



**Response to DCMS consultation on
Public Service Broadcasting Contestable Fund**

February 2017

www.radioindies.org

1. Introduction

- 1.1. The Radio Independents Group (RIG) is the trade body for the independent audio-led production sector, representing nearly 100 SMEs based around the UK. RIG provides business affairs support, policy representation, and negotiates terms of trade with the BBC. RIG also produces the annual Audio Production Awards¹, which uniquely recognise and celebrate the production skills of radio and audio producers across the whole industry.
- 1.2. Initially in association with the Department for Business Innovation & Skills and Creative Skillset, RIG also runs the RIGtrain² programme which since November 2014 has provided 1,959 learner days to 1,089 individual learners. Of those attending around 58% are women, 22% rate themselves as other than white British, and 3% have a registered disability. In addition RIG has now established a Black Asian & Minority Ethnic (BAME) and disabled mentoring scheme to further help increase diversity in the sector³.
- 1.3. The radio/audio indie production sector is at an exciting time in its history, with the opportunity to bid to make a greater amount of BBC radio content - up to 60% by 2022. On the assumption that it can be expected to win a reasonable amount of these bids, this will in turn help to grow the sector. So the contestable public service content fund ('the Fund') will come at a time when indies will be able put resource into collaborating with platform partners on researching and developing bids.
- 1.4. Indies are of course already working with a growing number of new platforms such as Audible, Panoply, Acast, and Audioboom. They also work with organisations such as the British Council, which funds *The Selector*, produced by Folded Wing and distributed internationally.
- 1.5. These new markets, plus the growth in producing PSB content through the BBC, will allow the opportunity to grow capacity and development ability.
- 1.6. One market that could see further growth is partnerships with commercial radio. We see the Fund as an opportunity to create new moments on commercial radio that combine quality and a station's distinctive feel and remit with the PSB purposes as outlined in the consultation document. While the commercial radio market is a growing one for indies, this is still a relatively small one in terms of PSB content and we believe the Fund would encourage greater innovation and experimentation, with the pressure taken off commercial stations and the producers who seek to work with them to

¹ <http://www.audioproductionawards.co.uk/>

² <http://www.rigtrain.co.uk/>

³ <http://www.rigtrain.co.uk/index.php/diversity-scheme/diversity-mentoring>

raise advertising/sponsorship revenue around shows to which advertisers may not naturally be favourable.

2. General comments on the proposed Fund

- 2.1. Indie producers have made some programmes for commercial radio, e.g. *The Ronnie Wood Show*, *The Manuscript* and *Bowie Is...* for Absolute Radio, *VE Day live* for Classic FM, *The Magic Of Christmas* (London Palladium) and the *Magic Of Musicals* (Royal Albert Hall) for Magic FM and *Andi Durrant* for Kiss Fresh. However these are not in the PSB genres identified in the consultation (figure 1, p.8) as being under-served. RIG therefore greatly welcomes the introduction of the Fund, providing it is broadened out from TV to include radio, as an exciting new way to bring interest in PSB content to those networks that do not currently have the funds to commission such programmes.
- 2.2. Several RIG members have won funding from the BAI's Sound and Vision programme which typically awards grants of around £7k for documentary and feature programmes made by indies for broadcast on Irish stations. These proposals require pre-approval by the broadcast partner, a process which encourages a dialogue between producers and broadcasters about how best to meet their PSB obligations. Our experience is that this scheme has allowed a rich diversity of quality programmes to be made which would otherwise never have been heard, especially on commercial stations.
- 2.3. RIG would like to see the Fund go beyond the initial 2-3 year period, provided it is a success. On that note, as we state below it is important that there is an evaluation process that can determine the overall usefulness and impact of the Fund.

3. Answers to specific questions

Q1 (i) Should the fund be broadly or narrowly focused?

(ii) On which genres and audiences should the fund be focused?

