

# Broadcasting reforms to create new golden age of British TV and help nation's public service broadcasters thrive

- Plans to better protect viewers of video-on-demand services from harmful content with Ofcom to rule on new content standards and given new regulatory powers
- Government to pursue a change of ownership of Channel 4 to give it the tools it needs to succeed in the future as a public service broadcaster while protecting its distinctiveness

TV and radio lovers will enjoy a new golden age of programming as the government updates decades-old broadcasting regulations to give the UK's vital public service system a deal fit for the streaming age.

Rapid changes in technology, viewing habits and the emergence of global media giants have brought new challenges for UK broadcasters. More people are watching programmes on their phones, laptops, tablets, games consoles and on smart TVs. Competition for viewers and advertising revenue has intensified.

According to Ofcom, the share of total viewing for 'linear' TV channels such as ITV and the BBC fell by more than ten per cent between 2017 and 2020. The share for subscription video-on-demand services such as Netflix and Amazon Prime Video rose from six per cent to 19 per cent over the same period.

Plans in a new broadcasting white paper published on Thursday will boost domestic public service broadcasters (PSBs) which develop talent and skills, drive growth in the creative industries and deliver distinctive, diverse British content. It will allow them to compete fairly and continue to make shows loved at home and abroad and support the UK's booming production sector, which is worth £3 billion, even before accounting for the success of the BBC, ITV and Channel 5's own production studios.

UK public service broadcasters will no longer be subject to a complicated set of 'purposes' and 'objectives' from laws made in 2003. Their remit will be overhauled and simplified, with a new definition of what it means to be a PSB and a focus on creating distinctive shows which reflect British culture, support domestic film and TV production, and provide impartial and accurate news.

While making sure PSBs continue to serve audiences across the UK with universally-available high-quality programming, they will be given greater freedom and flexibility in how they can fulfil their public service

obligations. They will be allowed to meet their public service requirements showing content on online platforms instead of just on their main channels as it stands today.

The government will legislate to make sure PSB content is always carried and easy to find for UK audiences on connected devices and major online platforms, including on smart TVs, set-top boxes and streaming sticks.

Proposals also include measures to protect audiences from a wider range of harmful material – such as unchallenged health claims – while watching programmes on video-on-demand services (VoDs). These services will be brought under UK jurisdiction and subject to a Video-on-Demand Code similar to the Broadcasting Code, enforced by Ofcom. Fines for breaches could be up to £250,000 or five per cent of annual turnover.

Culture Secretary Nadine Dorries said:

The UK's TV and radio industries are world-renowned for their creativity, driven by exceptional talent that is delivering groundbreaking public service programming.

Set against the backdrop of the digital transformation of our viewing habits, today's plans will revamp decades-old laws to help our public service broadcasters compete in the internet age and usher in a new golden age for British TV and radio. This will provide jobs and growth in the future along with the content we all love.

The white paper proposes that the opportunity to secure rights to air TV's major sporting events such as the FIFA World Cup and Wimbledon be made an exclusive PSB benefit via reforms to the listed events regime. A review will also look at adding digital and on-demand rights to the scheme to ensure free-to-view access for the nation when watching the 'crown jewels' of sport on digital platforms.

Requiring it to continue to meet the obligations placed on PSBs, the government will move ahead with plans to move Channel 4 out of public ownership to become a privately-owned public service broadcaster like ITV and Channel 5. This will allow it to access greater investment to grow and create more great programming made by people who live and work in the UK without losing what makes it distinctive.

Under private ownership, the government will remove a restriction on Channel 4 which effectively prohibits it from producing and selling its own content. This will allow it to diversify its revenue streams and improve its long-term sustainability. Channel 4 will still be required to commission a minimum volume of programming from independent producers, in line with the quotas placed on other PSBs, to protect its contribution to the sector.

Channel 4's existing obligations in terms of regional production outside of London and England will be maintained, as will its remit to provide

distinctive, educational, innovative and experimental programming that represents the breadth of society, and obligations to show 'original' programmes and provide high quality news and current affairs.

The government will look to use some of the proceeds from the sale of Channel 4 to deliver a new creative dividend for the sector.

The government intends to legislate as soon as the parliamentary timetable allows.

## **ENDS**

Further information on new measures in the white paper

### **A new public service remit for TV**

The UK's public service broadcasters (PSBs) are the BBC, ITV, STV, Channel 4, S4C and Channel 5. The PSB system makes sure viewers can access a wide range of public service content on a free-to-air basis. The government wants this to continue.

The PSB remit is from an analogue age. Its last update was reforms to the Communications Act in 2003 as a set of fourteen overlapping and outdated 'purposes' and 'objectives' for broadcasters.

These include, for example, a requirement for PSBs to provide programmes depicting 'leisure interests' like cooking and gardening. In addition, each broadcaster has a specific remit set out in legislation, together with further commitments established in their broadcasting licences, or in the case of the BBC, its Royal Charter.

