



## **Response to Ofcom Consultation on the Future of Public Service Media**

### **About this submission**

1. AudioUK is the trade body for the audio-led production sector in the UK. AudioUK has four core priorities: Business; Representation; Community; and Excellence. As well as producing the annual Audio Production Awards it also runs the successful Audiotrain craft skills training programme, which has so far provided around 2,500 learner days. AudioUK, along with Radiocentre, oversees the administration of the Audio Content Fund which distributes a grant from the UK government to fund public service content on commercial and community radio. As a member of the Government Broadcasting, Film and Production Working Group, AudioUK has produced guidelines for safe working in audio production during the COVID-19 pandemic.
2. We recognise and agree with Ofcom's reasoning for changing the language around PSB. We believe 'Public Service Media' is a better term to describe the content produced, partly to reflect the wider range of media created, as well as the manner in which it is distributed.
3. However, we do here refer to 'public service broadcasters' ('PSBs') to differentiate between the licenced PSBs – BBC, ITV/STV, Channel 4, S4C, Channel 5 - and other broadcasters also providing content which is officially designated PSM content – the main example being commercial and community stations broadcasting programmes funded by the Audio Content Fund.

### **Audio as part of public service media**

4. The UK has a thriving audio content production industry with an independent sector made up of around 200 companies around the UK. These companies create compelling content across a wide range of genres which engages audiences and offers them different voices, perspectives, talent and ideas. Whether it's making radio, podcasts, audiobooks or other audio-led content, all of them bring a high degree of professionalism to their craft, helping to make the UK's audio sector one of the world's leaders in PSB audio.
5. Prior to this consultation AudioUK met with Ofcom more than once to discuss audio's importance in any debate about public service media, as evidenced by the following:
  - The BBC allocates £0.5bn (around 18% of its total content spend<sup>1</sup>) to radio and audio content every year, providing a wide range of high-quality services which would be impossible to replicate otherwise given the economics of commercial radio
  - The other PSBs are increasingly becoming involved in audio – commissioning podcasts to accompany existing series and piloting new ideas in a cost-effective way by introducing them as podcasts and then in some cases transferring them to television

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<sup>1</sup> The BBC Annual Report for 2019-20 states that £494m was spent on Radio content, from a total content spend of £2,777m.

- The Audio Content Fund (ACF) contestable fund pilot scheme has created a wide variety of innovative new PSB content for broadcast on commercial and community radio, allocating funding worth initially up to £3m. The ACF's success, allied with its ability to turn around content much quickly than most TV genres, has led to its being allotted two additional grants so far of £400k and £300k for specific one-off rounds
  - The niche aspect of podcasting allows a wide range of subjects to be covered, leading to some very public-service focussed quality content – including an increasing range of daily news podcasts (e.g. Channel 4 News's *The Fourcast*) - being produced by the independent production sector and distributed via platforms such as Acast, Spotify, Apple and so on. An example is *Griefcast*, in which presenter Cariad Lloyd discusses with guests the loss of a close relative or friend. The podcast receives regular mail from those who have suffered similar loss and has become an important resource for such individuals.
6. All of the above firmly places audio as an important part of PSM provision overall, and therefore demonstrates that any policy processes relating to altering the current PSM system must involve analysis of the effects on public service audio.
  7. We note that Ofcom states in its consultation that *"In addition to this process, the Government ... is also conducting a review into the Future of Radio and Audio, to which Ofcom is providing input."*
  8. We do of course welcome the opportunities Ofcom has given AudioUK to discuss issues relating to audio in the context of this review. Nevertheless, given that Ofcom will be providing such input to DCMS, we are disappointed Ofcom has not asked as part of its consultation for further stakeholder input on audio and PSM, which it can then use to inform its views to Government. This is symptomatic of a wider problem where despite all the factors listed in paragraph 5 above, much of the wider discussion of PSB/PSM also centres on television with words such as 'viewers', 'channels' and 'screens' (a good example being Ofcom itself calling its latest process *Small Screen Big Debate*) populating the conversation.
  9. We nevertheless provide below our views on the role of audio and the extent to which regulatory and government intervention could aid its continued success, as part of its overall approach to PSM.

