

27th June 2008

SUBMISSION TO OFCOM:

PHASE ONE: THE SECOND PUBLIC SERVICE BROADCASTING REVIEW

The Media Trust welcomes the opportunity to comment on Phase One of Ofcom's Second Review into Public Service Broadcasting.

We are a registered charity working in partnership with the media and communications industry to support charity, voluntary and community sector communications. As part of our work, the Media Trust runs the Community Channel, a free-to-air, not-for-profit digital TV station, which broadcasts 24 hours a day on Sky 539 and Virgin TV 233 and from 6-9am on Freeview 87, and online at www.communitychannel.org

For many years the Media Trust, has engaged in issues of communications reform and has contributed to the Communications Act 2003, the BBC's Charter Renewal and the Digital Dividend Review, promoting the interests of citizens and community cohesion. We welcome the opportunity to respond to the consultation and view this is a vital opportunity for us to contribute to shaping the media landscape in the UK in the short, medium and long-term, to the benefit of all UK citizens.

Executive Summary

1. The Media Trust believes it is vital that UK communications regulation serves the communications needs, rights and interests of UK citizens. Indeed, the Communications Acts 2003 clearly lays out Ofcom's principal duties, namely, "*to further the interests of citizens.*" We therefore endorse Ofcom's declaration that the '*purposes of public service broadcasting are rooted in the interests of the citizen, not the producer*', (p1) and their statement that the review is being '*conducted through the prism of audience needs*'. Citizens' interests must be at the heart of all debates and the conclusions finally reached. We welcome the stated purpose of the current review, to make recommendations to 'maintain and strengthen' public service broadcasting. The Media Trust believes communications regulation should continually seek to protect, maintain and strengthen the provision of public service broadcasting content, platforms and partnerships. We believe that there should be positive action to increase the diversity of public service providers and content, and hence the range of services, viewpoints and engagement accessible to communities and citizens.
2. A key priority for Ofcom should be to underpin and strengthen emerging new providers of public service content, including community broadcasters, at both a UK-wide and local level, who do not formally have PSB 'status', but who share many of the

characteristics and/or make an invaluable contribution to delivering these purposes.

3. The Media Trust believes that there should be positive action to increase the diversity of public service providers and the range of both services, viewpoints and engagement accessible to citizens. We believe that the emergence of a strong, independent and non-commercial community media sector is a policy goal; and that “community media” means not only radio but also television and converged platforms, and that these may be at local, regional, national and UK-wide levels.
4. The Media Trust regrets that Ofcom opted for a purely market-led approach to auctioning off spectrum and continues to believe that the spectrum auction needs to balance ‘social value’ with commerciality. We believe that some of the spectrum should be used to encourage social inclusion, community cohesion and community empowerment, as well as to strengthen existing platforms that give diverse perspectives and voices, including the UK-wide Community Channel, which gives a unique platform for community sport, arts, culture and heritage. By deciding not to ring-fence spectrum for services such as national and local television channels – which have strong public service, community and social agendas, the regulator is making it hard for smaller and/or not-for-profit providers of public service content to engage in the auction process. Therefore, we encourage Ofcom to reconsider and use an auction model in which licence awards are made not only on the basis of the commercial market – but with public purposes and social benefits taken into account.
5. The Media Trust believes high quality content and production should lie at the heart of any future PSB strategy. We are keen for all the broadcasters to build and strengthen partnerships with communities, community media and the Third Sector to enable a new layer of high quality and diverse content production to come through from communities and citizens.
6. The Media Trust believes the case for plurality and competition for quality in public service broadcasting is indisputable. The Media Trust believes that the BBC should remain the cornerstone of British broadcasting, and together with ITV, Channel 4, S4C & Five, should continue to play the dominant role in delivering PSB purposes.
7. Since plurality is key to the provision of public service content, and the existing implicit funding for commercial public service broadcasting is declining, in future new sources of funding or public subsidy will be required for providers other than the BBC, namely new providers of public service content, including community broadcasters at UK and local levels. The Media Trust supports direct public funding to public service broadcasters and new providers of public service content where this funding can come from other public funds, including lottery funding, hypothecated proceeds from spectrum awards and/or partnerships with the BBC.
8. We strongly believes that niche channels that deliver public service content, like the Community Channel, should be rewarded with some level of public service ‘status’, including accompanying prominence on Electronic Programme Guides and DTT spectrum subsidy.

