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**NUJ evidence to the Ofcom Public Service *Content in a Connected Society* report: Ofcom's third review of public service broadcasting**

*The National Union of Journalists (NUJ) is the representative voice for journalists and media professionals across the UK and Ireland. The union was founded in 1907 and has 30,000 members. It represents staff and freelances working at home and abroad in the broadcast media, newspapers, news agencies, magazines, books, public relations, communications, online media and photographers.*

1. The NUJ supports a vibrant, creative and well-funded public broadcasting sector (PSB) which is accessible and affordable and which reflects the interests of the public it serves. All democracies require balanced, impartial news coverage which does not depend on the personal prejudices and foibles of media moguls or commercial pressure to appease shareholders. The NUJ accepts the purposes of PSB under the Communications Act 2003: to inform our understanding of the world; to stimulate interest in knowledge of the arts, science, history and other topics; to reflect our cultural identity through original programming; and to represent diversity and alternative points of view. PSB programmes should be trustworthy, innovative, challenging, of high quality, well-funded and original with new UK content rather than foreign acquisitions.
2. The package provided by the BBC, including the Proms, its orchestras, choirs, Open University broadcasts and children's TV, as well as its drama and news, is incredibly important to the cultural and educational life of the UK. At a cost to licence-fee payers of 40p per day, this represents excellent value and is unlikely to be available without public funding.

3. Ofcom's third review of PSB comes at an important time – in the run-up to the renewal of the BBC's charter and forthcoming decisions on the level of the licence fee. It is essential at this time to have a qualitative and quantitative review of the PSB sector because we anticipate attacks on the BBC by powerful commercial rivals, such as Rupert Murdoch, politicians and media commentators, during this period. The review is important given that the media landscape has been transformed by technology and the revolution in the telecommunications industry which is leading to major changes in the way news, drama, entertainment and sport is being broadcast and consumed. The behemoths of Google and Facebook have a global reach with powers beyond the realm of the nation state; meanwhile, new players on the block, such as Netflix, BuzzFeed and Vice News, are challenging the traditional broadcasters and news organisations. As Ofcom notes, we are increasingly seeing many UK media companies, including Channel 5 and All3media, acquired by non-UK companies such as Viacom, Discovery, and Liberty Global which has been linked to speculation about a buy-out of ITV.
4. Ofcom notes that most viewing continues to be concentrated on live/linear channels and the PSB channels still account for more than half of all audiences. Viewers still value the PSB purposes highly and support the PSB characteristics. There is still evidence that families sit together to watch programmes together, even though the younger members may have another screen on the go. However, younger and tech-savvy consumers appear to no longer appear to distinguish between PSB and non-PSB. This is significant because, whereas younger viewers were expected to change their viewing and listening as they got older, moving from Radio 1 to Radios 2 and 4, the greater choice and methods of consuming news and entertainment suggest this "progression" will not necessarily occur.
5. Ofcom predicts that, despite these changes, the short-term future will be of "steady evolution". This is based on the assumption that the BBC "continues to be the cornerstone of public service broadcasting, funded at a similar level". However, the 17.3 per cent real-terms decline in investment by the PSBs recorded in the report is concerning. The NUJ believes that Ofcom's review should include ways to strengthen and extend PSBs and PSB funding across all platforms. This should include stricter obligations on the commercial PSB channels to reach certain levels of investment in first-run programming and the imposition of public service obligations on all providers of content, once they reach a certain threshold of market share, in return for access to spectrum and licensing.
6. This year, the commercially-funded PSB channels, ITV, STV, UTV, Channel 4 and Channel 5 had their licences renewed for 10 years. Ofcom believes PSB viewing will remain popular and, as a result, short-term future will be of "steady evolution."

However, the NUJ sees the PSB market as more fragile, particularly since the latest Ofcom report has not taken into account the depredations of the BBC under Delivering Quality First (DQF), the cost-cutting programme which resulted from the back-door deal brokered by Mark Thompson, the former BBC director-general, which resulted in a licence fee freeze and the acceptance of a range of funding obligations, including financing the World Service and the roll-out of broadband at a cost of £340m.

