

September 2009

IBT RESPONSE TO THE CONSULTATION ON SUSTAINABLE INDEPENDENT AND IMPARTIAL NEWS; IN THE NATIONS, LOCALLY AND IN THE REGIONS.

Background: IBT

The International Broadcasting Trust (IBT) is a charity which seeks to promote high quality television and new media coverage of matters of international significance to the UK public.

IBT represents a coalition of international development charities. Its members comprise all the UK's major development agencies including ActionAid, Amnesty International, British Red Cross, CAFOD, Care UK, Christian Aid, Comic Relief, Concern UK, Friends of the Earth, Help the Aged, HelpAge International, Merlin, Oxfam, Plan UK, Practical Action, Progressio, RSPB, Save the Children, Sightsavers International, Skillshare International, Tearfund, TVE, UNICEF UK, VSO, the World Association for Christian Communication and World Vision. IBT is a registered charity, number 326150.

IBT believes that in order for the UK citizens of the future to be able to flourish in a globalised society, they need to be, as former DCMS Secretary of State Andy Burnham described in January this year, the '*best informed citizens in the world*'.¹ IBT believes that plural provision of independent, impartial news in the nations, locally and in the regions will aid UK citizens to be better informed about the world around them, including the world outside the UK. 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*'.

¹ Andy Burnham, Speech made to Oxford Media Convention, January 2009

EXECUTIVE SUMMARY

- 1) IBT believes that plural provision of news in the nations and local and regional news is essential. We agree with the former Secretary of State, Andy Burnham when he said, *'For me, the core list of priorities is clear: high quality, impartial news at local, regional as well as national level; original high quality British content, including but not limited to children's programming and drama; current affairs, international analysis and factual programming'* and *'We want British citizens and voters to continue to be the best informed in the world. We want children to continue to have quality programming. We want all the voices of our country - and life in all parts of the country - to be reflected on our screens.'*²
- 2) IBT believes that creating a contestable fund is one possible solution to the funding of such public service content as outlined by Andy Burnham, but IBT does not agree with using Licence Fee revenue for any purpose other than for the BBC or to help with digital switchover.
- 3) There is evidence that understanding about the wider world leads to greater social cohesion and news is one of the main sources of information about the wider world. IBT believes that nations news, regional and local news are able to connect UK citizens with the wider world because sectors of the UK population originate from countries outside the UK and are interested in how their local community is responding to an international disaster for example.
- 4) IBT believes that there are other sources of funding for PSB which the Government has thus far disregarded which are more appropriate than the Licence Fee. These include industry levies and regulatory assets and we therefore urge the Government to reconsider its approach to funding national, regional and local news.

² Andy Burnham Oxford Media Convention, January 2009

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

- 5) IBT does agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority for the Government.
- 6) We agree with the Secretary of State, Ben Bradshaw, when he says *'I do not believe that the market alone can deliver the plural sources and high standards of independent and impartial news and current affairs... There are important areas of content as well as infrastructure that the public says it values, wants and expects, and that the unregulated market will simply not provide.'*³
- 7) IBT believes there is enormous potential value in regional and local news to encourage social cohesion. This not only applies within UK communities but within the wider global community. For example, if there is an earthquake in Pakistan then the community in the West Midlands is likely to be especially interested in developments in Pakistan and whether its local fundraising efforts have had any impact. This is the type of story which can connect communities in the UK with the wider world which IBT would very much encourage.
- 8) It has been shown that understanding the wider world can also lead to greater social cohesion within UK communities. There is recent evidence that awareness of the wider world leads to greater social cohesion: children questioned in a 2008 MORI poll⁴ showed a greater respect for their neighbours and for the multi-cultural nature of UK society when they had been exposed to information about the wider world.
- 9) To quote a section of the report, *Findings suggest that global learning has an impact: those who have experienced global learning in school are keen to understand more about the problems in the world, as well as being more likely than average to believe that what they do in their daily lives can affect those in other countries and that people like them have the ability to make a difference. These more informed pupils also appear to be more open to people of different backgrounds than those who have not experienced global learning in school, and more likely than average to say that they try to do things to make the world a better place. Those who have not experienced global learning in school, are less likely than those who have to be keen to learn more about problems in the world and to believe that they can do things to make the world a better place.*⁵

³ Ben Bradshaw, Speech RTS Convention Cambridge September 2009

⁴ Our Global Future: How can education meet the challenge of change? An Ipsos MORI Research Study on behalf of DEA 2008

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- 10) IBT also supports the argument that plurality of supply is essential in providing a diverse set of voices. IBT agrees 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'.

