

PSB UK - Ofcom

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Contents

- **About Ofcom**
- **Supervision of PSB in the UK**
- **PSB Review**
- **Key Timelines**

Ofcom went live on 29 December 2003

Ofcom assumed the duties and activities of the 5 previous regulatory bodies - plus took on 135 new statutory duties

- ❑ A new regulator and competition authority for communications sector (concurrent competition powers with the Office of Fair Trading on broadcasting)
- ❑ A statutory public corporation – independent of Government; Public servants (not civil servants)... a hybrid of public and private sectors
- ❑ Funds raised by levy on telcos & broadcasters; also keep % of revenue raised from spectrum licences
- ❑ 1152 employees in legacy regulators; 819 in Ofcom (Sept '07)



Ofcom born in anticipation of convergence



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Duties:

1. To further the interests of citizens
2. To further consumer interests... by promoting competition

Approach;

1. Bias against intervention
2. Evidence-based decision making (research + consultation)

Ofcom regulates broadcast content through licence conditions

- **Communications Act 2003** requires Ofcom to set standards for the content of programmes and advertisements
- Standards contained in a series of **Codes of Practice**:
- Ofcom **licences** all commercial television broadcasters
 - Terrestrial, satellite and cable.
 - BBC not licensed by Ofcom
- Duty on broadcasters to ensure:
 - Wide range of programmes
 - High quality programmes
 - Appeal to variety of tastes and interests
 - Effective competition in provision of services
 - Compliance with Codes

In the UK PSB is defined in terms of its *purposes*

- Informing our understanding of the world
- Stimulating knowledge and learning
- Reflecting UK cultural identity
- Representing diversity and alternative viewpoints

And its *characteristics*

- ***High quality*** – well-funded and well-produced
- ***Original*** – new UK content rather than repeats or acquisitions
- ***Innovative*** – new ideas and approaches
- ***Challenging*** – making viewers think
- ***Engaging*** – remaining accessible and attractive to viewers
- ***Widely available*** – a large majority of citizens need to be given the chance to watch it

Underlying Principle

Access to a public asset (transmission spectrum) in return for transmitting programmes which have public benefit

Ofcom's **Statutory basis** for the PSB Review

- Two core questions:

To what extent have the public service broadcasters fulfilled the purposes of public service broadcasting?

How could the quality of PSB be maintained and strengthened in future?

- In carrying out the Review, we must have regard to the desirability of the PSBs providing television services that, *taken together*:
 - disseminate information, provide education and entertainment, support cultural activity through drama, comedy, music, film and performing arts, provide comprehensive news and current affairs, satisfy sporting and leisure interests, reflect different communities and cultural interests within the UK, and in different parts of the UK, include educational programmes, science, religion, social issues, matters of international significance and programmes for children and young people, and include programmes made outside the M25
- We must also consider the costs to the broadcasters of fulfilling their remits, and their available resources

The **conclusions** of the first PSB Review (2004)

- Continued demand for consumers and citizens for PSB
- PSB defined in terms of purposes and characteristics
- Failure of market to meet all PSB purposes, even in an all-digital environment
- Decline of traditional commercial PSB model



- **Need for:**
 - **new roles: for ITV1 and Five**
 - **possibly, a new funding model: Channel 4**
 - **possible new interventions: the PSP**

Second PSB Review 2008

Phase 1 Publication (April 2008)

- Updated research and analysis
- 4 models for future PSB structures post 2014
- Funding options including share of licence fee
- Short-term issues for commercial PSBs

Phase 1 Consultation Period

Phase 2 Publication (September 2008)

- Responses to Phase 1 document
- New research and analysis
- Refined proposals for PSB system for the long-term
- Short-term decisions for commercial PSBs

Phase 2 Consultation Period

Phase 3 Statement (early 2009)

- Recommendations for UK Government

There are four broad approaches we could take

Model 1: Evolution

BBC remains cornerstone
Commercial PSBs retain special roles
Obligations reduced over time or more funding for PSB responsibilities

Model 2: BBC only

BBC is the sole UK-wide intervention
Extended role for BBC to fill market gaps
Competition to BBC relies on the market

Model 3: BBC/C4 + limited competitive funding

BBC/Channel 4 are core institutions
Channel 4 remit extended + new funding
Some long-term but transferable funding for further plurality

Model 4: Broad competitive funding

BBC is the core institution
Long-term transferable funding supports all competition to the BBC

Mixed system of PSB providers and supervision



Ownership: Public
Funding: Licence Fee
Regulatory obligations: Heavy
Supervision: BBC Trust (Ofcom for MIA)



Ownership: Public
Funding: Advertising/Not for profit
Regulatory obligations: Heavy
Supervision: Ofcom



Ownership: Commercial
Funding: Advertising/Profit maximising
Regulatory obligations: Heavy
Supervision: Ofcom



Ownership: Commercial (RTL)
Funding: Advertising/Profit maximising
Regulatory obligations: Medium
Supervision: Ofcom

Supervision of PSBs

- Ofcom licenses PSBs (not BBC) and supervises compliance
- Broadcasters required to publish **Annual Statement of Programme Policy**
- Ofcom publishes **Annual Report** to provide context
- Ofcom can give direction to broadcasters if not fulfilling purposes and amend license

Public Service Broadcasting Review:

- Assess effectiveness of PSBs taken together in fulfilling purposes
- Recommend how PSB can be maintained and strengthened
- Ofcom now conducting its Second Review of PSB

Phase I: four broad approaches we could take

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Phase II: Key Questions and Process

- Is the current PSB system **sustainable** in the medium to long term?
 - If not, how does it need to adapt?
 - Is the BBC sufficient? (the value of “plurality”)
- Where are the **gaps** in the current provision?
 - Regional news
 - Children’s Programming
- From Public Service *Broadcasting* to **Public Service Content**
- What role for **new media**?
 - Impact on competition
 - How to best ensure reach, impact and discoverability?
- Phase I Consultation closed on June 19th
 - Almost 300 responses
 - Phase II Consultation in September firming options
 - Statement and Recommendation to Government in early 2009

Thank You