

BFI response

to

Ofcom's Consultation on Public Service Content in a Connected Society: Ofcom's third review of public service broadcasting

February 2015

Executive summary

The BFI welcomes the opportunity to comment on Ofcom's Consultation on Public Service Content in a Connected Society: Ofcom's third review of public service broadcasting.

The BFI believes that Ofcom's analysis of the PSB landscape is broadly correct. We would stress the need for the following concrete interventions:

- measures to halt the decline in drama investment and formal education programming;
- a review by Ofcom of the independent production landscape to determine if the regulatory regime is still fit for purpose;
- a stronger focus by the regulator on ensuring PSBs deliver on developing skills and their fresh commitments to diversity;
- an examination of whether out-of-London quotas in England could be strengthened;
- the maintenance of Channel 4's existing financial commitment to film, to films by first-time filmmakers and to risky films;
- an increased share of films from the UK and non-US films shown on the Film4 channel over the next five years;
- a strong and clear acknowledgement of the importance of the BFI National Archive (one of the world's largest collections of television programmes as well as films), as a vital part of the PSB and broader cultural landscape;
- a much stronger acknowledgement in the review of television's role as a cultural form;
- an examination of how the removal of Administered Incentive Pricing (AIP), retransmission fees and new quotas could strengthen PSB funding in the round (including investment in content but not limited to it).

We believe that the mixed economy of television funding utilised by the PSBs – licence fee and advertising – continues to serve the UK well in the digital age. The increased investment in original content by entirely commercial broadcasters is also to be strongly welcomed.

However, we are concerned about the significant overall decline in investment in drama, particularly given that people with creative talent and skills who work in television drama are also increasingly transferring over to film. The BFI would like Ofcom to consider what scope there is within the 2003 Communications Act to address this decline in investment in drama.

We are also concerned about the decline in investment in programming which can benefit learners in formal education. We would urge Ofcom to undertake work as part of this review to examine how this can be addressed. Likewise, we would urge Ofcom not to allow any further reduction in investment by the PSBs in children's television.

The consultation document recognises that there have been very significant changes to the landscape of independent production, with the emergence of super-indies. The BFI would like to see Ofcom undertake primary research to determine how best the PSB system can continue to stimulate the continuing emergence of entrepreneurial independent production companies.

The BFI welcome's Ofcom's statement that it will undertake further work on the role of the PSBs in supporting the film industry and, as the Government's lead agency for film, we would be happy to play a role in supporting such work.

The BFI believes that the PSBs must play a strong role in ensuring diversity – on-screen and off-screen – and that the demographic make-up of the UK is reflected in the sector as a whole. They also help to develop and nurture creative talent and skills. Ofcom's review needs to reflect both these roles more prominently and ensure, for example, that the PSBs deliver on their recent fresh commitments to diversity, and that they help Creative Skillset to address shortages and gaps in skills, wherever they are identified.

While production levels have risen in the nations, there is a need to examine whether an increase in the out-of-London quotas in England – i.e. outside of the M25 – could help to address a decline in production investment in some parts of England such as the Midlands and the east of England.

Channel 4 continues to play an essential role in the landscape of film funding in the UK. In recent years, the Channel has been fulfilling its media content duties under the Digital Economy Act.

But Channel 4's commitment to invest £15m per annum in film expires this year and we want to see at least this same level of investment maintained. The BFI is also concerned that Channel 4 may shift both the types of films it supports and the way in which the broadcaster recoups – it needs to continue to invest features by first-time filmmakers, and also in films which are seen to be "risky" so as to nurture new creative talent and stimulate innovation.

The BFI would like to see, over time, an increased share of films from the UK and non-US films shown on the Film4 channel.

The BFI believes that there is much greater scope for partnership between the PSBs and other organisations which are part of the publicly funded or publicly supported landscape. For example, sharing of technological innovations would seem to be a potentially fruitful area. The BFI is currently exploring such issues with, amongst others, the BBC as part of discussions about developing a Memorandum of Understanding (MOU) between the two organisations.

