



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

## Create Central response

March 2021

### ABOUT CREATE CENTRAL

Create Central is an industry body whose members comprise some of the UK's most creative thinkers and change makers in film, TV, games, and other creative content sectors. Full details about the organisation and its membership are available on the website: [www.createcentraluk.com](http://www.createcentraluk.com).

Create Central has been established to represent the interests of the creative sector in the West Midlands and is working with national and regional partners to create an agile and responsive network to turbo-charge the screen sector in the heart of the UK. It is working in close partnership with the West Midlands Combined Authority, the three Local Enterprise Partnerships and other public sector organisations.

### INTRODUCTION

This response builds upon the views expressed by Create Central in its November 2020 response to the initial phase of Ofcom's consultation.

### OUR VIEW

Create Central is a supporter of public service broadcasting (PSB). As a trade body committed, in part, to developing and growing television production in the West Midlands and the growth of the local independent production community, we believe that the PSBs (BBC, ITV, Channel 4, Channel 5) have a critical role to play in helping the region to achieve its ambitions. We recognise that in a rapidly globalising media market there is a need for change and, therefore, broadly support Ofcom's recommendations for the modernisation of the PSB system and its move towards a model of Public Service Media (PSM).

It is our belief that in a world marked out by global services and content, it will be more important than ever for the PSBs/PSMs to stand out by serving local audiences with UK content that speaks to their lived experiences. To achieve this end and to operate as the '*critical engine of growth for the UK's creative industries*'<sup>1</sup>, we also believe it is crucial that the PSBs/PSMs invest in high value content production right across the UK.

We are concerned that in an ever more fragmented market, where content is produced by an ever-greater number of players, including the independent production sector, opportunities for localities and local creatives to build sustainable clusters and careers are currently under threat. The West Midlands in particular has suffered as the public service broadcasters have focused their resources elsewhere.

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<sup>1</sup> One of five key purposes of PSB identified by Ofcom

We believe that the current lack of sustained investment in the West Midlands by the PSBs needs to be addressed and urge Ofcom to consider additional measures that will help to guarantee that creative and talented individuals from all backgrounds are able to participate fully and locally in thriving UK-wide creative clusters.

To this end we make three specific proposals:

1. Ofcom must rigorously enforce the current Nations and Regions quotas and implementation of the new guidance that was published following its 2019 Review of Regional TV Production and Programming Guidance, to ensure that they are not simply being delivered by getting London-based indies to produce outside the M25. Even though this approach is seeing increased volumes of production physically occurring in the Nations and Regions, it does very little to ensure the development of sustainable production clusters beyond the capital. A more strategic and sustainable approach is needed, designed to support production 'from' the regions not just 'in' the regions. Whilst this is, of course, an issue of direct interest to Create Central as a regional trade body, it is also a critical issue if the industry is to truly address the issue of representation, diversity and inclusion. Changing the make up of the industry requires it to get closer to the people that it serves.
2. Any new regulatory/legislative regime that emerges in response to Ofcom's recommendations should place a clear and measurable obligation on each of the PSBs to demonstrate how they intend to support the development of creative clusters beyond the M25 and across the whole of the UK. This obligation should not be discharged by commissioning one-off independent productions outside London. It needs to form part of a coherent strategy.
3. The creative sector tax reliefs have proven to be an extremely effective tool for attracting production and investment from outside the UK. However, this has resulted in pressure on limited talent and resources in London and SE England. It would make sense to incentivise this investment spreading beyond the capital by introducing an out of London uplift of some form. This would have the added benefit of aligning one of the key objectives of the PSB system, to operate '*as a critical engine for growth of the UK's creative industries*', with those of the wider commercial marketplace.

**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?**

We broadly support Ofcom's recommendation that the UK's legislative framework should be updated to recognise that public service content can and should be delivered in different ways, beyond the traditional linear channels. Whilst we support experimentation and innovation, universality remains important and any new model must ensure that core PSM content is available to all.

The UK's regulatory framework has always been marked out by a good degree of flexibility and we would recommend that any new system maintains this approach and is not overly prescriptive. Major media legislation is relatively infrequent, and the new model must allow PSM to evolve beyond the date of Royal Assent.

That said, these are major market interventions, and it will be important, therefore, that legislation is drafted to ensure that the PSMs are held accountable for delivery of their purposes and mission. One of the great successes of the past 40 years of regulatory intervention is that it has struck an effective balance between public and private interests. This has created a thriving mixed ecology in which companies like Sky, Discovery and many others have been able to flourish alongside the PSBs.

