

Plurality in a new media age:

The future of Public Service Broadcasting

A Conservative discussion document

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Introduction

Public service broadcasting in Britain arouses strong passions. For its supporters it is the best in the world, untouchable and to be protected at all costs from philistine politicians. For its detractors it represents an interference in the market that has inhibited consumer choice and institutionalised what Andrew Marr describes as an “innate liberal bias”¹ at the heart of our political system.

This paper will argue that this argument is out of date. Changes in technology mean that detractors and defenders alike will have to accept radical change to the traditional structures that have been the foundation of public service broadcasting since the introduction of the licence fee in 1946. With digital switchover, broadcasting is about to go through the equivalent of the City’s Big Bang in the 1980s.

But if the arguments that challenge the current structures of public service broadcasting are compelling, so too is the need to continue its best traditions. The BBC is probably now the most respected news-gathering organisation in the world, a global brand that is not only of real value to British consumers but one of Britain’s most formidable ambassadors. Nor is public service broadcasting restricted to the BBC: 24 hour news was brought to Britain by Sky who have also launched a dedicated arts channel and produced BAFTA award winning documentaries like *Ross Kemp on Gangs*. Regional news on ITV is highly valued, as demonstrated by the current backlash against plans to reduce it. Channel 4, too, is well-known for its risk-taking and innovation in programme making.

If lifestyle and entertainment programmes address our needs as consumers, public service broadcasting addresses our needs as citizens. With disenchantment in politicians and the political process at record levels, effective public service broadcasting is a key part of the wider solution of how to reinvigorate a jaded democracy. The question is how to create structures that allow television to play that broader role in a multi-channel, multi-platform age.

Politicians and regulators have to get this right. The stakes are enormous because broadcasting is not simply another industry. It has a massive cultural impact, as well as defining the terms of trade in the political process upon which our democracy depends.

¹ *From Seesaw to Wagon Wheel, Safeguarding Impartiality in the 21st Century*, BBC Trust, p.66.

Executive summary

1. British public service broadcasting is extraordinarily successful by global standards. The BBC is probably the most respected news gathering organisation in the world and on measures such as the number of repeats and the proportion of home-produced programming, there is evidence that general programming quality has improved over the last 20 years.

2. The success of British public service broadcasting has had a major impact on Britain's creative industries. The UK has the largest television production industry in Europe, and is one of the world's largest exporters of TV formats. This has helped to generate thousands of jobs and contributed significantly to London becoming Europe's creative hub.

3. The achievements of British public service broadcasting owe much to the BBC. But its real success has happened because of a plurality of providers of high quality television, whether it is news provided by Sky, drama from ITV or documentaries from Channel 4. This has led to creative competition which in turn has benefited the BBC, driving up the quality of its output as the pre-eminent provider of public service broadcasting.

4. However this happy model is under threat. Following digital switchover, the minimum number of channels in every household will be at least 30. Advertising-funded channels will have to compete much harder than in the current, relatively cosy, terrestrial oligopoly. This will make it harder for them to invest in certain types of public service broadcasting.

5. Broadcasting policy needs to ensure a continued plurality of provision of high quality programmes that cater to our needs as citizens as well as our needs as consumers. In a post-bureaucratic age of greater personal freedom and responsibility, a socially responsible media operating independently of politicians has an essential role in promoting debate as well as in understanding and changing policy in areas such as climate change, obesity and democratic participation.

6. One option is to consider whether other organisations should be allowed to bid for small parts of the licence fee. This would ensure a plurality of provision in key genres, such as daytime children's TV and current affairs. However such a model would need to avoid the risk of distorting the commercial television market by mixing public and commercial funding, so it may be preferable for it to fund new channels rather than "top up" funding of existing channels. In addition, any new structure should not become an "arts council of the airwaves" with bureaucrats making programming decisions.

7. Another option would be to examine the regulatory environment to see whether public service broadcasting could be made more viable. This could happen by relaxing the restrictions on broadcasters like Channel 4 holding global rights to programmes they commission. These regulations were introduced to protect a fledgling independent production sector, but given the size of many production companies this may no longer be necessary.

8. The BBC should be encouraged to exploit the strength and commercial opportunities provided by the BBC brand overseas. It could possibly work in partnership with Channel 4, which has been prevented by regulations from developing parallel income streams.

9. The most significant failure of British public service broadcasting is the lack of proper local TV stations for our major towns and cities. The opposition to ITV's plans to rationalise regional news demonstrated how much people value local news. Rectifying the lack of local broadcast output should be an important policy objective.

10. At the same time, policy needs to reflect the convergence of platforms. Public service broadcasters need to embrace technological change ranging from digital television to the internet and mobile phones. However, activities by taxpayer-funded broadcasters on new platforms need to be monitored carefully to avoid market distortions.

11. The opportunities of new technology need to be harnessed to avoid some of the potential downsides of a much more competitive market. The government should work with ISPs to develop a responsibility contract regarding common filtering technologies that would allow parents to block unsuitable programmes and websites from television sets as internet TV becomes a reality in the next 5 years.

12. Given its dominant role in news provision, the BBC needs to recognise that it creates as well as reports our political culture. Political impartiality is therefore essential. We propose that the board members of the regulator responsible for public service broadcasting are ratified by Parliament as a way of ensuring this and strengthening democratic accountability.

13. At the same time, impartiality requirements on non-publicly funded broadcasters should be relaxed. Such regulations are not appropriate in a multi-channel, multi-platform era. New television stations set up by newspaper companies, for example, should be free to follow their newspaper's editorial line without fear of breaching impartiality provisions.

British public service broadcasting – a success story?

British TV is often described as “the envy of the world.” Less well-known is that fact that virtually every significant step towards the creation of the UK’s broadcasting industry was taken by a Conservative politician.

It was under a Conservative government that the foundations for the modern BBC were laid when John Reith took the BBC into public ownership. ITV was launched by the Television Act of 1954, passed by Winston Churchill.

The Broadcasting Acts of 1981 and 1982, introduced under Margaret Thatcher, enabled the creation of Channel 4. Channel 5 and digital satellite and cable TV first broadcast towards the end of the last Conservative government.

Should Conservatives be proud of what they created? Any debate surrounding the future of public service broadcasting needs to look dispassionately at what we have in Britain and where it can be improved.

Is quality going up or down?

Given the significant amounts of money the BBC receives as part of the licence fee settlement, we need to examine whether we as consumers get better quality television than the market would provide on its own. We also need to know whether the BBC really does act – as often claimed - as the benchmark that pulls up standards across the whole of British TV.