9. The Media Trust wishes to highlight that, as important as the plurality of suppliers, is the plurality and diversity of citizens' voices that can be heard and represented through public service communications – including the emerging new public service platforms on digital television and online.
10. We believe that Ofcom's primary duty towards citizens' interests in communications can be executed by providing assured funding in order to strengthen partnerships with the Third Sector. All our years of experience at the Media Trust, working across the media industry, working with thousands of charities and community groups and running the UK-wide Community Channel, convinces us that the Third Sector has the ability to revolutionise content creation, and to tap into a huge resource of compelling stories and diverse voices, as well as creating a new generation of digital content producers that will inject new energy into the creative industries.
11. The Media Trust believes that a sufficiently funded, independent BBC will – and should – remain the cornerstone of public service broadcasting. We oppose any decision leading to a detrimental impact on the BBC's public service contribution, including 'top-slicing' of the Licence Fee. However, we would encourage the Licence Fee to be used to strengthen partnerships, including that with the Community Channel, to bring added value to the BBC's purposes and to the Licence Fee payer.
12. The Media Trust believes that Channel 4 should remain a publicly-owned, not-for-profit, institution and should not be privatized. It is clear that Channel 4 will inevitably require a revised funding model, but we would not want any new funding structure to undermine either Channel 4's market position or the fulfillment of its remit. If Channel 4 does receive public funds or subsidy they will need to demonstrate public value throughout their services.
13. We strongly agree with Ofcom's principle that if content is paid for with public funding, audiences should have more than one opportunity to access it without additional payment.
14. We should not assume that convergence has arrived, in full, for every citizen. Any future policy intervention must deliver the benefits of new technologies - while at the same time avoiding creating a permanent two-tier communications society in the UK. Ofcom should remember that the market needs to serve citizens' interests, not the industry.
15. The Media Trust believes that there must remain limits on the frequency of advertising breaks.
16. We welcome the range of quality news provision across the current public service broadcasters. We believe competition in news has helped create high quality standards in news broadcasting and that these standards have been maintained by newer market entrants. We believe that the current impartiality requirements currently applied to public service broadcasters have served the UK well, and we oppose any relaxation in their implementation.
17. In the interests of plurality it would be regrettable if regional news in any area were to

become solely the preserve of the BBC, and we advise against Ofcom authorising any immediate change to current ITV licences.

18. We suggest that similar to the analogue system of licensing, public service broadcasters after Digital Switchover should be required to broadcast a quota of children's programming in return for discounted spectrum on DTT and/or preferential positioning on the EPG
19. We believe it is in citizens' interests that government commits to full deliberation and thorough consultation, and recognizes this is part of the democratic process. The Media Trust looks forward to working with Ofcom on the second phase of the review, and widening the consultation to citizens, the wider community and the Third Sector.

Introduction

This submission represents the views of The Media Trust.

- **The Media Trust believes it is vital that UK communications regulation serves the communications needs, rights and interests of UK citizens. Indeed, the Communications Acts 2003 clearly lays out Ofcom’s principal duties, namely, “*to further the interests of citizens.*” We therefore endorse Ofcom’s declaration that the ‘*purposes of public service broadcasting are rooted in the interests of the citizen, not the producer*’, (p1) and their statement that the review is being ‘*conducted through the prism of audience needs*’. Citizens’ interests must be at the heart of all debates and the conclusions finally reached.**
- **We welcome the stated purpose of the current review, to make recommendations to ‘maintain and strengthen’ public service broadcasting. The Media Trust believes communications regulation should continually seek to protect, maintain, strengthen and widen the provision of public service broadcasting content, platforms and partnerships. We believe that there should be positive action to increase the diversity of public service providers and content, and hence the range of services, viewpoints and engagement accessible to citizens.**
- **A key challenge for Ofcom will be to underpin and strengthen emerging providers of public service content, including community broadcasters, at both a UK-wide and local level, who do not formally have PSB ‘status’, but who share many of the characteristics and/or make an invaluable contribution to delivering these purposes.**
- **The Media Trust looks forward to working with Ofcom on the second phase of the review, and widening the consultation to citizens, the wider community and the Third Sector.**

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?

- **The Media Trust agrees that television continues to have an essential role in delivering the purposes of public service broadcasting. We believe that, despite changes in consumption of digital media, television – especially public service television - still possesses a unique power to engage with mass audiences and influence social change. Ofcom’s PSB Review Survey 2007 clearly demonstrates that television remains a central part of people’s lives, and serves as the main source of news and entertainment for most people. Television’s educational, social and cultural role remains highly valued by people of all ages, socio-economic groups and ethnicity. The Media Trust believes that**

high quality, original, innovative, challenging, engaging broadcasting which is widely-available, is best placed to serve the purposes of public service broadcasting.

- Television acts as the shop-window, the showcase, the endorsement and the pointer into online content. In an online world of sometimes bewildering choice television is often the starting point, the catalyst, for an enriching and interactive online journey, delivered as often through text, mobile, interactive broadcast applications as through web. New media platforms are hungry for content that connects their users to wider communities of interest, and the Third Sector is a leading force in interactivity, in making connections, in participative media and communications. Television will continue to be the validation that says to people ‘seek out this online content – it is important’, and it is likely to continue in this role for a long time to come. Conversely ‘new media’ content will signpost viewers into content distributed through broadcast television, creating the appointments to view that are still so important to our sense of community-purpose and citizenship, as well as entertainment.
- However, the Media Trust has consistently argued that public service content on the existing PSB platforms should be maintained and strengthened through more innovative and diverse content, commissioning and platforms. There is a widespread view across the voluntary and community sector that the “commercial” public service broadcasters, especially ITV are tending to marginalise such content in their schedules, whether UK-wide or regional. Over the recent years and last two Communications Acts this approach has been endorsed in legislation and regulation. Allowing the mainstream television market “off the hook” has the potential to damage the unique mix of UK television and its role in building cohesive communities and supporting citizens’ interests.
- We also note that radio, (national, regional, local and community) whilst outside of the scope of this review, continues to engage, inform, educate and delight audiences and deliver PSB purposes.
- **We are keen for all the broadcasters to build and strengthen partnerships with communities, community media and the Third Sector.** Large events like Sports Relief; Comic Relief and Children in Need are an excellent way for television to showcase the serious work of charities and community groups. In addition, the Community Channel has strong partnerships with the UK’s leading broadcasters, who continue to cross-promote to Community Channel programming, giving their viewers more information about the issues and organizations featured in mainstream television, and reinforcing the Channel’s role as a ‘public service partner’.

