

## Response to Ofcom's consultation on Public Service Broadcasting:

### *Small Screen: Big Debate – The Future of Public Service Media*

March 2021

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The **Creative Industries Federation** is an independent, not for profit, membership organisation which represents, champions and supports the UK's creative industries. Through our wide network of creative organisations, businesses and individuals, our influential policy and advocacy work and our support services, we connect creative businesses and individuals with the money, markets, government and the opportunities they need to thrive. The Creative Industries Federation, with its sister company Creative England, is part of the non-profit group, Creative UK.

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This submission has been prepared with input from a range of creative industries organisations with an interest in the future of Public Service Media (PSM). Participants have included the BBC, ITV, Channel 4, Sky, Netflix, Amazon, YouTube, S4C, NI Screen, TAC, Elstree Studios, Dock10, Storyboard Studios, Tinopolis, Boom Cymru, FleishmanHillard, Enders Analysis, Edinburgh Festival Fringe, English National Opera, the BFI and National Theatre Scotland<sup>1</sup>.

#### **Introduction**

The Creative Industries Federation has a very broad membership and many of the participants in our discussions will be directly and specifically impacted by the outcomes of the current considerations by Ofcom and the Government's Public Service Broadcasting (PSB) Advisory Panel, not least the BBC, Channel 4, and ITV. Continued intervention in the broadcast/media sector will also have significant impact on the commercial sector. As such, many of the Federation's members will be making more direct submissions of their own, focused on their specific concerns and recommendations.

This submission is different. It seeks to do two things:

- (i) highlight those broad areas of policy on the future of public service broadcasting where there is a broadly shared view, and
- (ii) provide supporting evidence for both Ofcom and the Advisory Panel of the interconnectedness and mutual dependency of the UK media ecology.

## **Part One – The Future of PSB**

### **1. Is PSB/PSM still necessary and/or relevant?**

There is widespread agreement that the concept of public service broadcasting/PSM remains valid. At the time of its founding, PSB was broadcasting. The BBC was founded in 1922, ITV in 1955, Channel 4 and S4C in 1982 and Channel 5 in 1997. With the range of channels and other media services available to UK audiences today, from Sky to Netflix, YouTube to Amazon, it is, of course, relevant to ask whether there remains a role for PSB and, if so, what it is.

Whilst there is general agreement amongst the Federation's membership that today's market provides a fantastic array of high-quality content for audiences to choose from, much of it provided by commercial players, there is also a shared view that the public service broadcasters, with their different and specific remits, and requirements to be freely and universally available, continue to do something important for UK audiences, users and citizens. They also play a crucial role in supporting the wider cultural and creative sector, as set out in Part Two of this document. The UK's creative industries are genuinely intertwined with UK theatre, advertising, film, museums and other sectors benefiting from this major public intervention.

The current regulatory interventions provide a bedrock of specifically British content, across a range of genres (news, current affairs, arts, documentary, drama, children's) including programmes such as **Panorama**, **Grayson's Art Club**, **It's A Sin**, **Killing Eve**, **Des**, **Quiz** and many more, which guarantee a range and volume of UK programming is made available to UK audiences that the market alone would be unlikely to deliver, at least with such scale and breadth. In the case of children's, the recent COVID crisis has highlighted the BBC's important public service role through the delivery of BiteSize as daily education support for the nation's children.

They also play a crucial role in supporting the UK's television production ecology, with specific obligations to support the development of independent producers and creative talent right across the Nations and Regions of the UK. The detailed range of nations and regions quotas guarantee that the PSB system has a major impact on UK TV production spend outside London. We believe this role, both in providing distinctive content from across the UK and supporting local creative clusters, will become more important for the PSB system. Any future reduction in the volume of PSB spend is likely to have a disproportionate impact on the nations and regions and therefore on the Government's levelling up agenda.

This, in turn, is something that the wider market benefits from, and which helps to make the UK such an attractive destination for inward investors.