To measure quality in broadcasting the BBC relies heavily on audience perception surveys and ‘approval ratings’. The BBC’s own research has scored the BBC as a whole at just under 7 out of 10 on a general impression of ‘favourability’²; that is ahead of ITV and Channel 4 but on the same level as Sky. But popularity is not the same as quality.

A more positive measure of the quality of our television might be the standing it is given in the global market. In this respect Britain does well. We continue to be a world-leading exporter of finished programmes and formats around the world³. The BBC is at the forefront of this with programmes like *Planet Earth* which has been sold to 95 countries to date, with twelve international book deals and 27 international DVD deals.

Can quality be quantified?

In order to get to the bottom of the quality issue we took TV schedules from a week in the autumn of 2007 and compared it to schedules from comparable weeks 10 and 20 years ago. The benchmarks we chose to examine this on are inevitably subjective, but are none the less probably the best proxies for what most people understand by “quality.”

² Opinion Leader Research prepared for the BBC Governance Unit, January 2006.

³ See the next chapter for more information on British TV exports.

The three proxies for “quality television” were:

- a) the proportion of TV schedules taken up with items that were not pure entertainment;
- b) the proportion of repeats; and
- c) the proportion of TV that is home produced.

We chose the first of these three proxies on the grounds that the market would cater for pure entertainment, so the prevalence of other genres was important. The second one, namely the levels of repeats, matters because it indicates the level of innovation. Finally the proportion of home-produced TV matters because broadcasting, more than other industries, has a very important role in defining cultural identity.

The inexorable growth of “lifestyle” programmes

One of the main purposes of public service broadcasting is to produce programmes that would not otherwise be produced in a purely commercial environment. Ofcom specifically mentions high quality news and current affairs as well as programmes that “stimulate and strengthen our knowledge of the arts, sciences, history and other topics”⁴. In addition, high quality, domestically produced drama is a key part of this sector.

Despite its reputation for quality broadcasting, British TV appears to have followed global trends towards more “lifestyle” television.

Whilst the proportion of news programmes has remained constant, the diminishing status of both current affairs and sport on terrestrial channels is very noticeable. Sport has suffered as key rights have been bought by digital channels like Setanta and Sky. Current affairs programming on the BBC – including on its digital channels – is down to just 0.3 per cent of its schedule, compared to 3.5 per cent ten years ago⁵.

Repeats are being reduced

Broadcasters are often criticised for the number of repeats shown, particularly during prime-time viewing hours. The BBC’s own research has shown how much viewers dislike peak time repeats⁶.

In this area the picture is more encouraging than popularly-held belief. There are proportionally no more repeats on terrestrial television today than there were ten years ago, although the picture is more complicated if new digital stations are factored in. Repeats on BBC One and Two have reduced from over a quarter of content in 1997 to 21 per cent currently according to our study.

However the move to a digital, multi-channel age has meant that repeats have grown overall, largely because digital TV allows different viewing habits and effectively a transition to “on demand” TV. Across BBC One, Two, Three and Four, just 58.7 per

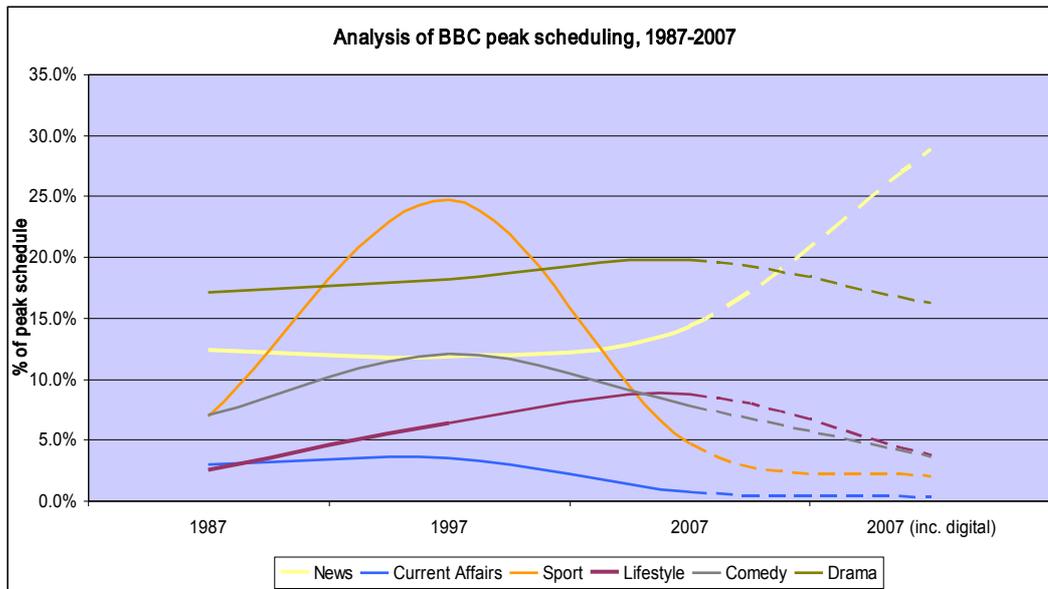
⁴ *Ofcom’s Second Review of Public Service Broadcasting: Terms of Reference*, pp. 5.

⁵ Based on our analysis of television schedules.

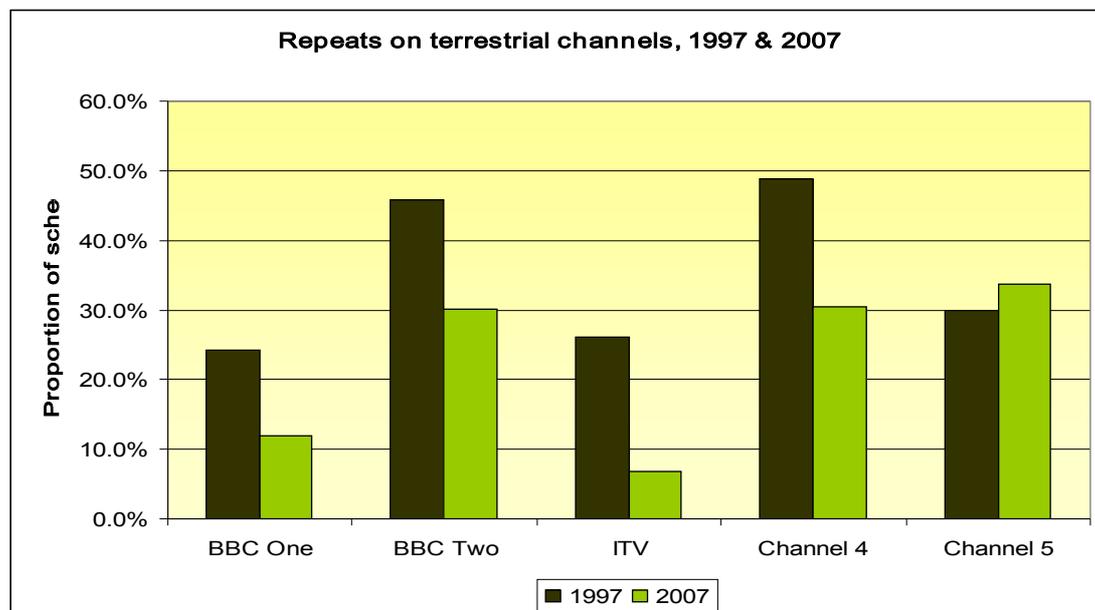
⁶ *BBC Trust Annual Report and Accounts 2006/07*: pp. 18.

