
The Future of Public Service Media

1. The Future of Public Service Media

- 1.1 Public service television is a cornerstone of the UK's cultural landscape. It has been a powerful force in the development of the industry for more than 80 years, and remains central to broadcasting innovation and investment, helping to underpin the UK's wider creative economy.
- 1.2 Together, the public service broadcasters (PSBs)¹ produce a broad range of distinctive, high-quality TV programmes that speak to – and reflect – the diverse communities, regions and nations of the UK. They help to cohere our society, providing shared experiences of drama, entertainment and learning.
- 1.3 Critically, PSBs remain a trusted source of accurate and impartial news and current affairs, which informs people about their region, the UK and the wider world. This is particularly important when trust in media is low, amid increasing concerns about fake news and harmful online content.
- 1.4 PSB programmes remain popular with audiences. Three in four people who watch them are quite, or very, satisfied.² PSBs still account for around half of all TV viewing on the TV set, and their on-demand services are used at least once a month by 55% of UK adults.³
- 1.5 Traditional TV, and radio remain the most popular form of viewing and listening. Live TV viewing accounts for 56% of video viewing across all devices.⁴ While this viewing is in decline, it is likely to remain significant for many years to come.
- 1.6 Despite the increase in competition from music streaming services and podcasts, radio continues to maintain its reach of nine in ten adults in the UK. Three-quarters of all audio listening is to live radio, and although this drops to 36% for 15-24 year-olds, it remains the audio source with the highest proportion of listening hours.⁵
- 1.7 However, public service broadcasting is now at a crucial juncture. In 2018 we set out the challenges facing PSBs in an increasingly online environment.⁶ Since then, the pace of change has increased. We believe the time is now right for Government, Parliament, regulators and industry to consider the need for a new framework for public service media. This document sets out Ofcom's view of the main questions that could inform this debate.
- 1.8 As established by Parliament, Ofcom's role in this debate, is to ensure that the PSB system continues to deliver benefits to UK audiences; that each of the public service broadcasters delivers on its remit; and, where appropriate, to make recommendations to Government to maintain and strengthen the system.

¹ The BBC, ITV, STV, Channel 4, Channel 5 and S4C

² Ofcom PSB tracker 2018, satisfaction of regular or occasional viewers with PSB channels.

³ Ofcom modelling using BARB, Touchpoints and Comscore data 2018.

⁴ Ofcom modelling using BARB, Touchpoints and Comscore data 2018.

⁵ Source: TouchPoints

⁶ https://www.ofcom.org.uk/data/assets/pdf_file/0026/111896/Public-service-broadcasting-in-the-digital-age.pdf

The wider broadcasting landscape is changing faster than ever

- 1.9 Since we last reviewed the PSB system in 2015, competition to the UK's public service broadcasters has increased – driven by the rapid growth of well-funded on-demand broadcasters with global reach, such as Netflix and Amazon Prime Video, who now have around 11.5m and 6m subscribers respectively.⁷ In addition, UK adults now watch more than half an hour of YouTube videos, on average, every day.
- 1.10 Over the same period, the rapid take-up of broadband connected devices (such as smart TV sets, smartphones and tablets) and high-speed fixed and mobile internet connections, has allowed viewers to access television programmes and other media content from an ever-greater range of providers.
- 1.11 Audiences have benefited greatly from these developments, as innovation and investment have increased their choice of what to watch, how to watch it and when. But these changes also pose significant challenges to the PSB system and its future resilience.
- Although live TV viewing remains popular, audiences are increasingly moving away from watching scheduled content on traditional channels on a TV set. These trends in viewing are accelerating and are particularly pronounced for young people. Broadcast viewing was down by average of 49 minutes between 2012-2018 for all adults (a drop of 20%), and down by 80 minutes for 16-24s in same period (a drop of 51%)⁸.
 - PSB content increasingly competes for visibility across different platforms and devices – given the huge libraries of content being delivered by online and on-demand providers.
 - In addition, all PSBs are seeing cost pressures increasing and revenues being squeezed. Content is becoming harder to finance for commercial PSBs, with TV advertising revenues under pressure. Global spending on some genres, particularly scripted drama, is rising to unprecedented levels.
- 1.12 In 2018, we set out our view that as viewing shifts further from scheduled TV to on-demand, PSBs would need to collaborate to compete to give themselves greater scale. We also suggested that PSBs should explore new ways of working with the global online players, to secure more investment in UK original programming.
- 1.13 In response to these challenges, all PSBs have been developing their services to meet demand for online and on-demand viewing. For example, The BBC and ITV recently announced plans for a new subscription service, BritBox, to make available more recent and historic BBC and ITV content than any other platform. Separately, the BBC has proposed a series of changes to the iPlayer, which Ofcom has provisionally approved⁹, and launched the BBC Sounds audio platform. ITV and STV now offer subscription versions of their online players. Channel 4 is trialing an ad-free version of its All 4 service, and has partnered with Sky to provide viewers with expanded drama and comedy box sets.

