

*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 DCMS SELECT COMMITTEE INQUIRY INTO
THE FUTURE OF PUBLIC SERVICE BROADCASTING**

3 June 2020

About VLV

1. The Voice of the Listener & Viewer (VLV) is an independent, not for profit membership-based charity, free from political and sectarian affiliations. VLV supports high quality broadcasting which maintains the democratic and cultural traditions of the UK. We support the independence and integrity of the BBC and encourage work which demonstrates commitment to the principles of public service broadcasting (PSB).

Introduction

2. VLV welcomes the opportunity to contribute to this inquiry at a time when the DCMS is reconsidering advertising and PSB prominence regulation; the commercial PSB licences are up for renewal (2024); BBC funding negotiations are due in 2021-22; and DTT is on the agenda for the WRC in 2023.
3. VLV has a number of concerns regarding the delivery of PSB in the future:
 - Regulation needs to be updated to support PSB.
 - Citizen interests, as distinct from consumer interests, need to be reinforced in policymaking.
 - If regulation is updated to support PSB and BBC funding is maintained, quotas should be retained largely at present levels to ensure PSB output is sustained.
 - Personalisation algorithms should not override the public policy goal to ensure citizens are exposed to a wide range of high quality content.
 - The process of deciding BBC funding needs reform to be more transparent and ensure adequate funding to deliver the BBC mission.
 - TV Licence income should be used solely to fund BBC services and the BBC should not be forced to take on other responsibilities, such as providing free TV licences for the over 75's.
 - The BBC should be more directly accountable to licence fee payers.

PSB and the citizen interest

4. In making this submission VLV is concerned with the distinction between the needs of citizens and consumers. This dichotomy is at the heart of the 2003 Communications Act and Ofcom's duty to represent both citizen and consumer interests.
5. Since 2003, consumption on commercial channels, online and over the top platforms (OTT) has escalated. These services thrive due to commercial consumer-based strategies and as a result policymakers are faced with the challenge to ensure that citizens' needs are met along with those of consumers. Unless additional market interventions are introduced large, global corporations will determine the future of the UK's broadcasting system. It is crucial that the UK's PSB system, highly regarded around the world, is not allowed to fail as a result of unregulated market forces.

6. There has been consensus since the 1920s that UK broadcasting should be regulated to benefit society as a whole rather than being purely driven by consumer forces. Consumer interests are based on individual benefit, whereas citizen interests are based on societal benefit. Citizen interest broadcasting is not just provided to people who can afford it; it goes beyond the choices of private individuals, to provide broader benefits to democracy, culture, identity, learning, participation and engagement; and it benefits those who do not even make direct use of it, in much the same way as schools help create an educated society. It is clear from Ofcom¹ there is still widespread public support for PSB in the UK.

PSB Regulation and the market context

7. PSB viability is being threatened by the success of OTT services. While VLV recognises the increased choice for consumers, it is concerned that these services remain largely unregulated and have no PSB obligations. The unhindered growth of the SVoDs is depriving the PSBs of audience share, reducing their impact and income as well as inflating production costs and influencing the licensing landscape.²
8. SVoD services are driven by consumerist strategies by which content is selected for its popularity and personalisation algorithms influence choices. In contrast the PSBs follow a hybrid model, whereby a balance of popular and quality content is delivered to mass audiences, alongside public service content which has societal value.
9. SVoD business models are mostly designed for global, not national, audiences and priorities. They will never match the PSBs in their contribution to UK society and culture. It is not in their interest to reflect UK culture or society, supply impartial news and UK factual content; and they are largely reliant on a narrow range of genres (drama and entertainment). In contrast, the UK's PSBs provide a wide range of content which is regulated for harm and offence, impartiality and accuracy.
10. Content delivery has shifted from offline to online so quickly that UK regulation has not kept up. Ofcom acknowledges that while PSB is still doing well, it is under threat³. VLV believes there is an urgent need to update regulation so that it applies more equitably to both 'traditional media' and online and SVoD platforms.⁴
11. The SVoDs benefit from global scale and the PSBs cannot compete financially. It's reported that Netflix alone has increased its 2020 budget for originated content to an estimated \$15bn⁵. In audio, Spotify has invested \$400m acquiring podcast companies. In contrast the PSBs are under

