EAST of England Development Agency

Response to Ofcom

New Approach to Public Service Content in the Digital Media Age

For

EEDA

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1. Introduction

1.1 This document is a response by EEDA on behalf of the region to Ofcom's request for comment on its proposals set out in the discussion paper entitled ***a new approach to public service content in the digital media age***, published on 24th January2007.

1.2 Our response is structured as follows:

- Summary of proposals
- Comment on:
  - The importance and the changing nature of the digital landscape
  - The need for a new approach
  - The appropriate nature of intervention in the digital media age
  - The potential role of the PSP and its creative remit
  - The operating model – in particular, the approach to rights management
  - Economic and Regeneration Impact
  - Conclusions

Definitions

- PSB – Public Service Broadcaster/ing
- PSC – Public Service Content
- PSP - Public Service Publisher

1.3 If you have any questions or require further comment, please do not hesitate to contact me

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2. Summary of proposals

2.1 The future of public service broadcasting in the UK is central to Ofcom's remit.

- "We want to secure a public service system for the future which continues to deliver the best elements of previous models: one which addresses viewers' interests through the provision of substantial amounts of high quality, UK-originated content: and which is characterised by a number of suppliers competing to provide that content (p2)"
- "While the core purposes of public service broadcasting endure, the means of delivery and institutional framework may have to change. The challenge is to find the appropriate model for public service broadcasting in the future. The challenge is as much an opportunity as it is a threat to public service broadcasting (p1)"
- "In the digital age, a new organisation could provide additional innovation and plurality. We notionally describe this new organisation as the public service publisher **PSP** (p2)"
- "We believe a public service publisher is only part of the overall solution, and its role needs to be considered alongside approaches to the major areas of public service content **PSC** and existing PSB providers(p2)"
- "Although PSC will be provided by the market, it may not be enough either in terms of quantity or diversity – a market shortfall is likely to arise. This may have adverse implications for the level of UK-originated production, and for the plurality in the public service system – the BBC is likely to play a material role in the digital media world of the future, but for a public service culture to flourish, effective competition for quality is needed"
- "In conclusion, as part – but certainly not the entirety – of a new model for public service delivery, we continue to believe that there is value in considering creation of a new organisation: a new provider of PSC, the PSP with its centre of gravity in digital media and with a remit specifically designed for new forms of content provision – but ones that clearly deliver the purposes and characteristics of PSB"

3. The importance and changing nature of the digital landscape

3.1 EEDA supports the document's recognition of both the changing nature of the digital landscape and of its importance.

The changing nature of the digital landscape

3.2 As the report points out the nature of the media landscape has changed considerably since the last round of ITV franchises were awarded. More than 70% of households have internet access at home, work or place of study. Broadband penetration stands at 10m and is growing by 60,000 a week. 14.7m homes have digital televisions and 10m TV's are internet capable. For younger people in particular the internet is replacing television as the entertainment channel of choice. On TV itself the growth of digital TV has meant channel surfing is the norm so that programme breaks – the traditional home of public service broadcasting – are now less viewed as people flip to see what is on other channels.

3.3 Even more significantly popular programming now has the actual TV appearance as only part of its reach to the audience. Big Brother has extra programmes on digital only channels, plus web casts, podcasts, texts to mobile phones, and return channels via email, phone and text. The number of media devoted to such programmes is not restricted to those "owned" by the broadcasters. Henry Jenkins "Convergence Culture" details the way fans set up tribute sites and share speculation on who will win. It also shows the way in which savvy media companies use this as a way of developing their fan base still further.

3.4 Most significant of all is the growth of Web 2.0 and user generated content which democratises the new media and this in turn feeds through to the broadcast media as a source of entertainment (You've Been Framed) and news (recent programmes on the Iraqi War Blogs as well as mobile phone pictures of key events). Pierre Levy's concept of Collective Intelligence – where those with common interests share their knowledge to the benefit of all – is key component of Web 2.0 and developments like Wikkipedia. However innovative actors in the private and public sectors are increasingly harnessing that power to broaden their ability to serve their users more effectively and efficiently through projects like the NHS Expert Patient service, Norfolk's Blurb web site which is run for young people by young people and its mynorfolk Digital Challenge bid to use voluntary and community content to deliver better help to the socially excluded and get communities helping themselves and each other.

The importance of the digital landscape

3.5 EEDA recognises the fundamental importance of the digital landscape to the region's economy, communities, public service delivery and quality of life.