ii) Do you agree that UK-originated output is fundamental to the delivery of public service broadcasting purposes?
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- The Media Trust agrees with Ofcom, that the reflection of the UK’s cultural identity, through original programming at UK, national and regional level is a key public service purpose. It is vitally important to ensure the continued provision of a range of UK-originated programming of high quality, aimed at different age groups, which reflects cultural diversity and Britain’s place in the wider world but also reflects the UK’s rich

cultural heritage of language, literature, values and environment.

- Community media, both UK-wide and local is key to drawing out the diversity and range of voices, cultures and views represented across our communities, and acting as a unique feed of content and diversity into mainstream broadcasters. Ofcom should enable and encourage investment in content production initiatives across UK communities.
- The Community Channel is at the heart of citizens' interests across the UK, in enabling voice and content creation amongst the most disadvantaged, disenfranchised and socially excluded communities, in celebrating and enabling community empowerment, but also, crucially, in having the networks, platforms, partnerships and stakeholders to enable distribution and reach for this content. It is this role as a hub and catalyst for people seeking content of social value that we wish to develop, both nationally and locally.

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?

- The Media Trust agrees with Ofcom that, *"we are experiencing an extraordinary flowering of public purpose content in digital media from a variety of sources – public sector, community and voluntary organizations, individual and commercial with a wide range of funding sources."* (p2)
- We strongly agree that, *"...some public purposes are now being increasingly met, for some audiences, by dedicated digital television channels from public and non-public service broadcasters."* In particular, we would highlight the valuable contribution of the Community Channel – an initiative of the Media Trust, and a free-to-air, not-for-profit digital TV station broadcasting across the UK, which works in partnership with the media and communications industry, and receives backing from the Cabinet Office as well as the major broadcasters including BBC, ITV, Channel 4 and BSkyB. Around 1.5 million tune in every month and the Community Channel receives over 12,000 viewer interactions per week. We also note the welcome contribution of Teachers TV and note the significant contributions made to public service content by non-terrestrial television services, such as Sky News, Sky Arts, The History Channel, Discovery and many others, as well as online public service communications.
- **The Media Trust believes that there should be positive action to increase the diversity of public service providers and the range of both services, viewpoints and engagement accessible to citizens and communities. We believe that the emergence of a strong, independent and non-commercial community media sector is a policy goal; and that "community media" means not only radio but also television and converged platforms, and that these may be at local, regional, national and UK-wide levels.** Investment should be made in community media through interventions that ensure spectrum subsidy for the UK-wide Community Channel and local TV, as well as the establishment of a content creation fund for communities.

- We agree that the internet is meeting public purposes in new and innovative ways. Online public service content is certainly growing in importance, and both internet and digital television channels present an opportunity for the public service broadcasters to expand their offering and reach. For example: implementing new technologies both online and on the Community Channel has enabled us to feature even more news and information on the Third Sector –enabling even more community, charitable and voluntary bodies to have a voice. Already we have expanded Community Channel’s distribution, linking with some of the biggest names on the web, including MySpace, YouTube and Joost. Our impact continues to grow. Website users have increased 50% year on year and every week sees more people using us to find volunteering opportunities, or blog on issues they are passionate about.
- **The Media Trust regrets that Ofcom opted for a purely market-led approach to auctioning off spectrum and continues to believe that the spectrum auction needs to balance ‘social value’ with commerciality. We believe that some of the spectrum should be used to encourage social inclusion, community cohesion and community empowerment, as well as to strengthen existing platforms that give diverse perspectives and voices, including the UK-wide Community Channel, which gives a unique platform for community sport, arts, culture and heritage. By deciding not to ring-fence spectrum for services such as national and local television channels – which have strong public service, community and social agendas, the regulator is making it hard for smaller providers of public service content to engage in the auction process. Therefore, we encourage Ofcom to reconsider and use an auction model in which licence awards are made not only on the basis of money – but with public purposes and social benefits taken into account.**

Section 5. Prospects for the future delivery of public service content

i) Do you agree with Ofcom’s assessment of the implications of different economic scenarios for the UK TV market for the future prospects for delivery of the public purposes?