7. The NUJ is concerned that the PSB sector is failing to be fully representative and sufficiently diverse. Ofcom's audience research found that 46 per cent of PSB viewers rated them highly for broadcasting programmes showing different cultures. People from Black ethnic groups were less likely to rate news programmes as trustworthy (55 per cent as opposed to 65 per cent among the UK population) and Ipsos MORI research found that some participants from ethnic minorities found their screen representation "tokenistic". When the BBC Trust's latest *Purpose Remit Survey* asked how well the BBC represented their ethnic group, just 39 per cent of Black respondents agreed that the BBC was good at doing this, compared to 45 per cent of the Asian audience. The Lords Communications Committee's inquiry into women in broadcasting concluded: "Simply not enough women" and NUJ research, as part of our submission to the inquiry, revealed women experienced discrimination in the industry. That is why the NUJ called for Ofcom to have a greater role in monitoring and recording diversity in the sector and provide regulation and impose penalties, particularly in the PSB sector, where standards are not met.
8. The current voluntary gathering of diversity information is not fit for purpose and that is why Ofcom should use its existing regulatory powers to get tougher. The regulator should impose targets on the broadcasting organisations' employment policies and levy penalties if they are not met. The NUJ cannot understand the lack of action by Ofcom, which could take full advantage of its rights and duties under Section 337 of the Broadcasting Act to improve the industry. Its self-definition as a light-touch regulator has led to it failing its duty in this area.
9. The NUJ believes Ofcom could set the standard for the diversity monitoring required of all broadcasting companies, particularly the PSBs, by insisting they complete a standard, industry-wide diversity questionnaire drawn up by Ofcom. It would also be incumbent on Ofcom to give media organisations targets and share best-practice examples on diversity policies and implementation. With colleagues in The Federation of Entertainment Unions (FEU), the NUJ wrote to Ofcom, in June 2014, criticising its stance on diversity monitoring. Ofcom has a duty under Section 337 which states: "the regulatory regime for every service to which this section applies includes the conditions that Ofcom consider appropriate for requiring the licence

holder to make arrangements for promoting, in relation to employment with the licence holder, equality of opportunity, a) between men and women, b) between persons of different racial groups.” This also applies to disability. However, in 2005, Ofcom decided that enforcing this licence requirement was too “draconian” and too “resource intensive” and instead decided to “encourage a climate of compliance”, merely encouraging the licence holders to send in their equality monitoring data. Ofcom then resolved to withhold publication of this data for each named licence because the regulator believed that publishing it might discourage the licence holders from sending it in, despite this being a licence requirement. In 2009, Ofcom formed the Broadcasting Equality and Training Regulator, allowing the broadcasters to regulate themselves on equality issues. In 2010, Ofcom closed it in the belief that the government intended to abolish Section 27 which places a duty on Ofcom to promote equal opportunities in employment and training in the broadcasting industry and encourage equal treatment for disabled workers. The NUJ continues to maintain that the existing regime of voluntary diversity data gathering is not at all fit for purpose. Ofcom should use its existing regulatory powers and improve the collection of evidence so it can be independently analysed and assessed.

10. Ofcom's light touch has also meant that it has not intervened until it is too late. For example the BBC is now the sole broadcaster of children's programmes. The NUJ is concerned that the provision of programmes aimed at this age group is so poor.
11. The creative industry as a whole is growing 10 per cent year on year (three times the rate of the British economy) and has created employment at six times the rate of the British economy. The BBC and the PBSs have a major role to play in this. The affect further down the supply chain, and in other markets, mean that initial BBC spending is “multiplied” and its contribution to the economy is more than £8bn. As Ofcom notes, the PSBs play a vital role in the success of the UK independent sector. They account for more than 90 per cent of all UK investment in original programming each year and over 80 per cent of the total external spend (i.e. spend on production with non-broadcaster producers). Ofcom notes how they support the film industry directly, through funding of films, and indirectly through the expertise and talent they foster. Recent examples include: 12 Years a Slave, Made in Dagenham and Philomena.
12. The nature of the independent production sector has changed, with mergers and take-overs leading to the creation of the so-called super-independents, a far cry from the original small independents seen as edgy and more innovative alternatives to the bureaucratic BBC. In 2011, Rupert Murdoch’s daughter Elisabeth collected \$214m from the sale of her British TV production company, Shine Group, to her father’s media company. Since then we have seen non-UK companies taking over the UK

broadcasting market – for example the sale of Channel 5 by Richard Desmond to the US media company and owner of MTV, Viacom, for £450m. Recent media speculation has included reports that Liberty Global, the owner of Virgin Media, controlled by the American billionaire John Malone, is planning a takeover of ITV. Last year, Malone paid £550m for All3media, the maker of Midsomer Murders.

