BBC submission to Puttnam Inquiry 'A Future for Public Service Television: Content and Platforms in a Digital World'

The current Charter Review process comes at an important time in the development of UK PSB and its response to changing technology and audience behaviour. It will also define the BBC's role, scope, funding and governance for the next decade. The test that matters most is whether the outcome of the Charter process is a strong, open and independent BBC in 2026 that serves audiences even better and is a creative powerhouse for the UK at home and abroad; a BBC that can play a unique, vital role in securing the conditions for the future success of our TV ecology, namely:

- a high level of investment in a wide range of high quality programmes and new digital content—home-grown for British audiences and exploited around the world;
- programmes and services that make Britain a better place—by connecting audiences with their cultures and heritage, and enabling an informed conversation across the country;
- a growing and diverse production sector with strong skills and talent base across the UK, exporting even more than today;
- the widespread availability of public service content and prominence across platforms and devices to secure its cultural and democratic impact; and
- thriving competition between broadband networks and between free-to-view and pay platforms, with low barriers to entry for innovative services and low switching costs for consumers.

With an open, strong, and independent BBC alongside vibrant market institutions, Britain's share of the global market can grow, while audiences will get better programmes, for less, than under any other system. The licence fee is vital to delivering this outcome. The licence fee is, and remains, the best means of funding the BBC. As the BBC has a universal mission it is necessary and appropriate that it should be universally funded and available to all. Indeed the licence fee is the only mechanism that can maintain a universal, independent and accountable BBC, investing in British creativity and delivering high quality, distinctive programming at an affordable price. While no form of taxation is universally popular, long-term polling shows that public backing for the licence fee has grown over this Charter period[1]. But whereas the principle of the licence fee remains right, it needs to be modernised to reflect changing technologies and audience behaviour, as proposed in the Budget agreement on BBC funding.

Subscription funding by contrast, either alone or as a partial substitute for the licence fee, is the wrong model for the BBC in principle and in practice. It would harm UK content investment and quality, restrict access for audiences, particularly the poorest, and increase the cost they pay—ultimately damaging the UK's media ecology which is based on competition for quality but not funding.

Nor is top-slicing the licence fee to fund Government or wider media-sector projects good policy. The BBC is not a monopoly supplier of public service broadcasting. It operates in a market with intense levels of competition. On the input side, two-thirds of what the BBC spends is contested already, and we will increase this to 80% by opening up our TV, radio and online schedules to greater competition. It has embraced contestability but through a model that works to improve quality and value for money – because spending decisions are made creatively by those who are close to the audience and held directly accountable for performance. Fragmenting the licence fee through new top-slicing or contestable funding risks substituting public money for private, and would be allocated by committees rather than commissioners. It would be subject to lobbying rather than audiences

[1] Support is higher now at close to 50% than it was in 2004 when 31% backed the licence fee, and higher than it was 25 years ago

and would weaken accountability for public money and erode the BBC's independence. We welcome the Government's commitment to end the broadband ring-fence and would regard any new proposal for top-slicing as reopening the BBC's funding agreement with the Government.

Below we present our assessment of the UK TV sector and the BBC's role within it. We also outline the challenges we believe UK PSB is facing and the actions necessary, by the BBC and other PSBs and by policy-makers and regulators, to address these. These arguments, as well as those above, are set out in detail in the BBC's recent strategy publication 'British, Bold, Creative'[2], which also presents our proposals for service developments in the next Charter. They are also set out in our response to the Government's consultation on Charter review, published in October 2015[3].

1. The UK TV sector market and the BBC's role

There are few other countries in the world that are in better creative shape than the UK. The success of our media ecology has made our culture and our democracy stronger; it has also driven growth, as over a sustained period the creative industries have grown much faster than the economy as a whole, in terms of gross value added (GVA), exports and employment. Indeed the UK creative sector has always had the best of both worlds—a thriving domestic sector and significant inward investment. There are not many industries where the UK goes toe-to-toe with the US, but the creative industries still do. British values and British identity have a special place in the world and the BBC, alongside others in our creative industries, plays a vital role in building the UK's global brand and influence.