- a) Arts & Classical music
- b) Children's
- c) Religion and ethics
- d) Education
- e) Factual
- f) Nations and Regions
- g) Diversity (i.e. content for/about protected groups)
- h) Other, please specify

- 3.1. We believe the Fund should be reasonably broadly focused, using the PSB criteria in section 2.2 of the consultation document. This should especially be the case in the area of radio if it is included (see our answer to Q2). Opening the Fund to radio would give a particular boost to plurality in PSB, and it is therefore worthwhile giving radio broadcasters and producers the chance to discuss a wide range of projects which may suit their own networks and expertise.
- 3.2. We therefore feel the Fund should be open to all the above named genres. It is possible the Fund could award points for the number of areas addressed - e.g. a programme or series about young people and religion set in Wales could achieve the desired outcomes in several of the above named genres. Independent radio production companies make content across a wide range of PSB genres and there is certainly no reason from a creative and quality point of view why they could not cater for all of the named areas.
- 3.3. We would also suggest some other genres - as well as promoting the arts and classical music, it could also promote new contemporary music in terms of airing music from bands yet to obtain a record deal. Minority sports may also be another area for consideration, in cases where they would succeed in an audio-only environment.

Q2 (i) Should the fund extend to radio as well as TV?

- 3.4. Research demonstrates radio's importance as a medium which establishes a direct and personal relationship with the listener. Research conducted by the Radio Advertising Bureau / The Sound Agency stated that:

'radio reach remains stable meaning it continues to be the dominant audio channel, accounting for 70% of all time spent listening. However, on-demand listening has increased the weekly reach of the total audio audience.'⁴

3.5. The RAB/TSA report also demonstrated the continuing importance of radio to audiences:

'Audio, whether 'owned', 'on-demand' or 'live radio' was shown to play a significant role in people's lives, meeting six different 'need states':

- Help me escape
- Amplify the moment
- Lift my mood
- Broaden my horizons
- Provide social currency
- Keep me in touch'⁵

3.6. The content funds in Ireland and New Zealand have demonstrated very clearly the value for money and ability to reach wider audiences if they include radio. NZ On Air's most recent annual report quoted research showing that 70% of New Zealanders 'believe NZ On Air supports radio content important to New Zealanders'⁶.

3.7. Bearing in mind the relatively small budgets needed for radio compared to TV, it would be a very efficient way to make the resources of the Fund go significantly further. It would also be very beneficial in encouraging commercial radio to work more with independent production companies on the type of content which advertisers have perhaps been less keen to fund, but which could both benefit audiences and increase the innovative and distinctive feel of the stations involved.

3.8. Recent RAJAR figures⁷ show that 90% of the UK population listens to radio, for an average of 21.5 hours each week. They also indicate that:

'Increasing use of smartphones and tablets allows listeners to download and / or stream content on the move, without requiring their visual attention. 27% of adults claim to listen to the radio via a mobile phone or tablet at least once per month. 37% of 15-24 year olds claim to listen to the radio via a mobile phone or tablet at least once per month'

3.9. These figures show that allocating a proportion of the Fund to radio would represent excellent value for money, and allow it to have greater impact.

⁴ Growth in audio turns up the volume for advertisers. Radio Advertising Bureau press release, 30 Sep 2014

⁵ Growth in audio turns up the volume for advertisers. Radio Advertising Bureau press release, 30 Sep 2014

⁶ NZ On Air Annual Report 2015-16. P7

⁷ Source of figures: RAJAR/Ipsos MORI/RSMB - 9 Feb 2017

- 3.10. Independent production companies have also demonstrated over many years their ability to increase the public impact of their commissioned programmes by support and promotion across social media and by other novel approaches.
- 3.11. We note the support from Radiocentre, the trade association for the commercial radio sector, for contestable funding in its submission to the BBC Charter Review Green Paper, and we understand it also supports the idea of this new Fund being extended to radio in the belief that it will encourage its members to engage in bids with independent producers.
- 3.12. The plurality that could be provided by the involvement of commercial radio is important - in relation to childrens' TV, the consultation document cites evidence that;

'...suggests that producers with new ideas for UK originated PSB content often have nowhere else to get content made if they do not find favour with the commissioners of the BBC'⁸.