⁷ Source, Barb Establishment Survey

⁸ BARB consolidated data.

⁹ https://www.ofcom.org.uk/data/assets/pdf_file/0020/152327/consultation-bbc-iplayer-provisional-determination.pdf

Now is the time for a broad, fundamental appraisal of the PSB system

- 1.14 We set out today in a number of crucial areas steps that we are taking to support PSB, by using existing regulatory tools effectively and making proposals for change. We are:
- [publishing our decision](#) to update the rules on the prominence of PSB channels in programme guides (EPGs);
 - making [recommendations to Government](#) to ensure that PSB content remains easy to find in an online and on-demand world; and
 - [endorsing a range of commitments](#) by ITV, Channel 4 and Channel 5 to invest more in original UK content for children, following our review of this area.
- 1.15 We continue to ensure that the BBC delivers on its mission and purposes to the highest possible standards. We will publish our second Annual Report on the BBC's performance in the autumn. We are also reviewing how different audiences engage with the BBC's news and current affairs output, examining their views on its relevance and quality, and how people's perceptions of accuracy and impartiality determine trust in the BBC.
- 1.16 However, ensuring the ongoing resilience of the PSB system requires broader work and engagement. We will continue to make recommendations to Government in areas where we think the existing PSB framework needs to be adapted. We also believe it is important that Government, Parliament, regulators, broadcasters, producers, viewers' groups and the wider public consider together how the PSB system can evolve in a flexible and sustainable way and what form public service media should take in future.
- 1.17 Making PSB content easier to find is only part of the bigger challenge about sustainable PSB in an online world. Changing technology, viewing behaviour and unprecedented competition give rise to the fundamental question about how we ensure a mix of high-quality, original UK content in an on demand and increasingly personalised environment. In tackling this, a broader set of questions will need to be addressed. For example, whether in the context of changing viewing habits, particularly of younger people, free PSB content is sustainable, how much can the system support and whether the wider benefits provided to society by PSB will continue to be justified.

Small Screen: Big Debate

- 1.18 Ofcom will play a central role in driving this conversation, drawing on a range of evidence, discussion and research. We will build on existing work that we and others are already undertaking, our regular engagement with the industry, as well as our ongoing research on what audiences value from public service media. Indeed, given the range of platforms involved, it is becoming more appropriate to describe this content as Public Service Media.
- 1.19 The debate has already begun in some places. The House of Lords Communications Committee is currently inquiring into the future of public service broadcasting, in the

context of the rising popularity of video on demand services.¹⁰ The Committee is taking evidence from a broad range of experts and interested parties, identifying challenges and choices that will need to be made over the coming years, and we expect its findings to be relevant.

- 1.20 We plan to engage with the PSBs and industry more widely in the next few weeks, to discuss our recommendations on a new framework for PSB prominence. In the autumn we will launch a nationwide forum to discuss the future of public service media – called **Small Screen: Big Debate**. Over the following months, we will facilitate a series of discussions with broadcasters, production companies, government, parliament, industry bodies and national and regional representatives, and others, on the broader questions set out here. We will also examine the views of audiences across the country through a series of focus groups.
- 1.21 At the end of this year, we will publish our assessment of the state of public service broadcasting, and how it has performed over the period 2014 to 2018. We will bring together evidence not only about the main PSB services, but also the range of media services – television, radio, online and elsewhere – available to consumers in the UK.
- 1.22 This will provide us with evidence on how broadcasters are delivering the purposes and objectives of public service broadcasting, identifying areas of risk and potential opportunities to be investigated more closely. We look forward to this debate.

¹⁰ <https://www.parliament.uk/business/committees/committees-a-z/lords-select/communications-committee/inquiries/parliament-2017/public-service-broadcasting-and-vod/>