3.6 Digital content - how it's evolving, how it's delivered and consumed, who generates it and why – is a central underlying them in the regional economic strategy (RES Goal 7) and in our newly forming regional ICT strategy

- It is a fundamental component of business's ability to exploit ICTs[1]; it is an equally fundamental element of optimisation of ICTs by our residents, public service provides and all others in the region

[1] Research undertaken for us estimates that full exploitation of ICTs and digital content, by the region's business base, could up-lift regional GVA by 3-4%, which is significant.

- What is less clear is to what extent the market will deliver the content and to what extent public sector needs to provide support.
- Arguably, the digital content market place is one of the most globally competitive, dynamic market places of all, with little or no room for public sector tinkering
- Yet, our ICT strategy does recognise the possibility that the digital content market may be subject to 'transitional market failure' and equally to a degree of institutional and distributional failure also (3Rs)
- To that end, the strategy endorses some existing projects supporting the digital content arena and proposes some additional new projects, particularly innovative, pilot projects, playing a 'pump-priming, flagship role.

3.7 Projects include:

- EPIC studios where redundant Anglia TV studios have been bought as an incubator for media and new media companies and a media sector training centre
- Digital Content Marketplace – providing a shared infrastructure for public, private and community creative content developers to trade effectively by providing digital rights management and micropayments
- Community Media work via Screen East and local regeneration programmes to help community groups develop media and new media content
- The mynorfolk bid mentioned above
- The award winning LocalCHS getting older people online to develop their local heritage repositories
- The EPOCH European centre of excellence in digital cultural heritage
- The planned next generation BBC Open Studio at the Forum in Norwich.

3.8 The digital content theme in our strategy touches on, over-laps with and is integral to the PSB and PSC issues under discussion here.

4. The need for a new approach

4.1 We agree that the changing nature of the digital landscape requires a critical review of the present PSB and PSC arrangements

TV and Radio is no longer sufficient

4.2 As mentioned above the media landscape is becoming more complex and the market more segmented and fragmented. On the one hand the days of mass audiences for terrestrial broadcast TV are generally gone. On the other hand a witty advert on youtube could be in front of millions of people in seconds as it is recommended in emails, tagged in folksonomies like del.icio.us etc.

4.3 One response to this in the Digital Manifesto and the Transformational Government Agenda has been to press for more personalised services. A better understanding of who needs particular services and using ICT and research from projects like e-Citizen to target the message to those people. If you wish to run a public service campaign around childhood obesity you not only need to understand who the audience is (it would be parents as well as children but may well also be segmented by income, geography and other factors) you need to understand the best media for getting the message across to hit that very specific demographic

4.4 The rise of user generate content means that you do not have to do all the work within the public sector. You can recruit support from within the voluntary and community sector and individuals to both pass your message on but also create some of the content to communicate that message. Some companies in America solicit ideas for commercial from young people and pay them if they are used. This is not only cheaper but is a constant source of fresh ideas from the very market the firms are targeting.

4.5 A Public Service campaign in the future is likely to involve not only a wide range of content and channels but a wide range of actors including the target audience who will be able to help design services to achieve the aims of the campaign and help the public sector help them more effectively.

Categorising the gaps the new agency would fill

4.6 We think however that it would be useful to summarised current arrangements though, before considering how these might be sub optimal. Some reference is made, in outline (e.g. the BBC’s continued role is flagged) but we think that more comprehensive summary of current provision would be a useful starting point and frame of reference

- The summary needs to embrace the relative roles, drivers and contributions of all those already involved
- It would be useful to develop a suitable typology, embracing for example traditional film, TV and radio production and broadcasting supply chain; Government departments, other agencies, voluntary and community sector, digital industry, individuals,

4.7 With an appropriate typology, it is then possibly to clearly articulate where the failures (market, institutional and distributional) lie:

- To provide clear specific examples
- To identify the precise causes of the failures
- To illustrate the sorts of ‘intervention’ required to address these failures

4.8 The discussion paper provides some rich and powerful examples of new forms of content and distribution, but it is not entirely clear that these are not already being done, where the failures lie and hence what a new agency might do. Demonstrating clear additionality is vital

A functional approach to identifying the gaps the new agency will address

4.9 Articulating the gaps and failures in terms of specific types of content and delivery is problematic, because both are changing so fast. Instead, it may be more useful to articulate the gaps that a new agency would address in functional terms e.g.