cent of output is now original. BBC Four is the only “digital only” service that shows more than 20 per cent new material⁷.

Perhaps more important than the overall number of repeats is the number of repeats in peak viewing times⁸. Here the story is quite encouraging. In 2006/07 the BBC achieved its aim of keeping the proportion of peak time repeats on BBC One below 8.5 per cent. In the week of our study BBC One and Two used less than five per cent of peak hours to show repeats⁹.



BBC One and Two peak hours, 1987-2007



Terrestrial repeats: 1997 and 2007 compared

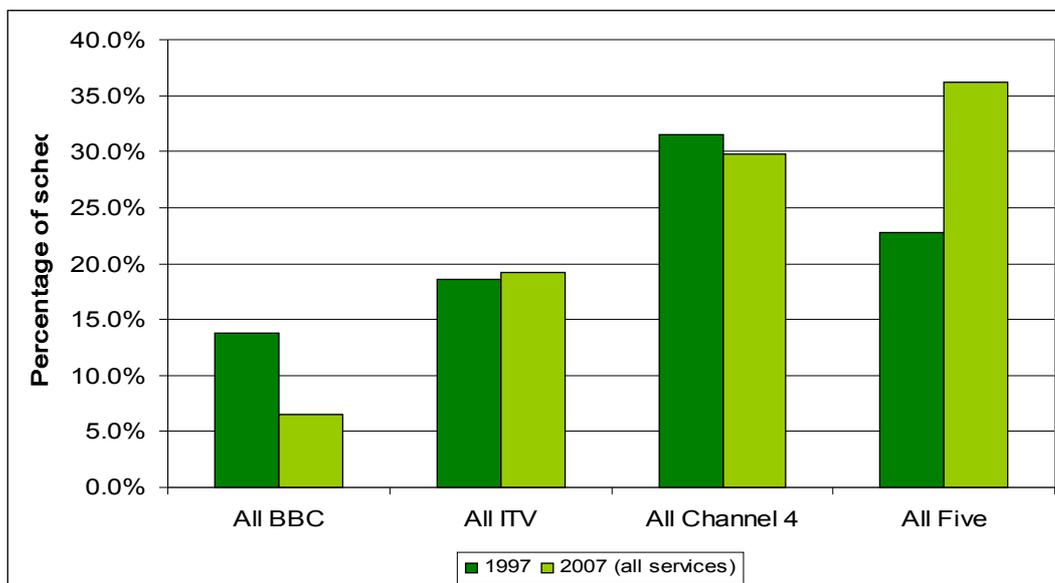
⁷ Based on our analysis of television schedules.

⁸ The BBC defines peak hours as 6pm-10.30pm.

⁹ Based on our analysis of television schedules.

Home-grown content is increasing

The BBC has made great strides in cutting the number of foreign produced programmes broadcast on its services. Both Channel 4 and ITV1 have also reduced foreign content on their flagship services. Five is the only terrestrial broadcaster that has more non-British output than it did a decade ago¹⁰.



Foreign content on all services run by terrestrial broadcasters

The reduction in foreign output on terrestrial channels has coincided with the evolution of digital services, which broadcasters are increasingly using as an outlet for the foreign productions they do still wish to schedule. When we include all services, both terrestrial and digital, there is actually a net increase in foreign-produced content on both ITV and five, although not on the BBC or Channel 4.

Of course not all home-produced content is good (and many US imports are very high quality). But it is surely right that the BBC in particular should be concentrating on locally produced content as part of its “distinctiveness” remit.

Conclusion

A definition of broadcasting quality will always be subjective. But the evidence from this chapter is that any nostalgic talk of ‘the golden days of television’ is probably erroneous. Certainly on the basis of proxies such as the proportion of home produced content and repeats, quality in the broadcasting sector as a whole has improved.

A much larger question is whether, having survived the potential pitfalls of the last 20 years, British public service broadcasting has a structure that will allow it to flourish in the new technological environment that beckons.

¹⁰ Based on our analysis of television schedules.

Public service broadcasting – helping or hindering Britain’s creative industries?

Any review of public service broadcasting must look at the economic as well as the social impact of Britain’s subsidised television sector. Recently there has been much talk of the “creative industries” that are claimed to be second only to financial services as a contributor to GDP. Has the broadcasting industry contributed to the boom or crowded out innovation by stifling creativity?

Britain’s creative industries are world leading

Britain has become one of the global hubs for the creative industries, which are now worth 7.3 per cent of the economy. They range much wider than television, covering advertising, art, design, film and computer games. Worth an estimated £150 billion, they are growing at more than twice the rate of the economy in general¹¹.

Public service broadcasting directly impacts on the creative industries. The BBC itself has an annual budget of around £3.3 billion. A third of that sum is spent outside the BBC in the UK creative industries, a process that started when the Conservative government forced the BBC to commission a minimum of 25 per cent of qualifying output externally. For example in 2007 ITV invested nearly £800 million in home produced content¹².

The UK television industry has thus become a key part of the success of our creative industries. In 2006, an estimated £593 million flowed back into the UK via the export of British television programmes and their associated activities¹³. The range of programmes exported last year reveals the diversity within the UK sector. BBC produced shows like *Doctor Who*, *Dancing with the Stars* and *Planet Earth* and ITV dramas such as *The Queen* as well as independently made programmes first shown on the BBC, such as *Shaun the Sheep* and *My Family* enjoying success.

