



Response to House of Commons DCMS Select Committee inquiry on the Future of Public Service Broadcasting

June 2020

Summary

1. Debate on PSB in the UK has often been focused on TV and screen-based content, however radio accounts for just over £500m annual spend by the BBC, plus PSB content on commercial and community radio has been strengthened through being allocated finance from the government's contestable fund. Both these recognise the importance of radio and audio as a medium for people to enjoy a range of content with public service aspects.
2. The independent audio production sector has brought to bear an increasingly wide set of voices and ideas for the BBC and now for the Audio Content Fund. Through podcasting people are consuming more audio than ever, using devices which allow them to listen on the move, and this only increases the importance of making sure PSB content is available. While - as in commercial TV - the market can supply some of this, it is very important to have both the BBC and the Audio Content Fund to ensure that content specifically meeting PSB criteria is commissioned.
3. The PSB system for TV is a robust one and we would like to see of the measures which have strengthened the TV production sector read across, where appropriate, to PSB audio, to ensure the similar growth of our UK independent audio production industry. This includes regulated Terms of Trade with all PSBs for audio content, and the possible revision of out-of-London commissioning requirements for the BBC.
4. In addition, we need to consider prominence for PSB audio content on devices such as smart speakers.
5. Overall, the need for PSB remains as strong as ever and we would not advocate taking steps to reduce its impact based on any assumptions on the direction of travel regarding audiences or technology in the future.

About AudioUK

6. AudioUK represents the UK's independent audio production sector, around 180 production companies based all around the UK, making radio programmes, podcasts and audiobooks as well as many other types of audio-led content. These companies bring ideas, stories, talent and perspectives from their communities to the attention of UK and worldwide audiences.
7. AudioUK, along with Radiocentre, set up the Audio Content Fund (ACF) pilot, financed with up to £3m of Government funds. The Fund commissions public service content for commercial and community radio, providing UK audiences with additional PSB content made by a wider range of producers and on a wider range of stations. The ACF's perfectly-

balanced system means that commercial radio benefits from free high-quality PSB audio content, around which it can still sell advertising and sponsorship, while the production company gains a commission and can build its business and employ more staff in the production sector. Listeners benefit from high quality audio productions that would otherwise have been difficult to make. The ACF is a three-year pilot project but we hope its initial success will convince the government to continue with it beyond this period and indeed consider raising the level of funding, perhaps by drawing on the National Lottery.

8. We also run the Audiotrain skills training programme which over the last five years has delivered around 2,500 learner days, with around 62% female attendees and around 21% with a BAME background¹. As part of AudioUK's response to the pandemic, Audiotrain has hosted weekly training webinars, with over 1,300 views of the sessions, either live or recorded.
9. One of our Board members contributes to the government's Economic and Trade Advisory Group (ETAG), to help highlight the audio production sector's range of exportable skills and content. Our annual Audio Production Awards celebrate craft talent in our industry with a gala event on London's South Bank².
10. As detailed in our submission to the Committee's inquiry on the impact of COVID-19, AudioUK is part of the DCMS Working Group on Film Television and Production. We are also in preliminary discussions with DCMS about a new tax credit for audio production, to take advantage of the growing number of international brands and broadcasters looking to invest in high-quality audio production.
11. AudioUK is committed to promoting and increasing diversity in the sector and is a signatory to the Equality in Audio Pact. We support the Multitrack Fellowship which provides paid internships in production companies for underrepresented groups. We employ a specialist diversity adviser to ensure the Audio Production Awards is as inclusive as possible.

PSB and Radio / Audio

12. In the past, debates on PSB have quickly lapsed into a conversation that is mostly if not purely about television, with the terminology often being 'channels', 'viewers' and so on. The reality is that radio /audio accounts for a significant public investment in the UK, and this should be reflected in the debate. The BBC alone spent over £500m on PSB Radio in 2018-19, with just over £26 of each person's annual Licence Fee going to radio³. The Audio Content Fund, now entering the second year of its three-year pilot phase, provides up to £3m of public funds to finance independently-produced programmes for commercial and community radio. Commercial radio itself invests in PSB content such as news, information, local events and charity fundraising, making up around 13 hours a week⁴. Stations such as Fun Kids, with an emphasis on entertaining learning, also perform a PSB function.
13. Radio remains popular, with 88.8% of the UK population tuning in each week⁵. During the COVID-19 pandemic period, radio listening has been strong. The Audio Content Fund's special coronavirus round has led to a range of new content to keep people entertained.