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

As stated above, we broadly support the idea of a more ‘service neutral’ approach. However, we would urge that any new legislative regime contains sufficient specificity to be able to guarantee desired outcomes. The precedent of the 2003 Communications Act, which removed specific quota obligations on ITV to provide children’s content, resulted in a dramatic reduction by ITV in its provision of this content. The UK’s children’s content sector has struggled ever since. Stipulating clear and measurable outcomes, across genres will remain important – even if the content is allowed to be delivered across a wider variety of outlets.

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

This is a complex area and not one that we are well placed to comment on. In general terms the core PSM offer needs to be substantive and provide universal access for the audiences of the future to the full range of public service content.

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

Again, this is a complex area, and we are not well placed to comment on the detail of must carry/must offer provisions. We do support in general terms the modernisation of the EPG prominence rules, so that prominence in some form applies to a wider array of platforms, underpinning continued universal access to public service content. Since this content is funded directly and indirectly by the British public, it is crucial that it continues to be readily discoverable and accessible.

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

We do not propose to comment in detail on funding but wish to make some general observations.

Firstly, competition, quality, and plurality of content in the UK media market has been well served by a plurality of funding models. The BBC is funded by the Licence Fee, C4, ITV and Five by advertising and other market players primarily by subscription. Maintaining these separate funding streams for different types of provider is a principle worth preserving, if at all possible.

In terms of the Licence Fee, whilst we recognise this model may look increasingly anachronistic, we believe that it is, as has often been said in the past, ‘the least worst’ option for funding the BBC. Maintaining significant public investment in broadcasting remains important culturally in terms of the content UK audiences can access, and economically in terms of the UK’s global competitiveness. In broad terms then, we continue to support the Licence Fee model – although this is contingent on the BBC doing a better job of delivering value to Licence Fee Payers, in particular in the West Midlands<sup>2</sup>. The BBC’s Across the UK strategy, announced in March, is a welcome recognition of the need for more to be done to support local voices and creative cluster development. We particularly welcome the specific

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<sup>2</sup> As highlighted in Create Central’s November 2020 submission, the BBC 2019-20 annual report and accounts showed that BBC network television programming spend in the Midlands was just 2.8% of the total in 2019, compared to 49.3% in London, 14% in the North, 9.1% in Scotland and 8.2% in Wales

commitments<sup>3</sup> made to the West Midlands in the strategy and have a formal partnership agreement in place with the BBC to secure their delivery. These commitments represent an important starting point for Licence Fee payers in the region.

Our recent experience in region of the contestable fund operated by the BFI, the Youth Audience Content Fund, is that where the current PSB model is failing to provide real and meaningful competition and choice in genres – in this case in children’s content – there is real value in such funds. However, we would make two observations. Firstly, we do not support top slicing the BBC Licence Fee in order to expand the contestable fund model. Secondly, the current YACF experiment should be reviewed to provide greater flexibility to encourage players to come into the market for this content. The current restrictions that require YACF content to be distributed by a free to access channel, dampen the interest of commercial investors. Given Ofcom’s broader recommendations around a more flexible model for the delivery of public service content (i.e., PSM) we believe it is worth revisiting the rules to see if they can provide greater flexibility and incentivise more players to invest.

**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?**

We would encourage all of the PSBs to be open to more collaboration. The market is more complex and plural and there are opportunities for PSBs to reach audiences and fund content in different ways. We note the successful model of co-production for programmes such as **The Bodyguard** and **His Dark Materials**, that have enabled PSBs to create and fund content in ways that would have been impossible had they sought to do so on their own. This collaborative approach has secured more, and higher quality, content for UK audiences than would otherwise have been the case.

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

We are broadly supportive of the current institutional model, whereby certain providers are required to deliver certain types of public service content, in return for certain benefits – the Licence Fee, free spectrum etc. Assuming the regulatory model is adapted in the ways Ofcom suggests, we do not believe there is a need to create additional PSM providers. We would, however, support further market interventions that might help the overall delivery of wider public policy objectives, such as economic support for the creative economies of the UK’s Nations and Regions. The UK’s PSBs will remain the bedrock upon which this objective is achieved. However, on their own they will not have the scale to sustain thriving clusters in Glasgow, Belfast, Cardiff, Manchester, Birmingham, Bristol and elsewhere. This will require inward investment from the global players. We would, therefore, support regulatory interventions that might incentivise such providers to invest more in the Nations and Regions of the UK, for example the introduction of an uplift on the existing creative sector tax reliefs when production takes place outside the M25. See also response to Q5 ref. YACF.

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<sup>3</sup> [BBC maps out commitment to the West Midlands – Create Central | Home of original storytelling \(createcentraluk.com\)](https://www.createcentraluk.com)



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