¹ *Small Screen: Big Debate – a five-year review of Public Service Broadcasting (2014-18)* (Ofcom, 27 February 2020) p. 5

² *Public service broadcasting: as vital as ever* (House of Lords Select Committee on Communications and Digital, 5 November 2019)

³ *Public Service Broadcasting in the Digital Age* (Ofcom, 8 March 2018) Paragraph 1.5

⁴ <https://www.vlv.org.uk/news/vlv-argues-that-prominence-is-essential-for-psb/>

⁵ *BBC Annual Plan 2020-2021* (BBC, May 2020) p. 44

considerable financial pressure. VLV research⁶ shows that since 2010 BBC funding for UK content has declined by 30% and between 2014 and 2018 PSB net advertising revenue declined by an average of 3.8%, equivalent to approximately £325m a year.⁷

12. The SVoDs promote their own content or content with paid-for prominence and hardware manufacturers provide paid-for prominence as well. All the OTTs harvest data from citizens, which is strategically useful but also easily monetised. These strategies subvert the policy to promote public service content established in the 2003 Communications Act and they are not transparent; they are disadvantageous to both citizens and the PSBs.

13. While SVoD investment in UK production has grown significantly⁸, VLV is concerned that foreign-owned SVoDs benefit from access to the UK market without contributing significant corporation taxes to the economy, because income from their UK subscribers is not taxed in the UK. While VLV welcomed the Digital Services Tax which was introduced on 1 April 2020, it only applies to social media, search and online selling platforms.

Are current regulations and obligations placed on PSBs, in return for benefits such as prominence and public funding, proportionate? What regulation should be introduced for SVoDs and other streaming services?

14. VLV believes the PSB compact is being undermined by a lack of up to date regulation. Since the PSBs are not guaranteed prominence on OTT platforms and advertising regulation favours online platforms, the PSBs are effectively competing with their 'hands tied behind their backs'.⁹

15. The following areas of regulation and governance need to be updated to make the balance between PSB obligations and benefits proportionate:

- PSB Prominence regulation should be platform neutral and apply to hardware¹⁰. It should be flexible to allow for technological changes and ensure prominence is transparent, so it is clear why content is promoted.
- Fair value must be paid for PSB content by all platforms and carriage obligations must be maintained.
- Advertising regulation should be platform neutral.
- The Broadcasting Code should apply to all content on podcasting platforms, SVoD, BVoD and DTT.
- Online Harms legislation should be passed to protect citizens.
- The UK should remain a signatory of the ECTT and on the Council of Europe after Brexit. The AVMSD 30% European origination quota for SVoDs should be enshrined in UK legislation.
- SVoDs and online platforms should be included in all Ofcom analyses of the broadcasting market.

⁶ <https://www.vlv.org.uk/news/vlv-research-shows-a-30-decline-in-bbc-public-funding-since-2010/>

⁷ *Small Screen: Big Debate – a five-year review of Public Service Broadcasting (2014-18)* (Ofcom, 27 February 2020) p. 5

⁸ *UK Television Production Survey: Financial Census 2019* (Oliver & Ohlbaum, September 2019) p. 3

⁹ <https://www.bbc.co.uk/news/entertainment-arts-45551136>

¹⁰ <http://www.vlv.org.uk/wp-content/uploads/VLV-submission-to-Communications-Committee-on-VOD-final-April-23-2019.pdf>

- A Content Fund for the PSBs should be created, funded by a levy on SVoDs and online platforms however this **must be additional** to TV licence income.

How would representation be protected if changes were made to the PSB model? How would the nations and regions be affected by changes to the PSB model? Is the 'quota' system the most efficient way to maintain and improve representation in broadcasting?

