

Arts Council England's response to Ofcom's Second PSB Review, 'The Digital Opportunity'

Arts Council England is the national development agency for the arts in England and works to get great art to everyone by championing, developing and investing in artistic experiences that enrich people's lives.

The Arts Council believes in the enduring benefits of Public Service Broadcasting and media content in the digital age. Cultural broadcasting and digital media production and distribution are vital in our view in promoting and developing the arts in England. They help to extend and deepen the work of publicly funded arts organisations in engaging new audiences in both live and digitally mediated work.

The Arts Council welcomes the opportunity to respond to the first phase of Ofcom's Second PSB Review and we have structured our submission in this way

- Summary of response
- Points for the Review team on terms of reference and issues of 'value'
- Responses to questions 3, 4, 6, 7 and 8

We have also included the following appendices.

Appendix 1: a summary of themes arising from recent Arts Council hosted arts sector consultations on 'the digital opportunity/PSB' together with a list of attendees and web links to the edited transcripts/audio (May/June 2008)

Appendix 2: the recently published Arts Council Public Value research findings (*What People want from the arts*, Arts Council England, 2008)

Summary of Response

Our response has been informed by five Arts Council hosted arts industry seminars in May and June 2008. These involved over 200 arts organisations and individuals, who were brought together to discuss areas within Ofcom's consultation document and to help inform the Arts Council's developing digital policies. A summary of key themes can be found in Appendix 3.

- We believe that the Communications Act 2003 clause 264 should provide a starting point for PSB Review, and that a further Ofcom purpose – 'stimulating creativity and cultural activity' should be added to the framework in recognition of the Act's purpose

- We agree with Ofcom's approach in the review of extending Public Service Broadcasting into Public Service Content. We support those who suggest re-evaluating it in the light of other publicly funded media content and public service delivery, including the publicly funded arts and cultural sectors
- We welcome Ofcom's analysis of the 'architecture' for Public Service Content including digital infrastructure and search. Navigation and discoverability of arts content across platforms will be increasingly important
- We believe fast speed broadband to be essential to the future growth and delivery of new public service content. We also see huge potential in the growth of digital screens and public broadcasting spaces across England
- The economic scenarios for the UK TV market indicate a current threat to the plurality of non-commercially viable Public Service Broadcasting Content, such as Music and Drama
- We would also argue that there are already significant indications of deficit and lack of plurality in areas of arts content such as arts documentaries and performance
- We believe the BBC to be the current and future cornerstone for PSB in the UK. We would wish to see its current cultural and creative purpose strengthened and new partnerships established with the cultural sector to promote greater access to the arts
- Channel 4 has played a major role in support of arts and culture over the past 25 years and we support the vision outlined by Channel 4 in its *Next on 4* manifesto. We would welcome more detail on specific arts commitments and look forward to more financial detail in the next stage of this review
- We believe that further cultural value could be extracted from within the current PSB system by ensuring more equitable partnerships between broadcasters and the cultural sector
- We recognise a balance will need to be struck between large scale broadcasting organisations with mass reach and new entrants who may be better placed to engage with different publics and reflect greater diversity and voice
- We recognise that in order to support new PSC entrants, appropriate governance structures for assessment and support would need to be in place. Economies of scale could be achieved through involving existing cultural agencies and organisations across the UK
- We acknowledge Ofcom's work in identifying a comparative paucity of arts media content meeting the purposes and characteristics of PSC. There

remain funding, skills and development challenges across England in creating PSC. However, the sector has huge potential to expand its audio-visual and interactive media work

- We believe the 2nd Review should seriously consider such potential and value within the publicly funded arts and cultural infrastructure, stimulating new partnerships between the cultural, audio-visual and interactive media industries to deliver innovative new PSC
- Of the funding options outlined, our preference at this stage would be for model 3 – BBC/Channel 4 plus limited competitive funding
- We would not wish to comment on the specifics of potential sources of funding for new PSC at this stage but would wish discussion on outcomes and opportunities to lead to further more detailed financial analysis once these have been thoroughly assessed

Points for the Review Team

Public Service Broadcasting's traditional commitment to reflect, support and stimulate cultural activity through representation of the arts and through drama, comedy and film has had a direct and indirect impact on the wider arts in England, and on public awareness and engagement in the arts. In part this has been secured through regulation, including the key cultural purpose enshrined within the Communications Act 2003.

For this first stage of the consultation, we want to focus on outcomes rather than processes but we believe in order to do this, it is necessary to review the original PSB purposes of the 2003 Communications Act, and in particular clause 264 which confers upon Ofcom statutory duties with regard to its public service remit,

'that cultural activity in the UK and its diversity are reflected, supported and stimulated by the representation in those services (taken together) of drama, comedy, and music and by the inclusion of feature films... and by the treatment of other visual and performing arts' [*our emphasis*]

We support the four Ofcom PSB purposes which have been drawn from the Communication Act purposes and believe that the arts and arts content contribute to the delivery of all four to varying degrees, namely;

- to inform ourselves and increase our understanding of the world
- to stimulate knowledge and learning (arts, science and other factual 'topics')

- to reflect our UK cultural identity
- to ensure diversity and alternative viewpoints are represented

But we believe that the public purpose embodied in clause 264, the reflection, support and stimulation of cultural activity and talent, is not covered within the four Ofcom purposes and nor in Ofcom's PSB 'characteristics.' The clause conceives of a dynamic relationship with the diversity of UK arts and cultural production including the explicit encouragement of public participation, engagement and creativity.

This is of significance as there are substantial differences between programmes about the arts that treat the arts as a factual or specialist topic with a learning purpose (much of FIVE and ITV's excellent arts programming output) and programmes showcasing high quality arts content - across or incorporating different genres - for enrichment and stimulation of greater cultural activity. The BBC's Proms and festival coverage or Channel 4's artists' film, screen opera, dance and moving image come into this category. Such programmes are becoming more rare.

Some of the most dynamic arts content also lies within television drama alongside theatre and spanning both the commercial and the non-commercial spheres. Television drama of this kind faces challenges in terms of high production costs, the dominance of established formats and a risk averse tendency to new writing. Television drama, as with other arts, supports the wider cultural infrastructure of the UK, reflecting contemporary practice and stimulating through a diversity of representation, greater public good through an emphasis on activity and participation.

