UK public service media in transition: some brief reflections

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Introduction

In this essay, completed just after the UK Government has published its views on the future of the BBC, I consider the present state of play of public service media in the United Kingdom. Addressing an international readership, I have consciously avoided giving too much detail, focusing instead on the main contours of the present set-up. The question is to what extent we can discern at least some elements of an emergent bigger picture.

Change is coming to the UK for a mixture of reasons – political, economic and technological. Taken together, in due course these will affect the fundamentals of the system – production, distribution and consumption and also the broader politics of legitimation. We cannot predict the pace at which this transformation will happen.

The UK is widely seen as the iconic case of a well-ordered public service broadcasting (PSB) system, with the BBC as its linchpin. The corporation, established by Royal Charter in 1927, has been a model for broadcasters in many countries. Since 1955, the UK has regulated first, commercial TV and then, radio broadcasting in the public interest. The five major digital terrestrial TV channels – two BBC, three commercial - still collectively dominate TV consumption, capturing over 50% of all viewing, and almost 72% of viewing share, when the BBC's digital channels and the additional portfolio channels run by the commercial PSBs are included in the tally (Ofcom 2015: 2).

The five terrestrial channels operate under public service regulation, which affects their purposes and their content. The BBC Trust presently regulates the BBC’s audio, video and online output. However, this body will soon be superseded. The recommendation to wind it up and make Ofcom (the Office of Communications) the BBC’s regulator came first in a report commissioned by the UK government. *A Review of the Governance and Regulation of the BBC*, was delivered by Sir David Clementi in March 2016 to the UK Secretary of State for Culture, Media and Sport, John Whittingdale, MP, the cabinet minister responsible for broadcasting (Clementi 2016). In May 2016, Clementi’s recommendation was endorsed by the UK Government’s White Paper, *A BBC for the future: a broadcaster of distinction* (Department for Culture, Media and Sport 2016).

Ofcom, set up by statute in 2002, currently regulates the commercial radio and TV stations and to date has had powers under the Broadcasting Code over the BBC, notably concerning harm and offence, fairness and privacy. The scope of Ofcom’s regulation of the corporation will now be broadened. For instance, the Government’s White Paper proposes that Ofcom should establish a licensing regime for the BBC both UK-wide and in ‘the nations’ (Scotland, Wales and Northern

Ireland). The UK Government will give it powers 'to investigate any aspect of BBC services' (Department for Culture, Media and Sport 2016: 6). The BBC will continue to undertake its own governance under a reconstituted executive board, and, in the words of the White Paper, it will itself appoint 'at least half' of the members.

The BBC is funded by a licence fee, currently £145.50 per annum, which is levied on all TV households. This will be increased in line with inflation from 2017/18 to 2021/22. The licence fee is to be reviewed every five years, less than half way through the BBC's new eleven-year Charter period. In the immediate future, the scope of the licence will be extended to cover on-demand content on the BBC iPlayer to ensure that viewers pay for such services. The BBC has been given scope to explore 'whether elements of subscription have a role to play alongside the core licence fee model in the future' (Department for Culture, Media and Sport 2016: 17). This encouragement to explore 'additional sources of commercial revenue' (ibid.) has implications for the principle of providing a universal service. By contrast with the present system of public payment for the BBC, the commercial channels are funded by advertising revenue.

Official reviews of broadcasting

Now on the brink of setting out the provisions of a new BBC Charter to run to 2027, the UK has largely concluded one of its periodic spates of reassessing the role and value of public service broadcasting. Clementi's Review and the DCMS's White Paper were the closing moments in a series that began with Ofcom's third major PSB Review, which reported in July 2015.

Of course, not least in academic circles, the term 'PSB' is behind the times. Because of the impact of the internet, we now think 'beyond broadcasting', and we talk more commonly of public service media or communications. But whatever the terminology, the Ofcom PSB Review's scope did reflect the impact of the internet and digitization on present institutions, the market, and consumption.

Ever since its first PSB Review in 2004, Ofcom has had a major impact on how public service is defined in the UK. Provisions of its Broadcasting Code have applied to the BBC and it has also conducted market impact assessments in collaboration with the BBC Trust when new services are proposed. The extent of this involvement will expand under the new proposed regulatory arrangements.

