

Ofcom's Second Public Service Broadcasting Review, Phase One: The Digital Opportunity

3i) Do you agree with Ofcom's assessment that television continues to have an essential role in delivering the purposes of public service broadcasting?

Yes. Skillset as the Sector Skills Council for Creative Media believes that several forms of digital media can contribute to public service purposes, but that Television continues to have an essential role at the heart of PSB provision.

3ii) Do you agree that UK-originated output is fundamental to the delivery of public service broadcasting purposes?

Yes. Skillset notes the research OFCOM has carried out for this review which provides firm evidence that UK audiences value UK-originated output. Skillset also believes that UK-originated output is vital for the continued development of the Creative Economy in the UK, noting that 90% of UK-originated content (excluding Sport) is still commissioned by the PSBs.

4i) Do you agree with OFCOM's conclusions about the way that other digital channels and interactive media contribute towards the public purposes?

Yes. In particular, we believe that interactive media and content distributed via broadband can make a growing contribution towards the delivery of public purposes. We would also note that convergence in content creation and re-purposing may increasingly make the distinction between television and digital media less clear cut.

But we would also note that there are some genres of PSB content, e.g. high-quality UK-originated drama and some factual programming which only well-resourced UK-based broadcasters seem likely to be able to commission. Such content remains expensive mainly because of the high-level of skills and talent that underpins it.

The majority of the creative media industries cluster around the South East of England region and London. Skillset, as a UK-wide organisation, is looking after the interests of our industries in the nations and regions of the UK. We believe that in order to achieve plurality and a thriving media economy in Scotland, Wales, Northern Ireland and the regions of England outside London and the South East, there should be a supply of people with the right skills able to take on these opportunities. This is true for new entrants as well as experienced professionals. We believe that talent and innovative content should be nurtured throughout the country and both commercial and public service broadcasters could contribute to this.

We would also support the continued provision of local and community based services as they contribute to diversity and plurality of supply as well as choice for audiences. In addition to acknowledging the evidence that OFCOM and BBC Trust research provides of the value audiences give to these services, we believe that such local services can offer vital entry points e.g. for journalism into the industry. We would support a PSB model going forward which provides a basis for plurality of local provision, whether via digital channels, broadband, broadcast TV, or through other means.

5i) 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?

Skillset has no reason to question OFCOM's assessments but does not wish to offer comment on this.

5ii) Do you agree with OFCOM's analysis of the costs and benefits of PSB status?

Human capital is something that it is not always considered or measured effectively when analysing the costs and benefits of any company. However, it is a vital component to delivering effective business either in the commercial or public sector. In order to achieve the best from any human capital, a considered address has to be made in investing in the skills and talents of the workforce. It makes 'good business' sense for each broadcaster – whether they have PSB status or not - to invest in the skills and talent development of their industries and the broader industries which support them to nurture, develop and retain the best skills and talent in a highly competitive and rapidly changing market place.

However, PSB status places a further onus on those companies that enjoy the public investment to produce quality content capable of engaging and serving a plurality of audiences. And this in turn is depended on the ability of the industries' human capital to deliver it.

Therefore, Skillset strongly believes that any analysis of the costs and benefits of the PSB status must include a measurement of supporting the development of human capital through investment in skills and talent across the UK. This should include the levels of investment for training and staff development programmes within the broadcasters as well as the level of involvement and investment in enhancing the skills and talent-base of the whole industry. The Broadcast Training and Skills Regulator (BTSR) which is part of a co-regulatory agreement between Ofcom, the licence-holders and Skillset, should be able to give an informed view on this. The current analysis does not fully reflect the public value of these benefits to the whole of the UK creative industries.

Currently PSBs contribute to training and development, including the direct contribution they make to Skillset. However, whereas the BBC, for example, in its Charter and Framework of Agreement, is charged with contributing to the training and development of its own and the entire workforce, such explicit undertaking should be sought from other PSBs going forward. In particular, as we detail below, we support Channel 4 going forward as a PSB and we would like requirements similar to the BBC's made explicit in its remit.

6. Meeting Audience Needs in a Digital Age

i) Do you agree with OFCOM's vision for public service content?

Yes, but we would emphasise that OFCOM's vision encompassing as it does:

- Enabling audiences to understand the world through news and analysis
- Stimulating knowledge and learning
- Reflecting UK cultural identity

- And making audiences aware of different cultures and viewpoints—

We will add that this vision indicates the need for a wide range of genre provision – news, factual, drama and entertainment.

All of the above can only be underpinned and supported by high-level creative and specialist content creation skills in the UK production industry.