### **Terms of Trade**

10. We note Ofcom's separate call for evidence relating to the relationship between the production sector and PSBs. In working with the BBC, independent production companies negotiate standard terms of trade. Unlike the situation in television, where negotiations between independent producers and the PSBs are protected in legislation, the audio sector has no such protection. The benefits of the regulated Terms of Trade in TV are clear to see, with the exponential growth of the UK sector since 2004 when they were introduced. We would therefore argue that, given not just the BBC but other PSBs are commissioning audio content (for example podcasts related to popular TV shows), regulated Terms of Trade are also needed for audio production commissioning across the PSBs. These should very much emulate the terms for TV in separating out negotiations on licensing UK IP rights and licensing international IP rights.

***Question 1: Do you agree that a new regulatory framework for PSM delivery should support a more flexible 'service neutral' delivery approach that is more outcomes focused?***

11. We understand Ofcom's argument for a more service-neutral approach but ask that it bears audio content distribution in mind when examining the ideal way to pursue this. As per above we are concerned that this section doesn't address public service audio, stating instead that "*This would be a change from the current system, where obligations are tied to specific television broadcasting services*".
12. Just as in TV, delivery mechanisms for audio are changing. Some BBC and commercial radio services are both analogue and digital, others are digital only. Online, the BBC distributes radio and podcasts via its own BBC Sounds platform plus its podcasts are also to be found on general platforms such as Apple and Spotify.
13. Ofcom should also note that linear radio is consumed in a different way, sometimes for longer periods of time and to meet different listener needs. For this reason, radio will continue to be consumed live. This means the linear schedule continues to be important to an extent greater than in TV.
14. Contestable funding via the ACF means also that there is the question of prominence for that content, which is broadcast via a range of community and commercial stations.
15. We agree in general with Ofcom's suggested four features of PSM:
  - A broad range of high-quality content that meets the needs and interests of diverse audiences
  - Content that is widely available, and which audiences can find easily
  - Companies with scale to compete and reach audiences
  - Financial stability to allow for innovation
16. In terms of the first of those, we welcome in particular the recognition of PSM's importance to the independent content production sector, including in the UK's nations and regions. Around half of AudioUK's members are based outside of London, however recent figures compiled by AudioUK indicate the majority of BBC commissioning of independent audio production companies still happens within London. There needs to be a greater push by the BBC to establish a truly level playing field for independent audio production companies across the UK and arguably a greater responsibility to be placed on it to do so.

**Question 2: Do you agree with our proposals for a clear accountability framework? p 39**

17. There should be a clear accountability framework which recognises the importance of genres which in TV might be commercially viable but are less so in audio. A good example is audio drama. Audio drama is a relatively high-budget medium which greatly benefits from public service investment.
18. We have already seen genres such as radio drama reduced after Ofcom, in drawing up the Operating Licence with the BBC, removed many of the radio genre quotas that had been previously set by the BBC Trust. Drama producers are concerned that this is a genre that the BBC is neglecting, and, in that light, it was also disappointing to hear the BBC Director General recently indicate that the BBC may be inclined to commission fewer documentaries which do not have the potential to gain large audiences in the UK and abroad. There are also concerns about BBC Radio moving more challenging content to the margins of the schedules - for example, Radio 2 removing some specialist music content and putting documentaries on at increasingly late slots, when traditional linear listening remains important to many listeners. The BBC's reliance on on-demand availability of some of this specialist content to justify such moves does not address concerns for those who may rely on linear broadcast schedules,

such as older listeners who may be less familiar with the technology required, or those in rural areas with poor connectivity.

19. In this light, it was of concern to hear that a senior Ofcom executive quoted at a conference in February stating that it was minded to allow the BBC to set its own quotas rather than have them set by the regulator<sup>2</sup>. This would in our view be a backward step which would encourage the BBC to steer away from its objective to address market failure.

**Question 3: What do you think should be included in the PSM ‘offer’?**

20. AudioUK supports Ofcom’s initial assessment that: “Any new framework must effectively balance the promotion and sustainability of PSM, against the general benefits of consumer choice and the regulatory impact on others, such as platform operators, device manufacturers and commercial content providers.”

**Question 4: What options do you think we should consider on the terms of PSM availability?**

21. Ofcom should note when considering these questions that voice-activated devices produced by Amazon and others represent an important platform for BBC services as well as the other PSBs’ audio content and ACF-funded content. This raises similar issues to those in TV and listed by Ofcom: prominence; access to audience data; measures to ensure that audiences correctly attribute content to PSBs; and – where relevant - access to advertising inventory and/or a proportion of advertising revenue earned from online services. Some of these issues regarding smart speakers have recently been raised by commentators<sup>3</sup>.