13. The NUJ and the FEU are concerned about these developments because evidence shows that global media companies, which are primarily focused on financial returns, tend to stick to tried and tested formulae to feed to their various international channels. This approach undermines the principles of public service broadcasting which could lead to a demise of regional news and features and erodes its purpose of reflecting our cultural identity. In the interests of a diverse and plural press, the NUJ believes Ofcom should be playing a more active role in defending the UK TV industry from what we believe are unhealthy and unwanted takeovers. There may be a case for limiting the tendering process to include only those firms which are genuinely independent, not part of conglomerates or vertically integrated companies.
14. BBC director-general, Tony Hall, has proposed plans to hive off BBC in-house TV production into a separate commercial subsidiary which would make programmes for the corporation and other broadcasters; this would require changes to its charter. It would also radically change the position of the independents. It would end the BBC quota for independents and BBC productions would be sold on the open market to rival broadcasters. The danger is that, if it becomes a separate entity, it would be possible to split up and sell parts of the company. This happened to BBC Books (now majority owned by Random House Group), BBC Children's Books (now 75 per cent owned by Penguin Books) and BBC Active's learning resources (now majority owned by Pearson plc).
15. The BBC's in-house production has a proud history, but these changes could mean the BBC becoming a buyer of programming, rather than a creator. The quality of its production is one of the main justifications for the licence fee. The BBC has said it would not include news and current affairs in this commercial subsidiary, but this could easily be changed and the NUJ sees it as a dangerous development which would undermine the BBC's reputation for non-partisan reporting.
16. There are significant advantages to the whole industry in the economies of scale achieved by the BBC. Not least, it guarantees a high level of production skills everywhere. The BBC is the main training ground for the TV and radio industry and most independent production companies are partly or even wholly staffed by former BBC employees. In-house production frequently tackles the difficult, expensive

output that the indies shy away from because of the pressure to make a profit for shareholders. BBC in-house production has also invented a large number of unique radio and TV formats – why should these be made available to commercial producers to compete for? Indies which invent formats retain intellectual copyright in them. Furthermore, if it were decided to commission a daily programme, such as Woman's Hour, from an independent, the only way this could be achieved would be by selling off the in-house team to the commercial company. It is impossible to see how this would benefit the licence-fee payer.

17. The figures produced in the Public Service Content in a Connected Society report show the spend on first-run, originated nations' and regions' programming by the BBC, ITV, STV and UTV fell in real terms from £353m in 2008 to £263m in 2013, a decline of around 26 per cent. This is obviously worrying news. ITV has significantly retreated from its PSB commitments during the past decade. It produces fewer non-news/factual programmes and local news has been cut considerably. The NUJ has already taken issue with Ofcom's decision to allow ITV local news to be reduced by a third in the new 10-year broadcast licences for ITV, STV, UTV and Channel 5. ITV's fortunes have changed in the past year, company profits were up 40 per cent in the first six months of 2014 to £250 million and in 2103 Adam Crozier received a bonus of £8.4m. In the next phase of its review, Ofcom should enforce measures to ensure commercial PSB providers use more of their income to fund quality peak-time, diverse programming and that they, and the BBC, are enabled, through funding mechanisms and levies on non-PSB companies, to have the resources to do so.
18. As "devo-max" is implemented in Scotland, it is likely there will be an increased appetite for Scottish-focused programming and news. DQF has disproportionately affected news and current affairs in Scotland, with staff cuts amounting to about 30 per cent carried out before the start of the DQF period. This left programmes understaffed and underfunded, with audiences short-changed in terms of quality. The new BBC D-G has conceded that this strategy was wrong. BBC Scotland has suffered from a lack of management ambition; apart from news and sport, there is not enough emphasis on distinctly Scottish programmes for Scottish audiences.
19. It is widely acknowledged that Scotland does not get to spend anything like the amount it collects in licence fees. There is not enough devolution of management to Scotland, either creatively or in terms of operations. London remains the boss. The controversy which surrounded the BBC's coverage of the Scottish referendum exemplified the problem as Scottish journalists and programme-makers were pushed aside by network correspondents and editors who had less knowledge of, and feel for, the debate. One question being asked is whether the Scottish Parliament should

have powers over broadcasting and whether there should be a more devolved Ofcom Scotland as a regulator.