An analysis of the role that the PSBs should play in maintaining and strengthening the BFI National Archive is a serious omission in the consultation document and this needs to be rectified in the next phase of the review. Such an analysis is particularly crucial at a time when the digital change presents some major opportunities and challenges for the BFI as the designated National Archive for television material.

In particular, we want to see the continued support of the BBC for the BFI National Archive, in particular through the sharing of its Redux technology and any other technology developed with the support of the public purse. We also want to ensure that the BBC plays a role in helping to maximise access to the archive through technology.

The BFI would also like to see the next phase of Ofcom's review make a much stronger acknowledgement of television's role as a cultural form in its own right and the role of the PSBs in underpinning this. Programmes as varied as *Wolf Hall*, *Dr. Who*, *EastEnders*, *Top Gear*, *Celebrity Big Brother*, *Horizon* and the *X Factor* all represent different forms of the UK's rich television culture. The BFI believes that of the additional potential funding for the PSB in the future identified by Ofcom, the principal ones worth considering are the long-term removal of Administered Incentive Pricing (AIP) [after 2020], the hypothecation of retransmission fees for PSB investment across the value chain, and the introduction of quotas for 'at-risk' genres of programming.

About the BFI

In 2011 the BFI became the lead organisation for film in the UK. It is now a Government arm's-length body and a distributor of Lottery funds for film.

Our mission is to ensure that film is central to our cultural life, in particular by supporting and nurturing the next generation of filmmakers and audiences. The BFI serves a public role which covers the cultural, creative and economic aspects of film in the UK.

It delivers this role:

- As the UK-wide organisation for film, a charity core-funded by government;
- By providing Lottery and government funds for film across the UK;
- By working with partners to advance the position of film in the UK.

In October 2012, the BFI published 'Film Forever, Supporting UK Film 2012-2017', which set out its strategy for the next five years, following an extensive industry consultation. It described the activities underpinning the BFI's three strategic priorities:

- Expanding education and learning opportunities and boosting audience choice across the UK;
- Supporting the future success of British film; and
- Unlocking film heritage for everyone in the UK to enjoy.

To that end, the BFI helps ensure that public policy supports film and, in particular, British film.

Founded in 1933, the BFI is a registered charity governed by Royal Charter. The BFI Board of Governors is chaired by Greg Dyke.

Responses to the consultation questions:

1. Question 1: Do you agree with our assessment of the context in which the PSB system operates, and how the trends identified might affect the PSB system? In particular, do you agree with our analysis of the independent production sector?
 - 1.1 Yes, the BFI broadly agrees with Ofcom's analysis of the context in which the PSB system operates and the way in which the trends identified might affect that system. However, we think there are a number of omissions from this analysis which need to be addressed during the next phase of the review.
 - 1.2 We agree, for example, that the continuing digital evolution is having a very significant impact on the context in which the PSB system operates. As noted in Ofcom's assessment of the context in which the PSB system operates, there have been important changes in the structure of the industry across the value chain, from production company ownership to platform proliferation. Companies such as Amazon Prime and Netflix are now investing in original material, while existing commercial broadcasters such as Sky have significantly increased their investment in original content.
 - 1.3 For example, in a report published in June 2014 by the Commercial Broadcasters Association (COBA), the UK industry body for commercial broadcasters found that investment by its members in new ('first-run') UK production was up 53% on 2009, rising from £387m to £597m in 2013. Sky's own investment in original programming - excluding sport - has risen to £600m per annum.
 - 1.4 The BFI agrees that the terms of trade which were implemented in 2004 have been the key factor in driving growth in the independent production sector, to the broader benefit of the UK's creative economy. These terms of trade have enabled independent producers to develop very successful export businesses - especially around formats - and to build companies of meaningful scale. As such, the terms of the trade have been arguably the single most beneficial regulatory change to the UK's screen industries in recent times.