- Bring the best of content styles and delivery techniques, developed by the market, to government departments and other public sector agencies – which are currently deploying dated material and techniques
- Use the power and critical mass of a new national agency to raise the profile of certain existing content e.g. the content may be there but is not at the top of search engines, is not ‘front of mind’ to the masses
- Provide a framework, digital infrastructure and services to support a digital market place, in which content creators and consumers can come together in a wide variety of interactive, dynamic ways (drawing for example on the principles behind our Digital Market Place project, noted earlier)
- Simplify the public sector’s messages and routes to market. There is a growing plethora of government websites out there, a new one being created almost every week. A role for the new agency could be to stop this, and provide a single managed portal to all Government communication
- The new agency may also to identify content gaps, pay for its creation and therefore become a commissioner as well as a simplifier, sign-poster and co-ordinator

4.10 We note that the intention is for the new agency not to get involved in the educational digital content and delivery arena. We think however there will be significant overlap and grey areas that needed exploring

5. The appropriate nature of intervention in the digital media age

One of the most difficult arenas in which to intervene

5.1 EEDA recognises the importance of taking the right steps to ensure that the opportunities posed by the changing digital landscape are fully realised for the region and equally, to ensure that any risks or threats are minimised.

5.2 EEDA recognises that the digital arena is one of the most difficult arenas for public sector to intervene in – very fast changing technology, market place, applications and content.

5.3 Because of this it is very difficult to identify when there is a clear rationale for public sector to intervene, what it should be trying to achieve and how

5.4 This is no more so than the case than for PSB and PSC, which is characterised by a dichotomy

- Clear history and tradition of public service content creation and distribution, with clear intervention rationale
- Now in a market place – the digital content market place – that is one of the most globally competitive and dynamic market places of all

5.5 If the chosen form of intervention is not appropriate – in terms of the failures it seeks to address, how and over what time period – then:

- At best, the public funds involved will be wasted
- At worst, the intervention displaces, disrupts, distorts the fast evolving digital market place

5.6 In addition, public sector is and will increasingly intervene in the digital media market place, irrespective of and despite any new PSB/PSC arrangements – all Government departments, quangos, RDAs, local authorities, hospital trusts and other agencies, will increasingly and in different ways engage in sponsoring the creation of new digital content and its delivery to targeted audiences via multiple channels

Likely principal failures that the PSB will address

5.7 We suggest that the types of failure, justifying public sector intervention, set out in the current 3Rs guidance, are relevant. The discussion paper focuses mainly on the first of these – market failures – but includes some discussion of the other two. We think it would be useful to extend the discussion, under each of these three headings

- Market failures
- Institutional failures
- Distributional failures

Market failures

5.8 The discussion paper says the following:

5.9 The discussion paper, after listing the traditional forms of market failure associated with TV and radio (p23) notes that…..”many of the traditional arguments for intervention do not hold in the changing environment”. The market will provide a greater variety and volume of content in linear television and in other digital media. The absence of structural barriers could be seen – simplistically – to mean that no market failure exists

5.10 However, the PSB review established that a number of characteristics of broadcasting provide an enduring rational for public sector intervention

- Broadcasting continues to be non-rival
- The efficient price to provide the service is still zero as before
- Consumers would still continue to under-appreciate PSC as a merit good
- And positive externalities exist

5.11 These arguments, framed in economic terms, are at the heart of the citizenship-based rationale for intervention to support content with wider social value

5.12 The market is unlikely to provide a full set of content that will maximise the benefit to society

5.13 However, it is not possible at this stage to be definitive on the scale of this shortfall: there is already substantial provision of publicly-funded online content that addresses public purposes; and, while similar market based content in the digital medial is not widespread, it may grow in the future

5.14 As a result the extent of the shortfall would need to be monitored over time, and assessed in full before a final decision is made

5.15 We would comment that:

- an economic market failure rationale is unintelligible to most, may be wrong, may be too limited and needs to be articled in common terms with practical examples
- these are rather thin grounds on which to base what may be substantial intervention in a contentious and sensitive arena
- We are not sure there will be a fixed point at which the situation can be assessed to inform a decision. On the contrary, the fast evolving nature of the new digital landscape is such that it is unlikely to be possible to predict the future. Therefore, a firm decision in these terms, may be impossible. Instead, it may be more appropriate to acknowledge the potential for failure and public sector additionality, but to monitor the failure and design the response on an evolving iterative basis – accepting that the brief for the new organisation has to remain fluid

Institutional failures

5.16 This could be one of the most significant areas that the PSB addresses

- In line with the Government's simplification programme, the new agency could bring stringent simplification to the proliferation of Govt websites – acting as a control and single portal
- The agency could ensure leading edge market innovation is made available to public sector and could facilitate procurement of this