It should be remembered that Ofcom oversees not only broadcasting but as a ‘converged regulator’ also addresses a wide range of other communications activities, including wireless spectrum, post and telecommunications. With the BBC coming completely within its remit, the regulator must meet the challenge of rapidly adjusting to new circumstances.

Ofcom’s PSB review was published in the month that the UK Government began its separate, regular ten-yearly review of the BBC’s Royal Charter (Department for Culture, Media and Sport, 2015). The Conservative Party, which secured a majority in the House of Commons after the May 2015 UK general election, supplied a wide canvas for the reassessment of the BBC’s role and purpose. In his foreword to the consultation document, John Whittingdale, the Culture Secretary, wrote:

> What should the BBC be trying to achieve in an age where consumer choice is now far more

> extensive than it has been before? What should its scale and scope be in the light of those aims and how far it affects others in television, radio and online? And what are the right structures of governance and regulation? (Department for Culture, Media and Sport, 2015: 2)

Recognising the many challenges it faces, the BBC has had to rethink the range of what it produces. For instance, it shifted BBC3, one of its digital channels, to online distribution in 2016 (Dowell, 2015). The corporation's position as a production centre has also been rethought, with the setting up of BBC Studios to house drama, entertainment, comedy and factual programme making. The aim is to move BBC Studios into the commercial market and to produce for third parties – a significant change of orientation, becoming, in effect, a broadcaster-publisher (BBC Charter Review, 2015). This radical move has been endorsed in principle by the White Paper, which has also proposed that aside from news and current affairs, all BBC content commissioning will be open to competition – a far-reaching change.

Of particular note is the UK Government's requirement for the BBC 'to focus its creative energy on high quality distinctive entertainment that differentiates it from the rest of the media market while serving all audiences' (Department for Culture, Media and Sport 2016: 10). Along with the BBC being asked to establish creative industries partnerships as well as with the local press and the setting up of a relatively small 'contestable' public service fund, the cumulative changes proposed are significant. In future, the National Audit Office will scrutinize the corporation's finances.

Current change

Aside from supporting the BBC, the licence fee also sustains other activities, including the BBC World Service, BBC Monitoring, and the Welsh language service, S4C. The World Service will receive a substantial boost in funding in response to the renewed government recognition of the need to project 'soft power' globally. In July 2015, the Government signalled that the BBC was to take on the cost of financing licences for over-75 year-olds. The full costs of this provision will have to be met out of the licence fee by 2020/21.

The BBC is not the only body under scrutiny. There has been persistent speculation about the privatisation (or possible other restructuring) of the UK’s second public service TV broadcaster, Channel 4 Corporation (C4C), which operates commercially and in the public interest. As a broadcaster-publisher, C4C is a mainstay of independent television production. It was the key initiator of this form of content supply when launched in 1982. Furthermore, there has been continuing talk of the possible future acquisition by a US major of the largest commercial PSB player, Channel 3’s ITV. If this were to occur, ITV would follow in the footsteps of Channel 5, the other commercial PSB, bought by Viacom in 2014. It is impossible to be conclusive but the shape of the PSB landscape might change substantially during the next Charter period.

At present, moreover, the UK is experiencing complex constitutional change, with a still uncertain outcome. This essay has been written in the final weeks of the European Union Referendum campaign, which has posed the fundamental question of whether or not the UK will remain a member state of the EU.

The UK/EU question has followed rapidly in the wake of the Scottish Independence Referendum of September 2014, when by 55% for to 45% against, Scotland voted to stay in the United Kingdom. The pro-independence Scottish National Party (SNP) has become the third largest party by number of seats in the House of Commons. The independence campaign led to far-reaching devolution for Scotland under the Scotland Act 2016. The Scottish Government in Edinburgh – since the May 2016 Scottish parliamentary elections, a minority SNP administration – has argued that the BBC should 'federalise' or 'decentralise' and that BBC Scotland should control its own budget and governance arrangements (The Scottish Government, 2016). Clementi's *Review*, followed by the White Paper, both addressed this question at least in part by advocating the creation of 'operating licences' for each of the devolved nations, coupled with the appointment of national members for each of the nations to the BBC executive board, and formal accountability by the BBC to the devolved legislatures. The present 'out of London' quota system, which requires production in the nations, will continue coupled with new requirements proposed for decentralized commissioning (BBC News 2016).