16. The PSB representation purpose¹¹ is one of those delivered least well according to Ofcom¹², partly perhaps because ITV quotas have been reduced and commercial radio obligations have been relaxed since 2014 because of industry pressure.
17. Representation policy in broadcasting aims to ensure PSB relevance and reach, by providing socially and culturally relevant content to as wide an audience as possible (the business case); it also aims to ensure that all citizens benefit equally from the PSB system because they pay the TV Licence (the civic case).
18. Regarding geographical representation, VLV considers that as long as the PSBs work better to deliver their 'geographical' quotas, representation of the regions and nations of the UK will and must be maintained by the PSBs. However, recent reports that the BBC plans to reduce local and regional news and programming – thus mirroring the decline of ITV - do not give rise to confidence.
19. Regarding representation of the population of the UK, VLV notes there are two separate issues: the diversity of those working in the industry and representation on air.
20. Despite a range of initiatives VLV believes the PSB system continues to remain out of touch with a range of representational issues, especially socio-economic ones.
21. There is a still deficit of publicly available diversity data which Ofcom and Diamond are trying to address. Separately, the impacts of inclusion strategies need to be more measurable and broadcasters need to be more accountable.
22. Ultimately a shift in the balance of power in decision-making and a reconfiguring of the creative processes are required to improve on air representation. It is not simply about talent, training and skills development or about data per se.
23. VLV considers that while collecting data is beneficial, it's not a solution in itself. Inclusion for the sake of inclusion can be a tokenistic exercise.

¹¹ *Communications Act 2003*, Section 264 (6b)

¹² *Media Nations: UK 2019* (Ofcom, 7 August 2019) p.37

24. It should be acknowledged that having a more diverse workforce does not necessarily guarantee better representation on air. It is crucial that greater efforts are made to provide data on the diversity of content and to implement changes to address any deficits in representation.

How would changes to the PSB model affect the accessibility of services? How would a wholly internet-based service compare to the current PSB model?

25. Universal content delivery methods are vital for PSB because of its remit to serve the whole population.

26. The most significant change to the distribution of content is that IPTV (internet protocol TV) might be considered to replace the current DTT system.

27. It should be noted that DTT/Freeview is far from obsolete. DTT uses spectrum very efficiently and its coverage is better than that of mobile telephony.

28. At the current time VLV would not support a transfer to IPTV because we have the following concerns:

- The quality of the viewing experience using IPTV varies significantly depending on bandwidth and IPTV may never be universal.
- PSB consumers will be forced to pay for a broadband service whereas DTT is free to receive.
- IP systems are more prone to hacking.
- New equipment will be required to watch PSB on IPTV at a cost to citizens.
- IPTV will increase the 'digital divide', which is already preventing many from accessing PSB.¹³
- IP algorithms potentially narrow the range of content audiences is exposed to. Personalisation algorithms should be optional and the PSBs should design diversity into BVoD algorithms, to ensure audiences are presented with as wide a range of programming as possible.
- IPTV could lead to greater fragmentation of the market which will lead to further consolidation and vertical integration, allowing increased power for a smaller number of gatekeepers which will increase costs for citizens and reduce the plurality of ownership among content providers.
- IPTV will enable conditional access which will put greater pressure on the PSBs to become subscription channels, undermining the universality of PSB.

29. In light of these considerations, before the DTT service can be abandoned in favour of IPTV, we need to be completely convinced that standards will be sustained or surpassed. Instead VLV would recommend consideration, for the longer term, of a hybrid model based on the current system.

¹³ <https://theconversation.com/tv-viewing-has-surged-during-lockdown-but-has-become-too-technical-for-some-new-research-136441>

What value, if any, do PSBs bring to the UK in terms of economic (local and national), cultural and societal impact?

30. Since 2010 the creative industries sector as a whole has grown faster than any other. In 2018, the film, television and radio sectors contributed £20.8bn to the economy and employed 245,000.¹⁴ The UK's PSBs play a central role in the creative industries, providing investment to the wider economy and creative sector¹⁵ by encouraging and supporting employment and investment across the UK, bringing value to national, regional and local economies.
31. Central tenets of the PSB system ensure its cultural and social impacts are delivered. Its universality ensures a diversity of high quality content which appeals to a range of audiences and is free at the point of consumption.
32. The PSBs provide c.32,000 hours of new UK content¹⁶ each year which is highly appreciated by viewers and listeners.¹⁷ Well-resourced, relevant content encourages innovation, creative expression and freedom of speech; it shares and challenges diverse values and contributes to social cohesion. The PSB system also supports a range TV and radio output, including UK arts, religious and children's programmes, which otherwise might not be made.
33. The societal benefits of PSB derive from the existence of universally available 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. Universality ensures that the cost per user is kept low.
34. Globally distributed PSB content and the World Service extend the benefits of PSB beyond the UK and increase positive awareness of the UK around the world.¹⁸ At a time when there is a global battle for influence, with well-funded state news provision in Russia and China, UK PSB has a crucial role to play in maintaining UK 'soft power'.

