



A Response to the Department for Culture, Media and Sport (DCMS) on the Consultation: *'Sustainable independent and impartial news; in the Nations, locally and in the regions'*.

Citizens' Coalition for Public Service Broadcasting (CCPSB),
September 2009.

About the Citizens' Coalition for Public Service Broadcasting (CCPSB)

The Coalition was formed in the summer of 2009 and is made up of a broad mix of civil society groups, charities, arts and community organizations, together with other concerned individuals. We believe that public service broadcasting is a public good, and that plurality, quality and diversity in this sector must be maintained in the digital age. We consider *public service* broadcasting (PSB) to be a cultural as well as an economic asset to the United Kingdom and believe that the government must take decisive steps to ensure that we have a regulatory and investment environment which allows this sector to prosper.

We believe that the primary objective of communications regulation should be to serve the communications needs, rights and interests of all citizens. The purposes of public service broadcasting are rooted in the interests of the citizen, and it is these interests that must lie at the heart of all public policy debates. It follows that any legislation deriving from *Digital Britain* must be framed in the light of audience and citizen needs.

The provision of high quality, independent and impartial news is both a vital service for individual citizens and essential for a functioning democracy. We therefore welcome the opportunity to respond to this consultation about the funding of *'Sustainable independent and impartial news in the Nations, locally and in the regions.'*

Appendix 1 of this response lists the current members of the Coalition.

Executive Summary

- The provision of high quality content and production should lie at the heart of all Public Service Broadcasting strategy, including the policy and legislative decisions that stem from the *Digital Britain* White Paper (June 2009). It is vital, therefore, to ensure the continued provision of a range of UK-originated news (and non-news) programming of high quality, aimed at different age groups and sections of society and which reflects the UK's rich cultural heritage of language, literature, values and environment.
- An adequately funded, independent BBC should remain the cornerstone of public service broadcasting. The Coalition opposes any decision which might lead to a detrimental impact on the BBC's public service contribution.
- We strongly oppose any 'top-slicing' of the Licence Fee, believing this would represent a fundamental change in the ecology of PSB. Currently, the commercial PSBs and the BBC compete for audiences – not for revenue. This arrangement 'incentivises' investment in high quality UK content - which has historically produced a good result for audiences, and is beneficial to citizens. We have serious concerns that any new subsidy for commercial PSBs, funded by reducing the BBC's income, may jeopardise the BBC's own ability to deliver its public purposes as laid out by Parliament in its Royal Charter and Agreement.
- The Licence Fee establishes a clear and straightforward relationship between the audience and their BBC. It is a funding mechanism which delivers a degree of accountability that works in the interests of audiences. We do not believe it is in the interests of citizens or audiences for these arrangements to be changed or blurred.
- Citizens pay the Licence Fee in good faith, believing it will be spent on BBC services and content. It is unacceptable to siphon off a slice, mid-way through the Charter settlement, for non-BBC use.
- We believe that industry levies and regulatory assets would provide new sources of revenue which could be used to maintain and strengthen non-BBC public service broadcasting. We are disappointed that the Government has been reluctant to explore the possibility of introducing Industry levies. Such reluctance is surprising given *Digital Britain's* own innovative and controversial proposal to introduce a 50p per month levy on all fixed line telephones to cover part of the cost of universal or near-universal superfast broadband.
- We are concerned the Government comments on top-slicing the licence fee may have prejudiced the outcome of the public consultation (*Financial Times*, 13 July 2009; see paragraph 20).

1. Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?

