

Screen England Response June 2008

Ofcom's Second Public Service Broadcasting Review

Phase One: The Digital Opportunity

Screen England Background

Screen England is an active partnership of the nine Regional Screen Agencies. The RSA's are funded by lottery, via the UK Film Council, and Regional Development Agency support combined with European Regional Development Funding and other partnership sources.

The RSAs exist to promote and build a vibrant and sustainable moving image industry in the English Regions, which is rooted in an accessible and diverse screen culture, maximises the opportunities for the development of regional talent, celebrates cultural identity, encourages the sector's growing importance to a regional economy and promotes world-class creativity within it.

We welcome OFCOM's Review as a timely and important driver in the PSB debate.

Our perspective

Summary

Most RSAs are now converged agencies working across the range of moving image sectors and platforms.

RSAs commission projects that meet the needs of people and not just markets.

To be successful the PSB provision must occupy a challenging and complex space requiring effective partnerships with National and Regional stakeholders.

RSAs have a range of experience that may be useful to the PSB landscape.

We feel we are in a strong position to comment as Screen England is already a country wide partnership commissioning content of equivalent Public Service value for a range of platforms and distribution models.

Each year Screen England invests over £20m in content production, training, locations, business development, archives, education, festivals and cinemas.

Our investments are complex in form ranging from straight grants, to softloans to formal FSA regulated funds.

Most of the Regional Screen Agencies are converged agencies already, working with film, television, games, interactive media, multiple platforms and some are beginning to work more closely with the theatre and music sectors.

Uniquely our commissioning models sit in front of a whole set of complex aims and objectives, only some of which are commercial. This means we are better able to commission projects that meet the needs of people and not just markets.

Screen England work collectively with over 750 partners at regional, national and international levels from the Government, UKFC, RDAs, Broadcasters, Telecoms partners, Sector Skills Councils, Business Links, Regional Cultural Consortiums, Local Authorities, Arts Council England, media trade bodies, other regional cultural and commercial agencies, communities and companies. In 2005 Screen England worked with 76 different language communities.

The Regional Screen Agency model successfully joins up the regional with the national, the cultural with the economic; regional delivery hits national strategy targets and the regional specificity translates national policy into successful local activity.

To give better insight into how this is done we recommend 'The Big Picture' John Holden DEMOS 'The Regional Screen Agencies, building community, identity and enterprise.'

<http://www.demos.co.uk/publications/thebigpicture>

We offer two quotes from the report –

“When the Minister for Culture speaks of building a “culture of participation”, and “ensuring that the framework for our investment supports bottom-up innovation rather than top-down dictation”, there are few better examples than the RSAs.”

“RSAs do not claim to own or control cultural products in the moving image: rather, they help to bring them into being, and provide a point of mediation with government, policy-makers and the world beyond the screen sector. In this environment, they have adopted a logic of intervention that defies the simplicity of linear input-output, funder-funded, hierarchical relationships. The cumulative value of the RSAs cannot be adequately described at the bottom of a balance sheet.”

RESPONSE TO QUESTIONS

Section 3. How well are the public service broadcasters delivering public purposes?

3i) Do you agree with Ofcom's assessment that television continues to have an essential role in delivering the purposes of public service broadcasting

It is clear from the OFCOM research that television plays a valuable role in delivering the purposes of PSB as defined by OFCOM relating to 'understanding' 'knowledge' 'cultural identity' and 'cultural awareness'. We agree particularly agree with the Exec Summary point 1.5 highlighting the need for "significant amounts of new UK content, reflecting the values, perspectives and lives of UK consumers and citizens."

Nothing can presently match the medium of TV in terms of penetration and coverage, accessibility and as a long-trusted source of information and entertainment, but this is not an exclusive preserve of the medium and it is essential that continued efforts are made to ensure funding and legislation is put in place to smooth the migration from Television to digital platforms and convergent technologies

However there is some concern with Ofcom's observations about the nations and regions (3.85 to 3.92) and the illustration of failure indicated there.

In particular Viewers outside London value seeing their nation or region portrayed on network television, but levels of satisfaction with the current output are low

According to Ofcom's Nations and Regions Communications Market Report 2008, TV1 and the BBC invested a total of £199m in originated hours of output for viewers in England in 2007 - accounting for 61% of their UK-wide spend on national and regional output. This represents a real-terms reduction of 4% on 2006, compared to the UK-wide reduction of 3%; the fall was driven mainly by ITV1's declining spend on English regional news. Although ITV1 met its 50% volume Out of London quota, achieving 53%, the proportion of ITV1 spend outside London in 2007 was 44% - significantly below the 50% minimum

3ii) Do you agree that UK-originated output is fundamental to the delivery of public service broadcasting purposes?