Question 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?

- 11) IBT does agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up funding. Ofcom's first public service broadcasting (PSB) review concluded that the existing commercial PSB model would not be sustainable following digital switchover. IBT accepts that the 'ecology' of PSB has changed since the Communications Act 2003.
- 12) 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'.
- 13) Since then ITV has announced plans to cut regional news budgets from £90 million to £40 -£50 million in the future, to reduce regions from seventeen (eleven 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.
- 14) We believe 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.

Question 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?

- 15) IBT believes that an adequately-funded, independent BBC should remain the cornerstone of public service broadcasting. We oppose any decision which might have a detrimental impact on the BBC's public service contribution.

- 16) We strongly oppose any use of the Licence Fee for services which are transmitted outside the BBC, believing this would represent a very fundamental change in the agreement between the public who pay the Licence Fee and the Government.
- 17) We agree with the Secretary of State, Ben Bradshaw, when he says that interfering with the Licence Fee is not appropriate without a full public consultation and a redrawing of the agreement between the public and the Government, *'there may indeed be a case for a smaller licence fee. But there is a proper timetable for determining that. One of the unbroken conventions adhered to by successive Governments, to avoid the suggestion of political interference in or pressure on the BBC, has been to respect the multi-annual settlement system. I resolutely believe that to be right. Any attempt to break that convention would rightly be seen as a direct assault on the BBC's independence... They cannot and should not be resolved by the BBC reviewing itself. Nor by speeches by media moguls or politicians. The public also needs to be heard in this discussion. They pay for it after all. They are the customer. This means that the process, the discussions and consultation in the run up to the end of this licence fee and charter period will need to be even more open, even more fundamental than those we conducted before the current settlement. A proper national conversation, certainly not a stitch up behind closed doors between BBC management and politicians. Only that way will whatever is agreed have the legitimacy to withstand the onslaught from the BBC's enemies and critics and stand the test of time.'*⁶
- 18) IBT believes that using the money raised by the Licence Fee for digital switchover for any purpose other than that sole purpose would directly contravene the principles as laid out by the Secretary of State in the above speech. IBT believes that after 2012 the discreet amount of the licence fee set aside for DSO should be returned to the Licence Fee payers. IBT urges the Government to therefore consider other, viable funding solutions. We were delighted to hear from the Secretary of State, Ben Bradshaw, that the Government is still open to hearing of other solutions: *We said when we announced this in Digital Britain that we thought this was a fair, transparent and sustainable solution, but that we were open to other ideas. We still are.*⁷
- 19) 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 also note 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 digital switchover. This is a surprising omission in the light of the recent research

⁶ Speech made by Ben Bradshaw at the RTS Convention Cambridge September 2009

⁷ *ibid*

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 (61%); compared to 'funding new organizations to provide news about your part of the UK, which would be shown on ITV1 and a range of other media' (27%); or 'to fund other public service programming such as UK-made children's programmes on ITV1, Channel 4 or Five (29%)'. This Ipsos MORI research is 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. Then, as now, the choice of reducing the cost of the Licence Fee (63%) had over double the support for the option to fund public service programming from a range of organizations other than the BBC or Channel 4 (31%), or to fund public service programming on ITV1 and/or Five (23%). 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.

Question 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?

20) As stated above, IBT does not believe that any money raised through the Licence Fee should be used for programming or content outside the BBC.

21) Having said that, IBT does agree that if there were a contestable fund supplied by money raised from sources other than the Licence Fee, that there are additional areas of public service content which need support and should be considered as beneficiaries of such a fund.

