



British Music Rights submission to Ofcom's Second Public Services Broadcasting Review

June 2008



Executive Summary

British Music Rights (BMR) is an umbrella organisation¹ that represents the interests of 60,000 composers, songwriters and music publishers and their collecting societies, and is a leading industry voice in raising awareness of the value of music to the British economy, culture and society.

The relationship between the UK's public service broadcast infrastructure and the UK's creative capabilities is very intimate.

The UK has a long tradition of relatively well-funded, public service broadcasting and its ethos has pervaded our broadcast culture. The Reithian edict that broadcast in the public interest should inform, educate and *entertain* has created a continuous demand for creative and innovative expression over many generations.

The BBC Charter places specific obligations on the BBC Trust to stimulate creativity and cultural excellence by fostering creativity and nurturing talent, and additional obligations to promote interest, engagement and participation in cultural activity among new audiences.

As a result, public service broadcast output has instilled an appreciation for creative innovation in audiences, and an expectation of creative excellence.

On the supply side, the BBC's public purpose to represent the UK, its nations, regions and communities has helped encourage a ready supply of creators to meet the demand for creative innovation and excellence.

This rich history and the unique interplay between UK public service broadcast, audience expectations, and supply of creative capability has made UK originating television programming, like UK originating music, known, admired and loved throughout the world.

Fundamental changes to the UK's public service broadcasting infrastructure is likely to have an impact far beyond the individual broadcast institutions in question. The relationship between public service broadcasting and the UK's creative talent and capability more generally, is too close for change to take place in isolation.

Indeed, recent changes in public service broadcast regulation, particularly with respect to the independent production quota for BBC output, have already had a negative impact on our community of music creators.

We also acknowledge pressure on the current public service broadcast infrastructure arising from audience fragmentation and, for commercial PSBs, the resulting decline in advertising revenue. Commercial broadcasters have, in addition, internally applied pressures to minimise production costs and maximise returns to shareholders.

These developments and pressures are likely to have caused or exacerbated the decline of new music being commissioned for programmes, and the decline in music programmes being broadcast and viewed on public service television. This decline is a cause of deep concern to our members.

¹ British Music Rights' member organisations are: The British Academy of Composer & Songwriters; the Mechanical-Copyright Protection Society (MCPS) the Music Publishers Association (MPA); and the Performing Right Society (PRS).



Of all the public service broadcasters in the UK, the BBC does the most for music despite the overall decline in the BBC's commissioning of original music. We therefore cannot support any proposal that would top slice the BBC's income, reduce the BBC's income, or jeopardise BBC funding by diluting the clear link between the BBC and the BBC licence fee.

So long as the licence fee is considered by Ofcom to be a potential source of funding for commercial public service broadcast, we cannot accept any option that calls for "additional support" or "new funding".

For that reason, of the four options on the table, we are only able to support Option 2 – the BBC Only model.

Should Ofcom or Government make clear that the licence fee is 'untouchable', and that any 'additional funding' would come from sources other than the licence fee, we would be able to support Options 1 – Evolution; and Option 3 – BBC/C4 plus limited competitive funding as well.

I. Public service broadcasting and its relationship with music

Our community of music creators, publishers and collecting societies has a strong interest in Ofcom's obligations to keep the public service broadcasting infrastructure alive and buoyant.

Public service broadcasting affects composers and songwriters in very direct ways:

- as major users of music repertoire for synching with programmes;
- as direct commissioners of original music specially composed to be synchronised with television programmes;
- as platforms for national exposure to music – for instance, coverage of major music festivals;
- and as educators – putting music and individual musicians into historical and cultural context.

PSBs as major music users

The public service broadcasters are amongst the largest users of music. All of the public service broadcasters acquire blanket music licences from MCPS-PRS Alliance, which provide them with unlimited use of the entire catalogue of music administered by the collecting society for using musical works in the programmes they broadcast.

In 2007, MCPS-PRS revenues for TV, radio and online services were over £150 million and the public service broadcasters accounted for a significant proportion of this. These revenues are distributed as royalties to the many thousands of composers, songwriters and publishers whose musical works are used.

In addition, the MCPS-PRS licenses a number of independent production companies who make public service programmes for the public service broadcasters, providing them with the same access to the vast catalogue of music administered by them.



PSBs as commissioners

Public service broadcasters, primarily the BBC, act as direct commissioners of new music to be used in programmes. The BBC has also worked in partnership with the Musicians Union and the British Academy of Composers & Songwriters to develop best practice with respect to commissioning practices.

Much of the best loved and most popular television theme tunes have been created by UK composers. These instantly recognisable tunes provide cultural reference points for each generation, and their longevity contributes to the UK's reputation for quality and innovation.

However, trends reported by the British Academy for Composers & Songwriters are that the quantity of original music commissioned for programmes has declined year on year. The independent production quota imposed on the BBC is thought to be the cause of the considerable drop in the volume of the commissioning of original music. Smaller production companies often target music for cost savings.

