained, but we believe that the promotion of programmes should not be based purely on personal preference.
66. At the heart of this issue lies the distinction between citizens and consumers. Society as a whole benefits from the horizons of its population being broadened. It is beneficial for audiences to be introduced to new subjects, content which challenges established views and innovative programmes. Such an approach where content is curated according to PSB principles often runs counter to the strategies of media platforms because they are driven by the need to attract and retain consumers. Personalisation has a tendency to narrow the range of content audiences are exposed to because users are mostly exposed to content they already know they will like. If they are not exposed to a range of other content which might challenge their

views, there is an increased risk of an ‘echo chamber’ experience which has been seen on social media platforms.

67. Therefore VLV believes a balance needs to be struck between prominence for curated PSB content and a level of personal choice in order to maximise the societal value of PSB.

Question 8) Should there be new regulation of on-demand services? Does the revised Audio-visual Media Services Directive provide appropriate measures to ‘level the playing field’? How could on-demand services be encouraged to produce more content in the UK?

68. The revised AVMS Directive 2018/1808 came into force in December 2018. EU member states have to transpose it into national law by 19th September 2020. The Directive introduces two new provisions: (i) a 30% quota for European works on VOD services, and (ii) where members states require domestic media service providers to contribute financially to the production of European works, the possibility to expand this obligation to media service providers established in another member state but targeting audiences in their territory, based only on the revenues earned in the targeted member state.
69. The European Commission will issue guidelines on these two provisions, in particular the calculation of the share of European works and their prominence in VOD catalogues, and the definition of media service providers with a low audience or a low turnover which will be excluded from financial contributions.
70. In these guidelines, VLV would welcome the inclusion of the recommendations on prominence made above, in particular, the prominence of all PSB players in TV sets without extra cost.
71. VLV also believes that serious consideration should be given to the imposition of levies on commercial VOD players, both domestic and foreign since the revised AVMS allows it, in order to make up the shortfall which is becoming apparent in UK PSB funding.

Question 9) What should the relationship be between public service broadcasters and on-demand platforms? What are the risks and opportunities of collaboration, for example in co-production?

72. UK audiences have benefitted from collaboration in recent years between the UK’s PSBs and the US SVODs through co-productions which have been broadcast on UK PSB channels. However, VLV understands from broadcasters and independent producers that Netflix is moving towards a position where it funds and retains 100% of the rights of the content it commissions and is less likely to collaborate in future.
73. As SVODs develop, including Britbox, VLV considers it is likely that platforms will tend to want to retain 100% of the rights of the content they broadcast in order to be able to provide ‘exclusive’ content to drive subscribers to their own platforms. In this

context it is likely that collaboration will diminish between the PSBs and the global SVODs, however we do not believe it is detrimental to the PSBs to provide a broadcast licence to a foreign SVOD as long as it doesn't undermine the PSB's ability to maximise impact and income from the content in its initial period of broadcast.

74. With reference to content commissioned by the BBC, which is fully or partly funded by the British public through the income from the TV licence, VLV believes that all content should first be aired on its UK broadcast platforms (with the allowance that it can be simultaneously aired on the iPlayer) for the benefit of the UK audience. VLV has no objection in principle to it maximising income for the benefit of licence fee payers by selling on the secondary rights for such content.

Question 10) What are the implications of 'Britbox'? Is there scope for more collaboration amongst public service broadcasters?

75. VLV understands that the current proposal for Britbox is that it will be ad-free and feature archive programmes from the BBC and ITV as well as new content which will be specially commissioned for the platform.
76. VLV broadly welcomes the proposals for Britbox and assumes that if Channel 4 decided to join the BBC and ITV this would strengthen the proposition.
77. However, VLV believes it is important that any licence fee funded content should be available in the first instance on a free to air platform otherwise this will undermine the legitimacy of the licence fee being a universal fee.