This applies even more to radio where other markets are - as we say above - developing, but remain significantly behind TV, especially when it comes to PSB content.

- 3.13. On nations and regions specifically, having the Fund available to finance more PSB made by producers based all around the UK, as radio/audio indies are, could only add to the range and diversity of PSB radio content. Whilst the BBC is opening up its schedules to more competition there are no guarantees of extra indie commissions above the c.18% currently won by indies, and we would anticipate that a significant amount (and in any case not less than 40% as an approximate minimum) would still be made in-house, but in just a few production centres.
- 3.14. Appendix 1 of this response shows how a radio bid might work in practice, from initial proposition to final bid. To help encourage indie-broadcaster collaboration, RIG could perhaps explore whether it was possible to provide a simple low-cost and free-to-use web-interface that connects producers and commercial broadcasters who wish to liaise on bids.

⁸ Public Service Broadcasting Contestable Fund Consultation. DCMS. Dec 2016, p8

Q2 (ii) If so, how should the proportion of the fund available for radio content be capped?

- a) 5%
- b) 10%
- c) 15%
- d) Other, please specify

3.15. We question why the level of radio commissioning should be capped, as this potentially could lead to some very worthwhile projects not being approved simply because an arbitrary maximum level had been achieved. It should also be borne in mind that some projects might involve a combination of radio, TV and online. Regarding this, we note that NZ On Air has recently merged itself into one content fund, the NZ Media Fund, in order 'to replace its multiple funds and strategies that have begun to overlap in a dynamic media environment'⁹.

3.16. The most recent NZ On Air annual report cites an example of such content:

'NZ On Air changed some of the criteria this year around other funded radio content to encourage a move to multi-platform listening. The move has been embraced by producers. The Great Big Kids' Show, presented by Suzy Cato, has rebranded as Suzy And Friends with a much greater web and social media presence. Young listeners (5 to 10 years) are now able to find Suzy on YouTube with extra audio-visual content to complement the radio programme'.¹⁰

We are concerned that such projects would be disadvantaged if the amount of spend for radio was capped.

3.17. In terms of a figure, we feel there is a parallel available in terms of how the BBC chooses to divide up its own spend on PSB content. Currently the BBC spends £3,493 million on its services¹¹. Of that, £642m - or around 18% - is spent on radio. We would like to see the Fund use the same formula, and allocate a minimum level of spend from the public service content fund to radio production equivalent to the percentage of BBC spending on radio, i.e. around 18%, or £10.8m of the £60m.

3.18. Whilst being slightly higher than the most recent figure for radio commissions from the Irish Sound & Vision scheme of 15%, such a figure still sits well below that of the NZ On Air programme's 29%, and not capping the Fund could allow a similar proportion to be allocated to radio at some point if that was the decision of those making the awards. We would additionally note the existence of the DCMS/Ofcom community radio fund of up to £400,000 per annum

⁹ NZ On Air confirms new platform neutral funding strategy. NZ On Air Press Release, 19 Dec 2016

¹⁰ NZ On Air Annual Report 2016, p18

¹¹ BBC Annual Report 2015-16, p108

(agreed until 2019-20). At present, this can only fund the core running costs of stations - and cannot be spent on content, which is a significant restriction.

- 3.19. We would not wish to see this important source of funding for community radio decreased or withdrawn. However we would suggest that there may be opportunities to explore synergy between it and the new Fund (see para 3.32), and how community stations and producers might increase the social gain provided to diverse communities across the UK through additional funding of public service content for community radio.
- 3.20. Whilst we agree the BAI Sound & Vision scheme is one which has many useful parallels, we would exercise caution in terms of its funding model being followed too closely. As the consultation paper notes, there have been concerns about it being overly bureaucratic.
- 3.21. In addition there is the impression amongst some producers using it that decisions are made more on price than whether a programme is the best of those being offered. The consultation rightly stresses that the Fund should 'ensure the highest quality and the best value for money'¹². In other words, a scheme which provided value-for-money scheme whilst recognising the inherent cost of good quality PSB programming, in the same way as the BBC employs a guide price system in its radio commissioning, the fund could perhaps adopt a similar system. The guide price system was introduced by the BBC following consultation with RIG and whilst it saves on time spent devising line-by-line budgets, and precludes the above downward pressure on price (with the inevitable effect on quality), it still allows flexibility to pitch more creative formats, for example a live show that is simulcast on the radio.