- The “ecology” of public service broadcasting has now changed since the Communications Act 2003. Digital switchover has already begun in some regions, impacting on the viewing habits of citizens. After switchover, the penetration of different platforms and services may continue to change, and we agree with Ofcom’s analysis that the audience share of the BBC and the existing commercial public service broadcasting channels, taken together, is likely to continue to decline.
- We acknowledge the concerns that continued fragmentation of the audience will lead to reduced impact of public service content. Consequently, the Media Trust agrees with Ofcom that there *“are likely to be issues around the ‘discoverability’ of content available reducing its reach and impact on citizens.”* (p70). Indeed, we suspect that scarcity is not in the distribution or content, but in attention from the audiences.

ii) Do you agree with Ofcom’s analysis of the costs and benefits of PSB status?

- The commercial PSBs currently deliver their existing public service broadcasting obligations in return for a number of benefits – notably a privileged access to the market through analogue and DTT spectrum.
- In the digital age, audiences are offered a choice of platforms, providers and channels – and to some the choice is both bewildering and confusing. A key challenge is therefore to assist audiences in navigating the way so that they can discover the range of quality content offered. The formal Public Service Broadcasters benefit from ‘due prominence’ on the EPG and preferential access to listings, literally promoting their content above the provision supplied by the market, which may also have PSB-characteristics, without similar formal status. This, in turn, allows them to build audience awareness and loyalty on digital platforms. Similarly, the trusted PSB ‘brand’ helps promote new, additional channels in their digital suite, whose content may be less public service.

Section 6. Meeting audience needs in a digital age

i) Do you agree with Ofcom’s vision for public service content?

- **The Media Trust believes high quality content and production should lie at the heart of any future PSB strategy.** We agree that the principles of universally-available free-to-air content and plurality are fundamental. The purposes and characteristics approach put forward by Ofcom is a useful entry point for examining public service content. A significant amount of content already meets these purposes and characteristics, and that this content is available from the designated public service broadcasters... as well as from other providers, like the Community Channel which are not bound by public service obligations, but do not enjoy public service broadcaster benefits.
- The Media Trust strongly agrees with Ofcom in its definition of the areas of programming which are required on a range of platforms for the public service broadcasting mix: news, both local and international, regional programming, children’s content, drama that reflects life in the UK, factual content which stimulates knowledge and content which “...caters for different communities of interest, ethnicity, life circumstances and so on” (p76). However, it is also clear from Ofcom’s research that the market is unlikely to provide this public service content of its own accord and therefore we agree that intervention will be required.
- We believe there remains a gap in the television market for community inspiration and grass-roots stories, which will often include a direct call to action. The Media Trust, through Community Channel, has built a platform that uniquely brings together the Third Sector, creating a digital space to showcase and distribute social action, charity and community news and content.
- Anything that can increase reach to PSB content is a good thing. Convergence and the uptake of new technology have enabled audiences to access public service content on a range of platforms. However, the increasing fragmentation of audiences has made it harder to ensure such content continues to reach a mass audience. In this context, the assurance of ‘universal access’ is a worthy objective. In our view, a policy priority for

Ofcom should be focused on extending the capacity of the digital terrestrial platform to carry content of specific social value – The Community Channel would certainly welcome the opportunity to increase its hours on the Freeview platform – creating opportunities for the expansion of strong networked, as well as regional and local community content.

- **We welcome the range of quality news provision across the current public service broadcasters. We believe competition in news has helped create high quality standards in news broadcasting and that these standards have been maintained by newer market entrants.** The Media Trust notes the concern amongst the broadcasters that younger audiences and those from ethnic minorities are less reliant on TV as their main source of news and information. However, we strongly reject Ofcom’s recent suggestions in New News Future News report that a *“less rigid approach [to impartiality] might - in future – encourage greater engagement among those not currently inspired by mainstream sources.”* **We believe that the current impartiality requirements currently applied to public service broadcasters have served the UK well, and we oppose any relaxation in their implementation.**
- On Ofcom’s vision that public service broadcasting should ‘*reflect the UK’s cultural identity*’, it is indisputable that the UK’s governance has changed radically since devolution of power from Westminster began a decade ago. We believe the broadcasters have a duty to better reflect our changing institutional architecture as well as our evolving political, social and cultural landscape.
- The Media Trust urges Ofcom to seize the opportunity of digital switchover, and the Digital Dividend, to invest in Community Channel as a unique platform for community-led public service broadcasting content, underpinned by, leading into - and out of - a rich network of online and local tv platforms. We have, for the first time since Channel 4 was established, a unique opportunity to invest in this free-to-air platform that brings together creativity, communities and citizens. There is a crucial opportunity to expand this dedicated DTT window for community content and citizens’ voices. The market alone will not provide this. Television platforms are as important to our citizens and communities as will be online distribution, and we must ensure that for at least 10 years after switchover DTT is made available for, and accessible to, the social broadcasting movement, bringing together the UK-wide Community Channel with the potential network of local community television channels, serving communities and citizens through a variety of for-profit and non-profit creative social enterprise models.