Such programmes can open people's minds and provide new engaging and entertaining experiences that may challenge perceptions and are at the heart of what audiences say they want from PSB - of the highest quality, inclusive, entertaining, information, educational and fulfilling social purposes, noting that participants thought that entertainment and social benefit were not mutually exclusive and 'more of an effort...to marry the two together' (45, IPSOS Mori)

Indeed, here is also strong correlation between what people say they want from PSB and what they say they want from the arts. The Arts Council's Public Value debate and findings show that people believe the arts 'should reach as wide and diverse an audience as possible', provide 'quality experiences' and that the public believes that the arts offer the following range of benefits to individuals and

society; providing entertainment and pleasure, enriching their lives, challenging, provoking, stimulating original thinking; providing an opportunity to express oneself and communicate with others and providing a sense of identify for individuals and communities. (Appendix 2: *What people want from the arts*: March 2008)

In a networked participatory digital age, and within the context of both supporting individual and community participation in culture and sustaining the creative economy and benefits to the UK, we believe a further purpose should be added to this framework to ensure the continued health of work that the market may not support on its own. Such a purpose would look something like the BBC's fifth Creative and cultural purpose, which was framed by and drafted in direct response to the Communications Act 2003. Together with four other purposes corresponding closely to Ofcom's current four and another purpose to support digital switchover, the following BBC purpose continues until next charter review,

- to stimulate creativity and cultural excellence

Necessarily broad and including sport as a cultural activity, the BBC identifies five clear aims to deliver this purpose, from which outcomes could be constructed,

- to provide output that is distinctive and creative on all its platforms
- to ensure enrichment for all audiences by covering a wide range of cultural activities
- to encourage active participation in cultural activities
- to promote a wide range of enjoyable and entertaining content (described as 'engaging, absorbing, challenging or delighting audiences in ways that demonstrate creative excellence')
- to foster creativity and nurture and support UK talent across a wide range of genres (bringing the best talent to its audiences from across the UK's creative community) (*BBC Public Purpose Remit*: December 2007)

This seems to us, a strong starting point for assessing current provision and constructing a framework for review with identified outcomes such as those within section 6.4 of the Ofcom consultation based on audience need.

At this stage of the consultation, we would ask Ofcom examines the following questions in order to preserve and develop plurality around this purpose:

- do we believe that there is a sufficient range and depth of content for audiences seeking to be inspired and involved in creative activities and cultural excellence both through broadcast and interactive media?
- to what extent do we believe that current provision reflects, nurtures and stimulates the diversity and talent providing cultural activity across the UK?
- is the nature of this reflection and support too London centred in both production supply and content representation?
- is there sufficient plurality within the existing PSB compact? Where are the deficits? And in examining the phrase 'taken together,' can we assess particular strengths in terms of how each of these PSBs currently address the arts across not only this, but the other four purposes?
- if the BBC has the main responsibility for this purpose, enshrined as it is in public purpose measured by the Trust, then where else is plurality of provision relating to this purpose most likely to come?
- how do we add value and maximise the value to the publicly funded arts and cultural sector through broadcast and media content?
- could plurality of supply and representation come from within the arts and cultural sectors, building on existing resources for development and cultural production?
- what partnerships could be forged and alliances/aggregation within the sector to provide plurality on the scale required for impact and reach?

The answers to these questions would not only support greater clarity on how these 'third tier' responsibilities are being addressed, but also provide new starting points for meaningful partnerships and debate with the wider arts and cultural sector. Arts organisations are focused on providing public value, supporting learning, participation and talent and addressing issues of diversity and identity. Many are beginning to develop plans as to how they could forge new digital partnerships and build their own media capacity, as our seminar programme indicates. (Appendix 1)

As we argued in our response last year to '*Channel 4's role in the future of PSB*', and our submissions relating to the BBC's patronage of arts and culture, the broadcasting ecology drives other areas of our culture and economy. The public value of these interventions can often be overlooked within a narrow focus on genre, content, output and direct investment related to these. Areas of content, such as news, children's and the arts, will continue to be important categories to support the delivery of purposes. A balanced system would look both at content in the service of public good and citizenship purposes and the quality of

broadcaster support for the creative economy, innovation, fostering of new talent including actors and writers. Such investment in creative talent is vital to the delivery of public purpose content and helps to build and develop a sustainable cultural infrastructure across the live and digitally mediated arts.

The Arts Council is interested in the way that arts content is reflected and we recognise that this is across a range of genres. Arts content runs across the following genres:

- art forms at the centre of the reality/entertainment franchises such as *X Factor*, *Strictly...* and musical theatre such as *I'd do anything*
- documentaries such as *The Choir*, the South Bank Show's authored essays and, FIVE's popular and accessible series such as *Tim Marlow on...*
- arts programming and drama within content for Children and young people such as *Art Attack* (CITV)
- television treatments of contemporary arts: dance (*4 Dance*, Channel 4) classical music (*Proms*, BBC) artists films (*Margate Exodus*) moving image and animation (*Animate*, *The Slot*, Channel 4)
- music programmes such as *Later* and music festival coverage by BBC and Channel 4
- a wide range of long form TV Drama on all channels reflect some of the best UK talent – writers, producers and directors who also work in theatre and film - from the arts
- television news and topical journalism on the arts can make people aware of the arts part of every day life with strong coverage of the arts within Channel 4 news and the BBC's *Newsnight* *Late Review* and *The Culture Show*.

We also recognise that there are particular issues relating to the word arts and 'arts programming.' This is of significance, in that a recurrent theme within the report refers to arts programming not being valued to the same extent as other genres. For example, the Review refers to 'a range of genres that are highly valued by viewers' and 'the value of some genres of programming have fallen as audiences attach less significance to them and watch in smaller numbers. Programmes about niche interests, religion and non news...come into this category.'(6.10) We wonder if football as a 'niche' interest would also be included in this list?

This appears to have influenced the position in the Review consultation on the potential future of ongoing PSB support, with a focus on specialist or niche options and an implication for reduced mass commitments and investment.

We would argue that the assumptions underlying this position are misleading and that more in depth analysis does not substantiate the argument that arts programming or indeed the arts in general, are valued to a lesser degree than other genres or activities.