- 1.5 The BFI recognises that as channels proliferate and advertising revenues splinter, funding for many television productions has begun to resemble film funding, with a variety of different partners involved rather than just one commissioning broadcaster. At the same time, consolidation in the sector has seen the growth of a number of 'super indies', many of them with overseas owners. While this has strengthened the sector by securing additional investment, the emergence of foreign ownership by major vertically-integrated enterprises has to be recognised as a potential long-term problem, in as much as the priority for programmes to reflect the UK's diverse and evolving cultural identities will be put under pressure.
- 1.6 Any proposals for changes to these terms would need to be solidly based on evidence that changes would be beneficial to the PSB ecology and to audiences. In particular, we strongly agree with the statement in the consultation document that such changes would "need to be tested against a number of questions, including: will it increase investment in UK content, how might it improve the delivery of the purposes and characteristics, and can it be achieved without undermining the current success of the UK independent production sector?"
- 1.7 The issue of access to investment remains a critical component for the whole UK audiovisual sector. Historically, the UK has invested a lot more per capita in television production than other comparable countries. The mixed funding model has provided huge financial strength with licence fee funding of the BBC complemented by the advertising revenues accruing to ITV, Channel 4 and Channel 5. It is particularly worrying that the real terms spend on drama has dropped by 34%.
- 1.8 The BFI has not yet seen any evidence which suggests that significant change to the terms of trade would be beneficial to the creative economy and to audiences at this point in time. However, we believe there is a need for primary research to be commissioned by Ofcom to review the nature of the sector, in terms of the way in which it has developed and possible future scenarios. We concur with the concerns expressed by David Abraham at the 2014 Edinburgh International Television Festival about these developments and endorse Channel 4's initiative to provide a degree of financial security to emerging independents in order to retain some of the creative entrepreneurialism that emerged with its creation.
- 1.9 As the UK's lead body for film, the BFI welcomes the references in the consultation document to the important role that the PSBs, notably the BBC and Channel 4, play in supporting "the broader film industry". The BFI regularly co-invests in independent British films alongside the PSBs; the latter provide a crucial source of funding to

complement the investment of Lottery money that is made by the BFI. The BFI, and before that the UK Film Council, invested in the development and/or production of a number of the films mentioned at paragraphs 2.11 and 2.12 including *Made in Dagenham*, *Philomena* and *The Iron Lady*.

- 1.10 It is essential, that at a time when private finance (particularly equity investment) for independent films is harder to secure than at any moment in recent memory, that the BBC and Channel 4 maintain at least their current levels of investment in supporting the production of high-quality independent British films which have cultural integrity and can reach a wide range of audiences. We expand on this point in relation to Channel 4 in section 7 below.
- 1.11 We strongly welcome Ofcom's statement that it intends to undertake further work on the role of the PSBs in supporting the broader film industry in the next phase of the review. The BFI would be very happy to contribute to this work, in particular through the provision of any relevant data or analyses about the relationship between film and the PSBs.
- 1.12 However, we believe it is essential that any such work looks beyond the role of the PSBs in supporting film production and considers the broader role that they play in supporting the independent film sector in the UK. For example, by contributing to skills development, providing opportunities to learn about film culture whether on television, radio or via online editorial, and making available a diverse range of independent films, including films from around the world, through their services.
- 1.13 The film sector delivers significant benefits to television and vice-versa - for example, a number of significant drama productions feature creative talent from the film sector. It is vital that the PSBs continue to support creativity and innovation through investment in film production which benefits and audiences.
- 1.14 It would be valuable if Ofcom's further work in this area were to consider not just the "film industry" but "film culture" as the PSBs play an essential role in supporting both.
- 1.15 The BFI agrees that the PSBs play an important role in supporting cultural institutions and in particular through indirect investment through partnerships with cultural institutions. However, the BFI is very disappointed that there is no reference to its work with the PSBs in this regard. We urge Ofcom to address this omission in the further work that it intends to undertake on the role of the PSBs in supporting cultural institutions as outlined in the consultation document.