The main commercial PSB north of the border, linked to the ITV network, is Scottish Television (STV) – the last survivor of the federal commercial system set up in

1955. Its footprint extends over most of Scotland (ITV broadcasts in the Anglo-Scottish border region) and it is also the mainstay of local television in the main cities. If ITV were ever to be acquired by a US major, this might affect the future ownership of STV and therefore the commercial linchpin of the present Scottish set-up (Schlesinger 2016).

In addition to changes in the future scope of public service broadcasting and how it is regulated, the complex politics of the multinational British state has impacted on the future structure and governance of the BBC and the workings of the broadcasting market place.

The next transition

Aside from changing political and regulatory contexts, other factors driving change are technological, economic and social. A central question is to what extent linear TV viewing will remain a central form of consumption and a socially significant practice. There is considerable anecdotal evidence of radically changing viewing behaviour across all age groups, as well as survey findings on this matter.

Ofcom's latest PSB Review posed major questions about the future of linear TV. It reported that '[t]oday, only 50% of 16-24s' audio-visual consumption and 61% of 25-34s' is through live television (i.e. TV viewed at the time it is broadcast). Viewing of TV news by younger people aged 16-34 dropped by 29% between 2008 and 2014, to 39 minutes per person per week' (Ofcom, 2015: 1).

From a public sphere point of view – where PSB has long been regarded as central to the formation of a common national agenda and culture in the UK – the low level of linear TV news consumption amongst younger viewers raises one key consideration. If those now growing up as content is increasingly disengaging from its established institutional moorings do not substantially share the cultural maps absorbed by their elders, this is certainly relevant to how a national conversation about PSB might be conducted in future.

There has been a real terms decline of 15% in PSB expenditure on first-run, UK-originated programmes since 2008, with implications for the range of content and scheduling (Ofcom, 2015: 8). However, expenditure by non-PSB channels on major genres (outside of sport and news) is relatively small.

The time-shifting of consumption away from linear TV viewing has become increasingly prevalent in the UK. The BBC's iPlayer has had an important role in this – reaching nearly one-third of UK adults. But other platforms are also important in driving this change. While the time-shifting of PSB on-demand content still occupies centre-stage, Over the Top (OTT) services such as Netflix and Amazon Prime are beginning to increase their market share of viewing, although this does still remain relatively small. The popularity of short form video amongst younger viewers in particular and the growth of TV-like content on platforms such as YouTube are also changing the mix. One question for the future is the extent to which subscription video on demand (SVOD) and OTT players will gain market share and whether or not some of their content will in coming years be viewed by segments of the audience as fully equivalent to that of the PSBs, thus undermining their particular claims to public support.

At present, and for some years to come, channels will continue to be key modes of delivering content (Doyle

2015). The moot question is just for how long and to what extent this established mode of delivery will mutate? What becomes increasingly crucial is the brand that marks the content distributed by a variety of platforms and received on a range of devices. Especially key is what that brand signifies about the quality and nature of the product so that viewing brand-specific outputs becomes a compelling choice. As delivery systems diversify, and new intermediaries take up positions in the market place, the ready discoverability of content also becomes increasingly essential. At present, this is underpinned by the privileged position occupied by PSB channels on the electronic programme guide (EPG) but new technological developments, such as accessing content through apps, are already beginning to make this selection mechanism redundant.

Ensuring that public service content continues to be a large-scale element in the media offer will depend on continued political will and large-scale public support. It is certainly not a given that the present level of content production and the current British system for dividing revenues will endure. Economic and technological factors alone will not determine the outcome; they will interact with political and regulatory considerations in shaping how the present system evolves.

Naturally, there has been considerable international interest in the British debate. That is not surprising, as its outcomes may well affect policy developments elsewhere.

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The author is presently a member of Ofcom’s Content Board. This article has been written by him as an academic analyst and in a purely personal capacity and any views expressed here are entirely his own.

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