Section 4: Models

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

Yes, this is not only important but vital in the interests of plurality, diversity and the creation of innovative content which is relevant to and addresses and represents the interests and needs of audiences at a local level and national and international audiences that share those interests.

Whilst it is not the purpose of this Consultation or this submission to review the history of British television, it is important to note that the domination of TV from London has largely remained until the present day, due partly to its historical development. Despite the key roles of two Scots (Lord Reith and John Logie Baird) TV broadcasting did not commence in Scotland until 1952 some 16 years after the first TV broadcasts in London by which time the infrastructure was already solidly identified with the city. The plan for financial and technological reasons at the time, can be traced back to Lord Reith’s “Broadcast over Britain” report in 1924 which stated that public service broadcasting depended upon centralised control and operation rather than local outlets.

The digital switchover offers a key moment to redress a situation which is overdue for change and will not adequately be addressed by simple relocation of production offices for certain existing programmes and output.

The same year as broadcasting commenced in Scotland, 1952, the House of Commons debated the future of broadcasting in the UK and an independent report was ordered to make recommendations for a second channel. The resulting White Paper, whilst emphasising that it was not offering criticism of the BBC but expressed concern that lack of opposition was not a healthy situation and stated:

“As Television has a great and increasing power in influencing men's minds, the Government believes that its control should not remain in the hands of a single authority, however excellent it may be...”

At a time when the budgets of national TV networks are constrained and facing significant reductions (most recently report in Broadcast, 21.11.08), there is ever more emphasis on the creation of content according to strands and themes along with continued pressure to address a wide range of interests and issues. Content that is commissioned for each of these strands means that existing TV networks consider their task is fulfilled – they can “tick the box” for any given strand. Networks then maximize the return on investment in such content as far as possible through syndication with other countries and networks.

This approach inevitably means that the content seen on TV depends on a relatively small pool of commissioners who remain largely based in London.

Television broadcasting has evolved on many fronts – technology, ‘acceptable’ topics and content, scale, there is no doubt that the main TV networks provide a wide range and good standard of content and coverage across many genres.

Just as network TV has evolved, so there has also been evolution and growth in Scotland and the UK in the media sector, skills base, industry aspiration, media literacy, audience sophistication and demand.

When so many countries in the world take their local TV services for granted, it is certainly time that this opportunity should be made available in the UK.

According to the Accenture Consumer Broadcast Survey 2008: 

“Thinking global, acting local - In our view, this means achieving this success will require a strategic ability to think globally and act locally — what we term a ‘glocalized’ capability — across multiple devices and content genres/formats. Given the fast-moving nature of consumer demand worldwide, flexibility and speed of development, launch and response will be equally critical. So companies will need the operational and executional ability to streamline R&D, bring new products to market quickly, and scale up fast when something takes off. These attributes must be delivered in the context of the
multi-polar world — where innovation and consumers are increasingly dispersed around the world. On innovation, it is no coincidence that major content producers are currently making a series of acquisitions in emerging markets, seeking access to innovation, talent and content that they can both leverage locally and recycle to developed and emerging markets worldwide."

**Fife and Tayside Local TV Working Group**

Based on a significant level of interest in the development of local TV, the Fife and Tayside Local TV Working Group (FT-TV [www.fifetaysidetv.com](http://www.fifetaysidetv.com)) was established early in 2008. It consists of representatives from the academic, commercial, cultural, enterprise, local government and production sectors. The group is coordinated by FifeScreen and TayScreen, the screen agency for the Councils of Angus, Dundee, Fife and Perth and Kinross.

FT-TV supports the principles of public service broadcasting by and services from sources additional to the BBC. As such funding should be made available beyond the BBC and facilitate production by a wider and more diverse group of providers. News is a key area and a cornerstone of any public broadcasting service. But in the interests of audience, producers and stakeholders, it is essential that a balanced service should include a cross-section of programming across information, education and entertainment and that innovation should be supported by fostering and developing different genres and forms of content.

**Local Television**

On news, it is the experience of FT-TV that the quality and range of local news and current affairs coverage of the Fife and Tayside region is significantly lacking and there is great scope for improvement. This relates to both BBC and ITV/STV services. Information indicates that many people rely on local radio and print media for local news.


This states that:

“ITV1 outperforms its UK-wide average audience share in Scotland gaining an audience share uplift of 3% for the early evening 18:00hrs news slot, compared to its UK average audience share for the same slot.”

and

“People in Scotland consume a far greater amount of press and the nature of that consumption is predominantly local and regional, in direct contrast to readership patterns in England and Wales which are dominated by national titles”

The report shows a daily reach of paid for regionals and local titles of 79% in Scotland compared to only 5% in England and Wales.

We draw attention to the following from FT-TV’s previous submission.

*Given the potential future business, social and cultural opportunities, FT-TV is most concerned to ensure that Dundee, Fife and Tayside are able to participate in this market and so contribute to maintaining the competitive position of the region. We believe that there is a strong case for this and that there is evidence both of consumer demand and of the technical and business capacity to support broadcast production.

FT-TV believes that local TV is about access and communication – about cultural diversity, inclusion and ambition beyond borders. In summary, local TV:

- gets people involved in their communities
- supports business opportunities and development
- facilitates media access and political and social engagement
- promotes and raises awareness of projects (regional, European, international)
- can network at regional, national and international levels
- means audience access and inclusion whether via broadcast or broadband
- is a key tool to develop audience and market demand for content, culture, heritage and regional goods and services

**Question 2: Which of the three refined models do you think is most appropriate?**
FT-TV is not seeking to comment on the funding models for the BBC, Channel 4 and other national networks.