“Independent” production

Last year 35 per cent of the BBC’s ‘qualifying programmes’¹⁴ were independently produced, well above the 25 per cent statutory minimum¹⁵. The BBC Trust has also recently implemented the ‘Window of Creative Competition’ (WOCC) which, while entrenching a 50 per cent quota for in-house productions, facilitates competition between internal and external producers for the remaining quarter of the BBC’s qualifying output.

ITV does even better – in 2006 45 per cent of ITV1’s productions were from the independent sector¹⁶.

¹¹ *Staying Ahead: the economic performance of the UK’s creative industries*, Work Foundation, p. 6.

¹² ITV 2007 Review, p. 20.

¹³ Joint DCMS and Pact press release, <http://www.pact.co.uk/about/press/detail.asp?id=5967>.

¹⁴ Qualifying programmes include all broadcasts lasting more than two minutes excluding repeats and news and live programming.

¹⁵ *BBC Executive Annual Report and Accounts 2006/07*: pp. 75.

¹⁶ ITV1 Review of 2006

Channel 4 is extremely important for the independent production sector. Last year it commissioned programming from nearly 300 different production companies, spending more than 50 per cent of its programming budget on original commissions, the highest proportion of the main broadcasters¹⁷.

A controversial online presence

An area where the role of public service broadcasters has been much more questionable has been the internet. The BBC has used its brand to great effect in creating a massively strong – and controversial – online presence. BBC Online is the most visited British website, with only eBay, Google, Microsoft and Yahoo reaching more UK internet users.

Philip Graf's 2004 review of BBC Online concluded that many of the features found on bbc.co.uk were largely indistinguishable from those offered by commercial providers. The Corporation has since tried to rectify this as well as reducing the bias towards BBC pages that was evident in its own search engine. Graf also recommended that bbc.co.uk should contain a minimum of 25 per cent externally produced content. Last year 30 per cent of spending (excluding news) was on externally supplied services, but it is not clear whether this represents more or less than 25 per cent of actual content on the site¹⁸.

The real danger is that a dominant online presence by a state broadcaster will crowd out the innovation that a market will naturally encourage. France was slow to adapt to the internet partly because of the influence of the state-backed Minitel service.

BBC Director General Mark Thompson said last July that the BBC should not simply do everything it can do, but should focus on what it does best. Its internet strategy will be the ultimate test of this. The presence of highly effective websites like Google, Facebook and Bebo, produced with no subsidy and at no cost to taxpayers, is a clear warning to those who think there is an obvious role for public service internet activity.

With some exceptions, public service broadcasting has been a force for good in Britain's creative industries

The existence of a strong, clearly defined ethos of public service broadcasting has enhanced our creative sector. Britain has the largest TV production market in Europe, and generates a trade surplus from the sector. Overall the positives probably outweigh the negatives with respect to Britain's strong and growing creative industries.

Policy suggestion

In order to avoid crowding out innovation in the internet, publicly funded public service broadcasters should be wary of assuming there is a wide ranging role for public service internet activity. The BBC in particular needs to clarify how it is meeting Philip Graf's target of externally supplied content on its online services.

¹⁷ *Guardian Unlimited*, 1 May 2007

¹⁸ BBC Executive Annual Report 2006/07, p. 60

Public Service Broadcasting – fit for purpose in a new media age?

Broadcasting is undergoing huge technological change. The revolution that has transformed our habits with respect to mobile communication, emails and internet usage has yet to fully touch the broadcasting world, either in terms of physical hardware or in terms of the type of programming we choose to watch. New ‘on demand’ services are the first examples of how our viewing habits will be utterly transformed in the next few years.

On the hardware side, few have digested the implications of convergence between television and computers – something that has already started to happen and will become probably become standard in the next five years.

The web 2.0 revolution has also made its presence felt in broadcasting in fits and starts, but has yet to really take off. Broadcasters have for some time tried to embrace the concept of user-generated content in reality TV shows and quiz shows, but problems in everything from the Big Brother racism row to phone-in scandals on GMTV and Saturday Night Takeaway show this transition is far from plain-sailing.

It is of course impossible to predict how 2.0 technology will affect broadcasting. Perhaps the biggest change to be hoped for is a proliferation of genuinely local TV stations, which we examine in a later chapter. Overall it seems clear that a model of top-down broadcasting is unlikely to be sustainable. Rather than allowing their viewing to be decided by an elite, people will use 2.0 technology to take broadcasting into their own hands.

Parental control over broadband TV

The emergence of broadband TV raises another important issue. Currently broadcasting is tightly regulated by the broadcasting code, unlike the internet which is not regulated at all. But when broadband TV becomes the norm, how will parents be able to exercise control over the internet TV programmes watched by their children?

We must recognise that the success of the internet lies in the fact that it is the antithesis of top-down statutory control. We should be very wary of governments trying to impede or control it.

For that reason the internet should not – indeed cannot - be regulated in the same way as traditional broadcast media. The most effective control will come from users themselves rather than from regulators appointed through elected politicians. Here technology can help us as well as challenge us.

The key players in this are Internet Service Providers – the true gate keepers of the internet. Rather than going down the cumbersome and undesirable route of statutory regulation, ISPs should agree to develop a responsibility contract regarding a common filtering system, with shared technology platforms. No system will be 100 per cent foolproof, but a system built by ISPs on shared filtering platforms stands the best chance of success.

Policy suggestion

The government should work with ISPs to develop a responsibility contract regarding common filtering technologies to allow parents to block certain types of programming or websites from the next generation of internet TVs.

A new responsibility contract to be agreed by Government and the ISPs would enshrine this common filtering platform together with measures to combat illegal download sites.

Political impartiality and shaping Britain's political culture

Impartiality is at the foundation of what it means to be a public service broadcaster. If public service broadcasters are to remain credible in the digital era, most people would say that impartiality is one of the most important areas of “distinctiveness” to be preserved.

However this has not been the case in print journalism. Britain has probably the most lively and varied national press in the world. Few would question the generally high quality of journalism offered by our broadsheets. Yet although most people say impartiality is essential for our broadcasters, we are quite relaxed for newspaper editors to be partisan.

In the US, where there is no impartiality requirement on broadcasters, the market has evolved along similar lines to the UK newspaper market. As the Daily Telegraph caters for a right of centre readership, so Fox News caters for right of centre viewers. As the Guardian caters for a more liberal readership in the UK, so CNN addresses a more liberal audience in the US. Why do we want things to be different in the UK?

