

**AudioUK response to House of Lords inquiry into
'Public service broadcasting in the age of video on demand'**

April 2019

1. AudioUK welcomes the opportunity to respond to this consultation. We represent the audio production sector, which is comprised of an estimated 180 companies spread around the UK, making podcasts, audiobooks and radio programmes across a wide range of genres, as well as providing other audio-led content and services.
2. We welcome the Committee's decision to look at the implications to the UK PSB ecology of the rise of the global SVOD players. Whilst we fully recognise that the Committee has set out questions which specifically relate to television, if the committee is looking at the future of public service broadcasting in the UK, there is a need to recognise the important role that radio and audio production plays in that system. Given that the committee's broad aims are:
 - *whether the popularity of video on demand services has made the concept of public service broadcasting redundant, in whole or in part;*
 - *if so, what form public service broadcasting should take in future and how it could remain financially viable; and*
 - *what action policy-makers, regulators and public service broadcasters should take;*

we hope the Committee will understand if it is these broad aims which we address, rather than the more specific TV-related questions in its call for evidence.

Whether the popularity of video on demand services has made the concept of public service broadcasting redundant, in whole or in part;

3. As the Committee knows, the UK has a complex PSB ecology made up of a number of TV broadcasters plus the BBC, which produces content for TV, radio and online. In its deliberations on the consequences of dealing with the challenges in TV we would like the Committee to acknowledge that any negative effects on the BBC could have a knock-on effect on its many valuable public radio services.
4. Radio faces similar challenges to TV in that there has been a rise in the ability to download and/or stream other forms of audio content, from music through audiobooks to podcasts. Audiobook publishers such as Audible are growing, podcasts/speech content is increasingly featuring on popular audio platform Spotify, plus there are other successful podcast platforms such as Acast and Audioboom.
5. Nonetheless listening to live radio remains strong, due in part to the ability to do so via not just radio receivers, but over IP via computer, tablet, smartphone and smart speakers. RAJAR figures show that in Q4 of 2018, the BBC's combined national and local radio services' weekly reach was just under 34m people aged 15+ (62% of the 15+ population), who listened on average for 15 hours a week¹. So a large number of people are consuming the BBC's public service radio content.
6. Commercial radio does provide some content which can be classified as public service, amounting to over 13 hours per week, in areas such as news and community action², but predominantly it is the BBC which provides services which introduce people to new music, serious speech content and programmes in specialist genres such as documentary, drama and comedy. Our own members have won many awards for BBC radio programmes including Pozzitive's *Cabin Pressure* (comedy), Whistledown's *The Reunion* (factual), and B7's *I, Robot* (drama).

¹ RAJAR Quarterly Summary of Radio Listening, - survey period ending 16 December 2018 – Part 1 UK population aged 15 or over

² Action Stations. Radiocentre, 2016

7. We are aware that among some Licence Fee Payers there is sometimes a failure to recognise the role of radio in the BBC's services. There is also a lack of awareness, perhaps due to its being called the TV Licence Fee, that the funding also pays for the BBC's radio services. The BBC's 2015 'deprivation survey' reported that those surveyed: "Were surprised by the range of services that the BBC produces (not all were aware that BBC Radio and Online services were included in the licence fee cost)."³
8. The BBC is of course looking to the future and has launched its BBC Sounds platform to engage all generations with BBC audio content. BBC Sounds is in its early stages and there have been some initial concerns raised, ranging from usability through to its commissioning content prior to agreeing terms of trade with our members. Nevertheless we do recognise it as a necessary move by the BBC to meet with modern challenges and we are seeking to work with the Corporation as closely as possible to see how we can help it move forward in its audio strategy.
9. BBC Radio also provides a test-bed for some programme ideas and formats which if successful then transfer to TV – examples being comedy improvisation show *Whose Line is it Anyway*, and Douglas Adams' classic radio comedy *The Hitchhiker's Guide to the Galaxy*, which subsequently became a TV series, film and series of books. Other examples of BBC Radio programmes and talent introduced which have since become well-known TV series and personalities include *Little Britain*, *The League Of Gentlemen*, *Down The Line*, *The (Mighty) Boosh*, *That Mitchell And Webb Sound/Look*, *Room 101*, *Dead Ringers*, also Miranda Hart and Sarah Millican.