The consultation reinforces the fact that the public value both regional news and importantly regional programming – and that this public value must be protected within any new model. It does however note that the financial sustainability of regional programming is an issue, especially for ITV.

Ofcom recognises that the out-of-London production quotas have not necessarily delivered the desired investment from a Regions, and especially Nations, perspective. Also clearly lacking is a diversity of cultures portrayed, audiences believe that TV is an important way of communicating local culture but this is not being reflected on screen. Conversely Radio is extremely adept at communicating to a local audience and a strong driver of representation and regionality.

It is clear from all the research that audiences greatly value UK-originated programming.

UK originated output is an absolute necessity if PSB standards and aims are to be maintained and improved upon. More specifically, it is essential that all nations and regions within the UK have fair and proportionate representation across PSB content. Public service content in this country must reflect the issues and culture and represent the diversity of voices and opinions in the *whole* of the UK.

Whilst we accept the Ofcom assertion that “in some genres....overseas programming has contributed substantially to competition for quality”, there appears to be a growing inequity between the spiraling costs-per-episode of importing top US series and declining budgets for indigenous production – particularly in drama and comedy. Greater levels of investment in UK talent and indigenous production must be a priority if we are truly going to compete with overseas programming on quality of output

In particular we note the high level of dissatisfaction from audiences with the “delivery of non news programmes in the nations and regions” and “portrayal of the nations and regions to the rest of the UK in network programming.”

While Ofcom research indicates the value of indigenous language to the nations audience, specific English regions research also illustrates that the English Regions audiences want to see more local regional stories - both drama and documentary. Though this may be challenging to achieve in practice it demonstrates the desire from regional audiences for programming with more relevance to their own lives and communities. There are serious concerns that Broadcaster involvement in the regions has dropped radically in the last few years and in some regions there is deep dissatisfaction from regional audiences with regional delivery and portrayal. This is supported by research and commissioning levels.

There is concern from Regional Screen Agencies on the retreat of ITV from the regions and therefore an increasing need for the BBC to step up on regional distinctiveness and as an investor in regional Creative Industries infrastructure

The English regions do not want to see the only significant output from the regions being carried by local news alone, however Ofcom's need to look to the future is underlined by the extent to which there has already been substantial falls in non-news regional output which Ofcom has allowed ITV1 to undertake. Overall hours of regional output fell by 8% between 2003 and 2007. Hours of regional non-news/non current affairs output fell by 44% in this period. ITV1's regional news and current affairs fell by 9% and 10% respectively in the same period, under license variations agreed by Ofcom. The fall in spend by ITV1 of 28% and BBC of 12% between 2003 and 2007 is a substantial reduction to an area of the output which is valued by viewers.

We are also concerned about the scale and speed of decline in Children's television production. Many regions have companies involved in Children's production have been hit hard by ITV's reduced commitment in this area.

We feel that the decline in Children's production is likely to be replicated in other areas which Ofcom indicates will come under pressure – such as regional news, and network current affairs. These are areas where UK originated output is fundamental.

There is concern from RSAs on the retreat of ITV from the regions and therefore an increasing need for the BBC to step up on regional distinctiveness and as an investor in regional Creative Industries infrastructure

We note that Channel 4 has been a huge champion of independently produced content from a variety of different producers in the UK and have traditionally played a key role as a creative and cultural investor – much more than the BBC. There is particular support for the role of C4 as catalyst. We welcome and would like to see more initiatives like the 4IP fund and the opportunity for Regional Agency and PSB providers to work on partnership across all Digital platforms. These endeavours will enhance regional and national partnerships thereby increasing opportunities for regional content and companies. We hope that the BBC will substantially increase the share of its online and multi platform content from independent producers

Section 4. The changing market environment

4i) Do you agree with Ofcom's conclusions about the way that other digital channels and interactive media contribute towards the public purposes

We recognise the greatly increased demand for media across a range of digital and online channels as a huge opportunity for the production of public service content. We would urge Ofcom to consider how regulation can stimulate the production of high quality public service content to meet this demand. There is a desire to support new platforms and technologies to communicate at regional/local level, albeit balanced against need to extend broadband across all rural areas.