Obviously in the much more competitive and pluralistic media market of today, the PSBs are no longer the sole providers of high-quality UK originated content. Whether it be **Chernobyl** on Sky or the **Sky Arts** channel (which has recently gone free to air), **The Grand Tour** on Amazon or **The Crown** on Netflix, **Born Mucky: Life on a Farm** on Discovery, or **WW2 Treasure Hunters** on A&E, there are plenty of operators in the UK providing audiences with programming that bears all the hallmarks of public service content, and playing their part in supporting the UK's independent production sector.

In recent years they have also played an increasingly important part in supporting and co-funding high quality content shown on the PSBs, such as Steve McQueen's **Small Axe**, broadcast on the BBC but co-produced with Amazon, or **His Dark Materials**, similarly broadcast on the BBC but co-produced with HBO.

Of course, the services provided directly by these commercial players are not all universally available and do not carry the regulatory guarantees and obligations hardwired into the PSB system. But taken alongside the PSBs they contribute materially to the richness, diversity and dynamism of the UK's creative industries often delivering specialist or diverse content that mainstream PSBs may not be able to provide.

Over the decades the UK's regulatory system has been updated to increase competition and choice, firstly, licensing the arrival of multichannel television in the 1990s, and then adapting for the digital age in the early 2000s. Smart interventions have not only enabled public service broadcasting to survive and remain relevant, but they have also engendered a market that is marked out by high levels of competition and quality.

The rapid evolution of the market with the arrival of the Internet and global streamers, poses new challenges for the PSBs, as well as for commercial linear TV players, and for the UK's regulatory system. The Federation broadly welcomes, therefore, Ofcom's intention to update the regulatory regime to ensure the continuance of public service media delivery by the existing PSBs.

## **2. Do you agree with Ofcom's broad recommendations in favour of a move towards a model of PSM, rather than PSB?**

As stated earlier, given the breadth of membership of the Federation this submission does not intend to comment in detail on the specific measures that may be required to maintain and strengthen the provision of public service content in the Internet age.

However, our members do broadly support Ofcom's recommendation that the current regulatory and legislative regime, which is primarily focused on ensuring delivery of public service content is via linear channels, should be updated to reflect the rapidly changing nature of media consumption.

The notion of Public Service Media feels much more relevant to the way the public service broadcasters deliver services to audiences today, although any new regulatory model must ensure that there continues to be widespread, universal access to core PSM. Naturally, since these regulatory reforms will continue to represent significant market interventions, the regulator and Government will need to ensure that any new, more flexible regime is capable of holding PSM providers to account and of minimising unintended market distortions.

## **3. Do you have any views on the future funding of PSB?**

Funding is always a contentious issue and the Federation does not propose to make any specific recommendations.

However, we would observe that the historic success of the UK media market model has been built on the availability of separate funding streams for different players – the Licence Fee for the BBC and S4C, advertising for the commercial PSBs and subscriptions (predominantly) for pay TV providers.

Whilst we recognise, therefore, that policymakers need to take account of changing market conditions, e.g., what is happening in the advertising market, when considering the future sustainability of the model, we would urge that they seek, as far as possible, to respect the separation of funding principle that has served the market so well over the past decades.

One final observation on advertising. This remains the lifeblood of free-to-air commercial television. Decisions driven by parts of Government not concerned with broadcasting, about restrictions on advertising, such as the current proposals to restrict the advertising of HFSS products further, can have a dramatic negative impact on the PSB ecosystem. We urge the Government to think carefully before taking such steps, especially where the evidence that they will deliver the intended policy impact is not there.

#### **4. Do you support any specific regulatory innovations?**

Again, given the breadth of the Federation's membership our ability to make detailed recommendations is limited.

In general terms, it is fair to say there is a shared view amongst Federation members that primary responsibility for delivery of PSM should continue to rest with the current Public Service Broadcasters and that, in general, the model of institutional providers is delivering on public policy objectives. However, there is also support from several members for the notion that policymakers might look to identify additional mechanisms to foster the provision of high-quality UK originated content beyond today's PSB/M providers. Inevitably there are divergent views as to what shape such supplemental regulatory innovations might take and, as such, individual members with views on this topic will share these directly with Ofcom.