Distributional failures

5.17 This may be another key area where intervention is needed.

5.18 The issue of exclusion frequently raises its head when ICT and digital content policy are discussed:

- In terms of those who are or may be 'digitally' excluded from the benefits, either because they live in the wrong place which does not offer appropriate access infrastructure, or because economic and social disadvantages mean they are less likely to be aware of and have the ability to access and utilise ICTs. Adroit

Economics, Regeneris Consulting and others recently evaluated a regional pilot of UK online centres, for UfI. The findings may have some useful lessons for this debate (published by UfI Ltd, November 2006 – UK online centres: transformational government for the citizen

- And, in terms of the potential that ICTs and the new digital landscape offer policy makers and service providers alike, to address economic and social disadvantage and exclusion e.g. remote access to information, transactions with government, remote access to health services, to education and training, including increased indirect lifelong learning through consumption of digital content for entertainment purposes; increased home-working opportunities which are of significant benefit to single parents and those who cannot travel; digital content offers potential to increase cultural awareness, cohesiveness and tolerance. The list goes on

5.19 We think that there may be a very significant role for the PSP and PSC in helping deliver digital content and services that address digital exclusion and that utilise the new digital landscape to address economic and social disadvantage and exclusion. In particular, we think that the PSB could play a critical role in providing the right frameworks to push the boundaries of thinking in this arena.

5.20 Below, we have fleshed an example:

- A successful public service campaign should move through the classic stages of any marcomms campaign from raising awareness to call to action to fulfilment.
  - As e-government projects in local government like e-Citizen and e-Planning have shown, it is possible to do all of this via the internet.
  - A blended campaign using broadcast TV, digital TV, the internet, SMS text messaging and conventional telephony via call centres could achieve significant take up.
  - An example of doing it right is Comic Relief.
- The problem of the public and voluntary sectors is that national campaigns often need local fulfilment which is at best complex.
  - The services to do that fulfilment are generally available and generally online.
  - However it is very hard to find them as they are delivered by a wide range of bodies which differ in name and structure from area to area.
  - Often the situation is so complex that local co-ordinating agencies do not have the full picture of who does what.
- As the Varney review has recently concluded
  - Even within central government there are a proliferation of web sites covering specific services and campaigns which are almost impossible to find and seldom linked to related resources provided by other government departments, much less other parts of the public and third sectors.
  - Often the most valuable resources are those generated by users themselves.
- There are already portals in the public, private and voluntary sectors which could be used **far more effectively** to link to resource for both awareness raising and fulfilment.
  - The mynorfolk Digital Challenge bid, for example, gave one vision of how these could be used by innovative use of existing technology widely exploited

by the private sector to provide personalise access to services and co-development of content.

- A key task of any PSP therefore might be to support discovery of these resources and the co-ordination of their role in campaigns – generally through liaison with other co-ordinating bodies.

6. The potential role of the PSP and its creative remit

Options

6.1 The discussion paper sets out two contrasting options – we would like to see the consideration of options

- Not just in terms of alternative delivery channels
  - the discussion paper contrasts traditional channels (TV and Radio)
  - versus these + new digital media channels
- But also in terms of role e.g.
  - sign-posting, co-ordinating and facilitating
  - or also quality control/ enforcement
  - or also commissioning
- And in terms of nature of the organisation – e.g.
  - Centralised, or diffused
  - Integrated with universities and industry, or separated

Choices

6.2 Not prejudging the outcome of a full options analysis, we put forward the following contrasting options to illustrate the choices available

- At one end of the spectrum – role is limited to dissemination, advice and co-ordination
- At the other end of the spectrum – the organisation holds a substantial content commissioning budget

7. The operating model

7.1 Once the precise role of the new organisation is known, it will be possible to have full discussion on ownership, control, organisational and operational issues. We suggest the discussion should embrace the following issues and contrast some of the choices to be considered

Ownership and Control

- Purely public sector
- Or including representatives of the consumer, content creators and deliverers
  - The nature of the digital market place would suggest the latter. This would be truly innovative but has potential risks to the new agency's purpose Structure
- Centralised
- Or dispersed

7.2 The nature of digital communication would suggest the latter, but how dispersed is the question – how virtual. To be effective there will need to be a strong core, but much of the work could be done remotely, by sub contractors, or by virtual teams across different public and voluntary sector agencies

Staffing and budget

- small team and budget supporting a co-ordinating facilitating role - £5-10m pa
- Or a BBC of the digital age with a large staff, premises and major commissioning budget - £50-100m pa
  - Whilst public commissioning worked well for TV/ Radio, it's tougher to justify in the much more open and dynamic digital media market place. Moreover, any public initiated provision might just be way off the mark

Location

- Out of London but close to London
- Or further a field
  - Proximity to London, at least in terms of a reasonable day commute by rail would seem important, but with high speed rail coming, few city-regions may be ruled out

Engagement

- Co-ordination of quality control
  - While much of the content and fulfilment may be delivered in a dispersed way there needs to be some level of quality control so the core message is not undermined by poor quality of local content or service. Some kind of light touch Service Level Agreement may be a solution
- If commissioning, retain rights of pass on
  - Unlike a commercial or typical public sector model the content benefits from as many people, organisations and channels exploiting it and adding value as possible.