**Question 5: What are the options for future funding of PSM and are there lessons we can learn from other countries’ approaches?**

22. While we recognise the changing ratio of BBC versus commercial radio listening, nevertheless the BBC still provides unique and compelling content of high quality and in sufficient quantity to present listeners with a wide range of choice. When considering the future of the TV Licence Fee (TVLF), consideration therefore needs to be given to how the BBC’s radio and audio services would continue to be funded. For example, subscription is often mentioned as a possible alternative to the TVLF, however it is not currently technically possible to introduce a subscription model for universal TV service without nationwide superfast broadband and it is the same case for services broadcast over analogue and digital radio. Therefore, a funding mechanism other than subscription is needed.
23. Creative sector tax reliefs helped to bring additional investment into many of the UK’s creative industries, including animation, high-end television, film and video games. Ofcom should recommend an audio production tax relief (APTR). With the change in the UK’s relationship with the EU, there has never been a more important time to market the UK’s expertise in every sector where it can demonstrate genuine prowess. UK audio production companies are already targeting the US for commissions, as they see a mature podcast sector with money to spend. A growth in UK-led big ambitious ideas, internationally viable projects and ‘co-pro’ relationships requires a clear and unique incentive, in the form of a tax relief, to kick-start more investment.
24. With international investment growing in audio production, especially podcasting, the position of the UK’s production sector as having the scale and expertise to deliver the growing number of projects from major brands and broadcasters means it is in a good position to benefit. Creative sector tax reliefs shine a spotlight on a country’s home-grown industry and provide

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<sup>2</sup> [Goldbart, Max. BBC to get to set own quotas. Broadcast, 23 February 2021](#)

<sup>3</sup> [Lanxon, Nate. Smart Assistants are Becoming Gatekeepers to Digital Economy. Bloomberg, 16 July 2020](#)

an incentive for business to come to the UK rather than go elsewhere, not least the US where podcasting is already well-established.

**Question 6: What do you think about the opportunities for collaboration we have referred to? Are there other opportunities or barriers we haven't identified?**

25. Given the BBC is the only large-scale provider of PSB audio there are fewer opportunities for collaboration. However, as the other PSBs develop more podcasts, then there is the opportunity to expand the BBC Sounds offer to include such content, along with that from the Audio Content Fund. We know the BBC is looking at the idea of hosting third-party content, and given that other PSBs are regulated by Ofcom and the ACF content is for Ofcom-regulated radio stations, then this would be a good way to minimise any compliance issues.

**Question 7: What are your views on the opportunities for new providers of PSM?**

26. Contestable funding has been an important source of new PSM audio content in the UK and Ofcom should recommend it continue. The Audio Content Fund has played a key role in supporting the public service offer on commercial radio, and in doing so has created a large number of new partnerships between the independent audio production sector and commercial stations which we hope will lead to further collaborations. Overall, the ACF has so far invested around £2m and funded 96 projects, with 63 different production companies and 333 different radio stations reaching more than 10m listeners<sup>4</sup>.
27. Programmes such as *Kick Off: Added Time*, produced by Unedited and broadcast on talkSPORT, which was made with an emphasis on diverse presenting talent, have helped to effect change in the overall presenter talent provision across the entire network. Special rounds to support audiences during coronavirus, and to combat winter loneliness, have emphasised radio's ability to turn around projects quickly to provide quality engagement with audiences that resonate with the current national mood. An example is *Absolute Radio 40s*, produced by TBI Media, which celebrated the 75<sup>th</sup> anniversary of VE Day and broadcast music and news from 1945, and interviewed veterans and citizens who experienced World War II<sup>5</sup>.
28. The current three-year Audio Content Fund pilot is due to come to a conclusion in March 2022. We believe there is sound evidence as to why this pilot should continue beyond that period and become an ongoing element of public service audio content provision. It might be that as part of this process the Government looks at whether podcasting could additionally be funded in future, given that successful podcasts attract significant audiences and could be trailed via linear radio.

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<sup>4</sup> See: <https://www.audiocontentfund.org.uk/projects>. Accessed 6 March 2021

<sup>5</sup> <https://www.bauermedia.co.uk/newsroom/press-releases/absolute-radio-to-commemorate-ve-day-with-special-pop-up-radio-station>