Undoubtedly the public consumption of media has changed and will continue to do so as new platforms and technologies become available. We welcome Ofcom's "vision for the future in the digital age" and recognition of the fact that this will require new sources of funding in the interests of plurality. There is still perhaps too much emphasis in this section on how interactive platforms can be used as a vehicle for delivering archive and other 'passive' one-to-many type content, whereas a greater emphasis should be placed on the latter half of section four which details some of the main advantages which interactive platforms can have over broadcast television in the provision of public service content in terms of addressing niche interests and diversity of voices and opinions, lower costs of production for high PSB value, (eg news and regional programming) etc.

It is disappointing to note that despite these findings stressing the benefits of interactive platforms in the detailed report, the executive summary seems to suggest in parts that digital and interactive platforms are a poor cousin to broadcast television and, consequently, are of a secondary concern. Whilst we agree that interactive media content "does not currently constitute a substitute for public service broadcasting", there is an implicit suggestion in this statement that this is an 'either/or' option whereas, in fact, the platforms must exist side-by-side and with equal importance. The executive summary further states that "people are less likely to discover public service content (online) than on television". This is highly debatable. OFCOM's previous work in the area of interactive media's contribution to public purpose has been extensive and this latest Review would have benefitted from including some of its findings and the responses from the industry.

The emphasis in the current conclusions appears to be more on television derived media and database driven informational applications than on digital media that creates social and community impact. In particular, these media tend to take a national perspective – the notion of regional representation is absent entirely from commercial side channels and does not seem to be particularly significant for dedicated public channels such as BBC3 or BBC4. The Regional Screen Agencies have been active in supporting work that engages the public through new work and interactive creativity and there are a wide range of examples across the whole country

of regionally generated digital content that is of high quality, original, innovative, challenging, engaging and accessible. The Regional Screen Agencies are well networked, have robust application procedures and a strong focus on local commissioning, regional talent, regional needs and regional stories, They could be a mechanism for commissioning and delivering through digital outlets.

In addition the current legislative framework has fallen well behind the pace of technological and consumer change. All channels do hav significant online and wider digital/online channels. In particular Channel 4 is still defined as a linear PSB TV channel. This needs to be updated to capture the full value of their activities.

However there is a belief that in the medium/longer term, internet based services will have the ability to deliver local interest in an interactive and efficient way. At present the economics of these modes of delivery can be challenging and access to broadband, especially in rural areas, is still a barrier.

Section 5. Prospects for the future delivery of public service content

5i) Do you agree with Ofcom's assessment of the implications of different economic scenarios for the UK TV market for the future prospects for delivery of the public purposes?

We agree with OFCOM's assessment that from a Broadcaster perspective the market is unpredictable. This confirms the importance of regulation to ensure public service commissioning, content and delivery remains fit for purpose. We think it is important that Ofcom underlines the importance of further exploration of the potential for new forms of PSB content and delivery mechanisms with a focus on new ideas and new talent, taking risks – public funding should be used to do more difficult projects, those which the commercial sector will tend to avoid.

We feel Ofcom should be wary that it does not fall into a trap of its own making in trying to assess the value of ITV's licenses relative to the cost of PSB requirements. ITV's, as the leading UK commercial broadcaster, has accommodated these PSB requirements – and is likely to continue to accommodate them so long as Ofcom ensures it does so. It is possible that ITV will seek to accelerate the process in order to put Ofcom under further pressure to relax the regulatory obligations. In that case, things could get a lot worse a lot more quickly than Ofcom anticipates.

5ii) Do you agree with Ofcom's analysis of the costs and benefits of PSB status?

On the Whole the Regional Screen Agencies generally agree the analysis. But access to more detailed figures it is hard to comment on the accuracy. However a recent report by Attentional

for the North East outlines that traditionally the figures used by OFCOM and ITV for the opportunity costs of PSB obligations may be inflated.

However all agree that ITV's continued withdrawal from children's programming in light of the advertising , offers a clear example of exactly how precarious the balance between commitment to PSB content and commercial returns really is. If left entirely to market forces, it is quite clear that we are likely to see a wholesale erosion of UK originated public service content. We note that in the 'very unprofitable' category there are the following important genres: Nations and regions news; UK Children's; nations and regions other programming It is worth noting that though this may be true in commercial terms the public who watch these programmes value them highly. This confirms the importance of regulation to protect these forms of programming.

Section 6. Meeting audience needs in a digital age

6i) Do you agree with Ofcom's vision for public service content?

We agree with Ofcom's conclusion that the existing model for public service provision is not fit for purpose in responding to the opportunities and challenges which lie ahead and therefore that it is We also note that though OFCOM suggest news content would be required reflecting regional needs, there is not a similar emphasis in other genres. In light of the lack of production about or from the North East, it would be prudent to include a regional emphasis for other genres as well as news.

