



Submission to

House of Lords Communications and Digital Committee Inquiry:

A Creative Future

August 2022

About AudioUK

1. AudioUK is the trade body for the audio-led production sector. There are over 200 independent companies based across the UK, making high-quality radio programmes, podcasts, audiobooks and other audio-led content. Audio production feeds into other creative activity, supporting and developing writers, composers, directors, actors and musicians.
2. AudioUK runs the Audiotrain skills programme, providing over 4,500 learner days since 2014. We also run the Audio Production Awards, an annual celebration of the craft skills of audio production. We provide business affairs support and other services to our members.
3. AudioUK, along with Radiocentre, oversees the administration of the Audio Content Fund, which distributed £3.4m from the UK government to fund public service content on commercial and community radio.
4. We successfully applied for government Business Readiness Funding in 2019 and, as a member of the DCMS Broadcasting, Film and Production Working Group, produced guidelines for safe working in audio production during the coronavirus pandemic.

The Committee's Inquiry

5. The Committees' decision to announce this inquiry which comes at an important time, with the Government currently looking at producing a Creative Industries Sector Vision in the near future. While we were initially concerned by the Call for Evidence's focus on other content production sectors, having written to the Committee on this matter we welcomed the reassurance that our views would be taken into consideration.

Responses to Inquiry Questions

Q1. Which areas of the creative industries face the greatest potential for disruption and change in the next 5–10 years, and what impact could this have? a) What changes are expected in the way creative/cultural content is produced; the way audiences are engaged (for example through digital or immersive experiences); and the way business models operate?

6. We have already seen significant change in our sector in recent years, with the rise of new digital formats, most notably podcasts and audiobooks, creating exciting new markets.
7. Due to the ease of accessing these formats, along with radio, on a range of digital devices, audio content is more popular than ever among the UK population. **Podcasts** are listened to by 25% of the UK adult population every week, with UK podcast advertising expenditure estimated to increase from £46m in 2021 to around £80m by 2026. UK consumer sales of **audiobooks** rose by 71% between 2019 and 2021. Meanwhile live **radio** continues to be listened to by 89% of the UK population each week.
8. Audio production companies can now pitch to win commissions from brands, broadcasters and podcast hosting platforms such as Amazon Music, Spotify and so on, all of which are now investing more on podcast production. They also self-fund their own content to distribute on these platforms.
9. Notwithstanding this our sector does face challenges. Podcasting is a growth medium worldwide and as a result other nations are taking increasing interest in speech audio production, increasing the likelihood of our homegrown sector facing competition for the available international investment. This could impact on our sector's profitability in the medium to long term.

Audio Production Tax Relief

10. For this reason we published last year a report putting the case to Government for introducing an Audio Production Tax Relief¹. The Committee will be aware of the success of the existing creative sector tax reliefs for media content production, in areas such as animation, children's television, film, high-end television and video games. This has led to an increase in investment, with the BFI reporting in 2018 that *"production supported by the UK screen sector tax reliefs, reached a record total of £3.16 billion in 2016."*²
11. Adding an audio production tax relief to these existing reliefs would ensure similar success in our creative content sector, adding to the overall creative landscape and contributing further to the UK economy.

¹ <https://www.audiouk.org.uk/new-audiouk-report-shows-an-audio-production-tax-relief-would-attract-increased-investment-and-benefit-the-uk-economy/>

² [Screen Business: How screen sector tax reliefs power economic growth across the UK – Summary report. BFI, Oct 2018, p11](#)

12. Our report contained independent analysis showing that such a tax relief could stimulate investment and deliver a net gain to HM Treasury. This led to a recommendation in last year's DCMS Digital Radio and Audio Review that the government should consider introducing such a measure³. AudioUK continues to talk to officials at DCMS on this matter.
13. We would welcome the support of this Committee for an Audio Production Tax Relief.

Q2. What skills will be required to meet these emerging opportunities and challenges?