Britain's competitive position has not come about by accident. It has been achieved through the careful regulation of broadcasting, combining the investment of the licence fee-funded BBC, the public service content of the advertiser-funded commercial PSBs, and the complementary spending of a large number of multi-channel services on pay-TV. The UK creative sector displays and benefits from:

- an astonishing strength and depth of creative talent— the writers, directors, producers, musicians, actors, and those involved back-stage
- a creative network with strong connections and talent that flows between its different constituent parts – between TV and film, radio and music, and broadcasting and the performing arts – fostering greater creativity and learning than would be possible if each part operated in isolation; and
- public-private competition— In broadcasting, as in culture and the arts, the UK has a mixed ecology of publicly funded and commercial organisations, each with differing remits and characteristics, that compete to the benefit of all. When the BBC performs well, others have to raise their game to compete for audiences, which challenges the BBC to aim higher – in a positive feedback loop that has increased content investment and variety. Indeed this is a dynamic that can also be observed in other countries with strong PSB and commercial broadcasters[4]. Public funding, now at only around a fifth of total UK TV revenues, has therefore supported rather than crowded-out a vibrant UK media market, and the PSBs

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[2] Available at http://www.bbc.co.uk/corporate2/insidethebbc/howwework/reports/future_of_the_bbc_2015
[3] Available at http://www.live.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/bbc_charter_review_dcmsreview_october2015. Alongside the report we also published the following evidence annexes available at the same location: a report by PwC on the impact of a change in the BBC's licence fee revenue; a report by Frontier Economics on the BBC's contribution to the UK Creative Industries; a report by Mediatique on value for money; and a summary of the BBC's latest audience research.
[4] BBC, 'Public and Private Broadcasters across the World – the Race to the Top', December 2013 http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc_report_public_and_private_broadcasting_across_the_world.pdf

remain the engine of UK original content investment, providing c80-85%[5] of investment in first-run non-sport content at c£2.5bn per year.

The BBC is a key driver of this successful creative ecology, in at least three ways:

Public service remit

The case for the BBC does not rest on a model of 'market failure'. Rather it starts from a different set of considerations about the sort of society we want. Access to culture, media and information is a basic human need that should be ensured regardless of a person's ability to pay for it. This is reflected in the BBC's remit. The BBC has an intrinsic mission: to provide universal access to programmes and services that people love and enjoy, and which inform, educate and entertain them as individuals. It also has an instrumental purpose: to deliver external benefits to society through, for example creating a richer culture, promoting democratic debate and building a stronger sense of community through shared experiences. Democracy Day on the BBC, in early 2015, aptly demonstrates the latter. It marked the 750th anniversary of England's first parliament, helping awareness of the anniversary to almost double overnight from 19% to 34% of UK adults.

The BBC's commitment to events of national importance is crucial to this public mission. We play a central role, not just in bringing these events to the widest possible audience, but also therefore in bringing the nation together around such events, promoting national conversation and uniting the country in shared experiences, discussion, culture, and national pride. Impartial and trusted news coverage is also crucial, helping to inform UK and international audiences and to promote democratic debate. BBC News generates significant externalities through the universal availability and wide consumption of high-quality news, valued by licence fee payers as the most trusted and impartial[6].

Universality is not an end in itself but a means to ensuring the BBC serves all audiences with high quality public service content that informs, educates and entertains. The BBC has an explicit remit to do this, which is reflected in the market-leading depth and breadth of high quality content we provide. This is to the benefit of audiences, who report that they attach significant value as consumers and as citizens to the wide range of genres the BBC provides on TV.

BBC services should also be distinctive – indeed this is one of the things that justify the BBC's public funding. However distinctiveness should be judged at the level of services rather than programmes, and does not mean that the BBC should focus on 'market failure' programming or never make a programme that the commercial sector might make. Such an approach would not make creative sense, nor would it be practical – it would mean for example that when ITV made *Broadchurch*, the BBC should have stopped making *Happy Valley*, and that we should stop doing *EastEnders* because ITV does *Coronation Street*. Rather the BBC should start with its public remit and the creative idea and then deliver programmes that fulfil them. In making some of the same types of programmes as the commercial sector means the BBC creates 'competition for quality', to the benefit of all.