A new remit, to be set out in further detail in legislation, will recognise public service content takes many forms, including culturally relevant content reflecting all parts and people of the UK; economically important content produced by independent producers and across the UK; and democratically impactful content such as trusted, impartial news and current affairs. It will also be made clearer that PSBs must contribute to this remit and will be accountable for the extent of their contributions.

PSBs are required through a quota system to broadcast a minimum amount and variety of public service content (for example, programmes made outside of London), but they currently only get credit for this if they show it on their main linear channel (so in the case of ITV, on ITV1). The government will give PSBs greater flexibility to meet their obligations, including reaching audiences by delivering content on a wider range of services including via on-demand platforms.

British shows such as Dr Who, I May Destroy You, Great British Bake Off, Top Gear, Luther, Downton Abbey and Planet Earth have been huge international hits but also reflect a vision of a modern UK.

The globalisation of broadcasting means more of the content people watch is

set in non-specific locations or outside the UK, with an international cast, communicating in US English. This risks TV made in the UK becoming indistinguishable from that produced elsewhere and less relevant for UK audiences, as well as reducing UK soft power abroad.

Research by Enders Analysis has shown that UK original programmes from international streaming services such as Netflix have had fewer British terms, expressions, reference points or idioms than equivalent broadcast programmes.

A consultation will be launched on new rules to make sure PSBs continue to commission 'distinctively British' programming – shows loved and admired not just at home but also around the world, because they could not have been made anywhere else. It will consider a range of options including incorporating requirements directly into the existing quota system.

## **A change of ownership for Channel 4**

Channel 4 is a great UK success story and the government wants it to remain so and to thrive over the long term. Since 1982 it has done an excellent job delivering its founding purposes: to provide greater choice for audiences and support the UK TV production sector.

Forty years on, independent production in the UK is a mature £3 billion industry, up from £500 million in 1995. 'Indies' are increasingly less reliant on Channel 4 for commissions. Only seven per cent of the sector's revenues come from Channel 4 and it spends significantly less in the north, as a percentage of total production spend, than ITV. In 2020, Channel 4 spent £210 million on external commissions, less than the BBC (£508 million) and ITV (£356 million), which have in-house production studios.

Channel 4 also spends less with the smallest independent producers than all other large PSBs – for example, only 16 per cent of Channel 4's average external commissioning spend between 2018 and 2020 was with producers with turnover of less than £10m, compared to 37 per cent of Channel 5's.

Viewer choice is no longer a problem in the world of smart TVs and streaming sticks, catch-up and on-demand. This rapidly changing media landscape means Channel 4 is facing unprecedented competition for viewers, programmes and talent from global giants with deep pockets. Netflix spent £779 million on UK original productions in 2020 – more than twice as much as Channel 4.

Under public ownership, Channel 4 has limited ability to borrow money or raise private sector capital by issuing shares and its current setup effectively stops it from making its own content. This makes it heavily reliant on cyclical advertising revenues which are moving to digital platforms. Advertising made up 91 per cent of Channel 4's revenues in 2020. Linear TV ad revenues fell by a third (35 per cent) from 2015 to 2020.

Having fulfilled its original mission, Channel 4 is now at a unique turning point. The government has [consulted](#) on the best means of ensuring its future success and sustainability and in its response to the consultation today

concludes now is the time to pursue a change of ownership.

Access to capital and the freedom to make and own content are important tools Channel 4 will need to succeed in the future, create new revenue streams and compete. The government believes the required investment to do this at scale and pace is best provided under private ownership, rather than asking taxpayers' to bear the associated risk.

## **Regulation of video-on-demand services**

Ofcom estimates three in four UK households use a subscription video-on-demand (VoD) service. But services like Disney+ and Amazon Prime Video are not regulated in the UK to the same extent as UK linear TV channels. Netflix and Apple TV+ are not regulated in the UK at all.

Except for BBC iPlayer, on-demand services are not subject to Ofcom's Broadcasting Code which sets standards for content including harmful or offensive material, accuracy, fairness and privacy. There are some protections for under-18s but minimal rules exist to protect audiences from, for example, misleading health advice or pseudoscience documentaries.

The government [will give Ofcom powers](#) to draft and enforce a new Video-on-Demand Code, similar to the Broadcasting Code and in line with its standards, to make sure VoD services, which target and profit from UK audiences, are subject to stricter rules protecting UK audiences from harmful material. This will primarily be aimed at larger 'TV-like' video-on-demand services such as Netflix, ITV Hub and NOW TV and level the rules between VoD services and traditional broadcasters.

UK viewers will be given new powers to complain to Ofcom if they see something concerning and will be better protected from harmful material. Ofcom will be given a strengthened duty to assess on-demand providers' audience protection measures such as age ratings and viewer guidance, with powers to force changes if necessary.