Clearly digital and interactive platforms play an increasingly important role and offer many unique attributes which can greatly enhance the public service offering. Intervention is necessary in order to ensure plurality but also to maintain high quality standards, to fund innovation and to ensure that steps are taken to bridge the digital divide.

6ii) How important are plurality and competition for quality in delivering the purposes of public service broadcasting, and in what areas?

Plurality and competition are critical in delivering the purposes of public service broadcasting. However the region's experience suggests competition and plurality at national level is not enough. Ofcom's viewer research reflects the value people place on this and in terms of a regional economy it is vital that there is more than one source of content. Although there is high quality network programming and strong local radio, the lack of any commissioning of regional content from regional production companies at regional or national level means the regions sees little of themselves on televisions. We would however sound a note of caution in that plurality of providers isn't always a good thing – look at US telly! Therefore the conversation needs to be about plurality of representation, voices etc

Plurality of institutions is crucial. We are aware of the Importance of BBC as an anchor resource within PSB. There are challenges facing the need to sustain something that is a world brand and in general works well, with the need for plurality of voices and supply. From an industry perspective, the BBC undoubtedly does a great job in producing large-scale projects and has the resources to innovate. As well as delivering plurality across providers and genres, it's important there is real distinctiveness, choice and diversity of voice – Channel 4 does different

things in different ways to the BBC (whether in current affairs, drama, online and interactive). However In a the rapidly-changing digital media landscape there are advantages to be gained from more nimble companies and organisations who are better equipped to react quickly and to collaborate with commercial organisations, regional partners and new talent in developing new content and new ways of reaching an audience.

6iii) In maximising reach and impact of public service content in the future, what roles can different platforms and services play?

It is important to look across all platforms – digital TV terrestrial, satellite and cable; internet and IPTV, mobile and other web based services could play a vital role for the regions. They could provide a platform for regional stories and regional talent. We agree with the following paragraph (page 85): “The model for intervention in support of delivering public purposes would need to be able to adapt to potentially radical changes in the way consumers and citizens access public service content. It would need to have the flexibility to fund services on whichever platform represented the most cost-effective way of reaching audiences.”

However, the quality of these services must remain high, higher in fact than the current regional offerings from ITV and the BBC which are not accessed extensively. There are limited regional advertising revenues available to support these services currently. IPTV and web based services are therefore unlikely to play a significant regional role without a different funding and operations model to support them.

The impact of public service content has to include the level to which it engages with regional production communities. A region that does not feature on the nations screens is in danger of becoming invisible. All regions have benefitted in the past from vibrant local production. We strongly recommend that any debate on the impact of PSB services reflects the impact of local PSB commissioning and production as well as consumption.

We would also Ofcom to focus on sources of demand rather than on new supply-side measures. For example, search has been mentioned by Ofcom as one technology that could be developed to help identify public sector content and therefore demonstrate to potential providers, either from the private or public sector, how best to reach this audience and thereby optimise whichever metrics for return on investment they may have.

A more direct dialogue with audiences and engagement with individuals and communities becomes possible with different platforms. Audiences need no longer be passive consumers of content, but active participants in it. While there are concerns over maintaining quality and suitability of user-generated content, there is undoubtedly a huge potential to fulfil many of the primary objectives of a public service remit – for example diversity of perspectives, representation of nations, regions communities or niche interests to a macro level etc – whilst also addressing some of the concerns over prohibitive costs of production for such non-commercial content.

As screen agencies we are already funding PSB content regionally and thus an existing mechanism for delivering cultural and economic impacts. A new quango doesn't need to be created; the RSA's already provide an infrastructure which makes investments in PSB content which stretch well beyond traditional broadcasting. Investment in PSB content via the screen agencies has the following market advantages:

- It addresses issues of diversity and social cohesion by using regional knowledge and profile to target impacts – a more strategic, flexible and responsive instrument than a national model
- Regional funds would counter the metropolitan focus and create a faster (and more “honest”) movement of economic impact into the regions than quotas or enforced BBC moves

6iv) Do you agree that the existing model for delivering public service broadcasting will not be sufficient to meet changing needs in future?

We agree that all PSB broadcasters face challenges – BBC, ITV and Channel 4 – and that therefore the existing model for delivering public service broadcasting across terrestrial television services will not be sufficient to meet changing needs. Some regions feel that model is already seriously failing. We feel it is important that regulators and legislators move as fast as possible to new legislation given the pace of change and the strain that the system is under already

The existing model, while making a few concessions to interactive platforms and emerging technologies, is still based largely on a one-to-many broadcasting model and traditional funding routes and does not fully take into account the complexities of a many-to-many broadcasting, content sharing, the global marketplace, increased competition for audience’s attention and advertising revenue or issues of regulation and standards.