1. The Citizens' Coalition for Public Service Broadcasting (CCPSB) believes the reflection of the UK's cultural identity through original programming at UK, national and regional level is a key purpose of public service broadcasting. CCPSB believes it is vital to ensure the continued provision of a range of UK-originated news (and non-news) programming of high quality, aimed at different age groups and sections of society which reflects the UK's rich cultural heritage of language, literature, values and environment. High quality content and production should lie at the heart of all PSB strategy, including the policy and legislative decisions that stem from Lord Carter's *Digital Britain* report.
2. Regarding impartiality, CCPSB considers it essential that public service television and radio news content remains impartial. We have noted evidence in Ofcom's 2007 PSB Review Survey that 78% of respondents admit that TV is very influential in shaping public opinion, and a staggering 86% rated 'trust' as an important characteristic in news programmes. CCPSB also notes the concern amongst the broadcasters that younger audiences and those from ethnic minorities are less reliant on TV as their main source of news and information. However, we strongly reject suggestions, including those raised in Ofcom's *New News, Future News* (2007) report that a 'less rigid approach [to impartiality] might – in future – encourage greater engagement among those not currently inspired by mainstream sources'. CCPSB notes that the impartiality requirements currently applied to public service broadcasters have served the UK well, and CCPSB opposes any relaxation in their implementation.
3. CCPSB argues that public service news content should reflect the UK's cultural identity. The UK's governance has changed radically since devolution of power from Westminster began a decade ago. We note BMRB research, undertaken on behalf of the BBC Trust, which shows that 82% of the population is interested in news about other parts of the UK and 62% think it is important to understand the different political processes and policies within each nation. We also note the 2008 report from the BBC Trust, which concludes that there is a problem with clarity, precision and the balance of reporting from around the UK. We, too, question whether in recent years, UK-wide network news services, current affairs and factual programming have kept pace with – or responded adequately and appropriately to - the UK's new circumstances. Broadcasters have a duty to better reflect the UK's changing institutional architecture and evolving political, social and cultural landscape. CCPSB looks to *all* the national broadcasters - to address these shortcomings.
4. Regarding regional plurality, CCPSB appreciates the contribution that ITV Regional News makes to the DNA of ITV, providing programming which strongly reflects the cultural and social lives of the UK regions. We note that regional news has been a key obligation of the ITV licence holders since ITV's launch in 1955, and agree with observations by the Select Committee for Culture, Media and Sport in its report into Public Service Content November 2007 that 'in the interests of plurality it would be regrettable if regional news in any area were to become solely the preserve of the BBC'.
5. Regarding local news plurality - we note the statement in the *Digital Britain* report that the Government wishes 'to see local TV thrive'. CCPSB is concerned that the demise of regional newspapers could seriously undermine local democracy and believes that truly

local television could make a positive contribution to democratic and social engagement in local communities. However, while we see value in local content, we are not convinced that intervention to support super-local television, particularly by giving away spectrum for broadcasting on digital terrestrial television, should be a priority. If providers wish to offer new local television services, we believe that more targeted delivery platforms, such as broadband, might be more appropriate.

2. Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

6. Ofcom's first public service broadcasting (PSB) review concluded that the existing commercial PSB model would not be sustainable following digital switchover. CCPSB accepts that the 'ecology' of PSB has changed since the Communications Act 2003. Digital Switchover has already begun in some regions impacting on audience viewing and listening habits. We are concerned that the continued fragmentation of the audience, taken together with the fall in advertising revenue and the resulting funding gap, may lead to a further reduction in public service content. This gap, we fear, will not be filled by the commercial sector.
7. Regional news services are highly valued by viewers up and down the country, yet, there are real concerns that regional programming, and news in particular, is being threatened. In 2007, Michael Grade, Executive Chairman of ITV, told the Culture, Media & Sport Select Committee that regional programming was a 'huge part of the brand value of ITV'; that a 'regional connection in the post-analogue world is one of the great unique selling propositions of ITV', and that regional news is the 'core' of ITV. He went on to say that its regional news service involves greater costs than other genres, and that regional news programmes 'do not punch their weight in commercial terms'.
8. Since then ITV has announced plans to cut regional news budgets from £90 million to £40-£50m in the future, to reduce regions from 17 (11 regions and six sub regions) to nine and to merge distinct areas such as Tyne Tees with Border, West and West Country, East and West Midlands, Meridian and Thames Valley Regions.
9. We agree that Ofcom, together with Government, should vigorously explore the potential for alternative forms of funding for regions/nations news, rather than simply acquiescing to ITV's decision to reduce its regions/nations service. We also believe that ITV should be encouraged to maintain a viable regional news network of which both the UK and its nations and regions are rightly proud.

3. Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?

10. CCPSB believes that an adequately-funded, independent BBC should remain the cornerstone of public service broadcasting. We oppose any decision leading to a detrimental impact on the BBC's public service contribution.
11. We strongly oppose any 'top-slicing' of the Licence Fee, believing this would represent a fundamental change in the ecology of PSB. Currently, the commercial PSBs and the BBC compete for audiences – not for revenue. We believe that such separation of funding sources incentivises investment in high quality UK content and that this has

historically produced a good result for broadcasters and audiences. It is also beneficial for citizens. The existence of the BBC has raised the standards of the commercial PSBs and this competition has kept the BBC honest and them in check. We have serious concerns that any new subsidy for commercial PSBs, funded by reducing the BBC's income, might jeopardise the BBC's own ability to deliver its public purposes as laid out by Parliament in its Royal Charter.

12. We also maintain that the Licence Fee establishes a clear and straightforward relationship between the audience and their BBC. It is a funding mechanism which delivers a degree of accountability that works in the interests of audiences. We do not believe it is in the interests of citizens and audiences to have this relationship blurred.
13. Whilst the Secretary of State may use the language of Licence Fee 'sharing', we maintain that this is merely 'top-slicing' under another name. Such 'top-slicing' risks diluting the connection between licence payers and the BBC. We agree with the assessment of the Chairman of the BBC Trust, Sir Michael Lyons who argued on 6th April 2008,
"Let's not forget that the licence fee belongs to licence fee payers. It is not a back-pocket for government or regulators or anyone else for that matter. It is not a spare pot of cash, a contingency fund, to be raided every time there is a cause, however worthy, with a hole in its balance sheet and a media flag attached."
14. Whilst plurality in news, including regional news, is desirable the Licence Fee payer already funds one UK-wide regional news service – the BBC. It is not evident that it is in the citizens' interest for more money to be taken from the Licence Fee to fund a second service – simply in order to provide competition for the BBC.
15. We note the recent research presented by DCMS on 16th September that 71% of respondents felt 'regional news should be available on other channels in addition to the BBC'. However, we were surprised that DCMS did not give respondents an opportunity to rate their preferences for a proportion of the Licence Fee being used to pay for commercial regional news against the option of a reduction in the Licence Fee post-switchover. This is a surprising omission in the light of the recent research commissioned by the BBC Trust and conducted by Ipsos MORI in August and September 2009, which showed the overwhelming preference of the public for a reduction of the Licence Fee following digital switchover. This research is totally consistent with findings in previous research conducted in July and August 2008 on behalf of Ofcom for its PSB Phase II Report, which also indicated the clear preference of the public for a Licence Fee rebate of any remaining surplus following digital switchover.
16. We also note that the DCMS research did not seek respondents' views on alternative methods of funding a deficit in public service content from commercial sources. The results could have been substantially different if, for example, respondents were asked how they felt about industry levies as a means of funding such content. We also note the recent proposal to float "some of BBC Worldwide" in order to secure "plural news provision in the regions" as one of various alternatives.¹
17. We recognise the great privilege that licence fee funding confers on the BBC. However, help-in-kind support for other broadcasters must not jeopardize the BBC's own offering to Licence Fee payers. Rather, we would encourage the TV Licence Fee to be used to

¹ RTS, 16th September 2009 http://www.culture.gov.uk/reference_library/minister_speeches/6348.aspx

strengthen partnerships with the other UK PSBs, developing imaginative ways, through joint ventures and sharing of resources and knowledge, to help them increase their income or reduce their costs. We understand that the BBC has agreed in principle to share some regional news facilities with ITV. The potential is there for ITV to cut its costs significantly – and such proposals could keep ITV's endangered regional news services on the air. This sharing of facilities could - in principle - extend to other providers, including independently funded and impartial regional news consortia. We believe such partnership proposals could be far more effective in bringing added value to the BBC's purposes and to the Licence Fee payer, than 'top-slicing'.