14. Audio production requires a range of skills, from the technical ones of sound design and editing, to the entrepreneurial skills needed to build a business and successfully pitch for contracts. It also requires creative skills to come up with fresh ideas to suit a variety of contexts.
15. Since 2014 our Audiotrain programme has provided affordable skills and training for the sector. Initially the programme was backed by Creative Skillset and AudioUK and included in-person courses to grow audio businesses as well as improve technical, personal development and productions skills.
16. In 2020, as a necessity of the pandemic, the training moved exclusively online. On the plus side it was able to provide more sessions and reach a wider audience across the UK. Going forward we will operate a hybrid model of both in-person and video events, allowing UK-wide access along with networking opportunities.
17. A diverse creative workforce is essential to ensure that there are as many different voices, perspectives, ideas and stories involved to create the mix of content needed to appeals to the UK's diverse population and beyond. In line with AudioUK's overall diversity strategy, Audiotrain has sought to ensure its contributors are increasingly diverse and at times we focus on subjects which centre on seeing audio from different perspectives. Attendee figures average at, 58% identifying as female, 15% identifying as being from a minority ethnic background and 5% identifying as disabled.

Q3. What actions are needed from the Government and local authorities to ensure there is an appropriate talent pipeline equipped with these skills? a) How can this be sufficiently flexible to take account of the pace of change in the sector?

18. As our industry grows to meet the ever-rising demand for high-quality audio content, we will need a more substantial skills and training programme to run alongside it.
19. While Audiotrain began with a BEIS grant managed via Creative Skillset, this support ended in 2016 as the Government's skills and training priorities changed. Creative Skillset became Screenskills, focusing on screen-based content production industries, for which it could obtain funding from sources such as the BFI, which can only invest in screen-based activity.

³ <https://www.gov.uk/government/publications/digital-radio-and-audio-review> (p48, Recommendation 7)

20. Audiotrain was re-born in 2017 as a cost-recovery training programme with courses, workshops and masterclasses. The aim was to fill the skills gap while continuing to offer training that was affordable for audio production employees and freelancers.
21. The programme is now supported by a combination of sponsorship, modest entry fees and subsidy from AudioUK. However this model cannot sustain the level of training and skills provision needed to ensure we have the necessary capacity to take full advantage of the increasing demand for speech-based audio content. At the moment Audiotrain's courses are largely ad hoc and the programme only allows the employment of a training manager for two days a month.
22. In recognition of this need, last year's Digital Radio and Audio Review recommended for:

*"The Government to work with industry to review skills funding for the audio sector in order to help develop and deliver high quality audio skills training for a new generation of talent."*⁴

23. We are currently discussing this with DCMS and have recommended to the Government's Sector Vision process that funding of £100,000 would facilitate the consistent delivery of a professional training programme throughout the year, with a range of unique offers in business growth, technical and production skills as well as diversity and personal development.
24. We would welcome the Committee's support for further government investment in skills and training in the UK audio production sector.

Q4. What actions are needed from industry to support the talent pipeline development? a) What actions are needed from organisations in the creative industries to prepare for and accommodate the requirements of the future workforce?

25. As per the above we have already acted to create a training programme which now has an established brand and an experienced training manager. We are also talking to partners in the radio industry however in the main training for the radio broadcast industry does not cover the full range of skills and training needed to work in the independent creative sector. We will continue to maintain and seek to develop the programme, however in the absence of the type of public funding available to the screen content sectors the audio sector will continue to face an uphill struggle to meet demand, resulting in a lost opportunity to capitalise on growing demand.