As we have established, 'arts programming' as it is traditionally conceived, is just part of a much broader spectrum of arts content and arts talent within other genres. However, this breadth is rarely reflected in research into the value of arts content. In addition, the terms 'art' and 'the arts' are problematic. The BBC commissioned a significant piece of work in 2004 to explore people's attitudes and aspirations for arts programming.

Key findings of the research included the following:

- people's relationship to the arts is complex and often problematic
- for many it denotes wealth and privilege
- for others it is deeply personal and difficult to articulate
- for a great many, it is quite simply other – not for me – ever
- 'arts programme' is not an overarching name that even our most sophisticated viewers readily use
- the spontaneous perception of 'arts on TV' is performances of the 'high arts' ie opera, ballet, proms
- spontaneously other arts content based programmes will be referred to by more accessible or general genre names such as history, music, or by format such as documentary, drama
- value judgments are an issue in this terrain, the arts has a complex and problematic DNA, very different from other areas of culture, for example sport has a clear and common language, it is unifying, outer directed and often experienced similarly by very different people
- in talking about the arts, there are a whole host of perceptions, preconceptions and prejudices which need to be overcome – we believe so more than in any other genre on TV

('Arts on Television Qualitative Research: Exploring attitudes to arts, music, and culture and segmenting viewers (and potential viewers) into groups' BBC, 2004)

This has significant implications for arts programming. When the researchers discussed arts programming with participants, the initial response for many was a negative one with people claiming that they did not watch or value that kind of programming. However, further investigation found that many people watched, enjoyed and valued 'arts content' when it was not described as such. In addition, when asked to watch a selection of arts programming that they would not normally consider, the majority enjoyed and valued at least some of that programming.

These findings echo the results of Arts Council research into public attitudes of the arts conducted as part of the arts debate. This research found that many people found the term 'art' or the 'arts' off-putting and that the arts are often perceived as elitist, inaccessible, or in some way 'not for people like me'. Here too, many people's initial responses to questions about how they valued the arts were negative, with people claiming that they did not participate in or value those kinds of experiences. However, further investigation found that in fact many people did engage with 'arts' activities and gain great value from these, but did not classify them as 'the arts'. There was also a desire among many people to engage more with the arts, but the perceptions of elitism etc prevented them. We attach a summary of this research in Appendix 2.

Other evidence that people value the arts can be found if we examine the patterns of arts attendance and participation across the English population. 'Taking Part', the DCMS continuous study of cultural engagement that surveys participation and attendance in partnership with the Arts Council and other agencies, reveal that the arts play a major role in our national life with over three quarters of the adult population engaged with the arts in some over the last twelve months. Two thirds have been to an arts event (67%), over half have participated in an arts activity (53%) and many,(43%) have done both.

Taken together, this evidence, suggests that we need to be wary of judging the extent to which people value the arts on the basis of questions about 'arts programming' In fact there are complex attitudinal and social factors that may affect how people respond to questions about arts content, which disguise the true value people place on this kind of programming.

The IPSOS Mori research also suggests issues in relation to the term. When arts is categorised within either specialist factual categories (including arts, science and history) or within music/drama/entertainment genres, they appear to have far higher 'value' ratings. When people were asked what their personal and social

priorities were for the main channels and how important it is that each of the programme genres were shown on the main channels, 10% chose arts programming in their five top genres as the most important to society and 8% to them personally but many more selected serious factual, educational programmes, entertainment and contemporary music, and drama; all genre areas for the arts. This could mean that current treatments of the arts, particularly in arts documentaries or performance on television are not exciting to viewers of course, but it also backs research relating to perceptions around the genre/term of 'arts' itself influencing notions of value.

The research also suggests that there is considerable 'untapped value' in arts provision, including arts content, with many people expressing a desire for greater involvement (the arts debate) or enjoying and valuing arts programming when they experience it (BBC, 2004) Much needs to be done to broaden understanding and definitions of arts activities and break down barriers, including lack of confidence or interest, as the evidence suggests that once people do engage, they find immense value, support and much to interest but the barriers, largely psychological can be immense to overcome.

The challenge for how the arts are presented, communicated and contextualised in both live and broadcast settings is considerable. It is a challenge the Arts Council and arts sector shares with Public Service Broadcasters in attempts to reflect and stimulate arts activity as part of our public purposes. The Arts Council's partnerships with Channel 4 and the BBC attempt to support closer working on these issues for increased audience reach and impact.

We believe bringing awareness of the richness and diversity of the arts to the public, reflecting work that the public has funded and for which an overwhelming majority of people in England say they support, is still one of the most important roles for television.

Responses to Questions:

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

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

"I think you can learn a lot about yourself through art and culture. There's an impression that it's an elitist thing but I think TV can help erode that' (IPSOS Mori 62)

Yes. In terms of access, reach and impact, television is a vital high quality mass medium for the arts, and this is reflected throughout the Review document and research. For many people, television provides the only ways in which they choose or area able to access the arts. The major broadcaster 'brands' still bring many people to areas of output that they may not come across online or in live contexts.

The unique ability of television to bring audiences to understand and engage with important areas of publicly funded culture through PSB content was supported through the IPSOS Mori qualitative research,

'some felt that typically, issues relating to the arts have been portrayed as intimidating and a subject for consumption only by those with higher educational qualifications. However, it was believed that by communicating this kind of subject matter via a popular communications channel such as television, then this perception may be dispelled.'(62)

The Arts Council believes that the arts, like sport, may be in certain contexts perceived as 'niche' interests, but that the appeal can be broad and that specialist subjects should not be a basis for migrating arts content to digital channels in lieu of mass broadcasting investment and scheduling. The arts can still attract mass audiences if properly scheduled and imaginatively presented, often in hybrid formats. Arts series such as the BBC's *Picture of Britain* in association with Tate, and *Ballet Changed My Life*, *Ballet Hoo* in partnership with the Arts Council can reach substantial audiences (5 Million and 1.2 million respectively for each programme)

Television is still able to bring people together for simultaneous experiences on a grand scale to celebrate national arts events and is uniquely able to act as 'a call to action' encouraging people to take up musical instruments (*Play it Again*, BBC

ONE) or write a play (*The Plays the Thing*, Channel 4) or to take up dance classes (*Strictly Come Dancing*) The major PSBs can also provide important entry points to new worlds of arts learning with an increasing range of online programme support services around television to inspire learning and greater involvement, in partnership with organisations such as the Open University and the Arts Council.