However we foresee considerable potential to meet new demand for new forms of PSB as a result of the digital opportunity identified by Ofcom. Channel 4’s 4IP model is an interesting one, with commissioning devolved across a network of regional hubs, partnerships with RSA’s/RDA’s etc and the flexibility to enter into agreements with other brands and platforms in order to maximise the reach and scope of digital projects. This offers many more opportunities for regional production bases, collaboration with new supply and distribution networks, industry growth and an opportunity for different voices and different perspectives to be represented and heard.

Section 7. Future models for funding and providing public service content

7i) What are your views of the high-level options for funding public service broadcasting in future?

It is difficult to see any significant changes taking place without new resources being made available or existing resources being migrated. We need to look beyond funding options that have served public service broadcasting in the past and identify ways which ensure future delivery mechanisms that will match what people want to view.

We would obviously be supportive of a more devolved funding approach.

There is growing evidence that the Regional Screen Agencies have been able to form strong partnerships with existing PSB broadcasters to develop content with community and social

value.¹ For example, in the North East, Northern Film & Media have worked in partnership with the Community Channel to develop and produce programming reflecting the stories of North East communities.

Our comments on the four models – below – concentrate on looking to a future which is driven by demand. We cannot simply seek to preserve what we have had in the past in this region, and so we are putting forward proposals which are designed to identify new models of sustainability that reflect the strengths of our regional creative industry and its capacity to play an important part in the global creative economy

7ii) Are the proposed tests of effectiveness for future models for public service broadcasting the right ones?

The tests are robust at the top level but without an element of Regionality there is a danger they allow for an entirely centralised approach. We encourage Ofcom to look at how this can be included in any tests it may devise.

7iii) Of the four possible models for long term delivery of public service content, which, if any, do you consider the most appropriate and why? Are there any alternative models, or combination of models that could be more appropriate, and why?

Model 1 Evolution

There are concerns from some regions that if their ITV stations lose their PSB role, the region will see a significant downturn on production and regional on screen profile and have never supported the idea that ITV should shed all its PSB responsibilities with the analogue licence. There is a concern that ITV should not be allowed to so easily divest this vital public service role. If ITV further reduces its regional role it will be important to create new mechanisms to fill the gap.

There are strong commercial – and cultural reasons – why ITV in particular should be held to its PSB responsibilities. ‘Evolution’ is an inaccurate description of the process ITV wishes to undertake – ‘Erosion’ is more appropriate. Consequently Ofcom’s role should be to buttress PSB responsibilities where they are most threatened, learning from Children’s and protecting network quotas, regional news, and vulnerable genres such as current affairs. We feel it is important to look for new funding mechanisms in order to fund any regional deficit caused by relaxation of ITV quotas

The commercial stations – notably ITV – may be more likely to benefit from being released from its PSB obligations and freed to operate on a purely commercial basis, particularly since – as stated in section 5 of the review – the costs of maintaining its PSB licence will outweigh the benefits before 2012. In its approach to children’s programming in light of the advertising ban, ITV has already shown that commercial necessities will always override its public service remit.

Model 2 BBC only

We acknowledge the vital role that the BBC plays in PSB content provision – in particular its role for innovation, quality content, national and international news and current affairs. We welcome

¹ The Big Picture. The Regional Screen Agencies building community, identity and enterprise. DEMOS. John Holden. May 2006

the BBC devolved organizational plans as a way to reinvigorate the Corporation and to break down some of the barriers for suppliers and audiences, but this won't necessarily have a positive impact on all the regions. The BBC is an important international player and brings value to other audiovisual content because it is recognised as a global brand. However, a monopoly would bring its own dangers and that would mean losing the plurality which we now have and value – a decline in the range and diversity of public content would be inevitable.

Model 3 BBC/C4 plus limited competitive funding

The North East experience of working with Channel 4 and the BBC has been positive though not wholly fruitful. We would be supportive of this model if a robust element of Regionality was included in the remit. We would want to know more about how transferable funding will replace any loss of network quotas, regional news and vulnerable genres.