4. Do you agree that any funding within a contained contestable element of the television licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?

18. No. As outlined in our answer to the previous question, CCPSB opposes the principle of top-slicing the Licence Fee.
19. We also point out a 'Contained Contestable Element' is an oxymoron. You can no more be 'a little bit contained' than you can be 'a little bit pregnant'. Claimants on the Licence Fee are unlikely to be 'contained'. The ever-growing list of potential claimants for worthy broadcasting causes already includes Channel 4, a Scottish Broadcasting Channel, ITV Regional News, Children's TV and radio, community media, local news and so forth.
20. The principle of the BBC's exclusive use of Licence Fee income must not be breached. A seemingly-modest top-slice of 3.5% provides a dangerous precedent for future governments which might be tempted to raise the bar to 5%, 15% or more.
21. We are concerned the Government comments on top-slicing the licence fee may have prejudiced the outcome of the public consultation (*Financial Times*, 13 July 2009). In this interview it was implied that it was misguided and 'ultimately self-defeating' for Mark Thompson, BBC Director-General, and Sir Michael Lyons, Chairman of the BBC Trust, to oppose government plans to reallocate some licence fee revenue to others. This period of consultation was referred to as 'an opportunity for the leadership of the BBC to show some leadership rather than feel that the bunker is the place they want to be in'. These comments are a cause for serious concern since they suggest that the outcome of a public consultation may have pre-judged. In the wake of these comments we also fear that the DCMS may be approaching this particular consultation on *Digital Britain* with a relatively closed mind, rather than in a spirit of open and genuine consultation.

5. Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?

22. CCPSB feels the need for additional funds to be raised to support Public Service Broadcasting is clear (whether for Channel 4, for children's programmes or for nations/regions news). However, CCPSB is disappointed that the Government has been reluctant to consider the introduction of Industry levies. Such reluctance is surprising given *Digital Britain's* own innovative but controversial proposal to introduce a 50p per month levy on all fixed line telephones to cover part of the cost of providing a 'universal' or near-universal broadband infrastructure. To achieve universal take-up of broadband is a laudable aim. Though we note with some concern, in this context, that the word

'universal' is arguably being misused since it refers to the general *availability* of broadband and not to the far from universal *take-up* of, or *subscription* to the service by individual households.

23. Public opinion research conducted for Ofcom's PSB Review (2008) found that regulatory assets and industry levies were all generally considered plausible solutions to the funding crisis of public service content. Indeed, there are grounds to expect that the public may find industry levies, whilst admittedly more intricate and complex than 'top-slicing', a less controversial and more appealing solution.
24. CCPSB, therefore urges serious consideration of levies on the following:
 - a. *Recording equipment or blank media*: the UK is one of the few EU countries not already to have introduced such a levy;
 - b. *Direct Media Levies*: charged on revenue from profitable organizations such as satellite and cable broadcasters, other distributors or video labels;
 - c. *New Media Levies*: charged on Internet Service Providers (ISPs) and mobile phone operators.
25. Ofcom's recent Communications Market Report, which points out that "The five main PSB channels invested less in first-run originations. In 2008 prices, they spent £2,620m in 2008, compared to £2,697m in 2007 – a 2.9% reduction." CCPSB further notes Ofcom's Second Review of Public Service Broadcasting (Phase One, published in April 2008), found that the five main PSB channels and the BBC's digital channels accounted for 90%(£2.5bn) of investment in networked UK originated output in 2007. Whereas, the non-PSB channels accounted for only 10% (£268m) when excluding Film and Sports channels.
26. Indeed, CCPSB is persuaded by recent research from Steve Morrison, Kay Withers and Mark Oliver which suggests that consumer telecoms technology and pay TV have a combined annual revenue of circa £50bn. A simple 1% levy on that sum would generate about £500 million per annum – easily sufficient to fill the PSB-funding gap in ITV regional news and for the production of UK Children's TV. This would probably also be more than sufficient to fill the funding gap of Channel 4.
27. As both Steve Morrison and Professor Patrick Barwise have pointed out, only five of the 27 countries in the EU don't have a levy on the sales of new recording equipment (these are Cyprus, Ireland, Luxemburg, Malta and the UK). CCPSB understands that five years ago Germany collected 146 million Euros and France 168 million Euros from such a levy alone. The impact on hardware sales appears to have been minimal.
28. Digital switchover also presents an opportunity for realising value from released spectrum previously used for broadcasting analogue television signals. Whilst it is difficult at this stage to accurately assess the value of spectrum sales post-switchover, we nevertheless suggest that HM Treasury could hypothecate some of these proceeds towards the future funding of PSB, representing a one-off 'wind fall' payment which could provide much needed assistance for PSB in the short term.
29. Similarly, we regret that *Digital Britain* has ignored the issue of CRR advertising; and relaxation of advertising minutage to inject money into new PSB content.