The test for BBC distinctiveness should be that every BBC programme aspires to be the best in that genre, and that overall the range of programmes in every BBC service should be clearly distinguishable from its commercial competitors. In order to serve audiences efficiently, BBC services

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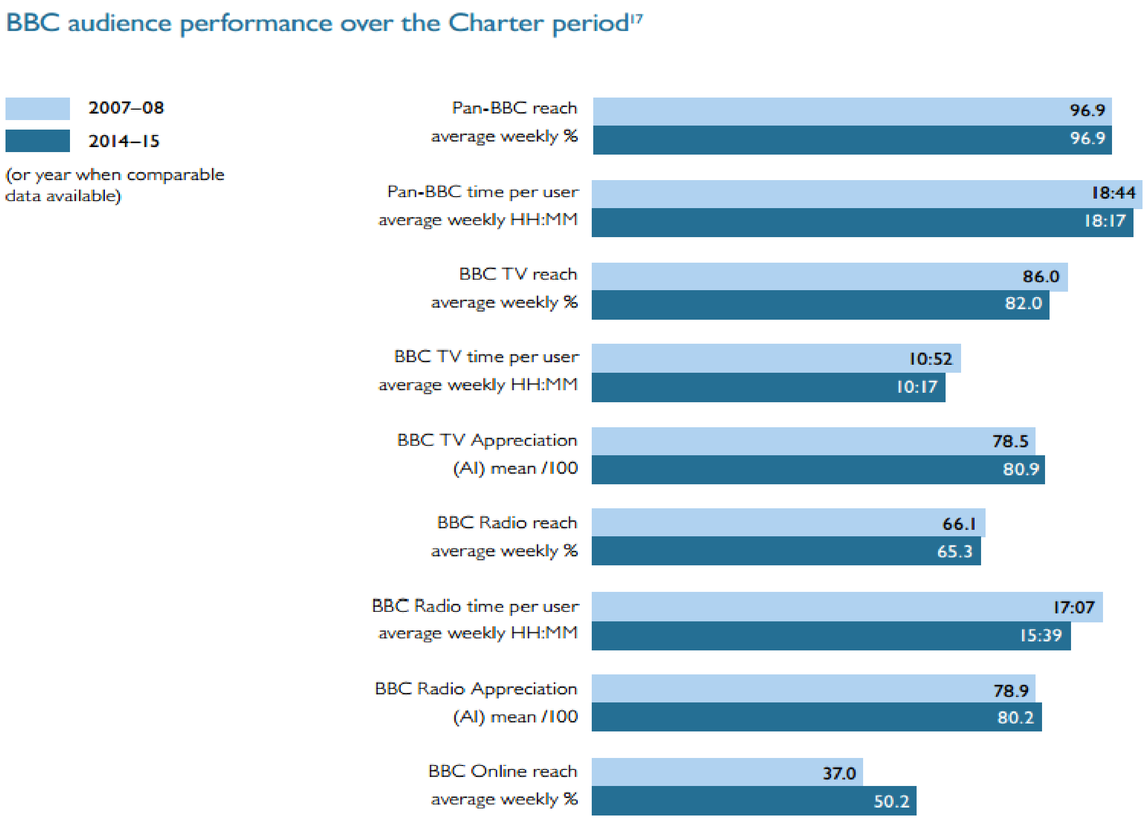
[5] The precise figure depends on the methodology used, in particular whether sports production is included (giving 80% PSB investment, COBA) or excluded (giving 85% PSB investment, Ofcom). Sports rights are excluded in both approaches.