The Audio Content Fund

26. It is also important to maintain wider industry support for key genres, such as audio drama, which are hard to sustain on a commercial basis. The Government acknowledged this in creating the Audio Content Fund, which during its three-year

⁴ <https://www.gov.uk/government/publications/digital-radio-and-audio-review> (p48, Recommendation 10)

pilot phase has commissioned a wide range of programmes including drama and comedy, causing them to be aired on some commercial radio and community networks for the very first time. As the DCMS policy paper published at the time of the ACF's creation stated:

"...examples of public service content outside national and local news on commercial radio are rare, as the vast majority of public service programming is provided by the BBC. While commercial radio stations broadcast an average of 13 hours of public service content each week ... most of this consists of news and sport, travel, weather, charity appeals and local events. Long-form genres such as documentary, comedy, and drama are almost entirely broadcast by the BBC."⁵

27. Over the course of the three-year pilot the ACF commissioned 732 hours of content from 91 suppliers, on 350 stations reaching a combined audience of 40m. In the process the ACF supported around 6,000 freelancer days, 240 permanent jobs and created new business partnership between producers and stations.
28. Its success in reaching audiences in communities across the UK led to its being awarded two additional tranches of government funding, one at £400k in 2020 to lift the national mood during the COVID-19 and another at £300k in early 2021 to tackle issues around mental health and loneliness.
29. Having concluded its pilot stage, the Audio Content Fund is now the subject of an evaluation and AudioUK and Radiocentre, who jointly oversee the Fund are keen to see funding reinstated.
30. We welcomed the Committee's recent recommendation that "the Government should consider the merits of contestable funding as an additional supplement to support underserved areas of public service content"⁶ and would further welcome the Committee's support for the continuation of this specific highly successful project.

BBC support for key audio genres

31. While the ACF has provided additional programmes, the BBC still remains a vitally important commissioner and broadcaster of drama, as well as comedy, for UK audiences. Radio/audio drama is an important genre for introducing new talent in areas such as acting, writing and directing. It is also a powerful way to educate and inform audiences in an entertaining and compelling way.
32. Ofcom's removal of some genre quotas on BBC Radio services has led to a 50% reduction in hours of drama on Radio 4 over a five year period, with the BBC's latest Annual Plan committing to just 300 hours of drama on Radio 4 for 2022-23, down from 600 hours in 2017-18. This is despite the BBC assuring Ofcom in 2017 that "*The BBC has no plans to reduce its commitment to Drama or Comedy*"⁷.

⁵ [Contestable Fund Pilot: Supporting Young Audiences and Audio Content. DCMS, October 2018, p8](#)

⁶ [Licence to Change: Future BBC Funding. House of Lords Communications and Digital Committee. June 2022, p45, para 142](#)

⁷ [Letter from BBC to Ofcom. 14 August 2017, p3](#)

33. We recognise that the BBC's real-terms funding has fallen in recent years. In addition Radio 4 drama budgets fell behind inflation, something which we raised with the BBC and to which it responded by raising budgets, but in return for commissioning fewer hours. Nevertheless these factors do not explain a 50% reduction. In contrast the BBC continues to invest heavily in original TV drama, despite the plethora of other broadcasters and on-demand services also providing it.
34. We continue to raise this with Ofcom, as well as DCMS as part of its Mid-Term BBC Charter Review.
35. We would welcome a recommendation from the Committee that one outcome of the DCMS' Mid-Term Charter Review process should be that Ofcom is required to reinstate genre quotas for BBC radio / audio drama and comedy.

Q5. What role do innovation and research & development play in addressing the future challenges facing the creative industries? a) What actions are needed from the Government, funding bodies and sector organisations to support innovation, and research & development?

36. Currently there is no support for the development of IP in ideas and formats for radio and audio. While we realise this is a difficult area to define, we would nevertheless welcome the opportunity to explore with government what ways there might be to support writing and ideas creation in audio. This could feed into more support for our Audiotrain programme, as discussed above, in order to support expanded training and mentorship in these areas.

Q6. How effective are the Government's existing strategies at supporting the creative industries to meet the challenges and opportunities ahead?