20. As part of its review, Ofcom should look at the effect of the merger of BBC and S4C; the NUJ recommends a decoupling and proper, dedicated funding for the station. This was a hasty and ill-advised decision taken by Thompson.
21. The report notes that one of most striking characteristics of the media landscape in Northern Ireland is the popularity of local media. District commercial radio and BBC Radio Ulster/Foyle are among the most listened to across the UK and the number of community radio stations has increased. Yet, since 2008 there has been a reduction in the spend and amount of programmes made for audiences in Northern Ireland.
22. In its report, *Future of Journalism*, (28 January 2015) the BBC says the failure of local newspapers to provide UK-wide coverage of local news means “the BBC is the only news organisation committed to reporting the whole of the UK, community by community, region by region, nation by nation ...”. It says the loss of 5,000 journalist jobs in the sector and the fact that many local papers no longer cover courts and council meetings means that “if the UK is to function as a devolved democracy, it needs stronger local news, regional news and news services for the nations”. This view was disputed by the local newspaper industry’s owners and leaders – that is why the NUJ is calling for a short, sharp national inquiry into local news. It also shows why it is so important that PSBs are able to provide this news.
23. The NUJ is concerned that the levels of cuts under the Delivering Quality First programme and the culmination of year-on-year cuts have already affected the quality of programmes and have resulted in unacceptable workloads for staff. DQF aimed to reduce the BBC’s budget by 20 per cent and cut 2,000 jobs; this is on top of the 7,000 lost since 2004. More than 5,000 jobs went under Thompson’s Value for Money cost-cutting exercise. The BBC’s training budget has been reduced by 20 per cent; this is particularly significant when the BBC has been an important trainer for the whole broadcasting sector.
24. Home Newsgathering at the BBC supplies reporters, camera crews, producers, broadcast trucks and kit to all BBC outlets (radio and TV) across the UK. BBC NUJ reps report that the impact of DQF on this sector will be significant – it has already suffered cuts which have resulted in the Midlands bureau (geographically from the Welsh border to Great Yarmouth, Oxford to Chesterfield, including the Thames estuary and the rest of East Anglia) being covered by one bureau chief, two producers and two reporters. The bureau chief and the main reporter live outside their patch, in Wales. Outside the M25, there is no one available to provide coverage

apart from a small team in the North of England. When major news stories break, staff are called in from days off. If the full effect of DQF cuts go through, the BBC will have great difficulty in achieving one of its main charter commitments: to provide news for the whole of the country all of the time.

25. The BBC's local radio stations provide a vital service to their communities, but were the first to be targeted by DQF, with staff told to expect cuts in the order of 20 per cent. A public outcry led to the initial plans being scaled back slightly, but there have been widespread redundancies among small teams which were already under pressure. Listeners lost many unique local and specialist music programmes in favour of shared output. In other areas new programmes have been or are being created with much of the additional workload falling on remaining staff. At the start of DQF, the BBC said that 4 per cent of the savings would be reinvested in local radio, but this has not happened.
26. The World Service now comes under the BBC's budget and is funded from the licence fee. This is already having an effect on the way it is being produced, with BBC news teams and World Service news teams being merged. There are fears that this will dilute the character, tradition and ethos of the WS. The BBC report, Future of News, (<http://www.bbc.co.uk/news/resources/idt-bbb9e158-4a1b-43c7-8b3b-9651938d4d6a>) says the WS, which reaches 200m people, is at risk of being abandoned by its audience in favour of the state-financed broadcasters in Russia, China and Qatar. The Ofcom review should also be recommending that BBC Monitoring and the language services should return to separate and distinct funding revenues.
27. NUJ believes the licence fee remains the fairest and most effective way of funding the BBC. The corporation, however, must put its house in order. It has rightly come under attack from Parliament's public accounts committee and others for money misspent on executive pay, perks and pay-offs and disastrous initiatives such as the £100m wasted by its Digital Media Initiative. On the whole it has demonstrated that it has provided value for money on programme making and production. Even so, The BBC needs to be able to demonstrate it can spend its income effectively and efficiently.
28. The digital dream of offering a wide range of niche-interest channels does not seem to have been realised. Radio 6, which provides an innovative range of non-mainstream popular music, was saved after a public campaign and has since gone on from strength to strength. However, the BBC has said it intends to close BBC3, which is aimed at younger audiences and has earned a reputation for making good documentaries and comedies for this age group, and move it on-line. Industry



experts have said the technical capacity for this on-line scheme to work is unproven, but the move creates a whole set of issues for PSBs. If people are watching programmes on-line on computers, tablets or telephones, is a new way to recoup the licence fee (and funding for all PSBs) necessary? Would it need to move to a tax (as there is in France) on technology hardware? PSBs need to be readily accessible by all, therefore any move to on-line must take into account accessibility and cost to the listener and viewer. It must also be a “safe” space, allowing the public to watch or listen secure in the knowledge that nobody can know what they are doing and exploit it for commercial or political ends. There must be equality in the speed, level and cost of access. Any PSB-allocated spectrum must work under rules led by principles of public interest.

29. As part of its review, Ofcom should examine how mechanisms such as levies, tax breaks, the renegotiation of transmission fees, taxation on audio-visual equipment to raise money for PSB programming can be applied. The effects of DQF, the loosening of regulation on PSB requirements for ITV, the shift of viewing to computers and tablets and the freezing of the licence fee have all meant a weakening of PSB provision. In the short-term the licence fee is best way to raise revenue, but in the future it may not. Now is the time for Ofcom to prepare analysis on other models, for example as part of local taxation.