That said, there is shared recognition that the media market is changing dramatically and becoming more and more fragmented. We would, therefore, expect to see an increasing amount of partnership working between the PSBs and other providers, as they innovate around ways that they may serve hard to reach audiences, especially younger, more diverse viewers. As Ofcom observes, there are already examples of this, such as the Channel 4 News/Facebook partnership. S4C similarly has a new digital partnership with Golwg (publication and online news provider) and with Teli Mon to create local content.

There may also be new economic policy interventions that could help the delivery of broader public policy goals that would engender support from many of our members. For example, the introduction of some kind of incentive and/or evolution of the current tax relief aimed at encouraging the production of content across the four nations of the UK, with a specific focus on stimulating additional value, rather than the transfer of value from existing production hubs.

This is something that would be of interest not just to the Federation's PSB/M members but also the commercial market. Given the ambitions across the UK, in Belfast, Glasgow, Cardiff and major English cities including Manchester, Bristol, Leeds, Liverpool and Birmingham, to build thriving creative clusters, this kind of intervention would sit comfortably alongside the core PSM system and further enhance the mixed media ecology that marks the UK system out as world leading.

Finally, we would also observe that the system of Terms of Trade (ToT), introduced in the 2003 Communications Act, has been central to the creation of the UK's highly competitive independent production sector. We note that Ofcom is currently reviewing the independent sector and ToT and would stress the importance of ensuring that any proposed changes continue to support this

fantastic UK success story. Enabling independent producers to own their IP has been one of the most forward-thinking policy interventions of the past 20 years.

## **Part Two – PSB/PSM and the Mixed Ecology**

### **Drivers of value and activity in the creative industries value chain**

The mixed broadcast and media market as outlined above sits within a broader ecology called the creative industries. The UK's creative industries accounted for 6% of GVA and 6% of national employment in 2019. It contributed £116bn to UK GVA and employed 2.1m people, 33% of which are freelance. Made up of 300,000 enterprises, the creative industries are underpinned by microbusinesses which make up 95% of the businesses in the sector. One of the great strengths of the UK's creative industries and our media players is that it is a truly mixed ecology, where public, private and hybrid organisations each play their part, competing fiercely but at the same time creating value and driving growth across the entire creative industries. There is industry-wide consensus that a plurality of voices within the market contributes to its success.

Market capacity has been unlocked by two important interventions - the current regulatory system and sustained public investment. These market interventions over the past forty years have sparked a richness of demand, scale and scope – the UK has the most demand in Europe for content creation. Any future model must retain stable funding for institutions of scale who can make investments reliably and sustain skills bases and production hubs which form the bedrock of the value chain.

Actors across the creative industries value chain invest in content and drive growth in UK-owned IP through commissions, partnership and co-productions - much of which is created for public good or benefit. Some are funded and/or supported for this work through the current regulatory system, others are not. When actors invest in UK content, they create value and activity within the UK production chain and its supply chain – which often includes a broader pool of creative sector businesses and non-creative sector businesses, as well as a strong freelance base. Because of the inter-connected nature of value chains in the creative industries, investment in UK content creates a ripple effect across the entire ecosystem. These multiplier impacts include job creation, growth in national and local GVA, growth in exports and growth in inward investment.

In addition, investment in UK content creates value which is less tangible or measurable, but nonetheless important. Qualitative research indicates that the UK also benefits from an increased diversity of talent, cultural and civic benefit, innovation and new technologies, soft power, educational tools and an improved awareness of social issues. These cultural and civic dividends should not be risked, especially at a time of fractured cultural and democratic life.

These benefits – both primary and secondary – multiply across the creative industries ecosystem, due to the interaction of the screen value chain with other creative industries value chains. From publishing to heritage, and advertising to music, creative sector value chains increasingly interact and translate their rich IP assets into UK-originated media content. Examples include [ENO's Drive and Live](#) and the recent partnership between BBC, Hopscotch Films and National Theatre of Scotland to take [Adam](#) from an Edinburgh Fringe show to a theatrical on-screen drama. BFI National Lottery funding, BBC Films and Film4 Productions provide the backbone of funding for UK independent film. Over the past decade, BBC Films and Film4 have invested in 11% of all UK independent films, with these titles accounting for nearly 20% of overall spend on independent film at £888m.

