

**RADIOCENTRE RESPONSE TO DCMS**  
**'PUBLIC SERVICE BROADCASTING CONTESTABLE FUND CONSULTATION'**

**BACKGROUND**

1. Radiocentre has welcomed the Government's commitment to establishing a pilot for a new contestable public service broadcasting (PSB) fund of £60m, which was outlined in its White Paper on the future of the BBC and formally agreed in the BBC Framework Agreement. As the industry body for commercial radio we were particularly pleased that, following recommendations from Radiocentre, the Radio Independents Group (RIG) and others, radio is now being considered as part of this scheme.
2. Including radio within the scope of the fund is sensible for many reasons, but particularly given the limited resources available in this pilot. As well as providing excellent value for money, commercial radio has extensive reach across the country. As the consultation highlights, local commercial radio alone is listened to by 50% of adults every week compared to BBC local radio's reach of 16% (p.10). However, in order to maximise the benefits for audiences it is important that the fund applies to all of commercial radio (local and national), which has a significant reach with 35 million people or 64%<sup>1</sup> of the UK population listening each week.
3. Given the relatively small size of the commercial radio production budgets when compared to television the impact of the funding should not be underestimated. PSB funding would potentially be a huge boost for radio producers, especially those based outside of London, despite the relatively modest level of investment. It is vital that any publicly funded programming is good value for money and that the awarding panel for scheme of this nature balances quality, distribution and marketing. We believe that radio is an excellent way of achieving all of these aims.
4. Access to the scheme is also likely to increase distinctive content, boost plurality in PSB and provide opportunities for ideas that might not otherwise be broadcast. Notwithstanding the financial constraints facing our industry, commercial radio is more committed than ever to PSB. Every few years Radiocentre produces a report (Action Stations<sup>2</sup>) that highlights the extensive public value provided by commercial radio stations across the country. The latest report, published in October 2016, highlighted that on average each station provides 13 hours and 15 minutes of public value output, made up of news & sport, travel, weather, local events and charity appeals. Collectively stations also attended over 10,000 events and directly raised £25m for charity in 2015.
5. However it is true that certain programming, highlighted within this consultation, is more difficult to be fund on a commercial basis which is why the industry welcomes the inclusion of radio within the pilot scheme. Nevertheless, many Radiocentre members have indicated to us their desire to host programmes funded by the contestable fund on their networks and some have indicated that they, themselves, will consider applying with public service ideas and concepts.

**FUND FOCUS**

- **Question 1**
6. The fund is a unique opportunity for British broadcasters to provide high-quality public service content that may not ordinarily get commissioned. In order to facilitate this Radiocentre believes

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<sup>1</sup> Rajar Q3 2016.

<sup>2</sup> [http://www.radiocentre.org/files/Action\\_Stations\\_2016.pdf](http://www.radiocentre.org/files/Action_Stations_2016.pdf)

that the fund should, on balance, be flexible enough to support the best possible ideas within a broad range of PSB genres. Therefore the fund should be relatively broad in its focus in order to ensure that projects providing valuable PSB content, which is difficult to fund commercially, are not excluded unnecessarily.

7. The examples of genres and audiences cited in the consultation are a helpful starting point for a broad fund. However, scope should be provided in order to broaden these definitions and give consideration to projects that may not currently fall within the definitions outlined by DCMS. Specifically, we would support the expansion of 'Arts & classical music' to include the development of new music, local unsigned bands and musicians, while 'Factual' should be flexible to include everything from documentaries to coverage of local minority sports.
- **Question 2**
8. We have outlined a number of reasons in our response as to why radio should be included within this pilot scheme. Radio boasts significant audience reach and impact (in total and to specific audiences), as well as a diverse mix of stations that provide an unprecedented choice for listeners. Value for money is also inherent within the nature of radio production, which is a factor that should receive particular consideration.
  9. Looking at the PSB models in Ireland and New Zealand, both countries included radio within their schemes, apportioning 13% and 29% of their budgets respectively. The Irish programme also highlights the impact of funding radio projects and the level of output that was achieved as a result. Over the course of *Sound & Vision II* a total of 1,110 radio projects were supported at a cost of €8.9m compared to 336 TV projects at a cost of €61.2m.
  10. With regard to a cap, we do not believe that there should be a limit on the proportion of the fund available for radio content, as to do so could limit the best ideas available simply because of their distribution platform. It would in fact be more appropriate to provide a minimum spend in line with the BBC's total radio spend (17% of the licence fee in 2016).