This model seems like the natural step forwards in that it addresses issues of plurality in a way that provides quality competition for the BBC, but also complements the BBC's output. Far from trying to rid itself of its PSB commitments or reach only minimum acceptable standards and quotas, Channel 4 has demonstrated a huge appetite to expand its PSB brief and taken positive, pro-active steps in this direction, notably with 4IP. The channel has consistently complemented rather than competed with the BBC's PSB output and particularly in areas where the BBC is not particularly effective – eg. diversity and programming for older children/teens. In its approach to the nations and regions, Channel 4 has also shown a positive stance, consistently meeting or – usually - exceeding its regional quotas. The inclusion of limited competitive funding in option three allows for plugging of any gaps in provision between the BBC and Channel 4.

Model 4 Broad Competitive funding:

In some respects this approach could benefit the region considerably – the development of the North West creative economy is well advanced and therefore it would be well-placed to bid for transferable contracts. However, it is important that some of these contracts should stipulate that they must be awarded to out-of-London organisations if they are to make a meaningful contribution to the regional economy. The robust infrastructure and financial processes of the Regional Screen Agencies could be well positioned to co-ordinate a new form of PSB through our partnerships with industry, new talent and the communities of the region.

However there are concerns that allocation of funding via the BBC Trust or a newly created body could be fraught with problems and cumbersome processes with any newly created agency which would all prove counter to the fast-moving, ever-changing digital media landscape, where the ability to react and adapt quickly is paramount. The threats to C4 future funding and the challenges to the BBC in delivering its existing remit suggest a whole new approach could be highly disruptive without necessarily creating much change in the short to medium term. This model would need a competitive tendering but that this needs to be done on a sufficient scale to make it meaningful. For instance, there is a big difference between tendering for a programme e.g. Question Time and tendering to operate an entire channel – More4, BBC3 etc.

General Remarks

The RSAs are not entirely convinced that the four models outlined by Ofcom satisfactorily address the issues which Ofcom has raised elsewhere in its report. By being so prescriptive

with just four models, Ofcom has limited the range of ideas which may be considered. For instance, only one of the four options envisages ITV continuing with any PSB responsibilities. Given the importance of ITV, this is unsatisfactory – the ‘evolution’ model which is the only one offering continuing ITV PSB content is too vague.

Generally the Region’s relationship with broadcasters is good and both the BBC and Channel 4 clearly would like to play a more active role. However the will to properly engage at a commissioning level is always not there. We suggest that a better resourced and networked Regional Screen Agency model could work well with Model 3 if there were proper incentives to create a real will for the BBC and Channel 4 to work more deeply with the regions. This would provide a high level of local and community links with talent, ideas and stories combined with a robust and experienced PSB partnership.

We would also prefer to have more detailed options available under the third and fourth models. For instance, in the BBC and Channel 4 option, we would like to know more about how Channel 4’s remit could be revised to address concerns about the impact on regional economies should ITV’s regional quota be reduced.

ITV should be encouraged to maintain a regional role in news and current affairs programming. It is vital that there is competition in well resourced news output to encourage quality *journalism* and not just fast turnaround *reporting*.

There needs to be more discussion more about the way that long-term agreements could be devised to provide some opportunities to those regions which are likely to be most affected by a decline in PSB content. For instance, how might the major regional cities be better served for news if, as appears to be likely, there is a decline in output from existing suppliers and an increasing focus on the BBC? Could the digital spectrum available for cities and local operations be made available in such a way as to encourage greater plurality of news provision. Could the combination of smaller-scale digital licenses and broadband operations provide the basis for a new tier of localised services? If so, should funding be provided – along the lines of the Community Radio Fund – to ensure such services are sustainable?

Section 8. Options for the commercial PSBs

8i) What do you think is the appropriate public service role for Channel 4 in the short, medium and long term? What do you think of Channel 4’s proposed vision?

The RSAs are strong supporters of Channel 4, their contribution to creativity and innovation and their continual drive to find new voices and stories. We believe strongly that this should continue. We are concerned at the threat to their income levels in the future. One of the channel’s main functions in terms of PSB must be to continue to be at the forefront of innovation and to offer an alternative to the BBC. The proactive stance taken by Channel 4 in terms of its commitment to public service content is to be applauded, but it is unlikely that the level of investment they have promised is sustainable in the medium or long term without intervention.

Given the channel’s association with innovation and its strength with 14-34 year old audiences, investment in digital media via the 4IP fund is entirely logical as Channel 4 is clearly well-placed for such an undertaking. Likewise, the commitment to diversity, teenagers and new talent with ring-fenced funds is entirely consistent with the channel’s core strengths.

Equally welcome, though, is the decision to curtail another of the channel’s recognised

strengths by cutting spend on acquisitions in favour of investment in UK production.