The value chain is also incredibly resilient and has already shown its capacity to bounce back and contribute to the UK's economic, cultural and social recovery. Despite months of suspended activity during the pandemic, in February the British Film Institute's Research and Statistics Unit published data showing a record £1.19bn spend on UK film and high-end TV production in the last quarter of 2020 – the second highest spend ever in a three month period. This was despite disruptions to filming schedules, which in the end saw a 21% decrease from 2019's levels overall. The spend on HETV production in the UK in 2020 was £1.49 million, just 11% lower than the £1.67 million reported for 2019. Inward investment and co-production for HETV accounted for £1.13 billion or 76% of the total HETV spend.

### **Building and sustaining creative hub activity across our four nations**

Companies across the value chain invest in a truly national product, representative of voices from across the four nations of the UK. Players invest in local value chains and creative hubs across the nations and regions, creating employment opportunities and increasing the volume of work for independent production companies and freelancers and driving further economic activity. As well as this economic contribution, activity in creative clusters across the UK plays a role in ensuring the media offering is representative of diverse voices, from regional voices in network news to establishing the next generation of storytellers who bring fresh ideas and perspectives into mainstream culture. Beyond ideas, this also involves the protection of indigenous language content.

From 2010, policies were introduced by government to increase economic activity outside the M25, driven by the regulatory system. Now, out of London spend is growing across the mixed media market. Investment outside of London has been led by funded institutions of scale and accompanied by investment from other media players. This institution-led approach illustrates the clear role that funded institutions of scale have to play in the government's levelling up agenda.

BBC investment across the UK continues to provide a strong voice for towns, cities and parts of the UK that have seen a decline in commercial media and journalism coverage. In 2019, the BBC spent more than £1.4 billion on original UK TV content, working with more producers than ever before, (including more new producers, more producers based in the nations and regions and more qualifying independent producers). Today, over half of the BBC's spend and staff are outside the M25, and the proportion of TV programmes produced in Scotland, Wales and Northern Ireland has more than doubled in the past decade. In 2007, the BBC made a decision to invest in MediaCity in Salford, to provide economic benefit and better serve audiences in the north. This significant investment in jobs and production capacity de-risked investment from private shareholders and unlocked significant supply chain GVA – estimated to total £217m in FY 2014/15. This public sector led intervention created facilities now used by actors across the value chain and beyond, sustaining economic activity beyond the original investment, with creative and digital businesses also relocating to the area or interacting with BBC supply chains.

Likewise, Channel 4's commitment for 300 jobs outside of London and 50% outside of London spend by 2023 has led to the establishment of creative hubs in Leeds, Glasgow and Bristol – activity which contributes to the broader narrative thrust of shifting the centre of gravity away from London. The investment into these smaller centres of excellence has created a catalyst for broader growth across their respective regions, with other actors within the value chain considering relocation, and an increasing volume of work for local freelancers and microbusinesses. Channel 4 supports over 10,600 jobs in the UK across its supply chain every year, of which nearly 3000 are outside of London. Channel 4 is on track to meet its target of 50% of originated spend with Nations and Regions producers by 2023, with £189 million of nations and regions spend across its portfolio in 2019, £35m

of which was in the UK's devolved nations. The creation of the National HQ in Leeds has been the catalyst for a clustering of TV, film and creative organisations in the city and surrounding area, with a number of independent production companies springing up in the city, UK TV establishing new Leeds based hubs, trade association Pact opening its only out-of-London office in the city and the country's first Centre of Screen Excellence launching there in 2020.

ITV spreads opportunity across the UK with its network of nations and regions bases and production hubs, particularly in the north (where ITV is an anchor tenant in Salford alongside the BBC). Nearly half of ITV's group employees (over 2,000 people) are based outside London. The company spends c£300m each year on programme making outside London and as a result have a strong and constant demand for a wide range of on- and off-screen talent. This is particularly driven by its two drama hubs in Leeds and Salford, which make the approximate equivalent of more than 150 feature films per year (the Coronation Street production stage is the largest single TV production site in the world).