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

- **The Media Trust believes the case for plurality and competition for quality in public service broadcasting is indisputable.** It should be a clear and enduring part of public policy to seek to maintain such plurality. What needs to be kept under review is how that plurality can be achieved in the context of changing technology, changing market conditions, and developments in user behaviour and preferences.

- **The Media Trust believes that the BBC should remain the cornerstone of British broadcasting, and together with ITV, Channel 4, S4C & Five, should continue to play the dominant role in delivering PSB purposes.** The Media Trust believes that plurality is especially crucial in news, including national and international, regional and local, as well as current affairs, and children's programming.
- **The Media Trust wishes to highlight that, as important as the plurality of suppliers, is the plurality and diversity of citizens' voices that can be heard and represented through public service communications – including the UK-wide Community Channel.**

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

- New Media and new platforms create exciting opportunities to innovate, engage with audiences and deliver greater public value. While linear television, through its unique ability to reach mass audiences, will continue to play a lead role in providing public service content, convergence and technological change is already enabling the delivery of public service content in different ways. We agree with Ofcom that *“Public service content providers will need to exploit the potential of different platforms to reach different audiences, and deliver a different kind of value, to maximize their reach and impact.”* (p81)
- Looking at Ofcom's three general principles of availability and access to public service content:
 - 1) We strongly agree that core public service content should remain widely available, free-to-view, through the provision on a range of platforms – at minimum, terrestrial and satellite. This should include all current designated public service linear channels. However as we have already stated, public service content is available from broadcasters lacking formal PSB-status, including The Community Channel – and a strong, independent and non-commercial community media sector, at a UK-wide and local level should be a policy goal.
 - 2) **We strongly agree with Ofcom's principle that if content is paid for with public funding, audiences should have more than one opportunity to access it without additional payment.**
 - 3) Noting that the DTT platform is clearly established as the principal instrument for guaranteeing wide availability of public service broadcasting after switchover, we must query Ofcom's suggestion that *“the use of paid-for-platforms and services to deliver some public service content is appropriate if those platforms can deliver greater reach or impact among a particular target audience than free-to-view platforms do.”* (p81) This conflicts directly with the principle of public service broadcasting which is free and accessible to all and increases the divide between those who can afford certain services and those who cannot.

- The Media Trust remains concerned at the growing ‘Digital Divide’ and urges both the government and Ofcom to reconsider the impact of switchover on older and/or disadvantaged members of society. While technological convergence in this digital age undoubtedly offers exciting opportunities, it is vital that the debate is focused squarely on audiences. **We should not assume that convergence has arrived, in full, for every citizen. Any future policy intervention must deliver the benefits of new technologies - while at the same time avoiding creating a permanent two-tier communications society in the UK. Ofcom should remember that the market needs to serve citizens’ interests, not the industry. Universal access to broadband should also be a policy goal.**

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

- The Media Trust agrees that audiences and citizens are changing their media consumption habits and accessing public service content in different ways. Consequently, the existing model for public service provision must evolve in order to address the risks to delivery of the public purposes. The Media Trust supports Ofcom in its ambition to strengthen the public service broadcasting model – and we believe that this should be rooted in the interests and needs of citizens and communities.

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?

- **Since plurality is key to the provision of public service content, and the existing implicit funding for commercial public service broadcasting is declining, in future new sources of funding or public subsidy will be required for providers other than the BBC, namely new providers of public service content, including community broadcasters.**
- **Option 1: Licence Fee - The Media Trust believes that a sufficiently funded, independent BBC will – and should – remain the cornerstone of public service broadcasting. We oppose any decision leading to a detrimental impact on the BBC’s public service contribution, including ‘top-slicing’ of the Licence Fee, believing this would represent a very fundamental change in the ecology of PSB. We believe that, in general, the commercial PSBs and the BBC should compete for audiences – not for revenue. Any new subsidy for commercial PSBs, funded by reducing the BBC’s income, may jeopardise the BBC’s own ability to deliver its public purposes as laid out by Parliament in its recent Charter. In addition, ‘top-slicing’ risks the dilution of connection between licence payer and the BBC, and it is not in the interests of citizens and audiences to have these arrangements blurred. However we would encourage the Licence Fee to be used to strengthen partnerships, - including that with the Community Channel – to bring added value to the BBC’s purposes and to the Licence Fee payer, as well as to citizens and communities.**