PSBs as platforms for exposure

A vitally important purpose of public service broadcasting is to promote creative diversity and innovation by providing a platform for new talent, thereby constantly enriching the creative pool in the UK.

The obligations upon public service broadcasters to reflect our cultural identity gives rise to programmes like the BBC's *Later with Jools Holland* and *Sound*, and Channel 4's *Transmission* and *Freshly Squeezed* which have a strong music element, providing essential opportunities for UK musical talent to reach national exposure. Regular music slots in programmes like *The Jonathan Ross Show* are also important.

The BBC's coverage of major musical festivals like Glastonbury also act as a fantastic showcase to the nation of popular contemporary music.

Ofcom's own research shows that more than 30% of audiences selected music programmes as a top personal priority for the main public service TV channels – yet the proportion of public service television programming that has a strong music element is a fraction of total television output, and the amount of music programmes is in decline.

According to Ofcom's *Public Service Broadcasting: Annual Report 2008*, across the five main public service broadcast channels, music as a genre of programming has declined by more than half in the past five years, from 22% in 2003 to just 10% in 2007. Between 2004 and 2007, 'Arts and Classical Music' output dropped by 24%, representing a reduction of 474 hours. Viewing figures likewise are very low for music programmes, but have actually *risen* in the past year, accounted for by a doubling of viewing on BBC 1.

PSBs as educators

Public service broadcasters have found rich subject material in music for factual and documentary programming. These programmes often provide historical and cultural context to music which helps audiences appreciate the role music plays in society and in reflecting the times and populations that produced them. The BBC Sound Archive also provides a significant public service by providing the history and context



to music and make connections for listener. Such programming further deepens audiences' understanding of and appreciation for music.

II. BBC Radio and music

While Ofcom's review is focused on public service television, we cannot comment on the options offered for our consideration, all of which impact upon the future of the BBC, without referring to the role of BBC Radio.

Audiences, too, include radio when thinking of public service broadcast.

In this section we comment on the BBC's contribution to the key elements of exposure, diversity and innovation, which impact so directly and profoundly on the UK's music industry.

Exposure:

According to RAJAR, 90% of the UK's population (aged 15+) listen to the radio.

Analogue radio is and remains an absolute critical means by which music creators gain exposure, build fan bases, and advance their careers. Radio and the world of music has always and will always have a symbiotic relationship, not only growing and developing new talent but new audiences for both public and commercial broadcasters.

There can be no doubt that the £6 billion a year industry that is the UK music industry would simply not exist in its current form, not only as a market leader but a world leader, were it not for the BBC and the access and support provided under their service obligations to new and developing talent. BBC 6Music delivers 56% of UK music in a full week. The Radio 2 service licence commits to 40% UK music and Radio 1 has a service licence commitment that 40% of daytime music will be from UK acts.

Increasingly over recent years commercial broadcaster have become more technologically sophisticated at targeting music at a particular demographic in order to deliver maximum advertising revenue returns. The BBC, through the flexibility of the licence fee, is able to provide opportunities, support and exposure for an extraordinarily diverse range of talent that simply no longer has access to medium of commercial broadcasting.

Diversity:

The BBC is the standard bearer in broadcasting a diverse range of music on radio.

BBC Radio provides breadth of genre that the commercial radio sector simply cannot justify on commercial grounds.

Figures provided by the Performing Right Society (PRS) bear this out. The following table shows the total number of composers and songwriters paid per radio station in 2007 – an accurate proxy for range and diversity of music broadcast.

Radio Station	# PRS writers paid
BBC Radio 1	5,018
BBC Radio 2	5,193



BBC Radio 3	1,781
BBC 6 Music	4, 557
Capital 95.8	1,450
Heart 106.2	839
Virgin Radio UK	1,224
XFM London	1,018

BBC Radio also “brings the world to us” by showcasing international artists. The following table shows the number of international collecting societies (affiliated to PRS as part of a reciprocal relationship) that received payments from PRS in 2007 for them to distribute to their writers members.

BBC Radio 3 – 82
BBC Radio 2 – 56
BBC Radio 1 – 55
BBC 6 Music – 50
Capital 95.8 – 28
Virgin Radio UK – 22
Heart 106.2 – 21
XFM – 21

BBC local radio also provides a vital platform for local musicians that are establishing local fan bases and inevitably goes hand in glove with diversity. Strong local programming also provides the opportunity for specific regional and minority populations to convey a sense identity.

Innovation:

The BBC, uniquely, provides exposure for new talent and innovation in music that the commercial sector simply does not. The market, left on its own, would never be able to sustain the likes of Radio 3 and 6Music which require substantial support to fulfil their purpose of discovering what’s fresh and new. BBC Radio 3, in fact, is the largest commissioner of new music in the world.

Radio 1 has a service licence commitment that 45% of daytime music will be “new” music (less than a month old). New artists account for 20% of daytime output on Radio 2.