## DISTRIBUTION PLATFORMS

- **Question 3**
11. The consultation is right to recognise the significant growth of digital platforms over the past few years. Given the continued trend towards multiplatform consumption it is a sensible approach for the content fund to be available to linear, on-demand and other online platforms. However, in order to ensure content supported by the contestable fund is of high quality and free-to-access, linear broadcast by an Ofcom licensed broadcaster (analogue or digital) must always be included as a platform.
- **Question 4**
12. In most circumstances a broadcaster guarantee required in bids is a reasonable condition in order, as the consultation underscores, to maintain high quality content and guarantee that programmes will be broadcast.
  13. Nevertheless, there may be certain circumstances where an allowance should be made, as securing distribution in advance is not always possible at the bidding stage. In this scenario, an award permitted 'in principle' subject to a broadcaster/platform guarantee within a particular timescale may be more appropriate.

## PILOT ADMINISTRATION

- **Question 5**

14. The key principles of the pilot administration appear reasonable and are broadly consistent with the way in which the scheme was originally outlined in the BBC White Paper. However, there are several points of detail that still need to be worked through and clarified.
15. The proposed pilot administration model (figure 5), which suggests a number of draft objectives and a potential planning application process, is a solid foundation for an effective model. Yet there are a number of subjective judgements (high quality) and measures that need to be explored further and defined more clearly (reach, diversity, new voices). Without more details it will be extremely difficult for the Government to fairly and adequately evaluate the success of the scheme.
16. With that in mind we propose that this should be a 3 year scheme (rather than 2 years) in order to provide enough time for it to fund as many projects as possible from inception to broadcast. Lead times in TV might mean that within a 2 year timeframe only a limited number of projects will have gone from development, to funding then on to broadcast. Production for radio does not usually take as long but it can still take several years from concept to broadcast.
17. In addition while we agree that value for money is an important consideration (and one of the advantages of using radio), it should not become the primary factor in funding decisions for public service content. There is a risk if too much emphasis is given to value for money that the contestable pot will fund more low cost content with limited public value. Quantity over quality would go against the fundamental principles of the scheme, ultimately to the detriment of listeners.
18. Similarly, there is a risk that if too much weight is given to broadcasters with greater reach, smaller broadcasters producing PSB programming with a lower yet more targeted reach may be overlooked.
19. With regard to the proposed timing of funding announcements and tying these in with broadcaster commissioning rounds, we note there are a number of different formats that are currently in place. The structure for radio, for example, differs with that for television and the BBC's commissioning schedule runs throughout the year and varies by network. Looking at the contestable pot, it would be more appropriate to have 4 funding rounds each year with 1 in each quarter.

- **Question 6**

20. The Government view that it would not be cost-effective to create a new funding administrator for the purposes of the pilot is sound and given that the pilot administrator is likely to be funded from the pilot allowance it is right that costs are kept as low as possible.
21. As a lead candidate it is understandable why an established institution like the BFI has been proposed, yet we have reservations with this proposal. The BFI, for instance, does not have a developed in-house knowledge of either the radio or audio market. Without access to this expertise there is the possibility that bids for radio may not be on a level playing field with bids for television.
22. In order to provide a more objective approach to managing the pilot scheme it may still be more appropriate if the administration was provided by Ofcom. Despite the reservations expressed by DCMS we not aware of any particular drawbacks against Ofcom administering the scheme that are sufficient enough to rule it out from consideration for this role. Indeed, Ofcom currently

administers the Community Radio Fund, which exists to help community radio licensees by supporting core costs incurred in the provision of their services. Furthermore, it is not without precedent that a regulator conducts the role of a funding administrator. As highlighted in the consultation (Figure 2) the Broadcast Authority of Ireland (BAI) administers their successful contestable fund.

