

The Ofcom Review of Public Service Broadcasting (PSB) Television

This paper sets out the terms of reference for the Ofcom review of PSB, which will begin at the start of October 2003, and will be completed in the late autumn of 2004.

Remit

In accordance with the Communications Act, Ofcom will begin its first review of Public Service Broadcasting (PSB) in October 2003.

The Act requires Ofcom to carry out a review of the extent to which the BBC, Channels 3, 4 and 5, and S4C have provided programmes and services which, taken together, fulfil the purposes of public service television broadcasting in the UK. The review does not extend to radio, but will cover new media services to the extent that they are linked to television, such as interactivity and television-related online content. It will also consider other media to the extent to which they affect the fulfilment of public service television purposes.

The review is also required to provide recommendations on maintaining and strengthening the quality of PSB television in the future, taking into account the costs of provision and the sources of income available to the public service broadcasters.

Why it matters

This first review comes at a critical moment. Historically, commercial broadcasters have contributed to the provision of public service programming on UK television in return for privileged access to scarce spectrum. In future, the end of spectrum scarcity and the proliferation of channels mean that competitive pressures might affect the extent to which the commercial public service broadcasters can continue to sustain PSB content.

The review also coincides with the period during which the Government will review the BBC Charter. Ofcom will provide a detailed and authoritative body of research and analysis to inform the BBC Charter review process. In particular, Ofcom will look across the sector as a whole, taking into account both commercially and publicly funded public service broadcasting.

Ofcom will therefore use the review to develop clear proposals for the definition, purpose, and future regulation of public service television broadcasting, and to ensure that these are fit-for-purpose in a period of significant change and development.

Overall Approach

The key building blocks of our proposed approach will be:

1. Analysis

The approach will be evidence-based, charting the history of thinking on public service broadcasting television as well as assessing current views on its purpose and definitions. It will provide a 'fact base' derived from a statistical analysis of current delivery, and will also involve the development of scenarios for the future development of the broadcasting sector and its implications for public service broadcasting.

2. New Research

A number of new research projects will underpin the analysis and the recommendations that are drawn from it. These will include detailed assessments of general audience perceptions and preferences, and the views of particular groups who might benefit from different aspects of PSB. We will also undertake new research to assess costs and, as far as is practicable, the benefits of PSB television.

3. Expert Advice

Where appropriate, external expert advisers will be invited to provide specialist advice which will complement the full involvement of Ofcom's main Board and Content Board in guiding the project. Contributions will be sought in the areas of economic analysis, audience research and specific editorial and content issues.

4. Consultation

The review will make full use of detailed public consultation to allow all interested parties to submit information and set out their views and opinions on the key issues. There will be two formal consultation stages to enable external organisations, groups and individuals to enter submissions and contribute to open discussions on specific issues. In addition, we expect to hold a series of seminars and discussion groups on the key issues and topics during the course of the study, the output of which will inform our final reports.

Annex A sets out the key issues the review will address, and the main work modules that will be employed to achieve this.

The remainder of this document sets out the key aims, objectives and methods proposed for each stage of the project.

Three Phases

The project will consist of a 12-month programme of work broken into three phases, with significant consultation at the end of Phases One and Two and separate reports at the end of Phases One, Two and Three. The phases are:

- Phase One (Oct 03 to spring 04): Current Position
- Phase Two (spring 04 to summer 04): Prospects for the Future
- Phase Three (summer 04 to late autumn 04): Proposals/Recommendations

Phase One – Current Position

Aims

- To produce a detailed assessment of the extent to which, taken together, the PSBs (BBC, Channels 3, 4, 5 and S4C) have fulfilled the purposes of PSB as set out in the Communications Act.
- To establish current expectations about the purposes and definitions of PSB television for individuals, families, citizens and for the UK as a whole, and to survey public opinion on the extent to which PSB objectives are being delivered effectively at present.
- To assess the costs of providing PSB television, the funding available, and, as far as is practicable, the benefits derived from it.

The main elements of this phase will be:

- An analytical review that explores the rationale for public intervention in broadcasting markets.
- A statistical analysis that examines the extent to which different aspects of PSB television are being delivered, taking the Communications Act definition as its starting point. This will examine PSB outputs such as hours scheduled and amount spent for each programme genre; and PSB impacts such as audience approval.
- A separate cost-benefit analysis to compare the costs of provision with the scale and scope of benefits delivered. This aims to identify the relative importance of different aspects of PSB television, compared with the costs of delivering each aspect.
- Building on the above analysis, we will seek expert assessment of the delivery of wider public goals by PSBs. In particular, we propose to focus in some detail on those aspects of PSB television which might be most significant but also most at risk in the marketplace. This will include the contribution television makes to broad social goals - such as education and learning or informed citizenship - through the provision of specific genres like news, current affairs, regional and children's programming.