Given our focus on provision of local services, we would suggest consideration of an enhanced version of Option 3, a refined competitive funding model. As part of this model we would wish to see a dedicated fund for local TV services. The detail of administering this fund would require further discussion but is all the more pertinent at this time due to the withdrawal from local programming by networks such as ITV.

7th Mux Spectrum

Given the focus of the questions in this consultation round, we must include our submission on the 7th Mux at this point. This is a key asset for broadcasting and the economy in Scotland and Ofcom will be aware that this additional spectrum provides reception to over 90% of the population instead of as few as 30%. This is an important consideration given the urban/rural demographic in Scotland, broadband penetration rates currently at around 50%, and many years to go before a significantly higher percentage is achieved. Given the need to address media consumption according to audience demand – i.e. people consume media according to the available means that suits them best - we submit that it is of the utmost importance that there should be the most efficient use of all available resources. We state below that we are mindful of the need for appropriate use of public funds and obtaining value for money. Public need would not be well served, or seen by the public to be well-served, if the opportunity to make the 7th Mux spectrum available as part of the digital switchover is missed, particularly as it is currently completely feasible as part of current costs but would be a more difficult financial proposition at a later stage.

Question 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 would express concern if funding for Channel 4 impacts on available funds for local TV services.

Question 4: Do you think ITVl, Five and Teletext should continue to have public service obligations after 2014? Where ITVl 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?

Question 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?

As mentioned in our previous submission, FT-TV is supporting the development of business plans based on a variety of revenue models.

Fife and Tayside have many strengths relevant to the media industry including excellent skills and production/training facilities and cultural heritage and diversity. Facilitating and taking an innovative approach to cooperative working and improved, transnational application of resources will contribute to achieving significantly better returns on these assets.

There is an ongoing Digital Media Strategy for Tayside, Interactive Tayside http://www.interactivetayside.com/aboutus.cfm?page_ID=2

“There are over 350 businesses operating in the area of digital media in Tayside, employing over 3,300 people and generating a combined annual turnover in excess of £185 million. The sector has experienced growth in employment of 225% since the year 2000 and a further two thousand jobs are expected to be created in the sector within the next 3 years (by 2010).”

Section 5: Long-term: nations and regions

Question 6: 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?

FT-TV agrees that nations and regions news is not only important but essential and in Scotland there is the added significance of the national and local government structure.
It is appropriate to consider the role that STV might play in any new broadcasting scenario but this should be in the context of the changed conditions for both production and media consumption that now exist in Scotland.

There is concern that Ofcom appears to have concurred with the restructuring of the ITV news regions in the face of evidence reported in the Digital Dividend Review that “Local TV is the most wanted new application”.

Our experience of local coverage is that Fife and Tayside does not feature significantly in coverage or broadcast media planning. There is a tendency to allow content based on court and police information to dominate media output and, with the exception of national events, only sporadic coverage of other topics such as culture and sport. In general, the main focus is on Edinburgh and Glasgow.

Local TV services also represents a significant economic opportunity with potential for the creation of higher skilled and higher value jobs and maximising the return on the investment that has already been made in facilities in Fife Tayside – in the region of £20 million.

FT-TV strongly advocates that in the interests of public service broadcasting, spectrum should be gifted to appropriate licence holders based on an assessment of their suitability and capacity to provide service, rather than auctioned. There is great concern that an auction process inherently means a significant threat to the principle of public service broadcasting for a relatively small return to public funds from spectrum licence fees. For example, the resources of certain major media interests far exceed those of local and regional media groups. A reserve price of £25,000 is a significant hurdle for the latter and would be better invested in service delivery, but offers the possibility of spectrum for the former at a very low price.

**Question 7:** Which of the three refined models do you think is most appropriate in the devolved nations?:

Please see our response to Question 2.

**Question 8:** Do you agree with our analysis of the future potential for local content services?:

We draw Ofcom’s attention to our responses to Phase 1 of this Consultation.

**Section 6: Funding**

**Question 9:** Do you agree with our assessment of each possible funding source, in terms of its scale, advantages and disadvantages?

**Question 10:** What source or sources of funding do you think are most appropriate for the future provision of public service content beyond the BBC?:

Particularly in the current economic circumstances, FifeScreen and TayScreen appreciates that use of public money and obtaining value for money are crucial. Public opinion about such expenditure is a key consideration.

We particularly note, as mentioned in the Ofcom’s main Phase 2 Consultation Document “the surplus in the current licence fee settlement that is ring-fenced to pay for costs of digital switchover”, and that this surplus is worth around £130 million per year.

A proportion of funding could be directed through local government for application towards national and regional media planning and information services. A strategy could be developed between national and local government to use a combination of local TV and broadband services to disseminate information and better engage people in their local and regional communities.

FT-TV strongly advocates that in the interests of public service broadcasting, spectrum should be gifted to appropriate licence holders based on an assessment of their suitability and capacity to provide service, rather than auctioned. There is great concern that an auction process inherently means a significant threat to the principle of public service broadcasting for a relatively small return to public funds from spectrum licence fees. For example, the resources of certain major media interests far exceed those of local and regional media groups. A reserve price of £25,000 is a significant hurdle for the latter and would be better invested in service delivery, but offers the possibility of spectrum for the former at a very low price.
With regard to an industry levy, this could provide part of the solution, particularly where those same media interests have benefited from and will continue to benefit from content and markets developed to a greater or lesser extent in a public service context.

**Question 11: Which of the potential approaches to funding for Channel 4 do you favour?**

**Section 7 and annex 1: Matters for short-term regulatory decision**

Question 12: Do you agree that our proposals for ‘tier 2’ quotas affecting ITV plc, STV, UTV, Channel TV, Channel 4, Five and Teletext are appropriate, in the light of our analysis of the growing pressure on funding and audiences’ priorities? If not, how should we amend them, and what evidence can you provide to support your alternative?