In Wales, S4C is the only broadcaster commissioning solely for Welsh audiences, with a key role reflecting Welsh culture and society and in promoting the Welsh language. S4C generated an economic impact of £141.1m in the Welsh economy in 2019-20, including a direct impact of £77.6m, an indirect impact of £0.6m through being the anchor tenant for Yr Egin centre in Carmarthenshire, and induced impacts of £62.8m through expenditure stimulated in Wales (figures have been rounded.) Nearly 80% of S4C's public finance is invested in programmes and content – invested in production companies across Wales, in turn playing a major role in their local economies and generating prosperity in some of the UK's most disadvantaged areas, particularly in rural north and west Wales. 89% of its suppliers noted it had some positive impact and that working on S4C productions gave them the confidence to invest in infrastructure, technology and the workforce. S4C reaches Welsh audiences in an indigenous language through the S4C channel and through partnerships with digital news platform Golwg and Teli Môn. This content is also increasingly available on SVOD platforms like Hinterland/Y Gwyll on Netflix and Keeping Faith/Un Bore Mercher on Amazon Prime.

The UK's strong cultural ecology has paved the way for inward investment, where global players add value to our existing domestic ecosystem. For example, Netflix invested \$1bn in 2020 on UK content, establishing the UK as an important content hub for Netflix, with the British market second only to its home market in the US. In 2019/20, Netflix created over 5,000 jobs for cast and crew on Netflix UK original productions and co-productions - with a concentration of production in Bath (Bridgerton), Bristol (Our Planet, Robin Robin), Manchester (The Stranger, The English Game), Liverpool (The Irregulars), Newport (Sex Education), Edinburgh (Eurovision); and notable activity in Norwich (Jingle Jangle), Suffolk (The Dig), and many other locations.

Another powerful example of the impact of inward investment on growth in the nations and regions is HBO's investment into Northern Ireland via Game of Thrones. The production spent £251m on goods and services in Northern Ireland between 2010-18. This inward investment unlocked £15.95m of spending from Northern Ireland Screen over the same period, catapulting Northern Ireland's reputation as a global production location, professionalising the industry, and hugely impacting skills development – not just for the production crew but also for local craftspeople, armourers, joiners and carpenters. Now, two years on, Belfast Harbour Studios is to create the largest studio complex outside of SE England in a £45m expansion - made possible by the growth in the local film/TV industry catalysed by Game of Thrones. This example shows how inward investment from a global player can quickly drive and sustain growth out of London.

Overall the creative industries are growing at 4x the rate of the UK economy as a whole. Post-2008 recession, the creative industries bounced back, so we know that post-pandemic, creative businesses will again have the power to drive us out of recession and help us to “build back better” in a rapid fashion. More than that, they can revitalise our places, driving economic growth and unlocking innovation whilst bringing joy to communities everywhere. Case studies like those referenced above are supported by broader statistical trends. Growth in regions like the West Midlands shows the potential for recovery in all parts of the UK – DCMS Economic Estimates from 2010-2018 showed 46% GVA growth. We can also see this reflected in the growth in nations with a 55% jump in Scotland alone.

However, we must ensure that the right policy interventions and investments are made to ensure that this swift recovery is experienced across all nations and regions of the UK. Research published by the Policy and Evidence Centre for the Creative Industries and Creative England shows that post-2008 recession, an increasing share of creative industries employment was found in London, with London’s rapid growth suggesting a resilience not experienced in mid-sized and secondary locations. In film and TV, there was a 54.9% share of creative employment in London in 2018 compared with a 1991 share of 36.5%. A recent Creative Industries Federation survey matches this trend, showing that creative businesses outside of London were almost 50% more likely to indicate turnover had dropped by over 76% in the July-September period.

Protecting out of London activity should be a core component for policymakers, to ensure the industry avoids reconsolidation around London as it recovers from the pandemic. Culture and the creative industries drive economic value and activity for people and places across the breadth of the country and have the power to regenerate villages, towns and cities across the UK.