- **Option 2: Direct Public Funding** – The Media Trust supports direct public funding to public service broadcasters and new providers of public service content where this funding can come from other public funds, including lottery funding, hypothecated proceeds from spectrum awards and/or partnerships with the BBC. We note that the FCO has long funded the BBC World Service which prides itself on its independence; Teachers TV receives funding from the DCSF, but the channel is editorially independent and aims to reflect the views of the teaching community. Similarly, the Office of the Third Sector provides crucial funds for the Community Channel without political interference. However, this direct funding model may be inappropriate for Channel 4 with its strong reputation for alternative and provocative programming, which is sometimes controversial and regularly challenge the consensus. We question whether direct government funding (as opposed to, say, Lottery funding) could compromise its willingness to be risk taking.
- **Option 3: Industry Levies** - Whilst the concept of industry levies on non-PSB broadcasters, equipment sales, internet service subscriptions or UK online content providers may not incur direct cost to the public purse, we acknowledge the possible negative impact on market development.
- **Option 4: Regulatory Assets** – The Media Trust in principle supports the use of regulatory assets to raise additional funding or in return for public service obligations:
- We note the Ofcom review of advertising minutage, and acknowledges the argument that any relaxation of current restrictions on PSB advertising minutage could be to offset decline in their net advertising revenue, at least in the short and medium term, thus freeing up resources to help support the delivery of their remits. However, any move towards regulatory relaxation must remain sensitive to these real concerns. **The Media Trust believes that there must remain limits on the frequency of advertising breaks.** We are, however, open to Ofcom removing the unnecessarily prescriptive rule which currently requires a 20-minute interval between breaks, accepting the argument that programmes are being forced to fit an “artificial break pattern”.
- **We strongly believes that niche channels that deliver public service content, like the Community Channel, should be rewarded with some level of public service ‘status’, including accompanying prominence on Electronic Programme Guides, and DTT spectrum subsidy.** This will help raise their awareness with the public, and increase the opportunities for audiences to discover and benefit from their content.

ii) Are the proposed tests of effectiveness for future models for public service broadcasting the right ones?

In general, we would agree with the seven tests of effectiveness; namely: Reach and Impact; Plurality; Flexibility; Governance; Complimentarity; Distribution; and Sustainability.

However, we will give more detailed comment in phase 2 of the Review.

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

- The Media Trust believes that any successful PSB mix will include a Licence Fee funded BBC, with competition provided by a strong, sufficiently-supported Channel 4, as well as public service provision from ITV and Five in specific areas such as UK production, regional and international news in return for their prominent positions on the Electronic Programme Guide, and reduced-cost spectrum.
- We are absolutely opposed to the BBC remaining the sole UK-wide public service broadcaster. The BBC – and the audience – benefit hugely from competition in programming. We favour the existence of commercial public service broadcasters, competing with the BBC, and raising content standards across the industry to ultimate benefit the audience and citizens. We do not believe that they should shed their public service responsibilities. We also recognise their strong brand awareness with the public; and the associated benefits they enjoy when competing in the digital world. The Media Trust is not opposed to their receiving additional support in order to retain or expand their responsibilities, which are public priorities.
- The Media Trust believes that the best approach is a combination of Model 1 (Evolution) and Model 3 (BBC & C4 + Limited Competitive Funding). We are therefore strongly opposed to Models 2 and 4.
- We note that Ofcom have acknowledged that “...*provision could be opened up to new providers who are not part of the current statutory framework, but who already deliver services that partially meet national and regional audiences’ public service needs.*” (p97). We believe that Phase Two of the consultation must look at ways to underpin and strengthen emerging providers of public service content, including UK-wide and local community broadcasters, who do not formally have PSB ‘status’, but share many of the characteristics and/or make an invaluable contribution to delivering these purposes.

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?

- **The Media Trust believes that Channel 4 should remain a publicly-owned, not-for-profit, institution and should not be privatized.** Their proposed vision ‘Next on 4’ is exciting and ambitious and seeks to build on its traditional core strengths in television to deliver public value across a growing range of digital platforms. It reassures us that Channel 4 has a vital ongoing role in the provision of alternative quality public service content and we wish to see Channel 4 remain a strong commissioner and publisher of public service content in any future PSB ecology.
- Throughout its existence, Channel 4 has benefited from an implicit subsidy in the form

of gifted analogue spectrum. It is now argued that as the analogue spectrum declines in value, a significant funding gap will emerge. Ofcom have already predicted that it is “reasonably likely” that Channel 4 will face continued financial pressure in the medium-term, and that these pressures are likely to result in renewed pressure on its remit delivery from about 2010. **It is clear that Channel 4 will inevitably require a revised funding model, but we would not want any new funding structure to undermine either Channel 4’s market position or the fulfillment of its remit. If Channel 4 does receive public funds or subsidy they will need to demonstrate public value throughout their services.** We hope Channel 4 will continue to strengthen its partnerships with the Community Channel and the Third Sector, ultimately benefiting audiences, communities and citizens. We welcome the 4iP initiative and the huge benefit this will give the Third Sector and the communities it represents.

ii) Which of the options set out for the commercial PSBs do you favour?