- 1.16 This further work also needs to recognise that the relationship is two-way - these cultural institutions play an important role in supporting the work of the PSBs. For example, the BFI is the designated National Archive (see response to Q.11 below) and in 2014, programming from the PSBs was a major part of the BFI's UK-wide Sci-Fi season with a range of classics from *1984*, *Quatermass* and *Doomwatch* - to influential series such as *Out of the Unknown* and *Play for Tomorrow*.
- 1.17 The BFI is in the final stages of agreeing a major Memorandum of Understanding (MOU) with the BBC which will cover areas for co-operation and joint projects.
- 1.18 The agreement with the BBC will be in two parts; one outlining the action plan for output over the next few years, the other exploring our shared ambitions. These include the promotion and celebration of British film and TV production, the unlocking of our screen heritage and its use in education and learning, the exploration of film culture both online and through broadcast, and the commitment to a more diverse approach to production and training.
- 1.19 Significant broadcast events around both non-fiction and fiction films are in discussion for 2015, a year in which the BBC is focussing on the UK. For the BFI, TV and radio broadcast activity will generate content and materials for educational events around The Story of British Film.
- 1.20 The BFI welcomes the commitments to diversity recently made by the PSBs. It is crucial that both on-screen and behind the camera, the PSBs play their part in ensuring that the demographic make-up of the UK is reflected in a representative way by the screen industries. The BFI's own diversity strategy is focused on a more diverse workforce across the film sector and at the BFI, more diverse audiences across the UK watching and engaging with British and specialised film, and more accurate and reflective portrayal of the full diversity of the UK population on screen. It also includes a '3 ticks' scheme which requires applicants to demonstrate commitment to diversity across three areas of their production, ranging from the make-up of the workforce, to the stories and characters on screen, with at least one tick needed in a minimum of two areas for a project to be eligible for BFI production funding.
- 2 Question 2: Have we identified the key differences in Northern Ireland, Scotland and Wales?
- 2.1 The BFI believes that the review has identified some very interesting differences in audience behaviour in these three nations, for example, in relation to the higher levels of trust in the news than in England.

- 2.2 In recent years, there has been an increased focus on production in the nations. In 2008, the BBC set its objective of having a proportion of network spend to made in Scotland, equivalent to Scotland's share of the UK population, with a comparable approach in relation to Wales and Northern Ireland.
 - 2.3 The production quota for Channel 4 commissioning from the nations will triple by 2020 from 3% to 9% under the new Channel 4 licence which came into force in January 2015.
 - 2.4 However, the review underplays the situation in England (beyond London) with regard to the PSBs, notably in relation to production. For example, as Figure 33 demonstrates, the share of network production expenditure held by the Midlands and the east of England declined from 7% in 2008 to just 2% in 2013. The share of such spend has increased slightly in other parts of England, e.g. from 17% to 20% in the north of England, and from 10% to 14% in the south of England. While quotas in the nations have been increased, an increase in the out-of-London quotas in the English regions could play a larger part in ensuring that production is spread equally across England.
 - 2.5 The BFI would welcome proposals from Ofcom on how the decline in the Midlands and the east of England could be addressed. Creative England, which is one of the BFI's funded partners and supports the television sector along with other parts of the creative industries such as film and games, should be involved in helping to develop such proposals.
- 3 Question 3: Do you agree with our assessment that the PSB system remains strong overall?
 - 3.1 Yes, in the round, the BFI believes that the PSB system remains strong. As the review notes, this is reflected in audience satisfaction levels which remain high. However, while overall audience satisfaction may remain high, there are signs of weaknesses in the system which should not be ignored.
 - 4 Question 4: Given the resources available, to what extent is the system meeting the needs of as wide a range of audiences as is practicable?
 - 4.1 The BFI has a particular concern about the decline of formal education programming, see 6.5 below.
 - 5 Question 5: Given the resources available, does the PSB system deliver the right balance of spend and output on programming specifically for audiences in Wales, Scotland and Northern Ireland and programmes reflecting those nations to a UK-wide audience?