Q3 With regards to ensuring that content is free-to-access and made widely available, what platforms should be available to content funded by the contestable pot?

- a) Linear broadcast only
- b) Linear and associated broadcaster on-demand platforms
- c) Linear, on-demand platforms and other online platforms (such as YouTube)

- 3.22. We would argue for maximum flexibility for projects in terms of how distributed, as long as they make the requirements, as stated in the consultation of having 'an appropriate reach and are free-at-the-point-of-use'¹³. Providing there was an obligation for the content to also be broadcast on the linear network, accompanied by the appropriate publicity, there is no reason why such well-known platforms as YouTube should not be

¹² Public Service Broadcasting Contestable Fund Consultation. DCMS. Dec 2016, p4

¹³ Public Service Broadcasting Contestable Fund Consultation. DCMS. Dec 2016, p9

considered an additional platform for such content. Stations such as Classic FM have official YouTube channels¹⁴ and there is also the universal radio-on-demand platform Radioplayer¹⁵.

Q4 Which of the following broadcasting/distribution criteria should be placed upon qualifying bids?

- a) Broadcaster/platform guarantee not required in bid
- b) Broadcaster/platform guarantee required in bid
- c) Award permitted "in principle" subject to broadcaster/platform guarantee within a particular timescale

3.23. Our initial position is that the fund should adopt option b), namely that broadcaster involvement was required from the start.

3.24. Our concern with option c) is that one or more broadcasters, knowing that this option was available, might choose to make it a standard requirement for any bids in which it was asked to collaborate, thus placing all the onus on the producer to secure that 'in principle' agreement. This would make the partnership between producer and broadcaster unequal in the broadcaster's favour. A standard requirement of producer/broadcaster commitment to a project would ensure a more equal partnership and allow both partners to focus on making a success of any projects for which they chose to conduct a bid.

3.25. We would however agree that if the Fund administrators felt that in the first bidding round there was a lack of producer/broadcaster bids in some genres, they might offer in a future round to give some 'in principle' approvals in order to stimulate demand for such programmes amongst potential broadcasters. We note the BAI operates such a system in its Sound and Vision 3 guidance, where it allows bids in underserved areas - in this case drama and animation - to be made without a letter of commitment from a broadcaster¹⁶.

Q5 (i) To what extent do you agree with the pilot administration model (figure 5)?

(ii) If not what other options should be considered?

3.26. The model overall seems reasonable, but regarding linking funding rounds to commission rounds, our view is that would be impractical, as radio and TV rounds are not simultaneous and it would be preferable for ease of administration and for certainty amongst potential bidders for the Fund to

¹⁴ <https://www.youtube.com/user/ClassicFMOfficial>

¹⁵ <http://www.radioplayer.co.uk/>

¹⁶ Sound and Vision 3 - Guide for Applicants. BAI, Dec 2016, p8

have its own bespoke timetable, for example a quarterly one as operated by the BAI for the Sound & Vision fund.