Monitoring

- Fixed remit for fixed period e.g. 5, 7 or 10 years

- Or on-going evolution of remit
  - The latter would seem essential given the very fast evolving nature of the digital market place, but at the risk of diluting/ loosing the original mission which has to be enshrined to make long-term

Head Office – locational requirements

7.3 In choosing the location for the PSP head office there are two sets of criteria that should be considered:

Operational

7.4 The head office will need access to both hard and soft infrastructure. Hard infrastructure means good communications both in terms of ICT and physical links, plus ideally access to TV and new media production companies and facilities, print etc. Soft infrastructure includes the local skill base. This is not just the core skills needed for the PSP itself but also a network of support companies and organisations – media and new media companies, marketing and communications agencies, training and learning institutions, academia in relevant disciplines etc. It should also have the active buy in of local and regional public and voluntary sector bodies and networks to add value to its work

"Political"

7.5 One good argument for not having it based in London is the way the shake up of the TV and related industries has stripped capacity from the regions – not necessarily talent but the structures to help that talent work within their own region rather than in the metropolis or other remaining production centres like Manchester. Developing the centre in an area that has lost out in those changes but has the capacity to build regeneration outcomes around the PSP by attracting and retaining investment and skills would make a lot of sense

.

8. Economic and Regeneration Impact

Economic and regeneration benefits are an important factor

8.1 Clearly, as with the [re]-location of any public sector activity, the host area will benefit from a range of economic and other benefits.

8.2 We are pleased to note that the intention is to locate the centre of the new organisation outside of London, partly to leverage the economic and regeneration benefits in a less favoured region

8.3 Whilst the location decision cannot be a regeneration one alone, it is nevertheless an important factor (Sir Michael Lyons).

8.4 The final choice, of which region, and particularly where within a given region, the new organisation settles, will involve balancing of complex factors. Part of the reason why the BBC is to be located at Salford Quays rather than the city centre in Manchester, is a regeneration one – namely the impact at Salford Quays would be greater, particularly because of the greater opportunity to co-located a digital media park and growing cluster

Optimising economic and regeneration benefits

8.5 We do not put forward in this paper comment on which of the UK region's the new organisation should go to – the case for this is for further on when the precise nature, role and specification of the new organisation is finalised. But what we do think would be helpful now is to consider some of the ways in which economic impact and regeneration benefits could be optimised:

- Physical accessibility – good national and international transport links – within 45 minutes of a major airport and a day's rail commute to London
- Staff – the new organisation will rely on a combination of local recruitment and relocation. To maximise local recruitment, it should be located within a city-region
- Film, TV and Digital Media strengths – the city region ideally should have an existing strength in the sector with a strong aspiration to grow and develop
- Compensation – in addition, there may be a case for considering former Film/TV centres which have either been closed recently or dramatically reduced in scale
- Critical mass - research and commercialisation - co-locate with a University or major institutional digital research organisation
- Cluster stimulation - ensure adequate development space for a digital media park
- Digital infrastructure – locate the new organisation on a digital flagship site that offers world class digital connectivity and services

9. Further consideration of the proposals

9.1 The East of England would be pleased to be given the opportunity to contribute further to discussion and consideration of the proposals

9.2 EEDA, Norfolk County Council and other organisations in the region would be happy to take part; moreover, within the region, there are four clear clusters of expertise which it would be useful to consult with, drawing on their experience and ideas.

9.3 These are:

- The film cluster, represented by Screen East and centred in particular in Hertfordshire, around the studios at ***Watford and Elstree***
- The former headquarters and home of Anglia Television, later part of the Granada Group, in Norwich. Norwich city also comprises a strong digital cluster which has clear growth aspirations and Norwich has recently become a wireless city
- BT's major national research centre at Adastral Park and adjoining growing digital cluster, just outside of ***Ipswich***
- ***Cambridge's*** internationally renowned world class teaching, research and technology clusters, that include a highly innovative and dynamic digital cluster.

9.4 EEDA would be happy to identify representatives/ thought-leaders from each cluster and facilitate their input to further discussions.