## **Global Competition**

As the global audience demand for content grows, the UK’s world-renowned production capacity and skilled talent base makes our nations and regions an attractive place for companies to invest into UK-originated IP. More than this, the content which is created in the UK is innovative and forward-thinking.

One of the benefits of our competitive mixed media market is that companies continually test the boundaries of possibility when it comes to creating content. The ability to innovate and conduct research and development results in exciting content for consumers – both national and international. UK actors across the value chain set the direction of travel for content on a global scale. Investment into the consumer market for immersive content and applications will ensure the UK remains competitive against the Asia-Pacific, North America and Europe markets.

When it comes to innovation, public sector interventions can lead the way, shouldering the burden of the risk for the benefit of the entire market, transforming processes, technologies and formats, and shaping new value chains for all parts of the ecosystem. The BBC has a track record of investing in new and emerging technology to improve the creation and delivery of its content as well as the processes and systems that support it. As required by the BBC’s Royal Charter and Agreement it provides a centre of excellence for R&D in broadcasting and new media.

Public sector and private sector actors can also work together to share risk. Partnerships on innovative content are not only financially beneficial - by leveraging a mixed ecology, content can pack a bigger punch. Partnerships give international stage and profile to UK-originated content, amplifying a buzz around the best British content, building new audiences and extending the UK’s soft power beyond its borders.

Commercially, Netflix has been one of the PSBs' biggest customers in recent years, licensing extensive catalogues of UK content from producers for exhibition in the UK - often on a non-exclusive basis - and around the world, including titles like Line of Duty, Sherlock, Luther, Happy Valley, Peaky Blinders (all on BBC One), and The Great British Bake Off (Channel 4) - recent research from Ofcom estimated a total of 1,276 hours of content on Netflix from UK PSBs. Recently, Netflix and the BBC co-produced The Serpent, and together they are launching their first natural history co-production, a series with Sir David Attenborough called Life In Colour. In the past eighteen months, the following co-pros have all premiered on the PSB channels: Dracula and Giri/Haji, both with the BBC; Feel Good, a co-production with Channel 4; and season 2 of The End of The F\*\*\*ing World, another co-production with C4.

The BBC's principal commercial arm, BBC Studios, combines high quality production across all key genres with a global business which exploits the value of BBC's content and intellectual property around the world. As well as making programmes for audiences around the world, its activities enable long term investment in content which benefits the wider creative ecology, including building co-production and sales deals for content (80% of the funding for Seven Worlds, One Planet came from outside the licence fee); supporting brands like BBC Earth, BBC First, Strictly Come Dancing, Top Gear, Doctor Who and Bluey; participating in direct-to-market initiatives like BritBox and BBC AMERICA; building multi-year content partnerships with the likes of PBS and Discovery in the US, ZDF in Germany, FTV in France and CCTV9 and Tencent in China, and holding equity stakes in boutique UK scripted and unscripted indies to support emerging talent on and off screen.

## **Talent development**

As IP-rich businesses, the success of companies working in the market is predicated on the talent which creates their IP. As a result, the growth in the mixed media market has led to the growth of several exceptional talent support and development interventions, delivered in all parts of the UK. Because of the degree of labour mobility within the creative industries talent pool, investment in talent through skills initiatives and apprenticeship/training programmes will have a ripple effect across the rest of the creative industries value chain. Individuals often move across the different verticals of the creative industries, sharing insights, knowledge and transferable skills. This mobility of labour is especially important for individuals working in smaller centres of excellence, as they can efficiently transition into new roles or work flexibly across several projects, contributing to their financial success and stability. By developing talent across the four nations of the UK, such interventions ensure that training reaches those underrepresented in the creative industries, contributing to a more diverse talent pipeline.

The BBC's aforementioned investment in Media City created a significant number of skilled roles in the area – which was previously behind the UK and the north west in terms of overall qualification levels. Schemes like the BBC's apprenticeship programme and Young Ambassadors scheme, which launched in 2011, have benefited individuals in the local area and contributed directly to developing a stronger talent pipeline in Salford.

