OFCA PSB Phase 2 consultation

Skillset’s main comments:

1. We welcome the opportunity to contribute to Ofcom’s PSB Consultation of Phase 2. We agree with Ofcom’s presentation of the main characteristics that audience’s research identified for PSB: high quality, innovative UK-originated content. Similarly, audiences recognised plurality as the characteristic of a healthy media environment.

2. These characteristics rely heavily on the ability of the creative media people working in the UK industry to have the talent, skills and capacity to deliver such programmes according to the audience’s needs. In order for future Public Service Broadcasters to serve this audience, it is important that the proposed PSB models support the industry’s human capital - which is central to their success - to ensure a sustainable and continuous supply of creative talent and high quality skills.

3. Therefore, we were very disappointed that Ofcom’s report on Phase 1 did not even once mention throughout its extensive analysis and careful scenario building what will be the consequences for talent and skills development provision as the PSB models will evolve and change. For a report entitled ‘Preparing for the Digital Future’, there was no consideration on how the proposed new PSB models were going to address fundamental issues relating to the digital media workforce’s future capacity, capability and development in order to produce UK-originated content within the digital landscape. As we are encouraged to think of the future of PSB beyond funding and funding models, we would also like the Review to consider the PSB not just as content development processes but also as an enabler for the wider industry to serve UK audiences with high-quality, originated content. This could involve PSB Broadcasters working in close partnership with the Independent Production Sector on skills development areas and training.

4. We would also like to support the audience’s call for plurality – in particular across the UK Nations and Regions. As PSB Review is looking into out-of-London commissioning and Nations’ and Regions’ coverage, there seems to be very little consideration in the current report of the knowledge, experience and skills issues or the fact that these issues can play a vital role in making the new proposals viable and sustainable (as both the Scottish and Welsh Broadcasting Commissions have already considered). Moreover, in the Skillset 2006 Employment Census we observed an increase in the concentration of the industry in London (66% from 58% in 2004). Our contribution to this debate will be in making sure that there is opportunity and investment to support the creative talent and skills of the people working in the creative media industries and businesses on both National and Regional level. This is a thought echoed by the Scottish
“New skills will be required to adapt to new ways of working and the changes that converging platforms may bring….. The Commission recommends that Skills Development Scotland, Skillset and the Further and Higher Education sectors ensure they are positioned to anticipate changes in the skills requirement in the fast-moving broadcasting environment and realign their activities accordingly to avoid skills gaps.”

Similarly we understand that the Welsh Assembly Government’s Broadcasting Committee has also made a similar recommendation.

5. Ofcom has just convened a new partnership with Skillset and BTSR \(^1\) to address ‘people issues’ in broadcasting by creating a task-and-finish group. The group is specifically asked to consider within the changing context “how well is the industry equipped for changing training and development needs and for the changing nature of its workforce – what is it doing to prepare for future needs and challenges”. As mentioned in their Terms of Reference, this group is tasked to identify the key issues and points of pressure, differentiating between commercial and public service broadcasters, between smaller and larger companies, and between TV and Radio. Therefore, it is vital that there is more joined-up thinking and activity between the task-and-finish group and the PSB review and we would like Ofcom to address this as we enter the next phase on PSB.

6. Skillset believes that Ofcom’s market assessment and solutions on the PSB review present ambitious proposals for going forward. We would like to attach in these a key component: that PSB status is attached to a clear commitment and obligation towards the development of the human resources and technical expertise that will deliver PSB programming in whatever platform it could be available.

7. This is not a new obligation; the current 2003 Communications Act provides these obligations for training for all Broadcasters (regulated by Ofcom) in section 27 (Training and equality of opportunity) and in particular for PSB license holders in section 337 (Promotion of equal opportunities and training)\(^2\):

8. In addition, in relation to BBC, the 2006 DCMS White Paper on BBC’s Charter Review concluded that as a PSB serving the license fee paying audience, BBC should have a “public purpose of stimulating creativity”. Moreover, it concluded that “the BBC’s contribution will

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\(^1\) In 2006, as a result of an agreement between Ofcom, Skillset and the Broadcast industry, a new co-regulatory system was established and a new body, the Broadcast Training and Skills Regulator (BTSR) was created.

9. The subsequent DCMS/BBC Agreement elaborated on this principle with paragraph 84, on Training which included:

“The training and retraining provided under the arrangements must make an effective contribution to—
(a) the promotion of the BBC’s Public Purposes, and in particular that of stimulating creativity and cultural excellence;
(b) the preparation and maintenance of a highly-skilled media workforce across the audio-visual industry; and
(c) competitiveness and productivity in that industry”.

10. Skillset has signed a Memorandum of Understanding with both BBC and S4C, along the lines expressed in the BBC’s Agreement, that they have a commitment towards the development of their workforce as well as a shared responsibility towards the development of a wider broadcasting industry – a key component to their PSB license.

11. Our response to this PSB Review does not point to one model over another. It underlines the necessity for this Review to consider the implications that these models will have on the people that make the programmes that UK audiences would like to watch – the human capital who will be responsible to make the selected PSB solution a sustainable success.

12. We would also like to make a point of caution: any cuts to education and training budgets will obviously create a vacuum in the provision of training for these people that would not otherwise be met. This is a matter of concern in an industry where businesses rely on the skills and talent of its workforce. UK Commission of Employment and Skills recently quoted findings from their research that companies who don’t invest in training are 2 ½ times more likely to fail than those that do. ³

13. In addition, as the PSB Review recognises, many of the developments in the media landscape create exciting opportunities for new business models to emerge. Therefore, finding mechanisms to support the skills that will support these new business models and contribute to their success and sustainability could not be more timely and appropriate.