- ITV1 currently plays a key role in delivering public service programming, especially news services from the nations and regions. However, the UK voluntary and community sector expresses widespread regret at the gradual reduction in investment in regional social action content on ITV. As a result, the Media Trust would prefer Ofcom to require increased investment in the quality, range and amount of regional programming on ITV, providing relevant and purposeful content for citizens at a regional level, if appropriate commissioned out to independent producers and funded through partnerships with public sector and charitable bodies. A level of competition with the BBC’s regional output would help raise standards for all regional television. As stated earlier, we feel the best model for public service content delivery from ITV1 is Model 1 (Evolution); where it retains its PSB status. We believe ITV should retain their public service obligations in news and current affairs; in regional programming, and in UK-oriented production. We are sympathetic to their commercial arguments, but we believe there is an inherent value in their positioning on the EPG, their strong brands; and a backlog of publicly funded archive material. Indeed, ITV archives and brand profile were produced in the context of significant public, political and financial support.
- GMTV –We note Ofcom’s evidence that GMTV will see a net-benefit from PSB status in the short and medium term, until the end of the current licence period. Audiences have benefited from the plurality in delivery of news and current affairs in the morning; and agree that this needs to continue – whether GMTV itself retains a continuing PSB-status, or the breakfast licence is merged back into the ITV1 licence structure.
- Channel 4 – As stated above: we note that Channel 4 requires a revised funding model, but would not want any new funding structure to undermine either Channel 4’s market position or the fulfillment of its remit. Of the three funding options (regulatory assets, public funding and industry funding) we reject industry funding in terms of a top-sliced BBC Licence Fee, but suggest the benefits of partnerships with the other broadcasters and the BBC when and where possible. Direct public funding may interfere with the perceived political independence of a traditionally risk-taking broadcaster.
- Five – We approve of Five’s stated commitment to continue as a public service

broadcaster in a fully digital world. We note that the regulatory obligations placed on Five are significantly lower than those for the other public service broadcasters, but we hope to see it continue to contribute to plurality in news provision and current affairs, and investing in UK original content.

- We welcome and appreciate all the commercial Public Service Broadcasters' commitment to partnership with the Community Channel, alongside the BBC's partnership with the Community Channel.

Section 9. Scenarios for the UK's nations, regions and localities

i) To what extent do you agree with Ofcom's assessment of the likely future long-term issues as they apply to the nations, regions and localities of the UK?

- The Media Trust believes television can play a vital role in reflecting the diversity of the UK's nations, regions and localities. We note the serious concerns about the future viability of all regional programming raised by Ofcom and we acknowledge that regional programming is relatively costly to produce, since it cannot generate the mass audiences and revenues of UK-network programming. However, we wish to stress that it remains in the interests of citizens, communities and the broadcasters themselves to provide regional content, as it is highly attractive to viewers. Audiences value national and regional news - and value seeing their nation or region reflected on network television.
- We wish to highlight that, at present, outside the major urban centres and the established production industry, formal content production is either barely-existent or minimally resourced. Yet the Media Trust has tapped into a wealth of informal community and citizen-led creative social enterprises across the UK's most disadvantaged and excluded communities, both urban and rural. Across the UK there are hugely under-resourced community-based media enterprises creating content with, for and about citizens' interests and passions.
- We know from our work with tens of thousands of communities and Third Sector organisations across the UK that this is an area where there is substantial market failure. These enterprises struggle to raise minimal funds to exist, yet their creativity is waiting to burst out. Creative potential is currently being wasted, is going unseen. Given the market pressures on mainstream television to maintain and compete for audiences, the established production industry, whether 'old' or 'new' media, will not, and arguably cannot support these richly creative communities. This is a clear case of market failure. Public subsidy could really unlock the UK's hidden creative sector, our untapped and often invisible creative citizens, in all their diversity and plurality.

ii) Which model(s) do you think will be most appropriate in each of the nations and in the English regions in the long term, and why?

- We agree with Ofcom that the objective should be competition and plurality of content at national, and local/regional levels. We also acknowledge that it is clear that broadcasting landscapes and political needs differ between nations, so each nation and the English regions may need differently designed solutions.
- We also note Ofcom's research suggesting the public has a clear appetite for local news and information content. The Media Trust, as member of Public Voice, supports United for Local Television. We believe that local TV has the potential to deliver immense social gain, playing a crucial role in the provision of local news, information and debate, bringing the community together and promoting active citizenship. Local TV would allow citizens to see and question local decision makers; as well as encourage viewers to make the most of local facilities. The research conducted by Ofcom for the Digital Dividend Review demonstrated high support amongst the UK public for local TV on Freeview, with support across all ages and demographics. In particular, we suggest that the most vulnerable members of society have the most to gain from access to a local TV service, but are least likely to benefit if these services are restricted purely to broadband internet. It is important that Ofcom undertakes cost benefit analysis on all of the policy options for local TV in the UK, including the option of reserving DTT multiplex capacity to enable universal provision of new local channels, alongside the UK-wide Community Channel as a sustaining and supporting service.