If so, what form public service broadcasting should take in future and how it could remain financially viable;

10. It is very important that future decisions on public service broadcasting take into account the full range of content provided in the UK, including radio and audio. There is now of course the Audio Content Fund⁴, a pilot scheme worth up to £3m over three years, which will increase the amount of public service audio content on commercial and community radio. The ACF arose from the idea first put forward by the Government of a contestable fund for children's TV production. AudioUK, along with commercial radio body Radiocentre, argued strongly for a radio element to be added, as was already the case in New Zealand⁵ and the Republic of Ireland⁶.
11. We are very hopeful that the Audio Content Fund will increase the amount of public service content on commercial radio. However the expectation is that this content will not mirror that found on the BBC, as the content in question will need to be a 'fit' with the commercial broadcaster in question. The BBC's radio and audio content will therefore remain largely unique. While audio producers are continually looking for new ways to publish content, e.g. via crowdfunding or on download platforms, there will be always be a place for high-quality publicly-funded audio productions.
12. We believe the TV Licence Fee has stood the test of time as a highly cost-effective way of funding the BBC and ensuring it delivers a wide range of high-quality TV, radio and online content which informs, educates and entertains the public, whilst remaining the most trusted source of news. There are currently concerns around the extent to which the BBC will take on the burden of free TV Licence Fees for the over-75s. We have suggested to the BBC that while it did agree to the scheme, it should as a minimum adopt its suggested measures for mitigating the effects. In our view the Licence Fee remains a viable way of funding high-quality PSB content.

What action policy-makers, regulators and public service broadcasters should take

13. Some of our members also make TV content or produce events across platforms, for example TBI Media's *D-Day: 70 Years On* event was on BBC Four as well as Radio 2 and was also screened in cinemas across the country. We believe the BBC also still makes much that is unique in TV – while services such as Netflix have drawn viewers to a number of high-quality dramas, the BBC still has a wide range of highly popular British-made programmes that remains popular, as well as being able to provide live content which attracts large audiences.
14. Overall we would advise that the PSBs' views on this be taken seriously and consideration given to specific remedies, whilst bearing in mind that there is a danger that an overreaction in the UK to the SVOD challenge could result in lasting damage to our PSB system, which produces unique content which appeals first and foremost to British audiences, tackling issues, subjects

³ Life without the BBC: household study. MTM for the BBC, Aug 2015, p3

⁴ www.audiocontentfund.org.uk

⁵ NZ On Air: <https://www.nzonair.govt.nz/>

⁶ The BAI Sound & Vision programme: <https://www.bai.ie/en/broadcasting/funding-development-3/sound-vision-3/>

and cultural touchpoints, while also informing people about the rest of the world. The extent to which the business model of the SVOD operators is sustainable over the long term remains to be seen, with some commentators noting the level of debt being incurred by Netflix, which has now raised prices, prompting speculation that its growth may stall⁷.

15. History tells us that while the market continues to shift, pre-existing mediums do not disappear or lose their value to consumers. The 1979 chart hit *Video Killed the Radio Star* is often cited in the radio industry as an example of how a new media innovation (in this case music video channels) was thought to endanger the future of another, but radio's continuing good health shows that new while players cause a temporary shift in habits, ultimately all mediums are able to coexist and find a space within which to successfully operate – Ofcom's 2018 Communications Market report stated that "radio continues to be resilient. Nine in ten adults in the UK listen to radio every week for an average of nearly 21 hours a week, and 75% of all audio listening is to live radio."⁸
16. We would therefore advise the committee not to seek to see too far ahead in reaching its conclusions, certainly in terms of concluding that the UK PSB system no longer has a viable model, and instead focus on any recommended measures to see the UK PSB system through this current competitive environment.

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⁷ Shaw, Lucas. Netflix Price Hikes cloud outlook, as rivals look to pounce. <https://www.bloomberg.com/news/articles/2019-04-16/netflix-slips-after-subscriber-forecast-falls-short-of-estimates>. Accessed 18.4.19

⁸ Communications Market report 2018. Ofcom, Aug 2018, p4