

Question	Your response
<p>Question 1: Given changes to audience consumption patterns and wider market developments, is there any aspect of Ofcom's Guidance on commissioning of independent productions which Ofcom should update to ensure it remains fit-for-purpose?</p>	<p>We have been monitoring PSB regional expenditure for several years, and we are disappointed that greater efforts have not been made, to ensure a fairer distribution of spending and programme commissioning around the UK, and especially within England. There should be a correlation for production that is linked to the population served, or put another way, to the revenue that each PSB generates from each part of the country. This needs to be more precise than the current "out of London" or "outside the M25" requirements, which castigates 87% of the UK far too simply, and which has resulted in an arbitrary binary approach by both the broadcasters and the various regulators, and which underserves the highly populated English regions.</p> <p>Despite the emergence of new platforms, streaming services and an abundance of foreign competition, we note that most television is still consumed from the 4 main public service broadcasters, who each enjoy a privileged position for their revenue streams.</p> <p>The Midlands & East accounts for 25.46% of the UK population, making it the largest of the nations & regions referenced by Ofcom in its regional monitoring and reporting. The West and East Midlands alone, contain some 10.8 million people (16%) and the East of England 6.2 million people (9.4%). The point of this sea of figures and percentages, is to impress how this important and largest of UK regions is so under-represented by the broadcasters: not in their revenues of course, but in their outputs...</p> <p>The BBC - funded by a compulsory licence fee - receives 25% of its licence fee income from the Midlands & East, and yet it spends only 2.8% of its network television content budget in the region. The lowest share for any nation or region. It spends an even lower share on Midlands' network radio production. This cannot be considered fair, or even safe. The licence fee is paid for by the public, it really is</p>

“public money” in the truest sense, even to the point where we can calculate how much is paid not just by household, but by city, county and region. In the Midlands & East, BBC operational expenditures, including regional news & television programming, network TV spend and radio, are now so low that 90% of the licence fee raised in the region is spent elsewhere. This has resulted in the lowest level of BBC expenditure in any nation or region for many years. Indeed, the Midlands & East has received the lowest network television content expenditure for the last 6 years running, despite being the region with the highest number of licence fee payers to represent. This is reflected in the virtual absence of the region from BBC peak-time television schedules and its voice is not to be heard whatsoever on most of its radio networks. We whole-heartedly approve of the increased spending that we have seen by the BBC in Manchester, Glasgow, Cardiff and Belfast but we are aggrieved that much of this shift in spending has been from the Midlands. This is a sleight of hand, a robbing of one regional Peter to help pay for a regional Paul. The almost complete absence of the Midlands & East in the BBC television and radio schedules negates the improvements that have been made elsewhere. This situation should not have arisen, but it has, and it needs to be addressed, urgently.

See Diagram 1.

ITV generates some £390 million in advertising revenue from the Midlands & East (that is, 25% of its 2020 £1.58 billion advertising revenue) but has a poor record of investing in content production: it has no network studio facilities of its own in the region, and according to the latest ‘Made outside London’ register, published by Ofcom for 2019, apart from ‘ITV Nightscreen’, only one ITV commissioned series was made by a Midlands based independent – a documentary about Australia. As with the BBC, this poor return of revenue means the Midlands & East is absent in their schedules, despite being the major advertising region within the network.

Over at Channel 4, the situation is not much better. According to its Annual Report 2019 (the latest available), only 3% of its nations &

regions content spend was in the Midlands & East, or put another way, just 1.16% of its £492 million total original content spend. At only £5.7 million for the year, it was the lowest for any part of the UK, and much lower than London, or the south or the north of England. Again, this is nowhere near the 'ad revenue' generated by the network from the Midlands & East region: which we estimate to be approximately £225 million in 2020.

See Diagram 2.