- 3.27. We would again emphasise under this section the need for the funding to be sufficient to allow the production of suitably high-quality content. There is an opportunity here for producers to propose content with a unique PSB feel which would present a useful opportunity for commercial radio to expand its horizons, but if the programmes cannot commit to a sufficient level of quality this may act as a disincentive for both the producer and the network to develop or agree to collaborate on ideas. If there are low budgets then, particularly with the growth in opportunities at the BBC and elsewhere, the best ideas may not be submitted to the Fund, thus reducing the chances of creating plurality in radio/audio PSB in under-served genres.
- 3.28. One aspect which appears to be missing from the model is any mechanism for evaluating the success or otherwise of the projects. The consultation refers to the NZ On Air project using audience approval data and this could be one process which could be used, but either way the Fund needs to have a way of accurately assessing the impact of the content over a period of time. Clearly online content would have numbers of page views or stream starts. It is certainly the indie radio sector's hope that the pilot would be the start of a longer-term arrangement, and therefore in order to justify a continuation beyond the pilot period, we would like to see a clear timetable for evaluation which took place in a timely manner.
- 3.29. This has implications for the chosen time period of the scheme. The consultation states it would be either a two or three year period. Bearing in mind that production lead-in times from conception to broadcast can run into many months or more, we would suggest the latter as it would allow evaluation of the first round of projects prior to the scheme reaching its end.

Q6 To what extent do you agree that the BFI is a lead candidate to administer the fund?

- 3.30. RIG does not oppose this idea per se, although does have some caveats. If the Fund were TV-only as originally suggested, it might have more sense to rest with an organisation involved in screen production, but if as we hope radio is an element then there would have to be firm measures taken to ensure that radio expertise was well-represented, involving professional knowledge of the sector but which wasn't too identified with any particular company.
- 3.31. Whilst the BFI may have expertise administering the distribution of funding, it is important to note that film financing does not entirely mirror financing models in TV, let alone in radio, and therefore it would still require a dedicated team.
- 3.32. We would like to see further explanation of the consultation's assumption that Ofcom would be an inappropriate administrator. Ofcom is already responsible for distributing the community radio fund of around £400,000 per

annum. The schemes in Ireland and New Zealand have close ties with their respective regulators, with the BAI making the awards in Ireland and NZ on air being co-located with, and providing services for, the New Zealand Broadcasting Standards Authority. Ofcom would also have the advantage that it compiles market information and understanding across all media sectors, which would be useful in informing funding decisions. Whether or not the fund itself was administered by Ofcom, or perhaps a committee under its auspices, RIG would like to see a formal involvement of Ofcom in terms of providing such information and background.

3.33. Whoever administers the fund, those making the decisions would need to be objective and there would again need to be appropriate radio commissioning expertise included in the organisation.

Q7 Which of the following conditions do you think should be placed on successful funding awards:

- a) The fund should require matched funding from broadcaster/platform or other commercial partners
- b) The fund should be able to recoup up to the amount granted to a successful programme
- c) The fund should grant money by way of an equity investment
- d) Other, please specify

3.34. We do not think it would be conducive to the overall objectives of the Fund to require matched funding from broadcasters. Bearing in mind the point of the Fund is to encourage further PSB content in places where it is not commercially viable, even match funding may not be sufficient to encourage for example commercial radio players to become involved. And where it did there would be a danger of a preponderance towards profit-making content, thus potentially leading to a lack of bids in some genres.

3.35. We would be more supportive of the idea of a recoupment by the funding body at the point where all the costs of the programme had been met via profits from exploitation.

3.36. In terms of an equity investment, we do not feel this would necessarily be appropriate for PSB radio content. It needs to be pointed out that exploitation opportunities are currently fewer in radio and the chances of it reaching the point where substantial profit would be made from which the funding body could usefully benefit would be rare. Needing to be set against any advantages of this would be the cost of administering the process, which would almost certainly outweigh any gain.

3.37. While we are in favour of further recoupment by the Fund in principle, in the case of radio we believe the costs of assessing and reporting on any extra revenues raised would outweigh the amount that could be recouped. Alternatively there could be a threshold, although this would again introduce administration costs to measure.

3.38. Overall we feel that for radio at least, there should not be this type of recoupment model at least for the duration of the initial pilot scheme, at which point it can be reviewed.

Q8 Which of the following criteria should the fund consider in respect of judging bids for funding?