We also note that although fully commercial broadcasters do help sustain the UK production industry, and make provision in some (but not all) of the TV genres and contribute in some ways to public service purposes, this support is not guaranteed.

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

We believe that plurality of supply and competition has, and will continue to be necessary to fully meet the public service purposes outlined above.

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

As previously indicated, we believe that reach and impact is achieved with UK audiences through a wide range of provision, utilising traditional platforms, like TV, and also newer platforms. We do not believe that one alone will reach all audiences and even though younger audiences for example may be more comfortable with newer platforms for some purposes e.g. news and information, the evidence is still that they are continuing to watch TV as well.

We also continue to support the development of initiatives to promote media literacy – to enable older audiences to make the most of new technologies, and to develop more critical awareness and understanding in younger audiences. We believe that the Diploma in Creative and Media in England, as well as developments and consultations on qualifications reforms for 14 – 19 in Wales (14 – 19 Learner Pathways, Welsh Baccalaureate), Scotland and Northern Ireland will be able to help younger people to engage with media and deliver on this aim.

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

We have no reason to dispute OFCOM's analysis that it is unlikely to.

7 i) What are your views of the high-level options for funding PSB in the future?

We have no view on this.

ii) Are the proposed tests of effectiveness for future models for PSB the right ones?

No view.

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?

As previously indicated, we strongly believe that plurality of supply of PSB will continue to support the skills and talent infrastructure and potential growth. For this reason, we do not support Option 2. Option One (status quo) while offering plurality does not seem to have a robust financial basis going forward, on the evidence that OFCOM and industry have supplied. We also recognise that given the continuing and profound changes in the economic climate that the PSBs - especially the commercial PSBs operate in - the status quo is unlikely to be sustainable.

That leaves us with Options 3 and 4, which both offer plural solutions.

Option 4 appears to have some similarities with the Public Service Publisher proposal outlined for discussion by OFCOM last year. We are not aware that any market impact assessment, has been carried out for this proposal, and therefore it is unclear to us what impact such a proposition might have on the wider PSB ecology.

Similarly, it appears unclear how Option 4 would operate in practice, and there appears to be a risk of fragmentation of available public funding, which might not secure a robust basis for the existing PSBs.

For those reasons, on the available evidence, we would favour Option 3.

Section 8. Options for the commercial PSBs

8.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?

Skillset welcomes the PSB vision that Channel Four defines for itself in its Next on 4 document. In particular, we welcome their commitment to deliver public value across digital media which is in line with both wider industry and Skillset's own future priorities for the sector. In addition, C4's pledge to support new creative talent in the sector and a wide range of voices that reflects UK diversity is completely in line with our own organisation's commitments.

We expressed our concern last year to OFCOM when the LEK report suggested that Channel 4 faced a considerable funding gap on current projections. We noted at the time that Channel 4 had suggested that they would need to review funding to support skills and talent development if that funding gap was not filled.

We support a robust funding solution that allows Channel 4 to pursue its PSB vision in Next on 4. We would also advocate in the refreshing of C4's PSB remit that an explicit commitment to skills and training development for the industry, especially for the independent production sector, is added and set out. We would point to the BBC Charter and Framework Agreement and the subsequent Memorandum of Understanding signed between the BBC and Skillset as a model approach.

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

As mention in our answer to question 5ii, investment in human capital is good business management. Commercial broadcasters invest in skills and development within their company but also within the creative sector. In a already fragmented market place with a high proportion of freelance workforce (particularly in production), it makes sense to

invest on the potential and skills of creative people in order to nurture talent and innovation – both powerful currencies for the success of each broadcaster.

Skillset, therefore, acknowledges the very significant contribution over many years that the commercial PSBs have made to the development of the creative industries in the UK, and the underpinning skills and talent. They have been and remain significant contributors to Skillset's work.

Although we recognise that ITV and Five are facing significant business challenges, we also are confident in their understanding that the support for the skills of the creative media sector will be key in overcoming these challenges and that they will continue to support skills and talent in so far as they are able for the foreseeable future.

In supporting OFCOM's option 3 however, we accept that the most robust model for the future should be built around BBC, Channel 4 plus.

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

9i) 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?