In Wales, S4C established a training partnership with TAC (Welsh Independent Producers) in 2018 to deliver a range of open access courses and workshops at all levels of the production sector. Since April 2020, the programme has been continuing online, with attendance doubling from 2019 figures in 2020, and free spaces offered to freelancers to support them during the Covid-19 pandemic.

As well as investing in the skills of people who have a direct role in the screen industry, companies invest directly into talent which operates across the creative industries ecosystem. From visual

artists, to playwrights, to stand up comedians, investing in fringe talent creates opportunities for emerging voices to reach new audiences across the UK. Under its remit to take risks, for the past forty years, Channel 4 has been delivering programmes which invest in and nurture new talent, with social mobility at its heart. Initiative such as 4Playwrights, 4Stories and 4Screenwriting often give creative talent their first big break. Since 2015, over 5300 people have taken part in training schemes, apprenticeships or skills workshops offered by Channel 4. These schemes have been the launchpad for many careers – 91% of the cohort of the most recent Production Training Scheme in 2019 went on to get full-time roles in the industry. The first series of On The Edge, which was developed through the 4Stories initiative received 2 BAFTA nominations for Best Single Drama and Best Breakthrough Talent and 3 BAFTA Cymru nominations for Best Drama, Photography and Sound.

ITV is also major investor in development and training in the creative industries, including outside London. It serves its high demand for talent with an extensive programme of talent identification and recruitment - including a long history and track record of talent spotting in drama schools and theatre across the north of England - as well as through training and development. This includes an apprenticeship scheme with a strong commitment to diversity, the First Break initiative using the power and scale of its Soaps, and its Original Voices writers scheme.

Beyond the screen the BBC's convening power can attract new audiences to new voices. Contains Strong Language, a BBC convened spoken word festival ran for three years in Hull before moving on. The festival included 150 events, welcoming 18,000 attendees and attracting a combined broadcast audience of nine million. Contains Strong Language resulted in 30 artists publishing work as a result of the festival leaving a legacy of connection and collaboration in Hull. Over 90% of attendees said after the event that it was important that it happening in Hull. After Hull CSL moved onto Coventry and future festivals are planned in Leeds and Birmingham.

The recent decision by Sky to make Sky Arts – the UK's only channel dedicated to arts and culture-free-to-air has been pivotal in its contribution to accessibility and participation in the arts, at a crucial time for the cultural sector. In Q4 of last year, 18 million people from across the UK tuned in to watch shows commissioned from all parts of the creative industries, giving visibility to museums, theatres and galleries during lockdown. Alongside this new slate of original programmes, Sky will launch a series of bursaries that will see leading figures - such as Bernadine Evaristo and Anish Kapoor - support and mentor diverse emerging artists.

## **Opportunities for Growth**

As demand for media content from consumers increases, the opportunity to generate value and impact across the whole of the creative industries, and beyond, can only grow exponentially. There is a huge opportunity for media players active across the UK market to respond to this demand through commissions, partnerships and co-productions which create exceptional, globally competitive UK-owned IP.

Given the existing infrastructure of the media market and the regulatory system, this growth will be spread across existing creative clusters, contributing to local economic, culture and democratic life inside and outside the M25. As we continue to build and sustain these creative hubs, our nations and regions will experience organic growth in economic activity and will spawn a plurality of new voices, viewpoints and suppliers.

The rich plurality of the content production supply chain is reflected in the diversity of audiences for that content, which goes beyond demographic constituencies to serve the entire length and breadth of the UK. Audiences can and do access public service content across a variety of platforms and in

different formats. As audience behaviour shifts more dramatically, so actors across the value chain are evolving to meet the needs of the market. For example, on YouTube, some public service content is growing 50% year on year, faster than overall channel growth, showing the appeal of this content to their audiences.

Given the rate of change within the market, there are differing views across the sector on how the regulatory model should evolve to take account of changing market dynamics and consumer behaviour. However, there is agreement that additional measures could grow and strengthen the existing contribution to economic, cultural and democratic life.