Television also represents the largest level of investment in high quality original programming in the UK, with over 90% of current PSB provision, supporting a network of in house and independent producers, talent and creatives including many from the arts sectors.

The current PSB England wide 'compact' of BBC, Channel 4, ITV and FIVE delivers a wide range of arts content across a diverse range of genres, reflecting increasing hybrid formats and including a continuum of provision ranging from the niche to some clearly commercial propositions. The Arts Council has a particular interest within this complex market to particularly champion innovative, excellent and diverse work that the market could not support on its own but which deliver wider public purposes and break new ground.

Within this ecology, there are particular and increasing pressures for certain kinds of arts content such as arts documentaries, drama and live performance coverage. The arts are under particular pressure given the general downward pressure on budgets, upward pressure on ratings and performance, and low margins. The back-end and multi-platform potential for independent arts producers is low whilst the ecology for 'arts programming' commissioning is under undoubted pressure against other more popular or commercial genres. Broadcast Magazine's Industry Research (2 May 2008) identified children's programming (68%) and arts programming (67%) at the top of the list of 'endangered' PSB programming.

In terms of Ofcom's purpose in relation to learning, ITV and FIVE have a strong history in contributing to one of the key areas of arts content through their arts documentary strands. However, we are already seeing particular pressures on their arts documentary output with evidence of decline in both investment and output from both over the past year with FIVE substantially reducing its hours from sixty hours for arts programming in 2006 to twelve hours projected in 2008, and a retreat from arts in peak.

We believe that programmes such as the South Bank Show may be preserved in the future but there is no guarantee that arts programmes on either ITV or FIVE

will continue to be supported post Digital Switchover. We would therefore have to base our analysis on their likely retreat. ITV's track record in drama is particularly impressive, providing significant opportunities for arts talent. It is currently critical to its commercial performance and therefore, the same analysis of market failure is unlikely to apply to its drama portfolio but risk taking and innovation may be more challenging within a wholly commercial future.

In terms of the Ofcom purposes in relation to arts content and identity and/or diversity, it is clear that the current representation of the arts is substantially metropolitan and non-diverse reflected in fewer out-of-London commissions. This is a major problem and some believe compounded by the reduction of non-news regional programmes.

We also believe that there is an increasingly risk averse culture in commissioning arts content which innovates and breaks new ground. This was a major theme in arts sector views within the Arts Council seminars, (Appendix 1) and is backed by Ofcom's research, identifying the potential of the arts 'to stretch people and expose them to views that they may not have considered themselves. However, it was thought that arts programmes shown on the television currently do not live up to this expectation and are more descriptive than challenging' (IPSOS Mori 63)

The PSBs 'taken together' often show little evidence of innovation of approach, subject matter or representation of innovative elements of contemporary culture with some notable exceptions such as Diverse Productions groundbreaking output, Channel 4's *Big Art Project / Big Art Mob* and bold artists commissions such as Steve McQueen's *Hunger*, and the BBC's attempts to combine drama and music in *Manchester Passion*.

We would also identify a deficit in PSB reflection of the diversity of the UK's contemporary arts and culture as outlined within the Communications Act. A tiny fraction of publicly funded arts organisations are reflected or supported on or by television, beyond the Royal Opera House/Ballet. BBC Radio is far stronger in its coverage but beyond major landmark series such as *Picture of Britain*, or the *Power of Art*, which often look to the past, there is a lack of diversity across broadcast platforms. Some art forms are harder to translate such as theatre and we recognise the success of television drama involving talent from the arts sector, but we would like to see more imaginative approaches to reflecting less mainstream writing and more challenging content, opening up audiences to engaging with both broadcast and live experiences.

The kind of investment required to produce high quality work through recordings of or coverage of live events beyond Channel 4 and BBC, which again relates back to audience need, is not currently there. Major cultural organisations are beginning to address this problem, in developing audio and video and exploring commercial partnerships and models with a range of educational content to support performances and work but not on any meaningful scale compared to PSB funding, with discoverability barriers.

We also recognise that although, outside the immediate scope of this review, BBC Audio and Music contribute substantially to the cultural health and vitality of the classical music sector through the BBC's patronage of performing groups and orchestras, and to music, literature, radio drama through Radios 1, 2, 3, 4, 6 and 7. Radio was identified in our arts seminars as probably the single most important broadcasting medium for music. (Appendix 1)

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

'Just as the new society we live in has immense potential for the creation of art, so art has never before been so needed to understand the deep complexities of Britain today' (*Brian McMaster: Review on Excellence*)

Yes. We believe that it is critical for a country that continues to believe in the importance of the arts as part of broader cultural value, that we ensure that there is a plurality of UK originated arts content supply and content representation from across the UK across broadcasting and digital media. Audiences want and deserve to see their issues, lives and cultures reflected and see other cultures reflected to deliver wider public purposes. This is particularly important in relation to regional representation about which we feel strongly.

We have consistently worked with broadcasters, using our strategic grant in aid broadcasting budget to increase the representation and legacy work of the highest quality arts across the English Regions. Our public funding adds value and supports mass distribution via broadcast channels to increase impact – an important factor in taking PSB forward. Such work has supported arts documentaries and community based arts programmes off air. Initiatives have included our four year partnership with FIVE, on *Fivearts cities* and *My Music*, and with BBC English Regions on the diversity initiative *Roots*, and now with *Made in England*, which seeks to reflect the complexity of place and identity. Our new partnership with Channel 4 with the *4IP* initiative aims to enhance and

support new digital pilots in key locations across England, opening up the commissioning structures to new voices and new providers for public good.

Access to commissioning structures from regional producers is also hard to achieve, and compounded by reduced arts commissions. Arts content across genres does not currently provide adequate reflection of regional voices and cultures. There is still a substantially metropolitan bias that persists. We also believe that there is significant untapped value residing within both BBC English Regions and ITV Regions to support more cultural production, output and talent development.