¹ More at: <https://www.audiouk.org.uk/audiotrain/>

² More at: <https://www.audiouk.org.uk/audio-production-awards/>

³ BBC Group Annual Report and Accounts 2018/19 states that £504m was spent on PSB Radio (p61), while £2.17 per month (=£26.04pa) of a person's TV Licence Fee went to Radio (p90)

⁴ Action Stations. Radiocentre, 2016, p6

⁵ Data Release Q1, 2020. RAJAR. https://www.rajar.co.uk/docs/news/RAJAR_DataRelease_InfographicQ12020.pdf. Accessed 27.5.20

14. Elsewhere, podcast consumption has been steadily rising, with an 18% weekly reach among UK adults, rising to 22% among 15-24 year-olds and 27% among 25-34 year-olds⁶. There are many exciting prospects provided by the growth in podcasting and audiobooks as companies and broadcasters realise the potential of British audio content to reach an attentive audience whose appetite for high-quality audio is growing rapidly. Podcasting has been particularly good at bringing new and diverse talent to the fore, such as multiple-award-winning *Have You Heard George's Podcast?* from George the Poet, whose genre-busting podcasts have tackled issues such as race, class and other divisions in society. The self-publishing nature of many podcasts also means they have the freedom to tackle niche subjects which may be seen by broadcasters as lacking sufficient appeal to a wide enough audience.
15. Audio has also increasingly become a part of the offer from the UK's other, traditionally screen-based, PSBs. ITV, Channel 4 and Channel 5 are now commissioning/producing podcasts to run alongside TV shows.
16. We can therefore see the importance of radio and audio is as strong as ever and it is vital that measures are taken as part of any review by Ofcom to ensure the UK's audio production sector can play as big a part in achieving PSB goals as possible.
17. We would like the committee to note that due to the coronavirus outbreak, AudioUK has been focusing its efforts on ensuring the companies in our sector, and the people they employ, are being adequately supported by government and we have also collected data and communicated it to government and to the Committee in our COVID-19 inquiry response. Due to this focusing of resource elsewhere, some of our ideas on the future of PSB in audio are still in development, but we will be happy to report back to the committee at a later stage once these ideas have been progressed.

Answers to Specific Committee Questions

Q - Regulation: Are the current regulations and obligations placed on PSBs, in return for benefits such as prominence and public funding, proportionate?

18. A robust regulatory regime, involving specific PSB requirements, is what differentiates PSBs from other broadcasters. Much is made of the growing stature of the SVoDs, but their commissioning decisions can be led purely by what they think their customer base would like to see. The PSBs have a greater duty to commission according to their respective remits. This is in return for benefits including EPG prominence and in the case of the BBC a large amount of public funding. There does need to be additional regulation to reflect the importance of PSB radio / audio. The BBC's requirement to being impartial has without doubt been at least partly responsible for its being considered the UK's most trusted news brand⁷.
19. While the BBC has some regulatory requirements for radio, these have been diminished since Ofcom was made responsible for regulating the BBC. Furthermore there are no such requirements regarding commissioning audio content for the other PSBs. Given the rise of podcasting and an increasing number of examples of independent production companies working with other PSB broadcasters, there is therefore a need to bring in the same protections given to the UK TV independent production sector.

⁶ MIDAS Survey. RAJAR, Spring 2020 p2

⁷ Digital News Report. Reuters Institute, June 1990, p63

The diminution of BBC Radio regulation

20. During the last Charter period the BBC Trust set in place a number of requirements for numbers of hours of drama and other genres on certain radio networks, however this was not read across to the Operating Licence agreed between Ofcom and the BBC and published in October 2017.
21. With the BBC Trust having developed quotas for genres such as drama after extensive consultation and consideration of the evidence, it was not clear why Ofcom did not at least initially retain them and then review their effectiveness, rather than simply removing them from the outset. This was not consistent with the approach Ofcom took in other areas, for example it included in the Operating Licence a requirement for CBBC to produce at least 1000 hours of drama during each Financial Year⁸.
22. As a result of this relaxation we are seeing, for example, a reduction in the amount of hours of drama being commissioned by BBC Radio 4. On BBC Radio 2, specialist music and documentaries – many of which are produced by independent production companies - have been shunted to the margins of the schedule. On a Monday in June 2017, Radio 2 broadcast 7-8pm *Blues Show*, 10-11pm *Paul Merton's Beatles*, 11pm-midnight *Jools Holland*⁹. By contrast, the Blues Show and other similar specialist music programmes are now broadcast at 11pm with DJ-led mainstream shows in the other slots. Documentaries are only broadcast on Radio 2 at 9pm Saturday and Sunday¹⁰.

The BBC's Radio commissioning competition requirements

23. The BBC has a Charter requirement to reach a minimum of 60% of non-news hours open to competition from indie producers by the end of 2022. Meeting this requirement will ensure the Licence Fee Payer has the opportunity to enjoy content made by a wide range of companies from all around the UK, bringing many different voices, perspectives, stories and ideas to the listener. As reported in our response to the Committee's other inquiry on the impact of the COVID-19 pandemic, there has been some fall-off in BBC Radio/Sounds commissions due to programmes being postponed, with concern at the effect on future commissioning rounds. We understand the BBC plans to reinstate several postponed commissioning rounds at later dates over the next few months, and this will be important in ensuring it meets the 60% target.