23. The unique nature of this pilot scheme makes it difficult to provide suggestions for another body that could undertake this work in a way that is appropriate and cost-effective. However, there could be some value in DCMS engaging with the Arts Council (and similar bodies in the Nations) to discuss whether they may be to provide adequate support and expertise.
  24. Should the BFI be chosen as the pilot administrator it is paramount that radio industry expertise will be sought in order to advise on applications from our sector. Alongside this Ofcom should provide an official advisory role to the BFI to facilitate an in-depth understanding of the radio and audio market.
- **Question 7**
25. With regard to funding conditions, if a programme is successful enough to generate any profit as a result of sales or licencing of the content it is reasonable that the contestable fund should be able to recoup up to the amount granted to such a successful programme. The BAI, for instance, generally includes a recoupment clause<sup>3</sup> in all of its contracts made under the *Sound & Vision* programme and money recouped from successful investments is returned to the fund for distribution in future.
  26. This approach is welcome as it will underscore the value of the pilot scheme and provide more funding for the pilot assuming any grants paid back are returned to the fund. However, any recouping of funds should *not* apply to relatively nominal levels of profit (less than £20,000) and should not exceed the amount originally received from the pilot fund.
  27. In reality the alternative funding conditions outlined are not practicable as matched funding, for example, would risk being a disincentive for broadcasters and equity investment is in general more appropriate for large-scale film projects.

## EVALUATION CRITERIA

- **Question 8**
28. The proposed criteria (Figure 6) are a sufficiently broad (albeit sometimes relatively subjective) and reasonable and so should all be considered when judging bids. Yet with the inclusion of radio it is necessary to redraft the criteria so that they are platform neutral (i.e. 'production techniques' rather than 'filming'; viewers and listeners; on-screen and on-air, etc).
  29. It would also be helpful if the evaluation criteria was more explicit as to who is eligible to apply for the pilot funding. Clarification on whether or not applications will be accepted from outside the UK would be useful, or if it would simply be sufficient to have a UK broadcast outlet. Similarly, it would be helpful to clarify that broadcasters that make programmes in-house would be eligible to apply for the contestable fund.
  30. Concerns have been raised by Radiocentre members over the evaluation criteria favouring bids with commercial potential. Much PSB programming has little or no obvious commercial potential and despite the fund being supported by public money it should not simply be concluded that this should result in a drive for profitable programming. Part of the rationale behind the contestable

<sup>3</sup> <http://www.bai.ie/en/download/128487/>, p12

fund is that content that would not otherwise receive funding (i.e. not commercial viable) is supported.

- **Question 9**

31. It is entirely reasonable to expect that content that is funded by the pilot scheme will add to the range of public service content available and not simply fund programmes that would have been made regardless of this new contestable pot. While there is no one clear way to assess additionality there are a number of considerations that could be taken into account.
32. Should programming of a particular nature already be provided on a commercial basis and an applicant is simply looking for another funding stream it would be difficult to claim that such content is additional. It is therefore necessary for applications to demonstrate that a proposal is not something that is currently produced. The judges may also wish to consider the originality of a particular bid compared to other content (across radio and/ or TV) and whether or not it is something that competitors would otherwise produce on a commercial basis.
33. Looking beyond the pilot scheme, it would be helpful for DCMS to consider avenues for sustaining the contestable PSB fund on an ongoing basis. There will inevitably be a number of options for continued funding, and this should include consideration of grants from the National Lottery.

## ABOUT RADIOCENTRE

Radiocentre is the industry body for commercial radio. We work on behalf of over 40 stakeholders who represent 90% of commercial radio in terms of listening and revenue.

We perform three main functions on behalf of our members:

- Drive industry revenue by promoting the benefits of radio to advertisers and agencies through a combination of marketing activity (e.g. events, advertising, PR, and direct mail), research, and training
- Provide UK commercial radio with a collective voice on issues that affect the way that radio stations operate, working with government, politicians, policy makers and regulators to secure the best environment for growth and development of the medium
- Ensure advertising messages on commercial radio stations comply with the necessary content rules and standards laid out in the BCAP Code of Broadcast Advertising and the Ofcom Broadcasting Code.

[www.radiocentre.org](http://www.radiocentre.org)

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