The Arts Council has previously welcomed initiatives such as the PSP to address this lack of plurality in regional content, ownership and production. We have recently published a report on the Arts in Community Radio in partnership with the DCMS and Community Media Association (March 2008) which makes a very strong case for community media, often in areas of deprivation, empowering people to create content and develop new talent. We remain interested and involved in developing the future of community radio and television.

We also believe that the Review should examine the wider market and creative conditions for UK originated content and this links to broader policy in relation to the UK's Creative Economy. We believe that UK creativity and the arts are crucial not only to individual fulfillment and civic renewal, but also the UK's value added economy – the creative economy – and to wider skills development. The creative industries account for more than 8% of growth in the UK and the arts as part of a cultural core, are a key driver within this growing sector. Arts talent including Artists, writers, producers and creatives work across a wide spectrum of arts and media sector at many levels establishing mixed portfolio careers.

The Government's Creative Britain manifesto draws attention to the importance of the relationship of the UK's arts to the wider creative industries and notes that 'the bedrock on which the strategy is built is the Government's fundamental belief in the role of public funding to stimulate creativity and sharpen Britain's creative edge. This is reflected in its support for the arts and its commitment to public service broadcasting.'

We believe that it is vital that there is support for high quality, original, well-funded arts production reflecting UK content. The independent television production sector is a crucial sector within the arts media value chain in developing new ideas, often brokering opportunities for arts organisations on broadcast platforms and catalyzing initiatives which can have transformative

effects on the participants and communities involved. For example, Carbon Media's forthcoming *Big Art Project* will reflect public art works across the UK, many funded through the Arts Council and Art Fund and the work of Diverse in bringing together Youth At Risk, Birmingham Royal Ballet and local authorities in the Channel 4 commissioned *Ballet Changed my Life; Ballet Hoo!*

We believe that regulation relating to broadcasting needs to be mindful of global forces and markets. PSB has a vital role in supporting UK cultural programming and the arts position within global culture and economies. Many in our arts seminars believed that it was important that a new PSB system encouraged and supported not only content benefiting UK citizens and consumers but also provided a strong foundation for the sustainable growth of UK cultural media producers, promoting Britain's culture as a vibrant, excellent inclusive offer to the world.

We welcome initiatives to encourage the digital capacity of the arts and wider cultural sector so that they can play a greater role in developing and distributing content on the national and international stage as Britain seeks to exploit its role as one of the world's leading creative economies. The Arts Council is committed to helping the sector develop its potential with a new three year Digital Opportunities priority within our new three year plan 2008-11 and partnerships and approaches will be key to achieving strong outcomes for the arts and the public.

Section 4. The changing market environment

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

Yes. Digital channels and interactive media are making an increasingly important contribution towards the PSB purposes and digital technologies hold huge potential for new forms of high quality arts content and public engagement in the arts. The traditional PSB model has to expand to include newer forms of arts production and distribution, not least due to the revolution in 'my media' and personalisation and the correlative limitations of linear broadcasting to satisfy the totality of citizen and consumer needs. Online services and new platforms can help people access and engage with arts content in new ways, deepening knowledge and quality of experience.

Younger generations in particular no longer expect to be passive consumers of content, rather they expect to be able to 'remake and remix', seeing cultural content as the building blocks that enable them to create their own culture. There is also an increasing expectation that content will be free at the point of access, and will be available to adapt and share, which clearly poses major challenges in terms of the rights and IP.

The Second Review has established important concepts relating to what is termed, 'Third Sector Public Service Content,' some of which is seen to be contributing towards PSB/PSC purposes. This clearly develops thinking around the earlier Public Service Publisher concept, in making the clearest statements yet on viewing public institutions and services as current and potential deliverers of public service content and seeing a new shift of services migrating online and taking on some of the characteristics of PSB, 'it applies even more to cultural activities, such as arts, museums and galleries which – in many cases, are moving beyond simply providing access to cultural artefacts into a mode where many institutions are finding that facilitation of learning, understanding and participation are more central to their mission than ever before' (Anthony Lilley, *A Public Service Publisher: A new approach*, 5)

We welcome and support MTM's re-framing of PSB characteristics to the online environment to include participation, personalisation, permeability and collaborative authorship with content of high quality, original, engaging, discoverable and accessible. We also believe that the five 'public good' criteria in the Public Service Publisher concept should also be applied in this context to include democratic value, cultural and creative value, educational value, social and community value and global value.

MTM's research identifies an 'extensive range of arts, culture and history content and educational resources online' but notes that only a small and fragmented subset of these sites display public service characteristics as described above. They note that 'the genre appears poorly resourced overall and heavily reliant on time-limited and unsustainable government grants, although the BBC and some major museums and institutions appear to have substantial budgets.'(12)

They also identify limited news provision relative to other genres and a number of small scale and culture news sites with the 'majority of museum and other institutional sites... little more than brochure ware – the stand out sites...Metropolitan Museum of Art and the Tate family of sites, which both

include extensive collections of learning resources and stand alone online art commissions' (10)

MTM reviewed only online content and it is worth stating that a good deal of publicly funded digital media content within the arts sector was not included in this analysis. Much of it currently is only available to the public via gallery exhibitions and projects in 'live' contexts.

The Arts Council currently supports and invests in a wide range of digital media projects and organisations. This is supported through three main mechanisms, Grants for the Arts, Regularly Funded Organisations, and strategic managed funds. The latter have supported major broadcast partnerships over the past five years. There are significant archives of arts content some of which have been co-commissioned and produced with broadcasters that are also not available, certainly not in terms of universal access. The Arts Council's film collection of over 400 films, stretching back to the 1950's is currently only available to students for educational use. We are committed to the wider distribution and promotion of this work and we believe that there are many other arts archives of interest to the public that could be made more accessible subject to rights clearances, funding and establishing appropriate contexts for the work.

We also welcome the growth of digital television and radio services delivering some of the purposes and characteristics for PSB, particularly in terms of supporting learning and interest in the arts. There have been particular successes for PSB channels in reflecting cultural output such as BBC4 and More 4, and Channel 4 and BBC's highly praised online services.