The Need for Regulated Terms of Trade with PSBs for Audio

24. It also remains the case that while the Terms of Trade are regulated and shaped by the provisions in the 2003 Communications Act, those same provisions do not cover terms of trade in radio. We believe this is a significant oversight which leads to the same issues of small suppliers having to try to negotiate with large media organisations that TV production faced prior to 2003.
25. The opportunities are growing for independent audio producers to work with international brands, broadcasters and other content commissioners, as well as researching and developing new ideas in podcasting, audio drama, audiobooks and audio games. To maximise this, audio producers need the same protections for their intellectual property (hereon referred to as 'IP') when dealing with the PSBs so they can maximise opportunities provided by their IP, in terms of spin-offs, international distribution and merchandise. Given

⁸ Operating Licence for the BBC's UK Public Services. Ofcom, Oct 2017, p14 para 2.23.1

⁹ See: <https://www.bbc.co.uk/schedules/p00fz18v/2017/06/12>. Accessed 15 June 2020

¹⁰ See: <https://www.bbc.co.uk/mediacentre/latestnews/2018/rylan-clark-neal-radio-2>. Accessed 15 June 2020

that other PSBs are becoming involved in audio commissioning and working more with the independent sector, there should also be statutory terms of trade for audio commissioning by all of the UK PSBs. Otherwise producers will increasingly be taking their new ideas elsewhere, or simply self-publishing.

Could an Independent Audio Production Quota be introduced for PSBs?

26. While the BBC has the 60% competition requirement for radio, there is no requirement for commercial PSBs to commission a certain level of independently produced audio content. The 25% quota for TV PSBs, originally introduced in the 1990 Broadcasting Act, plus the creation of the publisher-broadcaster Channel 4 and, later, the 2003 Communications Act's Terms of Trade protections, have enabled the UK TV production sector to be internationally successful. It created the level of demand that allowed the sector to grow and build track records and sustainable businesses. As part of AudioUK's policy development work for Ofcom's PSB Review, we will therefore be considering whether it might make sense for an independent audio production quota to be introduced across all commercial PSBs, thereby adding to the diversity of voices, talent, ideas and perspectives to those PSBs' audio output.

What (if any regulation) should be introduced for SVoDs and other streaming services?

27. We note the points made by the BBC, during its evidence session with the Committee on 16 June, regarding smart speakers and the use of BBC content. Smart speakers have been of benefit to radio and audio, as another way to access content and services. Just as there is a move towards seeking to extend regulation and PSB prominence on other TV platforms in its policy development for the Ofcom PSB Review, AudioUK will be considering whether this may also be an area where further regulation on prominence could be practically applied.

Q - Representation: How would representation be protected if changes were made to the PSB model? How would the nations and regions be affected by changes to the PSB model? Is the 'quota' system the most efficient way to maintain and improve representation in broadcasting?

28. The Committee does not specify the changes it has in mind, however on a general level the aspects of regulation which make the PSBs distinctive and ensure that those independent producers working with them can protect their IP must be maintained and, in the case of radio/audio, strengthened. It is through the use of a wide variety of production companies across the UK that PSBs can remain relevant to, and representative of, people up and down the country. For these companies to thrive, their IP needs to be protected and they need to have a level playing field in terms of access to commissioning.
29. Any alterations in PSB responsibilities should not result in a loosening of any current requirements regarding out-of-London, and indeed should involve greater requirements where the BBC is concerned. Currently, while the BBC has an out-of-London quota to fulfil for independent TV production but not for radio production, meaning it is entirely up to the BBC to decide how much it commissions from independent companies outside London.

30. The BBC's Operating Agreement states that:

“In respect of the UK Public Radio Services which are designed for audiences across the UK¹¹, the BBC must ensure that in each Financial Year at least one third of relevant

¹¹ Radio 1; 1Xtra; Radio 2; Radio 3; Radio 4; BBC 4 Extra; BBC Radio 5 Live; BBC Radio 5 Live sports extra; BBC 6 Music; BBC Asian Network.

expenditure is incurred outside the M25 Area". For Radio 3, the percentage of spend is set at 40%"¹².

There is no requirement that any proportion of this be independently produced. On services such as 5 Live, based in Salford, many of these hours are taken up with in-house productions. It is worth noting that the Audio Content Fund, which has an optional criterion for productions to have strong out of London elements, reported that 15 of the 25 projects funded in its first year were from suppliers based outside of London. Projects were funded for broadcast in all four nations of the UK, with content produced in English, Welsh, Irish and Ulster Scots¹³.