Channel 5, being the smallest of the 4 PSB channels in terms of revenue and content spend, announced an increase in its regional share of expenditure between 2019 and 2020. We welcome this shift in spending, with nations & regions accounting for 35% of an estimated £100 million for UK original content. We note that Channel 5 sees a larger share of its viewers in Yorkshire, Borders, The East of England and the North West, with London at 5th. We would encourage Channel 5 to add the Midlands to that list, by spending more on production in the region. It already shows more hours in peak-time production from the Midlands than the BBC or ITV does (and for that matter, than the BBC and ITV combined) despite a much lower content budget: this suggests that it is returning a greater proportion of the advertising revenue it generates from the region, which we estimate to be some £90 million for the Midlands & East as a whole, or £61 million for the East & West Midlands alone. There is still some way to go, but it is interesting that Channel 5 has witnessed increased viewing figures in the regions, as a reward for its increased spending on regional content.

In short, Ofcom's guidance for regional commissioning should be updated to include a more precise requirement for regional spending across the nations and English regions, which at the very least calls for a minimum share that is based on population proportionality. Additionally, we strongly recommend that Ofcom guidance draws particular attention to the North, South and Midlands & East as distinct English regions, along with the nations. The current London / not London approach is not serving us well. In

	<p>the broadcasting world, it seems that not all regions are created equal... indeed, some regions seem not to exist at all. Ofcom, we request that you put the Midlands on the broadcaster's maps and ensure our place in their plans and outputs.</p>
<p>Question 2: Is there any change to the independent production quota which Ofcom should recommend to Government as part of its 'Small Screen Big Debate' programme?</p>	<p>We welcome any increase in independent production quotas. Regarding quotas, then we emphasise that 86.5% of the UK lives outside Greater London, or that 73% live outside London and the south east. As a proportion of PSB spend on content, independent production requirements might vary depending on the operational model of each network (Producer / commissioner) but in any event, the support for PSB, and the revenue privileges that come with that, dictate that regional production requirements should be higher, and with that the requirement for the independent quota.</p> <p>BBC network TV spend in the nations & regions (excluding news) has reached 50%, but this could now be increased to 55% and then 60%. We would also like to see an increase in radio production, which in the Midlands is only represented by <i>The Archers</i>.</p> <p>ITV needs to be encouraged, with a much wider spread of its regional spending, especially with regards to the Midlands, where it has the poorest record of all the PSBs.</p> <p>Channel 4 also needs to improve its representation in the Midlands, beyond its current 3% nations & regions share.</p> <p>Channel 5 has been doing better than the rest, considering its size, but we would encourage it to increase and widen its spending across all the nations & regions.</p> <p>As with our answer to Question 1, we would like to see a greater emphasis for a spread of production across ALL the Nations and Regions, and a recognition written into the quota, of the three distinct non-London English regions: North, South, Midlands & East.</p> <p>Regarding the licence fee, despite the efforts of many over several years to shine a light on the Midlands, spending by the BBC has reduced and</p>

	<p>remains the lowest of any UK Nation or English region. This is highly dangerous; it seems the BBC is taking for granted the loyalty of the Midlands licence fee payer. Notwithstanding that regional point, with greater competition and choice, the willingness to pay a licence fee will come under greater pressure from across the UK before this Charter period is over, and especially in a region that does not see itself or hear its voice. Because the BBC is spending public money, we strongly urge that a more prescriptive approach is taken. BBC spending should be linked closely to where licence fee payers live.</p>
<p>Question 3: Do you have any recommendations for potential changes to the definitions of 'qualifying programmes' or 'independent production' which Ofcom should recommend to Government as part of its 'Small Screen Big Debate' programme?</p>	<p>Generally, we are happy with the definitions that are currently in place. However, it has always been disappointing to see some of the quota shifts that have taken place when we would rather see a more federal spending structure in place. Moving a well-established programme from London to Glasgow or Belfast is great for the new location but does not necessarily increase the breadth and range of the programmes being made in that location. There is an argument that it is commissioning (and its budgets) that should be in more places than just London, which would undoubtedly unlock local creativity and lead to new and a wider range of ideas. Much of what we have complained about in our answer to Question 1, might be resolved if Birmingham was a commissioning centre for BBC television and radio drama. And we would welcome any move by ITV to move some its head office functions to the city. Channel Four has increased its presence in Bristol, Leeds and Glasgow – but it desperately needs to increase its representation of the Midlands. The recent Covid crises has resulted in new working patterns, that also dictate that much that was done previously in a glossy and expensive central London office, can now be done by a Commissioner in any part of the UK.</p> <p>Ofcom could also consider where independent productions are being commissioned from, not just where they are made.</p>

Diagram 1

BBC network TV spend, Nations & Regions 2007 – 2019.