[6] 57% of the public cite the BBC when asked to name the one source of news they trust most, far ahead of the next nearest (ITV on 11%) – Ipsos MORI for the BBC, 1,906 UK adults 15+ who follow the news, January 2015. And the BBC news website is five times more likely to be chosen as the one source to "check whether something is true" than the next closest provider – Populus, UK adults 18+, June 2014.

should also be distinctive from each other. The evidence set out in the BBC's September and October Charter publications, referenced above, suggests that BBC services are already distinctive and that our service proposals for the next Charter, discussed in more detail below, will further enhance distinctiveness.

Audience value

The BBC is also significant for the value it contributes to audiences. Despite the explosion of media choice, as set out in the chart below[7] almost everyone in the UK uses the BBC each week (97% of UK adults and 99% of households) and these audiences spend a considerable amount of time with the BBC (around 18 hours per week on average). For TV alone we reach some 82% of people each week, with BBC One reaching more people than any other broadcast TV channel in the UK irrespective of age, socio-economic group and location. Furthermore, close to two-thirds of the adult population listen to BBC Radio per week, and half of all adults and over 60% of those online access BBC Online every week, with BBC Online the only UK-owned website in the top five most-used websites in the UK.



Quality and value-for-money are strong too, with the public's appreciation ratings for BBC TV and BBC radio having risen over the Charter period, and the BBC providing a much wider range of services today than 20 years ago, for a lower price in real terms[8]. It is telling for example that when

[7] Pan-BBC reach and time per user / BBC Online average weekly reach: GfK for the BBC, Cross-Media Insight Survey, 6,000 UK adults, 16+ per quarter, 2009/10 and 2014/15; BBC TV average weekly reach 15+ mins and time per user: BARB, 4+, 2010/11 and 2014/15; BBC Radio average weekly reach 15+ mins and time per user: RAJAR, 15+, 2007/08 and 2014/15; Appreciation Index (AIs): Pulse by GfK for BBC, 2007/08 and 2014/15

[8] BBC analysis

Ofcom asks viewers to rate the performance of PSB in the UK, BBC One or BBC Two lead the commercial PSBs on delivery of virtually all of the 13 public service purposes and characteristics[9].

Contribution to the creative economy

The BBC contributes significant value to the creative economy. The BBC's public service remit requires us to invest in new, home-grown creative ideas and talent, and the licence fee enables us to do so at scale. From TV to music, writing to film, the BBC is a key part of why the UK is such a great exporter of creativity. Analysis by Frontier Economics[10] has identified the principal channels:

- The BBC is the single biggest investor in TV and radio in the UK, using the licence fee to discover and fund British ideas and talent, in-house and from independent companies, and to connect them with audiences. We invested around £2.2bn directly in the creative sector in 2013/14, £1.2bn of this outside the BBC with around £450m in small and micro-sized creative businesses. While the licence fee accounts for around 20% of UK TV broadcast revenues, it is converted into c40% of the investment in original UK TV content.
- The BBC is the best shop window to the world for British talent and programme-makers. From Wolf Hall to Silent Witness, many of the TV programmes we invest in go on to generate big economic returns through secondary sales and export. BBC Worldwide distributes both BBC programmes and those of independent producers and is the largest distributor of finished TV programmes outside the major US studios.
- As Ofcom's PSB review highlights, the BBC is the cornerstone of the PSB system. As outlined above, when the BBC performs well, commercial broadcasters raise their game to compete for audiences, which challenges the BBC to aim higher—in a positive feedback loop not a zero-sum game.
- The 'ripple effects' from BBC investment stretch well beyond broadcasting. BBC iPlayer, for example, was the catalyst for the development of the UK's video-on-demand market, now by far the largest in Europe. As Reed Hastings, Chief Executive of Netflix, put it, "The iPlayer really blazed the trail. That was long before Netflix and really got people used to this idea".
- The BBC strengthens the productive capability of the creative sector by discovering, developing and championing new on-screen and back-stage talent and, by acting as an anchor tenant, spreads the benefits of creative sector growth across the UK. Oscar-winning directors such as Danny Boyle and Tom Hooper, for example, and global acting stars such as David Oyelowo, Martin Freeman and Daniel Craig all had early breaks on the BBC, whilst BBC One and BBC Two lead the market in new ideas. In the last year for example BBC Introducing has discovered over 30 artists that have subsequently signed to major and significant indie record labels. Similarly, in 2013/14 the BBC trained 13,500 BBC staff members and some 8,000 from the industry. Combined with high labour mobility this benefits the digital and creative industries as a whole.