In giving oxygen to new talent, BBC Radio helps create an audience base and often, those same composers and performers go on to become better known over time and eventually get picked up by more commercial stations. The relationship between public service broadcast and the commercial sector is thus dynamic and beneficial to both.

Even with the likes of BBC Radio, the UK’s largest academic research into the attitudes of young people towards music revealed a strong dissatisfaction amongst young people for the lack of diversity of music on mainstream radio and television. Asked what they would do to improve the music industry if they were in charge for a day, 17% of all suggestion given related to increasing the amount of innovation and diversity in music:

“Respondents wanted more diversity, innovation and quality in music...Diversity also included music produced in non English speaking countries and music with melodies and sounds favoured by people of different cultures. The music industry, including

*radio stations and the media are thought to have too much control over styles of music that reach prominence. In essence, particularly profitable genres are being 'forced' on the public."*²

III. Conclusions

A decrease in the overall volume of public service programming, or in the level of obligation on public service broadcasters for programming that is of UK origination, diverse, and innovative, is likely to have a serious detrimental impact on composers and songwriters and their music publishers.

For example, a reduction in UK originated programming could, over time, reduce the value of a blanket music licence to broadcasters, as the need for access to repertoire would be reduced.

A reduction in investment in UK programming could also further reduce demand for original music composition, providing less and less work for media composers.

Fewer UK originating programmes would provide fewer opportunities for UK programmes to be sold abroad. The impact would be less revenue distributed to fewer music creators and a shrinking of opportunity for those with musical talent to develop careers in the UK.

A diminution of UK produced innovative public service content would jeopardise UK's international standing as a creative powerhouse and put at risk the enormous potential of the creative industries to drive the UK's economic prosperity in the future.

The BBC

Of the public service broadcasters, the BBC broadcasts more music programmes on television, and plays the most diverse range music on radio, with an explicit commitment to 'new' music.

If BBC income were to be reduced, there is a significant and real danger that the BBC could not afford the specialised, heavily supported programming that characterises BBC output, and in particular, BBC Radio.

A pared-down BBC would be unlikely to continue to the same degree its involvement in initiatives like New Talent which worked in partnership with other organisations such as the British Academy of Composers & Songwriters. The 2008 New Songwriters Scheme engaged 2,800 unsigned songwriters, 60 of whom won master classes, and 2 of whom are already signed to commercial music organisations. Such initiatives that spot talent at early stages and provide opportunities for that talent to develop embody the BBC's unique commitment to innovation and its contribution to the UK's wider creative capabilities.

A weaker, less-well-funded BBC would in the longer term exacerbate the public service broadcasting funding gap. BBC Worldwide pumps its profits back into programming, and without such revenue there would be less investment available overall for public service programming. The BBC has considerable value in its brand which is recognised, trusted and respected globally. The value of such a globally renowned brand used to promote and sell British television abroad should not be

² Music Experience & Behaviour in Young People: Technical Report - commissioned by British Music Rights and carried out by the University of Hertfordshire in Spring 2008.



underestimated. No other commercial organisation or public institution in the UK has such an asset at its disposal.

Plurality of provision

We acknowledge that a plurality of public service providers when it comes to news and current affairs is highly valued by viewers.

Plurality of providers has given rise to the development of a strong independent production sector in the UK. Under the new BBC settlement, there is now a wider window of opportunity for independent production than ever before. With up to 50% of BBC programmes contestable to external suppliers, the opportunity for licence fee money to be spread further is unprecedented, and its impact should be monitored and assessed as part of considerations of the need for plurality.

However, the BBC quotas for independent production may have a negative impact on the UK's music creators, as independent production companies very rarely commission original music and pressure on keeping production costs low often mean that music is a first target for cost-cutting measures.

We strongly believe that Ofcom should take a proactive approach to the responsibilities set out in the 2003 Communications Act to ensure that “*cultural activity in the UK, and its diversity, are reflected, supported and stimulated by drama, comedy and music...*” This must mean monitoring the level, range and quality of music output on public service broadcast and responding when and where there may be weaknesses.

The options

Model 1 – Evolution:

We are able to support the ‘evolution’ model so that the current commercial public service broadcasters retain a designated public service role, so long as any additional funding required is *not* sourced from the BBC licence fee. If commercial public service responsibilities are reduced in line with the declining value of their gifted spectrum, we would wish to see specific commitments with respect to the level of UK originating programming and music-related programming.

Model 2 – BBC only:

We are able to support the BBC-only model as the BBC provides the greatest opportunities for the UK's musical talent to be discovered, gain exposure, and develop. We would wish to see specific commitments with respect to the level of UK originating programming and music-related programming; and a halt in the decline of the amount of investment devoted to the commissioning of original music.

Model 3 – BBC/C4 plus limited competitive funding:

We are able to support this model so long as any additional funding required is *not* sourced from the BBC licence fee.

Model 4 – Broad competitive funding:

We are not able to support this model as it would significantly reduce the role of the BBC.

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