14. Below, we have chosen to address the questions that have a significant importance for skills development issues within the current proposals.

Skillset response to the consultation questions:

Section 4: Models

1) *Do you agree that public service provision and funding beyond the BBC is an important part of any future system?*

Yes.

2) *Which of the three refined models do you think is most appropriate?*

As we expressed in our opening statement, we feel that there is a fundamental addition that should be made into each of the models around the responsibilities of PSB status, particularly, when some models suggest a more fragmented approach. It is vital that PSB status should go hand in hand with support for training and skills development for the industry.

We would be happy to advise Ofcom, based on our research and industry consultations, on the challenges that each model of PSB could have on workforce development issues.

3) *Do you agree that in any future model Channel 4 should have an extended remit to innovate and provide distinctive UK content across platforms? If so, should it receive additional funding directly, or should it have to compete for funding?*

We cannot comment on the future models outlined for Channel 4 nor its funding. We can, however, stress that Channel 4 has been committed in developing a highly skilled UK creative media workforce. We recognise that the current economic environment presents major challenges to all broadcasters and that the funding gap is a reality for Channel 4.

Skillset supports an early resolution to PSB, as delay adds to the uncertainty by hindering Channel 4's ability to commit funding to long term projects and industry training. In addition, as our submission has stressed, there is a need to ensure that investing in skills is part of all PSB providers’ responsibilities.

4) *Do you think ITV1, Five and Teletext should continue to have public service obligations after 2014? Where ITV1 has an ongoing role, do you agree that the Channel 3 licensing structure should be simplified, if so what form of licensing would be most appropriate?*

Similar to our previous answer, we can only comment that any responsibility and support for PSB should be followed by responsibility and support for training and skills development in the Broadcasting Digital landscape. For example, as our research has revealed, TV industry relies heavily on freelancers (34% overall), particularly in relation to independent production, where reliance on freelancers is 56% (Skillset 2006 Employment Census). Moreover, reliance on freelancers has a growing trend in broadcast TV, from 20% in 2004 to 26% in 2006 (Skillset Employment Censuses 2004 and 2006 respectively). Therefore, commitment for skills will still be very appropriate, even in a simplified licensing structure.

5) *What role should competition for funding play in future? In which areas of content? What comments do you have on our description of how this might work in practice?*
Although we cannot offer a comment on the mechanisms of competitive funding as outlined in Ofcom’s report, we would like to observe that competition assumes an equal playing field and the capacity of different content providers to take on separate contracts. We acknowledge that this could be the potential for a growth opportunity for the industry, but we would like to draw Ofcom into thinking that a future mechanism should not just be focused on funding but also capacity building for those involved to take advantage of future competitive funding opportunities and sustain their business. We consider that an obligation to support training and development in the industry should play a key part in any competitive funding arrangements – a commitment not dissimilar to commitment to fairness in business practice and equal opportunity policies. We would like this to be considered within a competitive funding framework in order for competition to support a healthy development of the digital media industries.

Section 5: Long-term: nations and regions

1) Do you agree with our findings that nations and regions news continues to have an important role and that additional funding should be provided to sustain it?

Yes.

2) Which of the three refined models do you think is most appropriate in the devolved nations?

We would like to point to both the Welsh and Scottish Broadcasting Commissions and their responses to this consultation. We have noted already in the Scottish Broadcasting Commission’s response this autumn and it is a key reference on skills development.

As we mentioned in our introductory comments, we support audience needs for plurality in the PSB provision, at all levels; national, regional and local. We believe, though, that the way to guarantee plurality is by ensuring there is capacity to deliver high quality content at all levels.

Skillset, for example, has convened a strategic partnership in the North of England to prepare the regionally-based industry to prepare for future opportunities across these regions. This partnership, co-ordinated by Skillset, has brought together a strong industry-led panel (Northern Media Skills Panel), the 3 Regional Development Agencies, the 3 Regional Learning and Skills Councils and the 3 Regional Screen Agencies in order to address coherently talent and skills development issues and look at how the industries across the North of England can achieve sustainable growth and competitiveness.

Issues of capacity and sustainability for the digital media industries outside of London are increasingly important since Skillset research has shown that the greatest proportion of the TV workforce is still concentrated in London; what is more significant is that this proportion has increased over the recent years from 58% in 2004 to 66% in 2006 (Skillset Employment Censuses). Therefore, PSB proposed models will need to be reviewed bearing in mind the capacity of skills and knowledge for the local, regional and national broadcasting industry to accommodate the solutions suggested at each level. We note that Ofcom makes a short reference to this in relation to the capacity of delivery
of local news and the knowledge and experience needed to sustain coverage of the highest quality.

3) *Do you agree with our analysis of the future potential for local content services?*

We agree with Ofcom’s assessment of the challenges faced by the local content services. We would also like to add how important these services are and will be for the development of local talent – in particular for new talent, as entry points to employment in the industry.

**Section 6: Funding**

1) *Do you agree with our assessment of each possible funding source, in terms of its scale, advantages and disadvantages?*

We cannot agree or disagree with this assessment because, as we stressed in our opening statement, it has not taken into consideration support and investment for skills. We would be willing, however, to discuss this further with Ofcom.