<p>iii) What are your views on short/medium-term issues referred to, including the out- of-London network production quotas?</p>
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- We applaud content produced outside of London, which showcases the wealth of talent and diversity within the nations and regions, encourages a sense of national pride and the explosion of new regional voices on screen. However, whilst we welcome support for the diversity of production, especially outside London, we are concerned that considerable and increasing amounts of public money are going into independently produced programmes where rights for further distribution of that content remain with the commercial production company, effectively blocking further easy distribution in the UK of much of the public service content. We would like to see further discussion around this issue.
- We note the BBC's decision to relocate five London-based departments to Salford, and hope this will bring a range of creative benefits to the BBC, helping them to better reflect and represent the whole of the UK. The Community Channel has itself joined forces with Northern Film and Media, a regional screen agency, to launch a pioneering community documentary scheme to develop talent in the North East. The resulting films, three powerful and original stories, were broadcast on the Channel under the title Northern Lights. The scheme, now in its second year, has become the model for building further relationships with the UK's regional screen agencies. The Community Channel also showcases a wide range of content produced by communities, arts and cultural organizations, sports bodies and small local producers, thereby supporting and strengthening an emerging local content production sector.
- However, if quotas have succeeded in moving production out of London, they have been

less successful in achieving further dispersal *within* the nations and regions. We would be concerned if all Welsh production was centralized in Cardiff, or in Scotland, separate Dundee or Aberdeen identities were threatened by increased centralization in Glasgow.

iv) What are your initial views on the preliminary options set out relating to ITV plc's regional news proposal? (Please note that Ofcom will put forward firm options on these issues, and consult also on ITV plc's regional news proposal, in phase 2 of this Review.)

- Citizens and communities need content which not only reflects the culture of the locality but also when broadcast nationally, helps the nation to experience and understand its various parts. Audiences demand that plurality continues in regional news provision. We are concerned that content specific to the nations and regions - especially news programming - may come under considerable pressure in future. However, we see this provision as a key part of ITV's public service benefits.
- We agree that the continued provision of regional news is a clear priority issue and requires a clear, unambiguous decision supported by significant evidence. **In the interests of plurality it would be regrettable if regional news in any area were to become solely the preserve of the BBC, and we advise against Ofcom authorising any immediate change to current ITV licences.**

Section 10. Prospects for children's programming

i) Do you agree with our assessment of the possible short-term options available relating to children's programming; are there any other options available?

- We strongly believe that plurality is necessary to ensure a market of competition in excellence, choice for the viewer– and this principle is as applicable to children's as it is to adult television. The Media Trust considers it is vitally important to ensure the continued provision of a range of UK-originated children's programmes of high quality, aimed at different age groups and specifically at children living in the UK: programmes which acknowledge cultural diversity and Britain's place in the wider world but also reflect the UK's rich cultural heritage of language, literature, values and environment. We see children's access to a choice of quality media as a vital component in creating a cohesive society of engaged and well-informed citizens.
- We are highly disturbed by findings from the recent study by the International Broadcasting Trust, 'Screening The World' revealing that nearly half of children's shows on terrestrial television come from North America, we note the important role of the BBC in maintaining a diversity of international coverage, and agree with the IBT that *"...as global citizens, children need access to information about the lives and cultures of people in other countries. Television has a vital role to play in providing this."*
- In the digital age, Ofcom should ensure that children's programmes should be available alongside other programming on both BBC and other PSBs, as well as on dedicated

channels – and distributed both by traditional and new media technology. It is vital that the BBC should not be left as their sole provider. At the moment the UK has a vibrant creative community in children's programme production, but this is already being eroded and will be rapidly dissipated if action is not taken very soon.

- **We also suggest that similar to the analogue system of licensing, public service broadcasters after Digital Switchover should be required to broadcast a quota of children's programming in return for discounted spectrum on DTT or preferential positioning on the EPG.**
- We wish to point out that, whilst the Community Channel's Youth Media Team has - and is - continuing to engage thousands of young people across the country whose contribution to society might otherwise have gone unnoticed or unheard. This delivers a range of communications support including access to funding for youth-led media projects, as well as media mentors. 'Charge' is a dedicated digital interactive zone on Community Channel (TV and web) showcasing dynamic, socially-engaging content made by young people 14-25, encouraging them to volunteer and engage in issues and debate, and providing them with a TV platform for their own voices and content.

Section 11. Timetable for implementing a new model

i) Do you agree that new legislation will need to be in place by 2011 in order to ensure continued delivery of the public purposes in the medium and long term?

- The "ecology" of public service broadcasting has now changed since the Communications Act 2003. Digital switchover has already begun in some regions and is scheduled for completion in 2012.
- We accept that the commercial public service broadcasters will face an increasing number of risks between 2011 and 2014 when their initial licensing periods expire, and note that Ofcom has already conceded that Channel 4 – in particular – *"...will face increased financial pressure in the medium term and that these pressures are likely to result in renewed pressure on its remit delivery from around 2010."*
- **We believe it is in citizens' interests that government commits to full deliberation and thorough consultation, and recognizes this is part of the democratic process.** However, we note the five year extensive process of debate that took place in the run up to the current Act, (Green Paper July 1998, White Paper December 2000, Draft Bill May 2002, Joint Committee of Both Houses July 2002; Royal Assent July 2003), but feel with the purposes under threat that the situation is more pressing and a similar five year timetable is not advisable.
- **We welcome the stated purpose of the current review, to make recommendations to 'maintain and strengthen' public service broadcasting. The Media Trust believes communications regulation should continually seek to protect, maintain, strengthen and widen the provision of public service broadcasting content, platforms and partnerships. We believe that there should be positive action to increase the diversity of public service providers and content, and hence the range of services,**

viewpoints and engagement accessible to citizens.