5.1 See answer to Q.2.

6 Question 6: Is declining investment affecting the quality of PSB programming ??and is it a cause for concern?

6.1 As the review indicates there has been a substantial fall in spend on all programmes [by PSBs], and investment in new first-run UK originated programming is substantially down, with a 17.3% real-terms decline in programme spend by the PSBs [since 2008]. In particular, Ofcom reports that spend by the PSBs on drama is down by 34%, falling from £487m in 2008 to £323m in 2013.

6.2 Most of the decline in the output of new UK drama was the result of ITV substantially reducing its output of new national network first-run original drama; from 320 hours in 2008 to 144 hours in 2013. Channel 5 produced ten hours of new UK drama in 2008 and just three hours in 2013 (although Channel 5 is now under the ownership of Viacom, which has committed to an increase in an investment in programming).

6.3 As we stated in response to Q.1, this decline has been offset to some degree by increased investment by the non-PSBs. However, we are particularly concerned that such a decline in investment in drama should not be allowed to continue indefinitely. Drama is an important cultural form which reflects the UK and the world back to viewers.

6.4 The BFI would like Ofcom to consider what scope there is within Clause 264 of the Communications Act - which deals with the fulfilment of the public service remit, notably in relation to programme investment??? - to ensure that current levels of investment by the commercial PSBs (especially ITV) in drama are at least maintained and ideally increased. There may be other parts of the Act which would be valuable in this respect.

6.5 The BFI is also extremely concerned about what the review rightly calls "the large drop" in investment in formal education programmes. The review states that:

"Spend on first-run formal education³¹ - is this correct@ content (a sub-set of programmes with educative value or of an educational nature) by the PSBs fell from £29m in 2008 to £10m in 2013, a drop of 65%. This was driven by the complete withdrawal from the genre of Channel 5 and BBC Three, and a near-complete withdrawal by Channel 4."

6.6 The BFI believes that a key part of the role of the PSBs is to help deliver a formal education offer to the benefit of learners . We believe that in the next phase of the review, Ofcom must put forward proposals to address this sharp decline in investment.

6.7 There is no doubt that the PSBs, especially the BBC, have responded with some verve to the need to creatively re-imagine science, history and arts output. But it is not clear how this is a compensation for the decline in a formal education offer - either through TV broadcast or through online provision.

6.8 Section 264 6 of the Communications Act states that

A manner of fulfilling the purposes of public television broadcasting in the United Kingdom is compatible with this subsection if it ensures -

a) That the relevant television services (taken together) comprise a public service for the dissemination of information and for the provision of education and entertainment;

b) That those services (taken together) include what appears to Ofcom to be a suitable quantity and range of programmes on educational matter, of programmes of an education nature and of other programmes of educative value.

The decline in investment in formal education programming does not appear particularly worrying in the light of these clauses which are designed to ensure an appropriate level of investment in educational material.

6.9 Separately, the BFI has long had concerns about the lack of investment in indigenous children's television programming. We welcome the Government's announcement in the 2014 Autumn Statement that it will introduce a Children's Television Tax Relief as from 1 April, 2015. We believe this tax relief will play an important role in addressing the market failure which characterises the production of indigenous programming for children.

6.10 To ensure the new tax relief delivers increased levels of production of children's television programme, we would ask that the PSBs current level of funding are not allowed to be reduced.

7 Question 7: Do you agree with Ofcom's provisional findings in the Review of C4C's delivery of its media content duties?

7.1 We agree with Ofcom's provisional findings that C4C ??? has broadly fulfilled its media content duties under the Digital Economy Act (DEA).

7.2 As stated in Q.1 above, Channel 4 (via its Film4 production arm) is an important partner for the BFI as a co-investor in films. In the supporting consultation document on Channel 4, it is noted that Channel 4 has made 22 films in partnership with the BFI since 2010.