The BBC therefore makes UK broadcasting and the wider creative sector stronger. As it is densely connected to many parts of the sector through its investments, supply-chain linkages, and positive spill-overs, its economic benefit reaches wider than that of other players. As set out in our recent strategy document, in the next Charter we will push this further, doing even more to galvanise our impact. As well as opening up our TV, radio and online schedules to greater competition, we will open the BBC to be Britain's creative partner, to become a platform and a catalyst for this country's

[9] Ofcom, PSB Annual Report 2015: Audience Opinion Annex. Available at: http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/psb2015/PSB__2015_audience_impact.pdf

[10] Frontier Economics , 'The contribution of the BBC to the UK creative industries', April 2015 available at http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc_report_contribution_to_the_UK_creative_industries.pdf

incredible talent. We intend to put our technology and digital capabilities at the service of our partners and the wider industry to deliver the best to licence fee payers. To achieve this, we recognise we have to become a better partner working in a more genuinely collaborative way with like-minded institutions, with suppliers, individuals and competitors.

2. Key challenges facing public service broadcasting

In its third review of public service broadcasting Ofcom highlighted widespread and rising public support for the purposes of PSB, including those which go beyond merely correcting market failure. It also found that young people seem to value PSB as much as audiences overall despite growing up in a very different media landscape[11] – findings which indicate the enduring value of PSB. However, whilst the internet and globalisation present huge opportunities for UK PSB to do even better in this respect (discussed in more detailed below), as set out in Ofcom's review there are also significant risks to PSB reach and impact and so to the benefits they provide:

- The amount of UK originated content is in long-term decline. From 2008 to 2013, investment in first-run original television content fell from £2.6bn to £2.4bn in real terms, with PSB investment in original British programmes down by around 15%[12]. Indeed as the BBC's spending has fallen overall investment in original British content has reduced. Whilst the BBC welcomes increased investment by Sky and other multi-channel providers, the market has not made up the gap and it is very unlikely to deliver the range and volume of British programmes on a universal basis that the UK as a society values.
- While the BBC's audience performance is very positive overall, younger and older people's consumption habits are increasingly different, with younger people watching less TV than their forebears and listening to much less radio. Whilst this trend must be put in context (94% of 16-24s still use the BBC every week compared with 60% for YouTube and 15% for Netflix[13]), nonetheless as these groups move online or to specialist or new entertainment, opportunities to engage with PSB could reduce. Furthermore, where young audiences go now, older audiences tend to follow, suggesting that if this trend continues, by the 2020s a significant minority of the audience would no longer be a part of the shared conversation which PSB supports.
- As technology and business models change it may become harder to ensure that PSB content and services are widely available and easily discoverable. To reach audiences PSBs have to secure carriage over distribution networks and gain access to audio-visual platforms and user interfaces. This distribution chain is becoming more complex and mediated[14]. This creates scope for the misalignment of incentives, with platforms cherry-picking content, disaggregating material, or allocating prominence on purely commercial grounds. There is also the risk of increasing costs, including with ISP gatekeepers. Whilst current legislation requires platform operators to give 'appropriate prominence' to the main public service channels, subsequent channel launches have not received the same prominence and developments in EPG design, such as genre-specific or HD-only menus, are eroding the force

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[11] For example, some 86% said it is an important propose of PSB (importance score of 7 or more out of 10) that its news programmes are trustworthy, up from 82% in 2008, and around three quarters of 16-24 years old rated it as an important PSB characteristic that it shows new programmes made in the UK, exactly in line with the proportions in the population as a whole who took this view.

[12] Ofcom's latest PSB Review. Investment in original television content figures exclude sport and are in 2013 prices.