30. Lastly, CCPSB points out that post the London Olympics in 2012, proceeds from the National Lottery could be diverted away from sport into the arts and broadcasting. Indeed, Russell T Davies in a speech to BAFTA in March 2009, suggested that, for example, a Children's PSB fund could be set up, which could fill the gap in PSB-delivery in children's broadcasting.
31. In short, CCPSB believes that both industry levies and regulatory assets provide new sources of revenue which could advantageously be diverted to maintain and strengthen public service broadcasting.

6. Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?

32. No, as clearly explained above, the CCPSB is emphatically opposed to the introduction of any 'contestable' element within the TV Licence Fee, no matter how small the percentage.

7. Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?

33. No, we do not agree that the proposed amendment to the BBC Agreement could adequately protect the BBC against the longer term negative effects of top-slicing. The BBC underwent rigorous scrutiny and public consultation during the Charter Renewal process in 2004-6. Indeed, the current Royal Charter was granted to the BBC on 19 September 2006, taking full effect only from 1 January 2007. Before the current Royal Charter was granted, a review took place and the Government published its Green Paper: *A strong BBC, independent of government*. In May 2005 the BBC published its response: *Building Public Value*. The House of Commons Culture, Media & Sport Select Committee scrutinized the role the BBC played within the British broadcasting sector; a House of Lords Select Committee was established specifically to scrutinize the Charter Renewal Process, and there were debates in both Houses. Whilst any future government may choose to revisit the BBC Agreement, we suggest the appropriate time will be the next Charter Renewal Process.

8. Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?

34. We are opposed to the designation of any part of the Licence Fee as contestable by outside parties. And we do not think it realistic to suppose that either accountability to the Licence Fee payer or the fulfillment of the BBC's public purposes can be achieved by any organization outside the BBC itself. Furthermore we think that any attenuation in the relationship between Licence Fee payer and BBC will undermine trust in the Corporation without creating new relationships of trust with untested third parties. Trust, confidence and quality control are key elements in any system of public service broadcasting. At present citizens and audiences rely on the BBC Trust, established under the 2006 Charter, to prevent any external interest, whether political, commercial, or emanating from any other quarter, exercising undue influence over the BBC's decisions about programming. We do not think that a tick box approach to meeting the BBC's public

purposes would be an adequate substitute for some of the values and procedures referred to here.

