[GB] Ofcom Reviews PSB Performance and Releases Consultation Report about UK's PSB Future

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Julian Wilkins
Wordley Partnership

On 15 December 2014, the United Kingdom media regulator Ofcom published two reports. One, entitled Public Sector Broadcast Annual Report 2014 (the First Report), reviewed the UK Public Sector Broadcasters (PSBs) performance since 2008. The remits of PSB channels, such as ITV and Channel 4, are defined under section 265 of the Communications Act 2003; part 2 of Schedule 12 of the 2003 Act is the relevant part for the Welsh Channel S4C and the public purpose of the BBC (British Broadcasting Corporation) is described in the BBC Charter, due for renewal in 2016. The second Report, entitled Public Service Content in a Connected Society (the Second Report), is a consultation report about the future development of PSB. The closing date for responses is 26 February 2015.

The First Report's research showed that audience satisfaction was higher than according to the 2008 findings - 77% compared with 69% in 2008. PSB accounted for almost 58.7% of viewing share, if their catch-up or "plus 1" channels were taken into account, although the average viewing hours fell from 2 hours 18 minutes per day in 2008 to 2 hours per day in 2013.

Overall, investment in original first-run programmes from PSB channels fell by 17.3% between 2008 and 2013. Spending on original non-sport programmes from non-PSB channels, such as Sky TV, increased by 43% to £345 million in 2013 and now accounts for 15% of investment in original non-sport programmes.

There was an increasing shift to on-demand viewing, whilst audiences diversified, especially amongst younger viewers, who watched less linear TV, preferring VOD (Video on Demand) and the viewing of content on mobile devices - a trend likely to be irreversible.

Programme cost inflation has increased, which could lead to PSB providers providing less range and volume, with a possible impact on quality too. Younger audiences tended not to differentiate between traditional PSBs and other non-PSBs, instead judging the quality of content. Non-PSBs offered the type of programmes previously the domain of PSBs, for instance natural history content. Moreover, the First Report noted that the BBC commercial and community radio made a considerable contribution to the delivery of the public service objectives.

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The Second Report flags some of the concerns arising from the review by redefining PSBs' universal availability. PSBs compete with new providers of content who have worldwide reach, such as Netflix. Also, the choice of platforms available has increased, with PSBs shifting content towards digital platforms, such as online and on-demand.

The dichotomy between broadcaster and production company may also have to be reconsidered, by possibly looking at the methods whereby incentives are given to invest directly into PSBs, for instance through the use of tax incentives for investors, especially as there has been a 17.3% real-terms decline in programme spend by PSBs.

The funding models for PSBs may also need reconsideration, with relaxation on the rules and regulations that surround TV advertising, as well as an allowance for retransmission fees.

Currently, PSBs have secured advantages, such as Electronic Programme Guide (EPG) prominence and access to spectrum. In return, PSB channels make available, universally and free to view, certain types of programming, like original UK-made content, news and current affairs. However, the Second Report questioned whether this is sustainable and whether PSBs should charge retransmission fees. Notably, the IP ownership and copyright regime has also been flagged as part of the consultation process.

The Second Report also notes that the BBC relies on licence fees, plus revenues from its commercial arm BBC Worldwide. Other providers, including ITV, Channel 4 and Channel 5, rely upon advertising revenues and the Reports asks whether their PSB remit should be relaxed or reduced, given that their revenue source derives from the commercial market.

Finally, the Second Report raises the question whether the funding rules should change, including a relaxation of the restrictions on the BBC carrying advertising, and whether there should be one overarching regulator to replace the current fragmented approach. Increasingly news and current affairs viewing occurs online and ITV and Channel 4's market share for its news programmes declined, whilst BBC's increased. Overall, spend by broadcasters on news and current affairs had decreased. The consultation asks whether there should be quotas to protect certain genres, especially to maintain plurality in news and current affairs.

Ofcom, Public Sector Broadcast Annual Report 2014, 15 December 2014

http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/psb3/PSB_Annual_Report_2014.pdf

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