Report and Consultation

- At the end of Phase One (spring 2004) an interim report will be published and extensive public consultation undertaken. Submissions from interested parties will be welcomed, and views expressed will be incorporated into our final report. A series of seminars and discussions will be held to draw together views and research, and to inform our overall conclusions.

Phase Two - Prospects for the Future

Aims

- To assess the prospects for PSB television as the market changes, including overall market developments (technologies, audiences, new services etc), progress towards digital switch-over, the emergence of new business models, and the likely future financial performance of the public service broadcasters.
- To assess the current and future economics of PSB television provision in the context of the changing marketplace. This will include an assessment of organisational funding options, and a wider examination of the impact of PSB television provision on the sector as a whole.
- A preliminary review of a range of options available to maintain and strengthen the quality of PSB television.

The main elements of this phase will be:

- A market review of likely industry, audience and technology trends for the next five to ten years, derived from economic analysis that will track costs and revenues and allow a projection of future trends
- An analysis of the impact of the above on the type, range and quality of the services and programming likely to be provided by the market over the next few years, and an assessment of the ability of public service broadcasters to deliver their core objectives

Report and consultation

- The Phase Two report will be completed by summer 2004, and published for consultation at that stage. Again, external submissions will be welcomed, and used to inform our work.

Phase Three - Conclusions and Proposals

Aims:

To produce a comprehensive final report which sets out:

1. A comprehensive assessment of the extent to which PSB television is being delivered effectively;
2. The key issues and challenges for maintaining or strengthening the provision of PSB television in the future;
3. A set of options for securing the future provision of PSB television.

The main elements of this phase will be:

1. A summary of the main analysis, findings, assessments and proposals for maintaining or strengthening PSB television in the future;
2. A series of technical appendices that details the work components undertaken in the course of the review, such as the results of research projects; key issues discussed by the expert advisers to the project; detailed statistical assessment of PSB television delivery; analysis of the costs of providing different options.

Anticipated timing of final report

The final report is scheduled for the end of autumn 2004.

Next steps

The review process will begin in October with a series of initial discussions with the public service broadcasters to clarify the approach and to discuss Ofcom's data requirements in more detail.

The first public consultation will be held in the Spring of 2004, following the publication of Ofcom's Phase One report.

Ofcom Team Leaders

The Ofcom senior team with responsibility for delivery of this review are:

Ed Richards	Senior Partner, Strategy and Market Developments
Robin Foster	Partner, Strategy Development
Tim Suter	Partner, Content and Standards Policy Development

Point of Contact

For points of clarification or further information, please email psbr@ofcom.org.uk

Annex A

Key Questions

The review will seek to address a number of key questions, among them:

- What are the current purposes and definitions of PSB and are they appropriate going forward?
- How best can we quantify and measure delivery of PSB, including its impact on individuals and society as a whole?
- How effectively are the purposes of PBS being delivered by PSB channels 'taken together'?
- What are the costs of provision and how do those costs compare with the benefits derived?
- What are the key market, technology, and audience changes that will impact upon the market as a whole in the future?
- How will this affect PSBs, their competitive position and their funding?
- What are the implications for the purposes, benefits and costs of PSB?
- What are the most effective methods of maintaining or strengthening PSB television in this changing environment?

Key Work Modules

Ofcom will seek to answer these questions by way of a series of work modules, including:

- An analytical review of different approaches to identify what constitutes public service broadcasting and how it can be defined.
- A comprehensive statistical analysis of current delivery of different aspects of PSB covering the BBC and Channels 3, 4 and 5.
- A research programme to establish audience perceptions, identify benefits and track performance, using a range of methods including audience surveys, seminars and industry consultation.
- A cost-benefit analysis to establish costs of provision, scale and scope of benefits, and impact on the overall market.
- A market prospects review of future trends in markets, technology, audiences and finances, as well as the impact of competition, including an assessment of prospects for digital switch-over and its impact on public service broadcasting.
- A comparative analysis of different funding and organisational models, which will help inform options for maintaining and strengthening PSB in the future.