

Consultation Submission - Ofcom's Second Public Service Broadcasting Review (Phase One)

The National Endowment for Science, Technology and the Arts (NESTA) is a unique and independent body with a mission to increase the UK's capacity for innovation. The organisation invests in early-stage companies, informs and shapes policy, and delivers practical programmes that inspire others to solve the big challenges of the future.

Regarding Ofcom's PSB review, NESTA has built up a significant body of evidence over recent years that demonstrates the characteristics of and prerequisites for the stimulation of creative and commercial innovation.

We believe that the aims of the current review - to maintain and encourage plurality, diversity, competition and demand for a healthy and vibrant public service offering - are key ingredients in developing the capacity for an innovative and civilised society. Ofcom must seek ways to strengthen these qualities rather than simply maintain the status quo.

Encouraging a creative and commercial global perspective is vital. Given that many social, political and environmental issues are becoming increasingly interdependent, public service content generated in the UK could deliver (commercially profitable) public value to audiences around the world.

The UK's creative sectors often operate on a scale too small to compete globally. Ofcom should seek to encourage broadcasters and production companies to scale-up in order to successfully compete in international markets.

Broadcasters should be encouraged (and de-restricted) to seek new commercial models to replace traditional advertising revenues. Public service broadcasters need to capture more of the value they create when they commission content.

For this reason, NESTA has recently become a (non-exclusive) strategic partner with Channel 4. Among other initiatives, it will help the broadcaster and content producers to explore new business models through the digital 4 Innovations for the Public (4IP) pilot. NESTA sees this type of experimentation as imperative if broadcasters are to bridge the emerging funding gap.

As a contribution to the PSB debate, NESTA makes the following recommendations:

- Public service broadcasters should be encouraged to take a more entrepreneurial approach towards exploring new business models.
- They should be freed from the current restrictions surrounding TV and new media production ownership. The ability for broadcasters to take an equity stake in external content production companies would encourage them to benefit from the exploitation of valuable intellectual property. A quota system would protect truly independent production companies and would ensure diversity of supply. The quota should also concentrate on encouraging the commissioning of new creative talent.
- Spectrum for public service broadcasters should remain available and in easy reach of audiences. Cross-promotion of public service content and services should be shared across broadcasters and platforms where editorially relevant.

- Public service broadcasters should be encouraged to act as “curators” of valuable services, whoever provides them. NESTA recognises that audiences are faced with an increasing array of (global) services that can deliver to very specific audience needs. There is a role for all public service broadcasters to acknowledge this and help UK audiences navigate to public service material wherever it may be located.
- Games are increasingly recognised as having the potential to deliver learning and innovation skills. Public service broadcasters should be encouraged to commission games where they meet public service purposes.
- Ofcom should speed up the delivery of an adequate broadband infrastructure across the UK to encourage new legal business models for on-demand public service content and applications into the home.

NESTA believes that the above recommendations - being largely regulatory - could be implemented at very low marginal cost to public service broadcasters, while stimulating commercial and creative innovation.

NESTA would be happy to maintain a dialogue with Ofcom to develop any of the above ideas further.

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