Skillset supports plurality of provision across the UK, both in terms of PSB commissioning and a robust production talent base. We broadly agree with Ofcom's assessment and we would highlight the following:

- We agree that some of the Nations and regions still performs poorly in terms of network production. However, they also have a significant talent base, and we must ensure relevant, targeted provision of training to allow them to reach their full potential.
- The lack of a diverse printed press in Wales makes the provision of local news from a plurality of suppliers important. We note the high level of importance placed on news provision by PSB among Welsh respondents to Ofcom's survey. We also recognise the cost implications of news provision, and the requirement to explore alternative models.
- In Scotland and NI, we agree that the long term issues are broadly aligned with those facing broadcasting across the UK as a whole. We would add though that in Scotland in particular, broadcasting is under considerable scrutiny as a result of the establishment and work of the Scottish Broadcasting Commission established by First Minister Alex Salmond MSP. Skillset has noted the interim reports published to date and would wish to wait for its final report in Autumn 2008 before commenting definitively on longer term issues for broadcasting in Scotland.
- We have noted issues in Scotland in respect of a potential funding gap for SMG and its ability to meet its news and current affairs obligations, while the threat to continued news production is further potentially threatened in the border region by current proposals to merge the Border TV area with that of Tyne Tees, thereby reducing the quantity of Scottish news available to viewers.

- In NI, the impact of news and other content available from the south has a beneficial impact on plurality in the region though, like in Scotland, there are issues in the North around the level of local production being made for network transmission.
- We welcome the importance placed by Ofcom on the provision of indigenous language provision.

9ii) 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?

As we mentioned before, Skillset believes that option 3 is most suitable to serve the needs of a UK-wide industry as well as support each of the UK nations, their regions and localities (see also answer to question 7iii).

In relation to the north of England, for example, the Skillset North Industry panel (an industry-led partnership working across the regions of North West, North East and Yorkshire) reflects the commitment of PSBs to developing skills and talent in the English regions outside London and the South East, especially around the scheduled move of BBC to Salford and the set up of mediacity:uk. Both PSBs and commercial channels have demonstrated a commitment to the diversification of the talent base in England and therefore engage with Skillset North.

Option 3, gives a robust, long term solution also across Wales, Scotland and Northern Ireland – if supported by an equal commitment from PSBs to provide the high level and specialist skills required by the industry. With supply of content available to competitive tender, there is need to build a skills base in independent production and freelance community, to ensure that plurality of supply can be achieved.

We feel option 3 would retain the strengths of BBC in producing regional content, and builds on its success in network provision (especially from other PSBs). A workforce with high level skills and access to relevant training provision would be central to any increased network activity across the UK.

9iii) What are your views on short/medium-term issues referred to, including the out-of-London network production quotas?

We do not feel appropriate to comment on the quotas; Skillset agrees that delivering a broad portrayal of regional and national programming will be dependant to a great extent on the existence of sustainable production businesses together with devolved commissioning. Therefore, in order to sustain and increase network commissioning there needs to be an environment where a suitable skills base exists. We would draw Ofcom's attention to the activity of Skillset in Wales, Scotland, Northern Ireland and each of the English regions (where Skillset has developed Regional Skills Collaborative Action Plans) in building a local talent pool.

We would go further to highlight that of the many recommendations that may arise to help develop broadcasting and production in the nations, many might be outwith the power of the devolved authorities to implement with broadcasting remaining a reserved matter. However, skills and education policy is devolved and each of the devolved administrations can invest directly in developing the skills needed in the sector to help it develop capacity and capability and grow its contributions.

In Wales, it is important to note that S4C is a major broadcaster and commissioner of children's and youth output, and is second only to BBC / CBeebies in commissioning children's programming. Wales has a significant production and talent base, and it is important that the Welsh context and role of S4C is in the forefront of any future model for children's PSB.

We would like to conclude that any change in the approach to quotas for national levels of production should be aligned with support at a local level from broadcasters and public agencies as this could help to build a stronger production base in the nations.

9iv) 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.)

Skillset does not have a specific view on this. As we have mentioned before, across the Nations (as evident in assessments from Ofcom as well as the Welsh and Scottish Broadcasting Commissions), people put a lot of value on local news output. In addition, we have already mentioned the importance of a range of local news services as they can offer vital entry points e.g. for journalism into the industry, and increase plurality in content.

Section 10. Prospects for children's programming

10i) Do you agree with our assessment of the possible short term options available relating to children's programming.

Skillset feels that the UK production skills base in the area of children's content will be negatively affected if there is not a plurality of commissioning in the UK from Public Service Broadcasters.

The production of children's programming (through both traditional forms of broadcasting as well as new digital platforms) requires quite specialist skills e.g. those dealing with pre-school learning.

A large amount of Children's programming involves animation. Skillset will like to note that the growth of animation talent is also dependent on the continued provision of UK-commissioned children's content.

Section 11. Timetable for implementing a new model

11i) 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?

No comment.

COMMENTS