7.3 The supporting consultation document provides evidence of Channel 4 fulfilling its duty to support the release of high quality films for release at the cinema in recent years. It notes that:

"Channel 4 ?? increased its spend on UK film production in real terms, after committing to invest at least £15m a year from 2011. The number of Film4-supported films released in UK cinemas doubled over the review period, from six in 2010 to 12 in 2013. It also won 144 awards in 2013. This included three Oscars® (including Best Film and the first ever to be directed and produced by a black filmmaker), two BAFTAs and one Golden Globe for *12 Years a Slave*."

However, the BFI is concerned that Channel 4's stated commitment to invest £15m per annum in film expires this year. The BFI is also concerned that Channel 4 may shift both the types of films it supports and the way in which the Channel recoups its investment. We want to see Channel 4 continue to invest features by first-time filmmakers and also in films which are seen to be risky.

7.4 The supporting document also cites the evidence that indicates, to date, Channel 4's fulfilment of its duty under the DEA to support the development of people with creative talent, in particular people at the beginning of their careers in relevant media content or films, and people involved in the making of innovative content and films:

"Film4 also played a role in nurturing new talent by working with first-time film makers. In 2010, Richard Ayoade, an actor on Channel 4's *The IT Crowd* worked with Film4 to direct his first feature film *Submarine*. *12 Years a Slave* director Steve McQueen also worked with Film4 on his debut film *Hunger* and second film *Shame* in 2012."

7.5 Channel 4 also has a duty under the DEA to broadcast and distribute films it has made itself and films from others that reflect cultural activity in the UK. The supporting document says, "On Film4, C4C data shows that 22% of the output in 2013 consisted of UK-originated film, with 60% from the US and 18% from the rest of the world. This compares with 25%, 61% and 15% respectively in 2010."

7.6 The BFI would like to see, over time, an improved share of films from the UK and non-US films from other parts of the world so that the share commanded by US films is no greater than 50%.

7.7 We also share Ofcom's concern that Channel 4's provision of programming for 14-19 year olds is not as strong as it might be given the duties it has under the DEA to provide such programming.

- 8 Question 8: To what extent do you agree with our assessment of the degree to which the non-PSB services play a role in helping to deliver the public service objectives? In doing so please set out your views on the delivery by the PSB portfolio channels, other non-PSB channels, on-demand and internet services and also radio services separately.
- 8.1 The BFI believes that both the PSB portfolio channels and other non-PSB providers play an important role. As an indication of this see, for example, the references to Sky's investment and that of other non-PSBs in answer to Q.1. See also the references to Film4 channel in response to Q.7.
- 8.2 The portfolio services vary considerably and often use repeats or acquired programming in their schedules. While these are obviously popular with audiences and often these audiences fit a desirable demographic profile for advertisers, we would caution against seeing them all as fulfilling PSB objectives. Many of the non-PSB channels only available through the Sky or Virgin Media platforms undoubtedly meet some of the definitions of public service programming. The issue now is whether the lack of universal access precludes this programming from consideration as a fully public service.
- 9 Question 9: How likely are we to see steady evolution and have we identified all of the potential alternative scenarios and risks to the system?
- 9.1 We would like to see a stronger emphasis on cultural partnerships between the PSBs and public bodies which are concerned with culture and the creative economy. For example, there appears to be a "walled garden" approach to the various online players which have been created by the PSBs which has until now prevented other publicly funded services from aligned with them - the BBC iPlayer could carry, for example, the BFI Player or National Theatre Live. The rules and practice that applies to linear television are often the function of the scarcity of spectrum. Such scarcity does not exist in the same way in the online space and there is a need for bolder thinking about how partnerships could be developed between the PSBs and cultural organisations in ways that deliver greater public value. The BFI and the BBC are undertaking fresh thinking on such partnerships as part of their work toward putting in a place an MOU between the two organisations.
- 9.2 There would also seem to be scope for the PSBs to share innovative technologies in ways that benefit other public organisations, including the other PSBs. The BFI is encouraged by the BBC's willingness to explore this in relation to Redux, for example. Such sharing - part of a broader "sharing economy" - is particularly important at a time when Exchequer funding is in very short supply and,

consequently, the ability of cultural organisations to deliver increased public value is constrained by lack of resources.