Partly perhaps because the power of television makes many feel that it should be constrained to be impartial in order to preserve the health of the democratic process. Partly also because public service broadcasters receive public subsidy. But perhaps the most significant reason is that there is a widespread acceptance and appreciation of the quality of public service news and current affairs output.

Difficult though it is for opposition parties to stomach, the Today programme and Newsnight are often perceived to be better at scrutinising the government of the day than opposition politicians. It is right therefore that impartiality should remain at the heart of Britain's public service broadcasting contract with the nation.

How impartial is BBC news?

The BBC is overwhelmingly Britain's most powerful news broadcaster. 65 per cent of consumers identify television as their main source of news, and the BBC accounts for more than 50 per cent of the market share of TV news viewing¹⁹. In the words of Ofcom, “BBC news operations dwarf the competition”²⁰. As a result, its impartiality, or alleged lack of impartiality, has been the source of hot debate.

Last year the former BBC journalist Robin Aitken published a book called *Can We Trust the BBC?* He argued that the Corporation's internal culture creates a biased world view within the Corporation that undermines its claims to be objective and impartial²¹. In July 2007 the Centre for Policy Studies published Sir Anthony Jay's *Confessions of a Reformed BBC Producer*, in which he identified a “media liberalism”²², which he argued was as dominant today as it had been during his time at the BBC in the 1950s and 1960s.

¹⁹ Ofcom, *New News, Future News*, June 2007, Figures 3.1 and 3.2

²⁰ Ibid. para 3.15 and 3.16

²¹ *Can We Trust the BBC*, Robert Aitken, 2007

²² *Confessions of a Reformed BBC Producer*, Centre for Policy Studies, p.1

For the first time this year the BBC has started to acknowledge there is a problem that needs to be addressed. Andrew Marr has referred to its “innate liberal bias”²³ and tendency to recruit from a narrow, self-selecting pool of people with a background that is not representative of the country as a whole.

In June the BBC Trust published a report into the issue commissioned from the independent producer John Bridcut. This identified the dangers of equating “political balance” with a centrist stance, and pointed out the conflicts inherent in some of the political outside interests held by apparently impartial BBC presenters. It also heavily criticised the BBC for taking a campaigning stance on issues such as ‘Make Poverty History’²⁴.

As a result, some important decisions have been made. Last year, for example, it decided to scrap its plans for a Comic Relief-style campaigning TV event on climate change on the grounds it overstepped the boundary between reporting and campaigning.

‘Default centrism’

Much of the criticism of the BBC has come from the right in recent times. But some on the traditional left used to express similar frustration with the way the Corporation reverted to a ‘default centrism’ or establishment position on any given view. The mistake is to think that impartiality always lies in the middle of any argument.

There is a role for opinion and polemic in public service broadcasting, but it should be distinguished from news coverage. It should also be balanced, not necessarily within the programme itself (thereby avoiding an insipid ‘on the one hand, on the other...’ approach), but by the opportunity for counter views to have similar opportunities in authored programmes.

One thing that the debate surrounding impartiality underlines is the vital importance of plurality of provision of news and current affairs. The best possible guarantor for impartiality is the availability of choice. In the end, viewers’ ability to switch channel is far more important than simply letting them complain to a regulator.

Reasserting Parliamentary control

One of the problems with the current structure is the lack of accountability of major public service broadcasters. Politicians can complain about these issues, but even though the money is provided through the licence fee, there is no effective mechanism to ensure these issues are addressed.

There is also confusion about which regulator is responsible for accuracy and impartiality. In the case of the BBC, the role is performed by the BBC Trust. In its short life, the Trust has done a much better job than the old BBC governors. But in the end the BBC Trust is a creature of the BBC, operating with BBC funds and in a BBC building. The Chairman of the BBC Trust even has the title “Chairman of the

²³ *From Seesaw to Wagon Wheel, Safeguarding Impartiality in the 21st Century*, BBC Trust, p.66

²⁴ *From Seesaw to Wagon Wheel, Safeguarding Impartiality in the 21st Century*, BBC Trust

BBC”. He or she is appointed by Government, which can inevitably lead to questions about his or her ability to police impartiality issues.

For commercially funded public service broadcasters and Channel 4, the regulator is Ofcom. Ofcom wields extraordinary power in the media sector, including the ability to levy unlimited fines for breaches of the broadcasting code. But on the issue of impartiality, again the structure is flawed because the Chairman and the board of Ofcom are appointed not independently but by the Secretary of State for Culture, Media and Sport.

We examine the regulatory structure in more detail in a later chapter. But with respect to political impartiality issues our key recommendation is that the regulator or regulators responsible for impartiality should be proposed by ministers and approved by Parliament. The CMS and BERR select committees could perhaps have a key role in the approval process.

More freedom for other broadcasters

Although the impartiality requirement should remain central for public service broadcasters, we also need to examine whether it stifles creativity and diversity to maintain it as a provision for all broadcasters. Why should Telegraph TV – or for that matter Guardian TV – be prevented from following the editorial lines pursued by their newspapers if they were to become digital channels and not simply broadcast on the internet? Providing broadcasters stay within the law, such provisions are unnecessary and restrict the development of a diverse broadcasting sector serving multiple needs.

Policy Suggestions

- 1. Maintaining plurality of provision in news is the most important way to ensure balance in the supply of news. The BBC is probably the strongest news gathering operation in the world – but we must not become dependent on it.*
- 2. Impartiality should remain a central public service obligation on public service broadcasters. However, impartiality requirements should be relaxed for broadcasters not receiving public funds or spectrum subsidies.*
- 3. The regulator or regulators responsible for ensuring impartiality should be approved by Parliament and not simply appointed by ministers, possibly with a key role for the CMS and BERR select committees in the process.*

Super-local television: The Future of Broadcasting

Ask any visitor to the US what the biggest difference between UK and US television is, and one of the most common answers is the availability of much more local television on the other side of the Atlantic. This not just helps to cement communities; it also provides an advertising channel which supports the growth of local business.

The barriers to genuinely local television, serving specific communities and providing a distinct public service, are falling rapidly with the arrival of broadband internet TV. In the era of spectrum scarcity – both terrestrial and digital - the prospect of widespread, truly local television services was fairly remote. What was described as “local” was, in practice, regional. The Anglia TV region, for example, covers a population of more than four million.

Local broadcasting in the US is far more prevalent. The city of Detroit, for instance, has seven local TV stations while neighbouring Flint, with a population of less than 150,000, has three specific channels. Similarly, Evansville in Indiana has one public service broadcaster and four local commercial outlets serving just 125,000 people.