BBC Network Supply

GRAPHS, TRENDS & COMMENTARY: "Network TV programming spend" by nation & English region as a percentage of "eligible spend".

	Midlands & East	South	North	Scotland	Wales	N.Ireland	Multi Regional	TOTAL REGIONAL %
2007	4.1	11.9	10.2	3.3	2.7	0.4	n/a	32.6
2008	3.9	14.2	8.9	3.7	3.6	0.6	n/a	34.9
2009	3.8	14	8.2	6.1	4.4	1.2	n/a	37.7
2010	3.9	13	7.7	7.4	5	0.8	n/a	37.8
2011	3.7	11.1	9.4	9	5.3	2	0.5	41
2012	3.7	7.4	16.7	7.6	6.8	1.3	2.3	45.8
2013	2.7	8.5	17.2	10.9	6.8	2.2	4.1	52.4
2014	1.7	7.6	23.1	9.2	6.5	2.5	2.8	53.4
2015	1.8	9.3	17.4	7.7	7.1	1.8	3	48.1
2016	1.5	7.6	19.7	10.3	5.8	3.1	2.6	50.6
2017	1.9	8.7	18.4	9.1	6.7	2.4	3.9	51.1
2018	2.2	8.6	17.6	10.4	6.3	3.1	2.5	50.7
2019	2.8	9.8	14	9.1	8.2	3.5	3.3	50.7

Figures in Red = lowest share in each year.

Source: Actual % shares as reported in BBC Annual Reports, from 2008/09 through to 2019/20.

Research: Campaign for Regional Broadcasting Midlands (January 2021).

Innovation through diversity

Metrics

£189m

spent on production companies based outside London

Up 1.5%

on last year

£35m

spent on production companies in the Nations

Up 6%

on last year

Spend by region across the Channel 4 TV portfolio

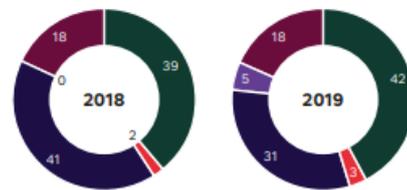
In 2019, Channel 4 spent a joint-record £189 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. This is an increase of 1.5% (equivalent to £3 million) on last year's figure and returns to the peak level set in 2017.

Expenditure on content from production companies in the Nations was £35 million this year, £2 million up year-on-year. In the individual Nations, the most marked year-on-year change was a 43% increase in investment in Scotland, equivalent to a rise of £6.2 million, to a total of £20.7 million. In Wales, investment fell by 30% (or £4.2 million) to £9.7 million. There was a marginal decline in investment in Northern Ireland of 3% (£0.1 million) to a total of £4.3 million. New programmes in the Nations this year included *Year of the Rabbit* (from Scotland), *The Accident* (Wales) and the second series of *Derry Girls* (Northern Ireland).

Turning to commissions from the English Regions, Channel 4's TV portfolio spend fell by 5% (an £8 million drop) to £144 million. Programmes made in the English Regions this year included *The Dog House* (South of England), *Snackmasters* (the Midlands), and *The Circle*, which relocated from London to Manchester to boost investment in the Regions (North of England). A further £10 million was spent on multi-region content in 2019. This is a significant increase, of £9 million, on 2018's figure of £1 million, due primarily to new drama *Traitors*.

Note: these investment figures for the Nations cover spend across the Channel 4 TV portfolio, and differ slightly from those in the previous metric (see above), which relates to the main channel.

Percentage of Channel 4's expenditure across the TV channel portfolio outside London by region (£m)



Legend: North of England (green), Midlands (red), South of England (dark blue), Multi-Region (purple), Nations (Scotland, Wales and Northern Ireland) (maroon). Source: Channel 4.