37. In terms of the government's role in supporting the audio production sector, there have been positive policies as detailed above on training and contestable funding, as well as opening up the BBC to more competition from independent producers we for which our sector has grateful. However overall there is a need for greater recognition and contribution from our sector on a wider strategic level.

Audio Production is absent from government statistics

38. One issue is the effective absence of our sector in government creative industry statistics. This is due to the fact that the DCMS economic cultural sector definitions, and which are used to measure the creative industries in ways such as economic value and employment, do not recognise audio production. This is due to its having only emerged as a significant sector over the last 15 years or so, while the DCMS statistical groupings were drawn up over 20 years ago. This means the government is failing to recognise and therefore fully capture our sector's contribution to employment and the wider economy.

39. A review of these creative sector definitions is therefore needed. We would welcome a Committee recommendation that the Government undertake such a review, as soon as possible.

The Creative Industries Council

40. As the Committee will know, the Creative Industries Council is an industry-led body, supported by government which feeds into policy at Secretary-of-State level. Due again to our sector having developed its activity relatively recently, it is not currently represented on the CIC, leading to an inability for the CIC to ensure it is taking a genuinely holistic approach to its work in encouraging growth in the creative content production sectors.
41. This is of particular concern when the DCMS asks the CIC to lead on processes such as the Creative Industries Sector Vision, as it means there is a real danger of audio production missing out from any benefits of it. We have raised this with DCMS and the CIC in relation to the Sector Vision process and will continue to do so.
42. We would welcome a Committee recommendation that audio production, represented by AudioUK, is given a place on the Creative Industries Council.

Creative Hubs

43. The government is encouraging creative hubs, along with media organisations such as Channel 4. In terms of how these are shaped and where applicable the nature of the funding provided, it is important that specialist audio production facilities are included – these generally differ from music production facilities, so to ensure audio production is given equal chance to flourish in creative centres around the UK, speech audio production must be part of any plans to fund creative hubs.
44. We would welcome a Committee recommendation that the Government includes audio production in any policy around encouraging creative hubs.

Q7. What lessons can the UK's creative industries learn from other countries, and other sectors?

45. We monitor other countries for examples of how the creative industries are developing models to grow. This includes looking at ways in which creative industries agencies and government look to stimulate further growth in the creative industries, maintain the skills base and maintain original UK production in key genres. There are some useful examples of how creative industries and government work together to encourage growth and the creation of public service content.

Overseas government support for growth in audio content production

46. In terms of general government support to help grow the audio industry, there are at least two examples of where other countries are beginning to support the growth of audio specifically.

- In the United States the Federal-funded Centre for Public Broadcasting (CPB)⁸ is investing public money into podcasting, for example awarding a \$500,000 grant to a California Radio to build a podcast studio in California in January 2021⁹.
- Elsewhere, the 'Convergent Stream' one of the projects funded by the Canada Media Fund (CMF)¹⁰ is designed to support the creation of multi-platform projects including podcasts.

Overseas government contestable funding schemes

47. Contestable funding has operated in New Zealand and the Republic of Ireland for many years and we used these two schemes to originally make the case to Government for the Audio Content Fund:

- The 'NZ On Air' project awards funds to provide TV and radio/audio content which the market would not likely provide. In 2020-21 its spending on radio/audio was NZ\$52m (approx. £27m).
- Ireland's Sound and Vision Fund also awards grants for both TV and radio content such as factual documentary and children's, to be broadcast in peak-time. In Round 40 of the scheme (announced November 2021) funding was allocated to 42 radio projects, in addition to 26 TV projects. Despite this, radio spend was only around 6.5% of the total budget, demonstrating radio's value for money.

⁸ <https://www.cpb.org/aboutcpb>

⁹ <https://current.org/2021/01/southern-california-public-radio-receives-500000-cpb-grant-for-podcast-studio/>

¹⁰ [Producing in Canada: a guide to Canadian film, television and interactive media incentive programs. Dentons, 2019, p15-17](#)