The comparison with America is an enlightening one. Even small towns in the US often have a number of local television stations. Bangor in Maine with a population of only 32,000 has three.

Town / city	Population	Total local TV stations	Stations per 100,000 population
Bangor, Maine	32,000	3	9.38
Oxford, Connecticut	12,000	1	8.33
Flint, Michigan	150,000	8	5.33
Evansville, Indiana	125,000	5	4.00
Birmingham, Alabama	230,000	8	3.48
Manchester, New Hampshire	110,000	3	2.73
Victoria, British Columbia (Canada)	79,000	2	2.53
Springfield, Massachusetts	154,000	2	1.30
Detroit, Michigan	920,000	10	1.09
London, Ontario (Canada)	355,000	2	0.56
Vancouver, British Columbia (Canada)	611,000	2	0.33

Few have heard of the industrial town of Eberswalde in north-east Germany. The town has fewer than 50,000 inhabitants but boasts its own dedicated online television

station. Throughout Europe, from Narbonne and Grand-Synthe in France to Alghero and Naples in Italy and Mallorca and Tenerife in Spain, commercial broadcasting is going local. With a few exceptions Britain has been slow to recognise the possibilities of such channels.

With technological advancements the model for local news in the future must surely be more on the scale of local newspapers or radio. In the broadband TV era, local news is more likely to serve an area similar to that covered by the Ipswich Evening Star with a population of approximately 200,000.

To use another example, the Midlands has one BBC and one ITV *regional* provider but is served by eight evening newspapers and 60 weeklies²⁵. A consumer survey by the industry regulator, Ofcom has found that 46 per cent of people get their local news from newspapers and 22 per cent get it from radio. The future will bring much greater opportunities for television²⁶. Local broadband television has the capacity to be as divisional if not more so, with content even more relevant to local communities.

Finding any real examples of local television in cities that compare to the American ones dealt with earlier is difficult.

Town / city / nation	Population	Total local TV stations	Stations per 100,000 population
Oxford	150,000	1	0.67
Manchester	450,000	1	0.22
All of Scotland (Scottish TV)	5,100,000	1	0.02
London	7,500,000	1	0.01
Birmingham (location for BBC pilot)	1,000,000	0	-

Is this an issue to consider in the review of public service provision, or will the market simply fill the gaps?

The market is already succeeding in some places. The innovative Channel M broadcast to the Greater Manchester region is a well established and excellently produced example of regional television transmitted digitally in the region and terrestrially in the metropolitan hub but there are also others.

Local TV is also a major opportunity for local newspaper proprietors, perhaps in collaboration with ITV or other independent broadcasters, to establish TV services that serve an important public service. They could potentially be very profitable as well. Both editorial and advertising sales functions can be shared in order to reduce costs, although concerns about local monopolies would have to be addressed.

²⁵ Roger Laughton (November 2006), *Independent Assessment of the BBC's Local Television Pilot in the West Midlands*: page 10.

²⁶ *New News, Future News: The Challenges for Television News after Digital Switchover*, Ofcom Discussion Document (26 June 2007): pp. 7.

This is probably an area not best suited for BBC involvement. Its television presence is currently regional rather than local. It would also be better to avoid any potential stifling of the commercial sector and ensure that the regulatory system is set up to allow a new market in super-local television to develop. However, the BBC could play a valuable role in making its content available to fledgling local TV stations – particularly news and weather feeds.

Ofcom have recently published proposals that would see packages of spectrum suitable but not reserved for local television in 25 locations across the UK auctioned off as part of their Digital Dividend Review process²⁷. The era of local TV has arrived – something that will be positive for local communities, and could also have a significant impact on local political engagement as well.

Policy suggestions

- 1. The lack of local TV is probably the biggest single failing of British public service broadcasting at the moment. Its absence hinders not just the growth of community spirit, but also local businesses that are deprived of an audio-visual medium to promote their services. This could be rectified with the growth of broadband TV.*
- 2. The market for local television needs to be nurtured by commercial operators, preferably with strong links to their local community. Ofcom must ensure that the growth of local TV is helped and not hindered by the spectrum auction and as such should ensure that the 25 packages of spectrum that are suitable for local television are encouraged for this purpose.*
- 3. However, cooperation from the BBC, in terms of providing news and weather feeds for internet TV stations, could be a welcome boost to this fledgling sector.*

²⁷ *Choice, competition, innovation: Delivering the benefits of the Digital Dividend*, Ofcom Press Release, 13th December 2007

Public Service Broadcasting and the Market

Britain's position as a home of high quality public service broadcasting is due not just to the output of the BBC, but also to a longstanding commitment by UK commercial broadcasters. This tradition of plurality has been vital in raising standards across British broadcasting, as well as keeping the BBC on its toes. When Channel 4, ITV and Sky are at their best they raise the bar for the BBC. Without them, the BBC will atrophy.

The key question is how to maintain this plurality in the post-switchover era. Ofcom's last review of public service broadcasting said that demand for public service broadcasting would actually increase in the digital era, but that commercial pressures would make its delivery harder.

In the analogue era where spectrum is a scarce commodity the commercial broadcasters have had to meet public service obligations as part of their licences. In the digital era, these licences will only be worth a fraction of their earlier value, making the imposition of such obligations much harder. With advertising revenue declining and fragmenting across different platforms, it is going to be harder for commercial broadcasters to justify the large amounts required for high quality drama and factual programming.

Currently a significant amount of public service content is being provided by the market. National newspapers like *The Guardian* and *The Daily Telegraph* are developing innovative online services without public subsidy, while commercial radio stations across the country provide a significant amount of highly valued content. In addition, specialist internet TV stations are able to cater to niche interests in the way that the mainstream simply cannot.

The commercial broadcasters' daily news bulletins such as those from ITN provide an important counter balance to the BBC's dominance of TV news and quality series such as *Dispatches* on C4 are an important part of the public service broadcasting landscape.

Commercial pressures and the future of Channel 4

The increasing reliance by commercial broadcasters on alternative sources of revenue such as phone-ins comes on the back of a downturn in advertising income. A review of Channel 4's finances concluded that it is "likely to be loss making beyond 2010"²⁸, while ITV1's advertising revenues in 2007 were down by £57 million on the previous year²⁹.

Recent announcements, such as ITV's plans to reduce its regional news output and Sky's proposal to remove Sky News from the Freeview platform, underlined the commercial pressures that can threaten plurality of public service broadcasting provision. Financial pressures on Britain's commercial broadcasters mean that the

²⁸ Ofcom's Financial Review of Channel 4, 4th April 2007.