10 Question 10: How might incentives to invest change over time?

10.1 We agree with the review's analysis that while Channel 4 is likely to retain its incentives to invest, this is not necessarily the case for the commercial PSBs. It is encouraging, however, that the analysis shows that ITV will retain incentives to invest in high-end drama. Viacom, the new owners of Channel 5, has indicated that it is likely to increase its investment in original works. The review indicates that the incentives for additional investment may be difficult in some areas, including the arts. The BFI would be keen to see incentives which might address this lack of incentive in respect of the arts.

10.2 The success of BSkyB in developing a profitable subscription-based business model principally through the acquisition of key sports rights and which has now led through to significant investment in original commissions in drama and comedy, is very welcome as it helps compensate for the loss of investment in these genres by the PSBs. However, as most of these programmes are only available through subscription, they do not have the same cultural impact as PSB programming. Furthermore, the loss of a significant proportion of advertising revenue to internet aggregators is clearly now a major threat to the business models of the commercial PSBs.

11 Question 11: Have we identified all the relevant ways in which the PSB system might be maintained and strengthened?

11.1 An analysis of the role that the PSBs should play in maintaining and strengthening the BFI National Archive which includes television material, is a serious omission in the consultation document and this needs to be rectified in the next phase of the review. Such an analysis is particularly crucial at a time when the digital change presents some major opportunities and challenges just as it does to the other parts of the value chain which Ofcom examines in its review.

11.2 The BFI is designated as the National Archive for television under the terms of the Copyright Designs & Patents Act of 1988. Under the Communications Act (2003) a funding contribution is made by the commercial PSBs, as determined by the regulator, Ofcom. A funding contribution is also made by the BBC, which is required to provide public research access under the terms of its charter, is delivered through a contract with BFI.

11.3 More than 70% of individual works in the BFI National Archive are television programmes, almost all from the

PSBs. The collection comprises approximately 900,000 TV programmes, mainly from the 1970s to the present. It includes a unique continuous record of BBC broadcast output, as seen by the public, now spanning 23 years and selected material from the other PSBs.

- 11.4 The transition to digital presents a major challenge for the BFI National Archive, including in relation to the PSBs. Whilst broadcast television production and transmission has been digital for years, the Archive still houses vast legacy collections on analogue and digital videotape formats which are at risk of loss through format obsolescence. Video playback equipment and the skills to operate and maintain it is a fast-dwindling resource and the collections must be digitised both for preservation and access.
- 11.5 During 2015, the Archive will implement a system for automated capture of 100% of BBC, ITV, Channel 4 and Channel 5 programmes broadcast on the Freeview service. These will be preserved in a digital file format alongside film in our digital preservation infrastructure. Basic cataloguing will be automated by integrating metadata from the electronic programme guide (EPG) with the BFI Collections Information database (CID). Once operational, this digital national TV archive will allow video conservation staff to concentrate on digitisation of commercial PSB legacy formats, which is scheduled to be completed by 2023.
- 11.6 We want to see the continued support of BBC for the BFI National Archive in particular through the sharing of its Redux technology and any other technology developed with the support of the public purse. We also want to ensure that the BBC plays a role in helping maximise access to the Archive through technology.
- 11.7 The role of skills development as a whole, and its broader benefits to the UK's creative economy is underplayed in the consultation document. There is now a high permeability of skills between different screen sectors such as television, film and games. The role that all the PSBs play in the development of the talent and skills needs to be more strongly recognised. This role is particularly important at a time when the success of the Creative Sector Tax Reliefs means that demand for skills and creative talent in the UK is higher than ever - with increasing shortages in some areas and signs of wage inflation.
- 11.8 It is very disappointing that the review does not acknowledge the role that Creative Skillset has played in developing a skills strategy to support the television industry including the PSBs. The BFI provides funding of £4m a year to Creative Skillset to support skills and training for film across the UK and because skills are

increasingly transferable, this investment also helps underpin the skillsbase for the PSBs.