22) One area which IBT believes needs support as much as regional, national and local news is children's programming. Outside the pre-school output of Five TV there is little plural provision of programming for children on UK terrestrial television. IBT believes strongly that the scheme of pilots for regional, local and national news should be extended to include children's programming which is equally as important.

23) We note that overall spending on new UK-produced children's TV by UK commercial broadcasters has fallen by 70 per cent in the past 5 years, from £42 million in 2004 to

£11 million; while the BBC's spending – including CBBC and CBeebies – fell by a fifth from £97 million to £77 million.⁸

- 24) IBT's own research demonstrates a shocking lack of provision of programming for British children which tells them about the world outside the UK. Data collected both by IBT for *Screening the World (2008)* and that collected by Ofcom indicates that children are poorly served with programming which tells them about the world outside the UK and US. Yet, according to recent research conducted by DFID, children are reliant on television as their main source of information about the world outside the UK: 72% of children questioned said TV news was their main source of information about what is happening in poor countries.⁹
- 25) IBT agrees with Phil Redmond when he says with reference to content for teenagers, *I would contend that while it may be understandable, if not acceptable, for commercial channels to retreat from a market where regulation inhibits them... surely - it is an abrogation of responsibility for our public service broadcasters to abandon this age group?... 12-16 years olds are supposed to be catered for by "BBC Switch" but as the report itself concedes: "Switch itself has performed fairly well on radio and online but has not yet reached many teenagers on television. If we lose our childrens' interest we will lose television itself – as each subsequent generation will consign it further and further to the margins as simply "mom and pop TV" – something people "used to do"... If we lose television we lose a brilliant tool for cultural and social cohesion and a power for positive intervention . We will lose the R & D lab for cultural and creative innovation that will be so necessary as we move more and more to a knowledge based, interactive and digitally visual economy. We will lose it if we do not reconnect with and create the right environment that allows our children opportunities to create not just consume culture, to display... their talents and skills."*¹⁰

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

- 26) IBT believes that the Government should explore all other alternative funding mechanisms including levies.
- 27) 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

⁸ Ofcom PSB Review 2009

⁹ UK-wide youth omnibus survey run by GfKNOP, April-July 2008.

¹⁰ Speech made at RTS Convention Cambridge September 2009

the public may find industry levies, whilst admittedly more intricate and complex than 'top-slicing', a less controversial and more appealing solution.

28) IBT 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.

29) IBT is persuaded by recent research from IPPR¹¹ and that presented by Steve Morrison at the Ofcom/Polis Forum in September 2008 which suggest 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.

30) IBT notes that 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). IBT 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.

31) 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 'windfall' payment which could provide much needed assistance for PSB in the short term.

Question 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) As stated above, IBT does not believe that the Television Licence Fee revenue should be used for purposes other than those it was intended for at the last Licence Fee settlement, i.e. for the BBC and for help with digital switchover.

¹¹ *Minding the Funding Gap*, The potential of industry levies for continued funding of public service broadcasting, March 2009

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

33) No, IBT does not agree that the proposed amendment to the BBC Agreement could adequately protect the BBC's funding and independence. 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.

Question 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) IBT is 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.

35) Whilst we accept that the setting of the level of the Licence Fee is a matter for Parliament, we are concerned that constant discussion of whether the Licence Fee should remain or be abolished undermines the independence of the BBC. As stated above, we agree with the secretary of State when he says, "*there may indeed be a case for a smaller licence fee. But there is a proper timetable for determining that. One of the unbroken conventions adhered to by successive Governments, to avoid the suggestion of political interference in or pressure on the BBC, has been to respect the multi-annual*

*settlement system. I resolutely believe that to be right. Any attempt to break that convention would rightly be seen as a direct assault on the BBC's independence.*¹²



36) In conclusion, IBT maintains that taking Licence Fee payers' money and giving it to other operators which are potentially commercial organisations 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.

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¹² Speech by Ben Bradshaw at the RTS Convention Cambridge September 2009