²⁹ Channel 4 Press Release, April 2007 and ITV1 Financial Results 2007, p.10.

proliferation of channels alone does not guarantee the kind of high quality, high impact programming that has been the hallmark of British broadcasting to date.

Public service requirements on both ITV and Five are likely to have to be reduced as both channels seek to achieve commercial viability in a more competitive broadcasting environment. Whilst it is to be hoped that neither withdraw from public service broadcasting – with ITV in particular making an important contribution through high quality home-produced drama - it is therefore all the more important that Channel 4 continues as a public service alternative to the BBC if plurality of provision is to be maintained.

Channel 4's position could be considerably strengthened if it was allowed to benefit commercially from the overseas rights of the programmes it commissions. This is already a hugely significant income stream for the BBC. To date Channel 4 has been prevented from doing this by regulations designed to boost the fledgling independent sector, but given that some independent production companies are of comparable size to Channel 4, such protection may no longer be necessary.

One interesting suggestion has been that Channel 4 could work with the BBC to exploit the commercial potential of its programmes overseas. The BBC has done this very successfully with BBC Worldwide, developing it into a significant income stream for the corporation. At the very least it provides a model worthy of serious consideration if Channel 4 is to be commercially viable.

Policy suggestions

- 1. Plurality of provision of public service broadcasting is essential. A strong and successful Channel 4 is necessary for this, but this may require a new financial model for Channel 4.*
- 2. Restrictions on Channel 4 holding the overseas rights of programmes commissioned should be examined to see whether they are still relevant. If they are not, commercial revenue from overseas rights could become a valuable alternative source of income for Channel 4.*

Regulation, accountability and the role of the state

The way the broadcasting sector is regulated will determine whether British television can become “fit for purpose” in a multi-platform, multi-channel world. It has a world-class reputation for content, based on sustained investment that has been supported by privileged spectrum access and the licence fee over many years. The question is how to maintain the quality of content, whilst also providing a framework that can respond nimbly and flexibly to the need for innovation in a rapidly changing technology environment.

The weaknesses in the current system have become all too apparent in recent years. Whether it was the fall-out from the Hutton Inquiry, leading not only to the resignations of the BBC Director General and Chairman but also to the series of reforms to the Corporation’s governance structure, or the competition and quiz show scandals that affected all broadcasters last year, there is clearly a need for reform that preserves the public’s trust in the broadcasting sector whilst allowing it to adapt flexibly to the changes in technology.

Most people think that in its short life, the BBC Trust has been an improvement on the system of BBC governors that preceded it. But in the end the BBC Trust is a creature of the BBC which therefore lacks any kind of public accountability. It makes no sense for the BBC to be regulated any differently to other public service broadcasters.

The key danger in the current rapidly changing technological environment is that the BBC will become the only significant provider of public service broadcasting. What makes British broadcasting the “envy of the world” is not just the quality of much BBC output, but the fact that many other broadcasters contribute to the public service broadcasting pot.

Plurality of provision, whether for news, current affairs, children’s TV, drama or many other genres is essential. Particularly with respect to news, plurality of provision is also a vital component of a healthily functioning democracy.

As competitive pressures increase on commercially-funded providers, the danger is that they will cease to contribute to public service broadcasting in the way that has been the case to date. The withdrawal of Sky News from freeview and ITV’s reduction in both children and regional TV output are the most recent examples of this phenomenon.

Policy principles

The following key principles must be at the heart of the debate about the future regulation of public service broadcasting:

- 1. Plurality of provision.** Public service broadcasting should not just be left to the BBC. The strength of British broadcasting lies in the range of quality content across genres and providers. Public service broadcasting should be in the mainstream of

provision, not sidelined. Plurality of provision is essential, both in terms of programming genres and the organisations behind them.

2. Maintenance of standards, especially accuracy and impartiality. There need to be common standards – enshrined in a new code - agreed across public service broadcasters to make sure there are no repeats of the fakery scandals we have seen in recent months and that impartiality is scrutinised on a regular basis. In addition, with concerns growing about the impact violent video games and TV content have on children it is vital that broadcasters take their social responsibility seriously, recognise the impact their programmes can have and make editorial decisions accordingly.

3. Public service broadcasting activity must not crowd out private sector innovation. As we enter uncharted technological waters public service broadcasters need the flexibility to adapt without crowding out commercial innovation. It is particularly important that any intervention through public money such as the licence fee does not hold back technological innovation in newly emerging online markets or distort existing linear broadcasting markets.

4. Public service broadcasting must be platform-independent. Whilst bearing in mind the caveat in point 3 above, it is also important to recognise that in a new media age in which consumers are regularly switching platforms between mobile phones, TVs and PCs, a vision for public service broadcasting cannot be inflexibly restricted to traditional linear TV broadcasting. However it should continue to restrict itself to public service provision that cannot be provided by the market.

Public Service Broadcasting Commission

If these are the objectives, what is the structure best placed to deliver them?

It may make sense for responsibility for the sector to reside with a single Public Service Broadcasting Commission, charged with distributing the licence fee in a way that maintains quality and safeguarding plurality of provision in public service broadcasting. Under this model, the BBC would continue to be the primary provider of public service broadcasting. If other organisations were allowed to bid for a small proportion of the licence fee, it would have to be done so in a way that did not distort commercial broadcasting markets or inhibit technological innovation in new media markets.

The creation of a PSB Commission was the central recommendation of Lord Burns' review into charter renewal. So if this route is considered, it should only be done so on the basis that it meets the following tests:

- Any new Public Service Broadcasting Commission should not become an “arts council of the airwaves” in the way envisaged by the Peacock Report of 1986³⁰. Programme makers not bureaucrats should decide what programmes to make. The commission would only decide to fund genres of public service broadcasting where it was felt there would not otherwise be plurality of provision. They would be funded on the basis of contracts that would run in parallel to the licence fee period. It would probably be preferable for these funds to go to new organisations

³⁰ *Report of the Committee on Financing the BBC*, 1986.

or new channels where it has been shown there is a gap in the market. This would ensure no blurring of the lines between public and commercial money.