- 11.9 We would also welcome the PSBs supporting the principles behind the BFI Film Academy, especially in its ambition to provide opportunities for talent from the widest possible backgrounds".
- 11.10 The BFI would also like to see the next phase of Ofcom's review make a much stronger acknowledgement of television's role as a cultural form in its own right and the role of the PSBs in underpinning this. PSB programming provides an opportunity to understand what we mean by television as a "a contemporary record of life and manners" as set out in the BFI's Royal Charter. Programmes as varied as *EastEnders*, *Top Gear*, *Celebrity Big Brother*, *Horizon* and the *X Factor* all represent forms of television culture. Not very varied, maybe add *Wolf Hall*, *Call the Midwife*, any other drama?
- 11.11 Increasingly, the output of broadcasters is not just programmes; it also consists of a huge variety of websites and social media posts. The export of formats is an increasingly valuable business, especially for independents.
- 11.12 Likewise, many viewers are not simply gathered in front of the TV set in the living room watching programming simultaneously transmitted to millions of other people - many viewers, particularly younger people, are watching on a wide variety of devices, including mobile devices and are often using second screens to contribute and share comments about the programming.
- 11.13 Interest in television material endures over many decades - as demonstrated for example by the extraordinarily wide range of older television material posted on YouTube by both individuals and broadcasters.
- 11.14 These trends are likely to accelerate as the Internet develops. Alongside this, some material which was traditionally regarded as "theatrical film", such as the *Crouching Tiger* sequel, will be shown on services such as Netflix at the same time it is shown in cinemas, further dissolving the traditional distinction between film and television.
- 11.15 Yet, while television channels and websites are making available valuable cultural material and are good at putting together compilations of heritage programming, none of them make the case for television as an art form.
- 12 Question 12: Does universal availability and the easy discoverability of PSB remain important and how might it be secured in future?

- 12.1 Availability and discoverability of PSB programmes and related content becomes even more challenging in a digital age in which the volume of material available, especially online, has increased exponentially.
- 12.2 The BFI agrees that Option 2 as set out in Figure 53 - incremental change which ensures availability to every individual's main screen - is the most desirable approach to the principle of ensuring universal access.
- 13** Question 13: Should we explore the possibility of giving greater flexibility to PSB institutions in how they deliver public service content, including examining the scope (in some or all cases) for regulating by institution, not by channel?
- 13.1 Yes, this seems a logical possibility to explore given that the PSB portfolio channels, e.g. Film4 - which are not PSB channels as such - play an increasingly important role in the fulfilment of public service purposes and duties.
- 14** Question 14: Do the current interventions in relation to the independent production sector need to change in light of industry developments?
- 14.1 As stated in Q.1. any proposals for changes to these terms would need to be solidly based on evidence that changes would be beneficial to the PSB ecology and to audiences. The BFI has yet to see evidence that would justify substantive change to the current interventions.
- 15** Question 15: Have we identified the right options when considering potential new sources of funding, are there other sources of funding which should be considered, and which are most preferable?
- 15.1 The options identified by the review seem to be the principle options available. The BFI believes that the most preferable options to consider would be the long-term removal of Administered Incentive Pricing (AIP) [after 2020], the hypothecation of retransmission fees for PSB investment in the round or the introduction of quotas for "at-risk" genres of programming.
- 15.2 The BFI does not believe the introduction of further tax reliefs to support genres would be beneficial at present, as the current tax reliefs in place, and the planned Children's Television Tax Relief, need time to bed down.