Although Channel 4 has arguably done more than any other broadcaster to stimulate the growth of the independent production sector in the nations and regions, it is notable that their vision promises an increase in spend of 50% in Scotland, Wales and Northern Ireland, although not in the English regions, which is disappointing.

Many of the regions feel that Channel 4 is still too metropolitan focused, both as an organisation and in its commissioning, and would do well to seek more cohesive partnership with all of the regions based on opportunities for developing talent, diversity and excellence. Some regions feel that the C4 partnership comes with an ability for the region to pay, as illustrated in some of the nations and regions Development Schemes and the 4IP Fund – albeit that these are very good initiatives – some regions do feel excluded from the opportunity as they do not have the high levels of partnership funding from RDA regional investment budgets to draw on – this gap needs to be addressed as it raises concerns about Channel 4's desire to genuinely engage with all the regions.

However, should it be agreed that there is a short-fall for Channel 4, and that public funding is an answer to this shortfall, we would like a more wide-ranging debate about Channel 4's remit and the extent to which it will need to be more representative of regions and that they might seek more commercial income and seek to address some cost cutting back on organisational costs. If it is to receive funding from the public purse then the issue of how it represents itself outside of London will need to be addressed.

8ii) Which of the options set out for the commercial PSBs do you favour?

The RSAs believe that regulatory intervention is crucial to ensure a thriving regional media output and programming, and to enable audiences to have a choice.

For ITV, the evolution proposal looks most favourable. We would prefer to see the regional role of ITV legislated for in some way and do not see any options that would encourage this. Proposals to move away from network quotas and regional news; redrawing the regional map and ending the ITV and GMTV split; should be given careful review and ITV should not be allowed to steamroller through proposals without adequate consultation. We are concerned that what has happened to Children's programming does not occur in other genres.

BBC as a core component in an active Creative Industries infrastructure. For Channel 4 we feel more work is required to explain the potential benefits and risks of the three funding categories – funding from regulatory assets, public funding and funding from industry. As part of this process we would want to examine whether Channel 4 could offset the need for non-commercial funding by making costs savings through devolving substantial elements of its operations

Within the debate so far Ofcom's Option 4 – a competitive funding model – is often dismissed as an "Arts Council of the Air". This ignores initiatives such as Teachers TV which have been funded in this way and that it is increasingly easy for content producers to go direct to market.

The majority RSAs do welcome a Model 3 approach with elements of model 4. The BBC and Channel 4 forming the bedrock of the PSB system, with potential for other providers to sit around that core allowing contribution for ITV, Five, RSAs or new entrants to encourage proper regional engagement with audiences and talent with 2 particular strands included:

- The RSAs included in legislative agreements as valued strategic regional partners as they are a fit for purpose and responsive regional network in the Digital arena for reaching new talent and new audiences.
- The ITV PSB remit is continued in some form.

Section 9. Scenarios for the UK's nations, regions and localities

9i) To what extent do you agree with Ofcom's assessment of the likely future long term issues as they apply to the nations, regions and localities of the UK?

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We agree that Ofcom has identified the issues. We are less convinced by Ofcom's apparent lack of faith in regulatory intervention. Without intervention, it is difficult to see any other result than a steady decline in investment in regional production and representation.

OFCOM has identified a number of key issues. For the regions, the key issue that is missing is the fate of regional production sectors and the long term effect on the audience. Regional audiences clearly value all genres of programming reflecting their regions and their lives. With no regional production sectors there will be no one to make these programmes.

OFCOM has been urged to engage with the debate on the decline of regional production but has traditionally shied away from comment. No debate on how regional audiences will be served in the future is complete without references to who will be making the programmes, how and from where.

More needs to be done to encourage independent online production and ensure it is produced to an appropriate quality. We agree with Ofcom that there is real potential for new online services but do not believe such services have made sufficient progress in the region to ensure we can depend on them within the timescale of ITV decline.

Ofcom could go some way to meet new local and regional demand for digital services if it were to structure the auction for geographic spectrum that will be made available to ensure new regional and local DTT services can be established which are capable of being integrated with new online services.

The timetable of Ofcom's consultation and the question mark against any legislative timetable means that there is a real danger that Ofcom will end up shutting the stable door after the PSB horse has bolted, as has happened already with Children's TV.

9ii) Which model(s) do you think will be most appropriate in each of the nations and in the

Please see comments under section 7 relating to a mix of models 3 and 4 with the possibility of RSA involvement and increased emphasis on Regionality.

Long term we prefer to see a sustainable regional production economy that is driven by its ability to operate in the global digital economy.