- The new structure must not damage the BBC, the organisation that produces to a high standard the vast majority of public service broadcasting. Most BBC employees recognise that competition in broadcasting is a good thing for the BBC, and there is a balance to be struck between ensuring that competition exists and making sure the BBC is able to continue to do its job well. Other organisations should only be able to bid for licence fee money in specific areas where plurality of provision was lacking, such as daytime children’s TV, with the BBC continuing to receive the vast bulk of the licence fee.
- The BBC should be encouraged to exploit the strength and commercial opportunities provided by the BBC brand overseas in order to make up any shortfall of licence fee revenues resulting from the new structure. The BBC should build on the considerable success of BBC Worldwide in building up its profile internationally.
- The new structure should not lead to Channel 4 developing into a “mini” version of the BBC but ensure that it continues producing independent and challenging PSB programmes.

This structure would allow the BBC to separate responsibility for governance from responsibility for regulation. The new Commission could replace the BBC Trust – or alternatively and perhaps less disruptively - the BBC Trust could develop into the new commission, with responsibilities for public service broadcasting that extend beyond the BBC. This would allow the BBC to set up a separate board exclusively focused on governance issues and avoid the confusion that exists currently between the BBC Trust’s regulatory and governance roles.

Given that it would be responsible for political impartiality, the Public Service Broadcasting Commission should be independent of the government, with its commissioners approved by Parliament. It would advise the Government on the level of the licence fee and have responsibility for public interest oversight of public money invested in broadcasting.

Ofcom would retain its responsibilities for the regulation of commercial and competition issues and would advise the Public Service Broadcasting Commission on the market impact of proposed new BBC services.

Deregulation to make public service broadcasting more viable

Other alternatives should also be considered to preserve plurality of provision of public service broadcasting. These include relaxing the regulations surrounding commercial broadcasters, such as restrictions on commercial exploitation overseas and contract rights renewal regulations for ITV. These could significantly strengthen the ability of commercial broadcasters to invest in public service broadcasting.

Policy suggestions

- 1. The maintenance of plurality in public service broadcasting provision is essential. The BBC will continue to play the pre-eminent role in its delivery but we must ensure there is plurality of provision of quality broadcasting content.*
- 2. We will closely examine Lord Burns' model of a Public Service Broadcasting Commission with responsibility for distributing the licence fee.*
- 3. A body accountable to Parliament and responsible for public service broadcasting in the round will help ensure our broadcasting landscape, including the BBC, continues to be strong and distinctive.*
- 4. Deregulation of some of the restrictions that apply to commercial broadcasters, particularly on their rights to exploit the commercial potential of programmes overseas, should be examined as a way of making sustained investment in public service broadcasting more viable.*

Media social responsibility in a post-bureaucratic age

The independence of broadcasters is not only an incredibly important part of our media sector but a cornerstone of our democracy. Government should not direct the types of programming that are made nor should they create a regulatory system that commissions specific programmes. This would lead to a stifling of the creativity within the sector and, more significantly, of the freedom for broadcasters to say as they wish.

However broadcasters have a huge impact, not just reporting on, but in large parts defining our culture and influencing the political debate. Such influence brings with it an important social responsibility. Broadcasters must recognise this and ensure that they play a positive part in tackling societal problems. This involves engaging with taboo subjects, highlighting minority and sometimes troubling points of view and above all taking a responsible attitude to the portrayal of the many issues that concern modern day citizens.

The debate around media social responsibility needs to go beyond saying the only role of the media is to “start the debate” on key issues. The media has a direct influence on behaviour, and needs to acknowledge as much.

For years arguments have sporadically broken out over whether the media glamorises certain issues. This outcry has in the past been directed at programmes including *Eastenders* for the manner in which it dealt with knife violence, *Big Brother* for glamorising binge drinking and *The Secret Diary of a Call Girl* for glamorising prostitution.

Broadcasters have become fairly mindful of the way in which they portray more negative aspects of society. Ofcom has strict guidelines and the Broadcasting Code protects the public against programmes that may cause offence or affect young people.

They can also point to many positive examples where programmes have highlighted issues and changed behaviour, such as Jamie’s School Dinners, a BBC Watchdog campaign on fitted plugs and profile raising programmes like those from the 1980s on Ethiopia.

Where debate has been lacking is over the positive role that broadcasters can play in shaping behavioural norms, tackling societal problems and influencing viewers in a positive manner.

In a post-bureaucratic, user-driven age, the media has a vital role in helping society tackle issues such as obesity, binge drinking and youth violence. This is all the more pertinent given that traditional methods of government intervention depending largely on money, targets and legislation have now been seen to fail.

Given the power of the media to influence society in any examination of the future of broadcasting it is therefore worth exploring the role this sector can play in effecting genuine positive change where the state has failed.

The media in general and public service broadcasters in particular have a responsibility to tackle difficult issues. They cannot and should not ignore topics like abortion, drugs, mental health issues or suicide bombings because they are difficult to deal with and might cause outcry from some sections of the population. In an increasingly competitive market any new regulatory

system needs to ensure that broadcasters don't shy away from these topics but continue to play their part in promoting understanding and debate over these issues.

Secondly, broadcasters need to understand the positive role they can play. Government and the regulatory system should do all they can to encourage partnership working between broadcasters and government to ensure the powerful role the media can play is used positively. However this partnership must never extend to government control or influence over broadcasting output.

Broadcasters have already shown that they can be a force for change affecting both government and viewers. Recently, following the series *Hugh's Chicken Run* involving Hugh Fearnley-Whittingstall's attempts to run an intensive chicken farm, both Tesco and Sainsbury's reported a huge increase in the sale of free range chickens.

Such programmes have had more of an affect on our nation's diet and our children's health than many Government led initiatives. This is largely as a result of the relationship broadcasters have with their audience. People turn to their televisions primarily for entertainment (and we should never forget this) yet they are also willing to listen to complicated issues in an entertaining setting.

Rather than be lectured in a top down fashion by Government, viewers are much more likely to engage with an issue – and potentially change their behaviour – as a result of something they've seen on television. How, and indeed whether, we should harness this influence should be an important aspect of any discussion of the future of broadcasting.

There are obviously a number of potential problems when attempting to discuss partnership between Government and media outlets. Rightly, people will be worried whether in a free society government can or should work with broadcasters to encourage pro-social behaviour. This must never compromise the media's independence.

In order to develop thinking in this area, the Conservative Party will be hosting a series of seminars that explore this area. We will be looking at whether the media should restrict itself to "starting the debate" on topics without explicitly trying to encourage changes in behaviour or whether there is a larger role for them to play as we have discussed above.

Either way it is a debate that has up until now been largely ignored. This cannot continue to be the case if we are to have a successful, flourishing and above all valued broadcasting sector.