35. Whilst we accept that the setting of the level of the Licence Fee is a matter for Parliament, it is the view of CCPSB that it is legitimate for the BBC Trust to voice concerns publicly at recent suggestions regarding future arrangements for the Licence Fee. Furthermore, we add our own voice to some of these expressions of concern, including the fact that Parliament has, in the last year, debated a proposal to break the current six-year funding settlement, to freeze the Licence Fee and perhaps even move to annual or much more frequent reviews of the Licence Fee funding formula. We fear that such moves could, in effect, prove a recipe for curbing the editorial independence of the BBC. The traditional system of multi-year funding agreements underpins the BBC's editorial independence –allowing, for example, BBC journalists, to avoid the danger of having to censor themselves in the light of short-term prevailing political priorities in order to avoid upsetting the latest Licence Fee negotiation.
36. Similarly, the BBC Trust was quite right to question the so-called 'Contained Contestable Element' raised in the *Digital Britain* Report. This is not a matter of the BBC taking political sides or interfering with the will of Parliament. Rather, the Trust has acted in a legitimate manner during a public consultation, seeking to fulfill its duties as 'guardian of the Licence Fee', as required by the Royal Charter. This is in order to ensure that the Licence Fee is not used as a 'blank cheque' or 'slush fund' to pay for things that don't fall within the BBC's public purposes as set out in its Charter. Such questioning should not, in our view, be seen as an example of the BBC defending its own narrow interests. Rather, it is through such public expressions of concern that the members of the BBC Trust fulfill their duty to serve as guardians of the public interest in the BBC.
37. We agree with *Digital Britain's* assessment that: 'The Television Licence Fee is the existing major intervention for content' (p19). But it does not follow from this statement that the Licence Fee is the only form of funding available for such content. Citizens pay the Licence Fee in good faith, believing it will be spent on BBC services and content. It is unacceptable to siphon off a slice, mid-way through the settlement, for non-BBC purposes. Indeed CCPSB notes that Ofcom's research shows that Licence Fee payers would prefer that any 'marketing under-spend' or 'surplus' to the Digital Switchover Targeted Assistance scheme, should be returned to them. (See paragraph 15).
38. In conclusion, we maintain that taking Licence Fee payers' money and giving it to other causes and commercial players is clearly not consistent with the BBC's Public Purposes. It is wrong in principle, it undermines the BBC's accountability to Licence Fee payers, and it risks compromising the BBC's independence.

Appendix 1: Members of the Coalition at 18th September, 2009.

- BECTU
- Big Bang Lab
- Campaign for Press and Broadcasting Freedom (CPBF)
- CSV (Community Service Volunteers)
- Equity
- Federation of Entertainment Unions
- Hansard Society
- IBT (International Broadcasting Trust)
- MediaWise
- Musicians' Union
- National Council of Women Great Britain (NCWGB)
- National Federation of the Blind (NFB)
- National Union of Journalists (NUJ)
- NCVO (The National Council for Voluntary Organisations)
- NIACE (National Institute of Adult Continuing Education)
- The National Consumer Federation (NCF)
- The Society of Authors
- The Stage
- tve (Television for the Environment and Television Trust for the Environment)
- UK Coalition for Cultural Diversity (UKCCD)
- unite
- Voice of the Listener & Viewer (VLV)
- W4B - the TV and Radio Charity
- Writers' Guild of Great Britain
- Prof Steven Barnett, Professor of Communications, University of Westminster
- Michael Barton, former Controller of BBC local radio and trustee of the Voice of the Listener Trust
- Prof Georgina Born, Cambridge University
- [Stephen Fry](#), actor, writer, comedian, author, television presenter and film director
- Prof Ivor Gaber, School of Journalism, City University
- Bruce Hanlin, Senior Lecturer in Media & Journalism, University of Huddersfield
- Dr Jonathan Hardy, School of Social Sciences, Media and Cultural Studies, University of East London
- Sylvia Harvey, FRSA, Professor of Broadcasting Policy and Chair of CCPSB
- Dr David Hendy, Reader in Media & Communication, University of Westminster
- Prof David Hutchison, Visiting Professor in Media Policy, Glasgow Caledonian University
- Nicholas Hytner, Director of the National Theatre
- Dan Jackson, Lecturer in Media and Communications, Bournemouth University
- Dr Paul Kerr, Senior Lecturer, Broadcast Media, London Metropolitan University
- Prof Sonia Livingstone, Department of Media and Communications, LSE
- Dr Hugh Mackay, Open University, Wales
- Prof Máire Messenger Davies, Director, Centre for Media Research, University of Ulster
- Dr. Maria Michalis; School of Media, Arts & Design; University of Westminster
- Professor Julian Petley, Brunel University
- Dr Katharine Sarikakis, Institute of Communication Studies, University of Leeds
- Dr Maria Sourbati, Course Leader, Media Studies, University of Brighton
- Prof Jeanette Steemers, University of Westminster