We believe that the playing out of the ITV regulatory settlement should not be at a rate which suits ITV – i.e. as quickly as it can persuade Ofcom to relax its obligations. We feel that there are important gains to be made by ensuring that any regulatory settlement for ITV is managed over a period of years while alternatives are able to establish themselves

It is, in many ways, a common misconception that the BBC offers the best chance for catering to the nations and regions. This is not without its problems on two major counts.

First of all, whilst we welcome the move to Manchester, this brings with it the dismantling, closing down or scaling down of many of the BBC's regional production bases and raises the spectre of merely replacing one centralised production and commissioning hub with another.

Secondly, whilst the BBC is best-placed to service local and regional news and dedicated programming to regional communities, it fares less well at representing regional people and perspectives on the national network.

In both cases, Channel 4 would seem best-placed to deliver an alternative approach to the nations and regions and can build on a good track record of encouraging production and stimulating growth of new and existing businesses across the UK. The channel's commitment to establish regional production hubs as part of 4IP in partnership with regional agencies is another welcome step in the right direction. Channel 4 should continue to be a universally available, free to view – ensuring maximum reach and availability to all. Its Scale and impact: Channel 4 can ensure that content is high quality and reaches sufficient numbers to deliver public value

9iii) What are your views on short/medium-term issues referred to, including the out-of-London network production quotas?

We do not believe that many answers lie in changes to quotas beyond protecting current levels. We would rather find other ways to encourage broadcasters to establish a real will to serve the whole audience better. This has to include a better engagement with regional commissioning in order to encourage a range of voices and stories.

However we are very concerned by Ofcom's findings that ITV has failed to meet its 50% network out of London quota. This failure highlights the trend towards a centralised network

The combination of BBC's Manchester move, coupled with the fact – highlighted in the review document – that ITV has its regional production base in the North West, raises the question of whether or not the out-of-London network production quotas may soon have to be updated to include a fair Regions and Nations balance.

There is growing concern in regional production companies and supporting industries about such issues and – while the centralisation of production in one or two English regions is referred to in the Ofcom review – there is little attention or focus on these issues or examination to the same level of detail as the issues facing regional production in Scotland, Northern Ireland or Wales.

9iv) What are your initial views on the preliminary options set out relating to ITV plc's regional news proposal? (Please note that Ofcom will put forward firm options on these issues, and consult also on ITV plc's regional news proposal, in phase 2 of this Review?)

We look forward to further options. We accept that ITV is under pressure to rationalise its regional news operations, however the consequences of this will be to take away one of the most popular regional news services, in the Border region. We do not see any proposals that will become an effective substitute for this service – we hope Ofcom will explore such options with some urgency as it is very difficult to replace a news service once it is lost. This process may lead to the point where ITV concludes it is no longer commercially viable to operate any form of regional news service. We think this is likely to happen within the next three years.

Section 10. Prospects for children's programming

10i) Do you agree with our assessment of the possible short term options available relating to children's programming

We agree with OFCOM's assessment and believe that the BBC and Channel 4 have a significant role to play in the future of children's programming particularly older children and teenagers. We would like Ofcom to explore the option of an alternative platform for original UK Children's programming, funded by public and private funds. We would like Ofcom to explore ways in which taxation policy could be used to encourage original children's programme production.

Section 11. Timetable for implementing a new model

11i) Do you agree that new legislation will need to be in place by 2011 in order to ensure continued delivery of the public purposes in the medium and long term

We believe that broadcasters are already challenged to deliver on their PSB remit. Network Broadcast hours coming out of some of the regions has dropped considerably. We would suggest an urgent review of the link between healthy regional media sectors, the talent that grows through them and the long term ability of broadcasters to deliver public purpose for regional audiences

We feel Ofcom is being too optimistic in its thinking – Ofcom's medium term is, we feel, more likely to happen in the short-term. Consequently, we feel there is a danger that change will happen quicker than Ofcom anticipates, and before any legislation can be put in place in 2011.

it is important that Ofcom uses those tools it has at its disposal to ensure that lasting damage is not done by an over-hasty accommodation with ITV1. Channel 4, Ofcom and LEK work show that the PSB system, and Channel 4 model in particular are coming under pressure. We welcome this phase of the review but would urge that many of its findings indicate that timing to be brought forward

We would hope Ofcom will also move with some urgency to clarify Channel 4's future – again encouraging the Channel to take measures now to ensure that it is in a healthy condition, rather than waiting for a new funding settlement at some time in the future.

If legislation is needed, we would hope Ofcom can make the case for it being introduced for 2010, rather than waiting for it to become effective towards the end of the digital switchover process.