Sky Arts is another important entrant into the market. However, digital channels currently possess limited reach, impact and original commissioning budgets in terms of arts content. Ofcom has identified, even ITV2, one of the most successful digital channels only have 2% share in multi-channel homes so digital channels are clearly part of the longer-term solution to discoverability. Sky Arts can validly claim delivery of PSB, but has limited budget, is predominantly populated by acquisitions from international distribution and previously shown UK arts programmes. There is some commissioning from independent production companies, albeit on modest budgets. The service though doesn't offer universal access, existing only on the Sky platform with limited reach and contributes little to the production sector and wider creative economy. There is also no guarantee as to its long-term presence on the Sky platform as a non-PSB.

Teachers TV and the Community Channel also offer programming of value and interest although their production budgets do not generally compare to terrestrial PSBs. Both serve specific PSB purposes in relation to learning, identity and diversity, and offer interesting institutional models for the future delivery of forms of PSB. Teacher's TV provision of long-term contracts for producers is seen to have been very effective. The Community Channel's model for content in relation to the voluntary sector also highlights the potential for other public purpose channels that could benefit from a digital channel, linked online presence and partnership cross branding from the major broadcasters. For example, the allocation of DTT spectrum with a high EPG position to a Cultural Channel with 'must carry' status would help to broaden the access to a range of cultural content and would play a significant role in helping viewers to find associated online content. Other broadcasters could be encouraged to cross promote to such a channel and its website.

Other platforms of real potential to the arts include internet and digital radio. Technology and Media Consultant Bill Thompson noting in a recent Arts Council seminar on music;

'Radio is reinventing itself in the digital age thanks to online distribution and podcasts and stuff like that, and you can build on those relationships and ...radio is figuring out ways to do video content on top of the audio, in far more imaginative ways than television is figuring out ways to move its rather clunky commissioning and production methods into the online world.'

There is also a need for audiences to be at the forefront of developments in being able to access content when they want to and to personalise their interactions. This means also re-defining what we mean by 'mass' audiences, moving away from the broadcast 'hits' model on which ratings success or failure has traditionally depended. Viewing programmes online will become an almost entirely on-demand experience, rather than the old 'scheduled' broadcast model.

We welcome Ofcom's suggestion that broadcasters 'should make their current TV and archive content available online, allowing viewers to comment on and annotate programmes.' (6.15) The nature of broadcasting is changing very quickly, and copyright needs to respond to the on-demand culture that is developing.

The huge success of the BBC I-player, 4OD and new opportunities for long tail 'mass' potential in opening out archives in longer time frames, and involving

partnership with broadcasters and others provides a genuinely new opportunity for cultural consumption, both for citizens and consumers. The on-demand content market and propositions such as Kangaroo between BBC Worldwide, Channel 4 and ITV indicate that 'third party content' will be possible to include, with the consortium able to encourage 'other quality content providers to join the service to further enhance the viewer experience' (BBC Press Office, 27.11.07) We look forward in developing discussions further to promote the work both of our Regularly Funded Organisations and the work of the independent arts production sector.

We also see potential for other distribution mechanisms for public service content through the network of digital screens across the country and spaces for 'public broadcasting.' HD technologies and series such as the New York Metropolitan's Picture House events, offer new communal experiences for high quality, well produced content that can live on different platforms. Business models would need to be explored in more detail. Big screens; public displays via LED, LCD plasma screens, large scale projections and media facades also offer opportunities for place based initiatives to support the production and distribution of public service media content.

Section 6. Meeting audience needs in a digital age

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

Yes. Arts Council England has already responded to this vision both in its submission to the Culture, Media and Sport Select Committee Inquiry into public service media content (March 2007) and Arts Council England's response to OFCOM discussion paper, 'A new approach to public service content in the digital media age' (January 2007)

We continue to believe that public intervention to ensure availability and access to content that the market would not otherwise provide will continue to be necessary for public service content in the digital age. That intervention to achieve public purposes will need to take different forms in the future. It is vital in our view that content which supports citizenship and cultural objectives is promoted and supported vigorously. The balance must be kept between this and a purely commercial or consumer focused approach to content.

We agree strongly with the analysis laid out in Channel 4's *next on 4*, in which they identify some major challenges that have implications for the fulfilment of

public purposes online. The first is to secure the UK's position in the global market noting economic incentives to invest in public service television...content specifically for UK audiences, enhancing British citizen's lives and stimulating a thriving and globally competitive production sector...UK specific public service content is much less prominent in the online world.' The second is the tendency for people to retreat to comfortable niches and a risk of online audiences may never be confronted by alternative cultures or diverse viewpoints that could challenge their own. The final challenge relates to discoverability, with search engines commercially focused and reliant on computer code to decide what content to promote, contrasting with the TV world and PSB services given prominence on electronic programme guides. (*Why PSB still matters: Next on Four*, 41)

It is vital that we consider the role of the public in the creation and distribution of content. New technologies offer artists and arts organisations the ability to interact and engage with their audiences in new ways. They offer alternative forms of dissemination that provide opportunities to reach out to new audiences, both nationally and internationally. They also offer the potential to deepen the engagement of current audiences, providing new ways to access content, extending the lifecycle of an artistic experience and possibly even deepening or enhancing the intensity of that experience.

We agree with the principles in section 6.4 of the report, one of which specifies 'high quality innovative and original factual content which stimulates knowledge of arts, science, history and other topics.' We would recommend adding a further principle relating to the stimulation of participation in high quality creative content. This would reflect the more participative culture of new digital technologies and relate back to the purposes within the Communications Act.

In developing a new Public Service Content ecology, we recognise that a balance will need to be struck between large scale broadcasting organisations with mass reach and new entrants who may be better placed to engage with different publics and reflect greater diversity and voice. New Public Service Content could not only stimulate new areas of content and engagement but could support greater partnerships between arts organisations, the public and community and voluntary sectors, complementary to broadcaster provision. These could also harness broadcast media brands to encourage greater reach.

We approve of the guiding principles of impact, reach, availability and cost/value for money. One of the stated objectives in such a review would be 'to maximise

the value for money delivered by investment in public service broadcasting.’ (6.5) We would add that it should also be important to ensure that public investment in arts and culture is factored into the review to fully maximise value for money.