- a) Quality
- b) Innovation
- c) Additionality
- d) Nations and Regions
- e) Diversity
- f) New Voices
- g) Other, please specify

3.39. We agree all the above are important, although clearly if radio is included there is work to be done to have appropriate terminology, e.g. phrases such as 'on-screen' and 'off-screen' will need to be revised. In terms of 'Quality' we would like the conditions of this to include the producer having an appropriate track record. It will be important to ensure that the funding is well used by those experienced in making quality PSB programmes and one way of doing this is to specifically require production expertise, for example through the involvement of an established indie production company, albeit that the company should be one which emphasises developing and introducing new voices and talent.

3.40. The value of a broad and diverse creative sector are now well-recognised, and has led to the Government's use of creative industry tax breaks for example.. The encouragement of this sector, based in locations around the UK and encouraging a diversity of voice, is itself a healthy ingredient for successful PSB content. In radio particularly the expertise in PSB production which the indie sector possesses will be a highly important element of a successful PSB programme on a commercial network in a mutually beneficial partnership.

3.41. Also there could be a requirement that for a programme to meet the 'nations and regions' criteria the production company would need to be based outside London. Evidence would need to be provided to avoid 'brass-plating' by companies that are in fact head-quartered in the capital.

3.42. Lastly we naturally support the statement that the content would be 'UK-generated' and would like there to be a clear requirement that indigenous UK production companies would be part of any bid for content. This would ensure the content was culturally UK-specific and that the Fund would then be providing a further boost to the UK creative economy.

Q9 How can “additionality” (i.e. ensuring the funding is not replicating funding that would otherwise have been available) best be assessed?

3.43. We believe the burden of this would lie chiefly with the broadcaster. We would expect commercial radio/other platforms would be able to clearly demonstrate where they had not been able to justify PSB content due to difficulty in raising accompanying advertising or sponsorship. We would expect the content to be distinctive to what was already on offer.

3.44. Another point we would make about additionality is that it is an important factor to consider when considering the future life of the fund if it is continued after the initial period. If the principle of the Fund is of additional funding for PSB, we suggest that the DCMS might begin to plan for where this might come from - for example further funding could be found via the National Lottery, which raises £30m each week for the causes it supports¹⁷, and if it were to take over financing the fund it would represent a very small proportion of its overall income.

¹⁷ <https://www.national-lottery.co.uk/life-changing>. Accessed 6 Feb 2017

How would a radio bid be developed?

Process

- We would expect broadcasters to provide an outline of their audiences, programme strategy and a contact for PSB fund applications
- A partner would then send over an outline of an idea to a broadcaster
- If the broadcaster is interested, they would meet the partner and discuss the idea and ensuring it's suitable for the broadcaster
- The broadcaster would then provide a written commitment to broadcast the series, when in the schedule it would air, and if it would be supported with on-air promotion and other platform support
- The partner would then submit the application to the Fund, enclosing the confirmation from the broadcaster
- If the funding is confirmed, the partner would create the material, the broadcaster would then sign it off, and then it would be scheduled for broadcast

Hypothetical Example

- Fun Kids network states that it is interested in programmes targeting 6 to 12 year olds. It says that it is particularly interested in highlighting new activities in which children can take part
- A production company pitches an idea for a 10x10min series about learning instruments that appear in the Orchestra
- After a discussion, Fun Kids says that it would prefer 13x8min programmes to appear in their schedule
- The production company agree and draft a fuller proposal, which the station then endorses. Fun Kids offers to broadcast it at 6pm Monday to Friday twice in the Spring and Autumn. It will also podcast the series, place it in Radioplayer and build a microsite on the Fun Kids website to support the series
- The production company revises its proposal to include this information, alongside Fun Kids' audience figures and promotional plan and submits this to the Fund
- The Fund commissions the series and the production company starts making the episodes. Fun Kids hears the first episode, makes some suggestions that are included in a revised version and applied to the series
- The production company delivers the series to Fun Kids, which signs it off and schedules it for broadcast. It then builds the on-line content
- Post-broadcast, the production company collects audience response, listening data and on-line metrics and reports back to the Fund