The maximum fine for regulated VoD services will be £250,000 or an amount up to five per cent of an organisation's revenue, whichever is higher.

## **Reforms to the listed events regime**

The current listed events regime ensures events of national interest are available to view live, and for free, by the widest possible audience. The list is set by the Culture Secretary and includes the 'crown jewels': major sporting events such as the Olympic Games, men's football World Cup, FA Cup Final, Grand National and Wimbledon finals.

Once listed, broadcasting rights to these events must be made available for purchase first to 'qualifying broadcasters' – those which reach 95 per cent coverage of UK viewers and at no additional cost to the viewer than the licence fee. All services which currently qualify are operated by the free-to-air terrestrial PSBs.

But the current regime was created via the Broadcasting Act in 1996, in a different media landscape where competition facing PSBs was limited. The consumption habits of viewers are changing rapidly and PSBs are now required to compete for sports rights with global media platforms.

In recognition of the role of PSBs bringing nationally-important moments to UK audiences, the government will look to designate listed events a PSB-specific benefit, instead of qualification being based on the requirement for services to be free to view and accessible to 95 per cent of the UK.

Digital rights, including on-demand rights, are now an important element in the sale of sports rights but they are not covered by the listed events regime – raising questions about its relevance.

If, for example, the Olympic 100m final was broadcast live in the middle of the night on the BBC but all streaming and catch-up rights were sold to a different broadcaster and kept behind a paywall, a culturally relevant event might not be available to a wide audience on a free-to-air basis.

The government will therefore launch a review looking at whether the scope of the listed events regime should be extended to include digital rights, ensuring that the public can view these sporting events of national significance free on digital platforms.

In 2020, the government added the Paralympics as a listed event, and this week it confirmed that the FIFA Women's World Cup and UEFA European Women's Championship Finals have now been added to Group A of the listed events regime.

## **Updating prominence regulation**

An important part of the UK's PSB system is ensuring public service content is readily available to as wide an audience as possible and easy to find. Current broadcasting legislation guarantees the first five channels the public find when they switch on their TVs are PSBs, by reserving these slots in electronic programme guides on TV sets.

This provides cultural and societal benefits for viewers and provides commercial and economic benefits for PSBs. But the rules do not extend to on-demand platforms which enable viewers to select TV programmes beyond the TV guide, such as the user interfaces on Smart TVs.

PSBs are finding it increasingly difficult to secure their presence on global platforms, maintain their prominence on them and secure fair value for the services they provide. This challenges the long-term stability of the UK PSB system.

The government will update 'prominence' rules so popular online TV platforms, which likely include smart TVs, pay TV services, streaming sticks and set top boxes, are legally required to carry designated PSB on-demand services and give them prominence, as determined by Ofcom, so they are easy to find on user interfaces in the future.

The rules will require PSBs to “offer” their on-demand services (BBC iPlayer, ITV Hub, All 4, My5, STV Player, S4C Clic) to platforms while requiring platforms to “carry” these PSB on-demand services.

Ofcom will be given new enforcement powers, including information gathering powers and the ability to impose fines as appropriate. It will be given a dispute resolution function to intervene to support effective negotiations between platforms and PSBs.

## **Supporting independent TV producers**

UK TV production, fuelled by domestic and international investment, is booming. Revenues in the independent sector grew more than 50 per cent between 2010 and 2019. The combined spend by film and high-end TV production during 2021 reached £5.64 billion, the highest ever reported.

Government intervention during the pandemic allowed productions to continue. More than 1,100 productions signed up to its Film and TV Restart Scheme. More than £2.9 billion of production spend would not have been possible without the scheme, which has supported more than 95,000 jobs.

The government today commits to ensuring the UK remains a thriving TV production location by supporting screen industries through creative sector tax reliefs. Recent research shows every £1 of high-end TV tax relief delivers returns of £6.44.

DCMS is also funding the British Film Commission with £4.8 million over three years to support the growth of seven geographic production hubs – including one in each UK nation – and numerous new studio developments.

The sector’s growth has facilitated the emergence of so-called ‘super indies’ which, while still classed as independent, are often larger than the broadcasters with whom they work. The government will review whether to introduce a revenue cap for ‘qualifying independent’ producer status to make sure it remains effective for promoting growth.

The government will also act to protect the UK’s ‘terms of trade’ regime, a set of rules which exist to protect independent producers when negotiating deals for new shows, and update it to address the increasing importance of on-demand commissioning to both PSBs and independent producers. In addition, it will consider if there is a need to extend aspects of it to radio and audio producers which create programming for the BBC.

## **Response to the Digital Radio and Audio Review**

The government has today also published its response to the Digital Radio and Audio Review. The government will continue to engage with the radio industry to gain a better understanding of the policies and practices of smart speaker platforms, in order to ensure the UK has the best possible regime to allow radio to continue to reach its listeners well into the future.