Looking ahead: What should a PSB look like in a digital age?

35. This question should ask 'What should **the PSB system** look like in the digital age?' because UK PSB is a mixed ecology, made up of different broadcasters with different motivations, obligations and operating models which fosters positive competition. The licence-fee-funded BBC competes with the advertiser-funded not-for-profit Channel 4 and the fully commercial PSBs, ITV and Channel 5. Each broadcaster has a different operating model, their levels of PSB obligation vary and each focuses on different aspects of PSB for different audiences. This system provides a diversity of content and views.

¹⁴ <https://lordslibrary.parliament.uk/research-briefings/lln-2020-0067/>

¹⁵ *Public Service Broadcasting: As Vital As Ever: Government Response*, (House of Lords Communications and Digital Committee, 12 February 2020)

¹⁶ *Small Screen: Big Debate – a five-year review of Public Service Broadcasting (2014-18)* (Ofcom, 27 February 2020) p. 19

¹⁷ *Ibid.*

¹⁸ *BBC Annual Plan 2020-2021* (BBC, May 2020) p. 28

36. VLV believes that the ambition that British citizens should have access to a plural supply of high quality television able to reflect the UK back to itself, bring the nations together at key moments, and inform and educate society is more important than ever.
37. To ensure that key benefits of the PSB ecology are maintained VLV proposes two specific initiatives:
- **Citizens' Forum for Broadcasting:** VLV believes that the broadcasting policy debate neglects citizen interests, as distinct from consumer interests. With this in mind VLV proposes that a forum is established to encourage a more informed debate and further Ofcom's role in representing citizen interests; outcomes could be fed into Ofcom and DCMS work and that of policymakers within the PSBs.
 - **Licence Fee body:** It is crucial that BBC funding is increased and independence from government is maintained so that it can deliver its mission. Since 2015 VLV has called for the establishment of an independent body to oversee BBC funding settlements to ensure greater transparency and accountability around negotiations to set BBC funding¹⁹ which has the support of the BBC and that of the Lords Communications Committee²⁰.

What services should PSBs provide, and to whom?

38. The PSB system should provide live and time-shiftable radio, television and online services for a range of ages and audiences across the UK from different ethnic backgrounds, gender identities and with different tastes and interests. The burden for the delivery of the PSB purposes should lie most heavily on the BBC and the funding model needs to fully reflect this. This content should be universally available and free at the point of consumption.
39. The PSBs should promote training and development of skills and support the UK independent production sector.
40. At a minimum VLV suggests that PSB content should include:
- Impartial and accurate international and national news and current affairs as well as nations, regional and local content.
 - children's content
 - arts and religious programmes
 - educational programming
 - UK drama
 - entertainment
 - a range of sports programmes
 - content for the nations and regions

¹⁹ <http://archive.vlv.org.uk/vlv-news/new-body-for-licence-fee.html>

²⁰ *Public Service Broadcasting: As Vital As Ever* (House of Lords Communications and Digital Committee, 12 February 2020) Paragraph 203

In what way, and to whom, should they be accountable?

41. The PSBs should be accountable to the public through Ofcom which is accountable to government.
42. In addition to being accountable to Ofcom, the BBC should also be directly accountable to those who fund it. Since 2016 VLV has been concerned that BBC stakeholder engagement, transparency and accountability have declined. Audience research, instead of stakeholder engagement, is used to assess audience satisfaction. This is not an adequate replacement for meaningful, accountable and transparent BBC engagement with licence fee payers.

Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?

43. PSB has never been more important than it is today and the term 'public service broadcasting' is still relevant.
44. We need PSB to hold government and powerful institutions to account; to reaffirm our national identity and maintain 'soft power' at a time when the UK faces significant changes in its global standing following Brexit.
45. Additionally we need PSB to counter the global threats posed by foreign state-sponsored broadcasters and the growth of online disinformation.
46. Programmes made with UK audience interests at their heart will be important post-Covid to support us all as we live during a time of great uncertainty.
47. In this context PSB has a more important role than ever in bringing the nations together, providing accurate information and high quality culturally relevant content free of charge at the point of use.