We also recognise the current low capacity of the arts sector as a whole to benefit fully from some of the opportunities presented by this Review and digital technologies more generally. Some organisations have been particularly pioneering, many including Arts Council Regularly Funded Organisations specialising in the digital arts, and those such as English National Opera, Sadlers Wells and the Royal Opera House who are exploring new mechanisms to distribute content, develop e-marketing and promote learning.

A key leader in this field is Tate. Tate’s mission, as set out by the 1992 Museums and Galleries Act, is to “increase public knowledge, understanding and appreciation” of British, modern and contemporary art. Tate’s development into media content using an in-house media production team has been of interest as it offers a vision of Public Service arts content which is delivering rich content to the public and inspiring many in the arts and cultural sectors. Tate has been able to achieve this vision through imaginatively re-thinking its purpose, its approach to content across its live sites and its website, which it describes as its fifth site. (Appendix 1)

Tate is committed to sharing its own learning and helping others to build their capacity where possible. However, when examining funding model potential in relation to PSC, it is also worth noting that Tate can only provide the level of media content due to its sponsorship partnership with BT Vision and Bloomberg and seed funding from the Arts Council. A participant in the Arts Council’s digital seminar commended Tate but commented on the ‘plethora of regional, local cultural organisations who cant afford the hardware and don’t have the market presence or branding’

Issues relating to IP, Rights and content ownership were key themes in the recent Arts Council digital seminars (Appendix 1) The Arts Council believes this to be a major challenge and we are committed to developing our policies in this area, believing a balanced approach to ensuring public access and commercial exploitation will need to be established.

There remain funding, skills and development challenges across England in creating PSC. However, the sector has huge potential to expand its audio-visual and interactive media work. Such organisations have strong governance

structures, creative capacity and vision, and deliver publicly agreed purposes relating to both creative excellence and access.

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

MTM London reports that ‘in general provision of PSC is strongest in genres where provision is underpinned by a competitive market with well funded commercial providers pursuing established, sustainable business models typically focused on advertising revenues.’ This is clearly not the case with most forms of arts content, which derive much of their core funding from public subsidy. There is therefore a case for intervention as it relates to cultural content.

We believe that editorial plurality and structural plurality within a new PSB/PSC system is essential and will benefit citizens and consumers. New commissioning models and new partnerships between broadcasters, interactive media companies, independent producers, public agencies such as the UK Film Council and the Arts Council, and arts organisations such as Tate and others, rooted in diverse communities across England, should be encouraged within a new PSB/PSC system.

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

‘The challenge now for government and public broadcasting institutions alike is how to grab the citizen’s attention’ (Tim Gardam, *The price of plurality*, Reuters 19)

We recognise that in order to fulfil the potential of cultural content online, we need to work to secure Super fast Broadband in the UK as a key delivery mechanism for delivering rich PSC in the future.

Aggregators will be key in supporting the reach and impact of public service arts content in the future. The Arts Council seminars drew attention to some in development. (Appendix 1)

The other key factor in maximising reach and impact of both current and archived public service arts content as mentioned above, is ‘discoverability’ The Review document cautions that ‘there may be persistent barriers to increasing the reach and impact of online PSC’ (6.8) which OFCOM recognises is ‘significantly more difficult in fields such as learning, education, and arts, culture and heritage where

there are fewer high quality aggregators of content and market leading brands, meaning that the high quality stand alone projects are particularly hard to find' (MTM London, 4)

Peter Bazalgette made an important contribution to the debate in his recent RTS speech in which he conceived of a search engine/aggregator 'Boggle' and illustrated the concept with a vision of arts organisations producing and distributing their own content direct to audiences to ensure real plurality of cultural content for audiences and participants.

The focus on an empowered arts sector and the pro-active intervention to support advanced search usefully builds on Ofcom's earlier thinking of the Public Service Publisher in which a specific role for the PSP was in ensuring 'that search mechanisms for its content and conceivably for all public service media content – become as efficient as possible. This would never extend to the development of a search engine but it would involve working with search engine specialists and the major global and local players in search to establish tagging and discovery mechanisms to facilitate this. The PSPs 'facilitation brand' could be a valuable way of finding and benchmarking this kind of content in future, a role which is already in dire need of filling.' (Anthony Lilley, *A Public Service Publisher: A new approach*, p12)

We agree that search engines are vital components of the 'architecture' of PSC . We welcome Ofcom's commitment to explore mechanisms with Google and others to address issues of search engine optimization in relation to PSC. The Arts Council would also welcome further discussion and involvement.

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

Yes. We agree that the existing model is not sufficient and will need to reflect new energies and entrants from the online and interactive media world for true Public Service Content plurality as described above. We believe that the existing model is not sufficient given the clear opportunities arising for new areas of content, audience interest, patterns of consumption and new providers of Public Service Content.

We remain more interested in exploring opportunities in this area than focusing analysis on market failure. However, there is also a clear market deficit argument to be made for a diversity of arts content for some areas of PSB content as shown throughout the Review Report. The economic scenarios for the UK TV

market indicate a threat to the plurality of non- commercially viable PSB areas such as arts content across a range of genres including music and drama.

We have concerns that the budgets for original UK arts production for broadcast or digital media will decrease sharply over the next few years. There will of course be some market provision of arts and culture but the market alone will not deliver UK originated high quality/well funded public service broadcasting without intervention. High quality, well-funded content is what audiences say they want and there will be significant challenges in achieving this in the future without a plurality of supply and major commitments from those PSB who remain.

Ofcom notes the ‘challenges’ around broadcasting arts in its latest PSB report, and has previously grouped arts programming with news and children’s content as genres under ‘pressure’. LEK’s report on Channel 4’s financial future last year also highlighted the arts as examples of specialist factual programming which as ‘loss making programme segments’ and ‘marginal and unprofitable programming’ would be under threat from an altered C4 remit away from PSB.

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

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

We have laid out our views on the importance of the BBC as a current and future cornerstone for PSB in both our previous response to the Culture, Media and Sport Select Committee Inquiry and Ofcom’s previous discussion paper, ‘a new approach to public service content in the digital age.’ We continue to be a full supporter of the BBC whilst recognising some challenges in partnership working, amplified through the Arts Council digital seminars. (Appendix 1)

We continue to argue for an over-arching cultural strategy across BBC platforms would facilitate greater partnership working. We welcome their new partnership code and frameworks for assessment of their cultural and creative purpose. We are in the process of drafting a new Public Value Partnership with the BBC (2008-12) in recognition of our roles as joint investors, developers and patrons of the arts in England and would hope to broker improved relationships between the BBC and the publicly funded arts sector on a far greater scale than has been the case.