31. We will be looking at measures to propose to Ofcom for a greater requirement on the BBC to work with independent production companies outside the M25.

Q - Accessibility: How would changes to the PSB model affect the accessibility of services?

32. Part of PSB's remit is to bring people together and unify the country, as well as to reflect different parts of the country and sections of society and create greater understanding. This has been enabled by PSB being free at the point of access and it is crucial that this continues to be the case. Putting PSB behind a paywall would be an unfair restriction given it has to comply with remits and purposes which exceed those with which commercial broadcasters have to comply.

How would a wholly internet-based service compare to the current PSB model?

33. In radio, the BBC currently has many much-valued services broadcasting on one or more analogue frequencies across AM (medium and long wave), FM and DAB, along with some digital-only services such as 6 Music and Asian Network. Digital audio technology is continuing to develop and this is affecting listening, with a rise in people listening over IP via devices such as smart speakers, phones and so on. However given the data costs associated with streaming content over mobile networks, continued radio listening over IP is only viable within the home or using Wi-Fi networks available elsewhere, a problem which is greatly amplified for people on the move, which is a time when audio is consumed, e.g. when driving, walking etc.
34. Therefore the loss of analogue and digital broadcast radio transmission would mean Licence Fee payers would lose regular and easy access to the BBC's services and also to other PSB-related services such as Fun Kids, commercial radio news and so on. This is a major obstacle which we think would be difficult to overcome in the short-to-mid-term future, and even in the long term it is not clear that Wi-Fi coverage will be sufficiently widespread on an easily accessible free-to-air basis to allow listening to be purely over IP.

Q - Impact: What value, if any, do PSBs bring to the UK in terms of economic (local and national), cultural and societal impact?

35. The level of PSB investment in audio content production could not be replaced by commercial funding. While the barrier to entry to make podcasts is relatively low, the large amount of content is causing people to become more discerning in terms of the overall quality of the production they are hearing - meaning it is important to have a sustainable high-quality professional production sector in audio.

¹² Operating Licence for the BBC's UK Public Services. Ofcom, Oct 2017, p27, paras 2.64-2.66

¹³ Annual Report 2019-20 – Interim. Audio Content Fund, June 2020, p2

36. This is partly because culturally, it is extremely important to have a strong source of home-grown content which is not purely focussed on market-driven objectives but which aims to bring to the nation a range of views, ideas, stories and perspectives. In radio the BBC has given rise to an appreciation of high-quality music, drama, comedy and factual audio content, which is now feeding into podcasting.
37. The level of investment in PSB radio by the BBC cannot be supported by commercial radio revenues, especially as these rises and fall in tune with general economic conditions, for example advertising income has fallen heavily during the coronavirus pandemic.
38. The BBC's funding is under additional pressure due to: the continuation of free Licence Fees for all over-75s beyond the planned move to only those on Pension Credit; the cessation of TV Licence enforcement during the lockdown period; the retention of news staff originally planned for cuts; and a reduction in income from commercial activities via BBC Studios. The BBC estimates these costs to be around £125m¹⁴. This is in addition to the £800m savings programme it has been implementing due to the increased cost of TV drama and sports rights¹⁵.
39. Given these additional costs to the BBC, we have expressed concern to DCMS regarding the potential loss of some £200m per year for creative content if it were to proceed with decriminalising TV Licence Fee evasion. While not dismissing the concerns of those advocating decriminalisation, we could not see compelling evidence that to do so would result in a clearly definable societal improvement.
40. The decline in the BBC's income has already impacted on Radio. In reference to the new costs associated with the pandemic, the BBC's latest Annual Plan states that:

"...the BBC must meet this challenge in what was already a time of constrained funding (what the BBC can spend on its radio services had fallen by c20% in real terms in the last decade) and has only become more difficult. But it is vital the BBC is able to deliver the audio services that all audiences can turn to now and in the future, and in an increasingly global audio market, that it can be a stage for the very best the UK creative sector has to offer the world."¹⁶

Q - Looking ahead: What should a PSB look like in a digital age? What services should they provide, and to whom? In what way, and to whom, should they be accountable? Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?

41. While platforms and distribution may change over time, we believe the fundamental model of PSB remains unchanged and that PSB services can continue to provide unique content to audiences, provided they are appropriately regulated and ensure they work with as wide a range of production talent as possible. PSB can remain accountable to Ofcom. We have no view on an alternative term, especially as radio as a medium is very much one given to live broadcast.

¹⁴ See: <https://www.bbc.co.uk/news/entertainment-arts-52474911>. Accessed 12 June 2020

¹⁵ See: <https://www.theguardian.com/media/2016/mar/08/bbc-increases-saving-target-to-800m-a-year-to-pay-for-drama-and-sport>. Accessed 12 June 2020

¹⁶ Bringing Us Closer: BBC Annual Plan 2020/21. BBC, May 2020, p26