We also support a strong independent Channel 4, its 'voice' and role within the PSB ecology, primarily its importance in relationship to the BBC and the wider plurality it encourages for a diverse range of other independent voices that help to reflect the UK and other cultures. The Channel is virtually alone now in commissioning large-scale work from artists such as Cannes winning Steve McQueen's *Hunger* and Suzie Templeton's Oscar-winning *Peter and the Wolf*. They possess catalytic power in bringing to screen significant projects of ambition and scale, working in partnership to deepen the public's understanding and appreciation of the arts.

As mentioned, the BBC and Channel 4 in particular contribute to the arts and cultural infrastructure development particularly in regions, in initiatives to develop regional production, talent, education, skills, training and the creative economy. Channel 4's new 4IP initiative is a welcome addition, bringing a range of partners from Regional Development Agencies and Regional Screen Agencies together with regional Arts Council offices and others to develop and pilot new digital media with innovation at its heart. This model of working looks set to continue and grow and could provide important learnings for a new PSC ecology.

A key theme in our response is the potential within the arts sector to support the future delivery of Public Service Content. There are many arts and cultural organisations established to deliver excellence in live arts and who undertake community outreach and educational activities. This theme is amplified in Appendix 1, with a wide range of views on both current and potential activities.

One interesting example for arts plurality to note here is Tate Media's work in beginning to develop its own content. The Arts Council has recently developed a strategic partnership with Tate to develop documentaries for broadcast on Tate's website which has significant reach and impact, and growing with its developments in providing rich media.

The first Tate/Arts Council collaboration on Brazilian artist Cildo Meireles has now been acquired by the South Bank Show to show in its Autumn season so there will be a broadcast output together with gallery exhibition and online access via the Tate's website. This indicates potential and capacity for arts organisations to collaborate and to become arts media commissioners and producers in their own right, working with broadcasters to increase reach and impact but retaining rights and editorial control.

iii) 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?

We fully support Ofcom's request that responses to this Review focus on outcomes not processes. We support a vision of Public Service Broadcasting and Media content that makes cultural excellence available to as many people as possible. Any funding solution must ensure wide availability of and easy access to most public service content giving a large majority of citizens a chance to enjoy it with the need for some additional public intervention to drive take up and reach particular audiences.

We do not feel able to make any defining assessments on the models without more work undertaken to understand the implications for the Public Service Broadcasting content ecology in the future.

However, with that caveat, of the four preferences given thus far, we would suggest that Model Three is perhaps the strongest of the current four and worth exploring in more detail. This would confirm the BBC and Channel 4 as core PSBs but with some limited competitive funding to facilitate new entrants for plurality. We would also support greater internal plurality within broadcasters to open up maximum entry points for innovative ideas and providers/producers who could increasingly come from the arts.

We believe this is especially important not only in terms of our analysis of the likely retreat from ITV and FIVE in terms of their current, if diminishing support for non-commercial arts content, but also due to the nature of arts and cultural organisations shifting their missions and supporting genuinely groundbreaking work. Culture must innovate to be relevant to our society and we believe that innovation often comes best from artists and those working outside the existing broadcasting or indeed arts funding structures.

In principle, we believe that many elements of the current model remain relevant for the future, not least in investing in well funded institutions whose incentives are aligned with public purposes and which deliver benefits to the cultural infrastructure of the UK.

We see significant potential for the cultural Non Departmental Public Bodies such as Arts Council England and our sister agencies across the UK, together with the UK Film Council, and Tate to develop this concept further, to explore funding models in more detail within the context of existing cultural provision and to support the delivery of cultural PSC, expanding where possible the impact and reach of the publicly funded arts and cultural organisations across the UK. We would agree with Tim Gardam's argument that runs,

'If public value is being created across platforms beyond those of the old PSBs, should it not follow that the future structure of public funding should also reflect this plurality and the innovative energy that may be there? ...if the seeds of a new public service media, more plural than anything we have seen before are now beginning to germinate, should not public intervention cultivate them too?' (*The price of Plurality, Reuters, p20*)

We would not wish to comment on the specifics of potential sources of funding for new PSC at this stage but would wish discussion on outcomes and opportunities to lead to further more detailed financial analysis once these have been thoroughly assessed.

Section 8. Options for the commercial PSBs

i) 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?

We responded to Ofcom's paper '*Channel 4's role in the future of public service broadcasting*' in May 2007. In our response, we identified the importance of Channel 4 not only in terms of its arts output and investment but also as a driver for talent development, the creative economy, independent production and innovation in media. This value is expanded in *Next on 4*.

'Channel 4 supports the creative economy, promoting plurality by commissioning from the greatest number and range of sources, and supporting activity across the nations and regions and in creative sectors beyond television, in particular the film industry.'(78)

We would like to register the importance of Channel 4 to the 'adjacent' arts industries and would encourage new closer working with the arts sector, in relation to this purpose. We are pleased to have signed this month, a three year

partnership with Channel 4 to support greater joint working on projects of ambition and scale, including our support for 4IP and work.

We welcome Channel 4's proposed vision articulated through *Next on 4* and its core purposes to:

- nurture new talent and original ideas
- champion alternative voices and fresh perspectives
- challenge people to see the world differently
- inspire change in people's lives

We particularly welcome Channel 4's emphasis on talent development, supporting people, 'throughout their careers, from dedicated slots in the schedules that connect emerging talents with mainstream audiences, through to ambitious landmark commissions from veteran collaborators' (*Next on 4*, 78)

We acknowledge a central hypothesis of the LEK/analysis report identifying tensions in its strategic evolution between safeguarding its commercial health and wishing to remain focused on the delivery of its public service remit.

We would welcome further articulation of support for and reflection of the diversity of arts content and broader arts talent development, within broader purposes and would argue for clear measurable commitments by the channel if the channel is to retain its PSB status.