[13] GfK for the BBC, Cross-Media Insight Survey, c.6,000 UK adults per quarter, BBC average weekly reach 15 mins or more claimed; YouTube and Netflix average weekly reach 3 mins or more claimed, Q1 2015. N.B. YouTube reach varies depending on source; Netflix weekly reach not number of subscribers.

[14] For example, from broadcast to set-top-box (STB), distribution can now also involve IP over-the-top for on-demand requests to services such as BBC iPlayer; managed networks (satellite, cable and IPTV) for linear channels over broadcast or IP; platforms and content gateways (Sky+, YouView, Virgin TiVo); multiple connected devices (e.g. STB, smart TV, tablet); and integrated or competing operating systems and user interfaces (e.g. Samsung, Android TV, iOS app store)

of the regulations. Nor do prominence requirements apply to PSB on-demand services or new types of platforms, which will become increasingly important in future.

3. BBC plans to modernise in the next Charter to respond to these challenges

To meet these challenges the BBC must reinvent how it delivers PSB, exploiting the many innovations the internet permits whilst continuing to serve existing audiences well, and making valuable new partnerships. The UK has some of the best programme-makers in the world and can continue to thrive if it remains a pioneer.

The BBC's mission – to inform, educate and entertain – is as pertinent today as it was when it was first set nearly a century ago. At present most of our audiences, most of the time, still enjoy the BBC's programmes and services scheduled over the airwaves. That won't suddenly end. The majority of people will continue to enjoy radio and television, as now, over the next decade. But increasingly, in a way made possible by the internet and mobile devices, people are enjoying what they want, whenever they want, wherever they are. It is perfectly possible that by the middle of the next decade that becomes the main route to what the BBC does. So for the next ten years, we will need to ride two horses – serving those who have adopted the internet, while at the same time making sure that those who want to carry on watching and listening to traditional channels continue to be properly served, too. We will be moving to an internet-fit BBC, to be ready for an internet-only world whenever it comes. But we should try to move at the pace of our audiences.

Our internet provision must allow us to become platform and device-neutral to cover all screens. We must fuse content (long and short-form, live and on-demand) and functionality (enabling curation, personalisation, and onward journeys); tell stories in new ways – personal stories, interactive and immersive stories; and provide services that go where the audience is. We must commission differently and make different types of programme and formats, as well as distributing traditional formats in new ways. As set out above, we must also become more open, working more fully with like-minded institutions, suppliers and competitors to become Britain's creative partner and a platform and catalyst for UK talent.

Our ideas to do this are set out in the recent strategy publication[15]. They include proposals to:

- Launch the Ideas Service, an online platform curating collections of video, text and audio content from across BBC arts, culture, science, history and ideas together with work done by many of this country's most respected arts, culture and intellectual institutions. It would seek to offer the gold standard in accuracy, breadth, depth, debate and revelation, combining the thrill of discovery and the reassurance of reliability. It would draw together online all the things the BBC does already and make the most of our rich archive, in addition to newly commissioned TV, radio and online content. Curation would be key, through editorial, algorithmic and social methods. The Service would cross genres (promoting serendipitous discovery) yet also have parts dedicated just to the arts or to science.
- Launch BBC Newstream, a streaming offer for mobile which will be more video-based than the existing news app, complemented by audio, graphics and text live from BBC News. It will offer the possibility of news that is personal, portable and on-demand, harnessing the increased usage of mobile devices for news content particularly amongst the under 35s[16].
- Explore potential opportunities to aggregate UK original content, increasing traffic to and investment in UK original content. Our ambition is for a video service open to other UK content commissioners that gives all partners critical mass and ensures that deals with

[15] Available at http://www.bbc.co.uk/corporate2/insidethebbc/howwework/reports/future_of_the_bbc_2015

[16] According to research for the Reuter Digital News Report, across all 12 countries surveyed 25% of online news users say their smartphone is now their main way of accessing online news, rising to 41% for those under 35.

global players are not the only way for UK players to reach audiences. It would include BBC content funded by the licence fee and commercial content through other business models. One possible route is to use the iPlayer, leveraging its brand, technology and reach, but there are also other possible solutions, any of which we would need to discuss and agree with partners.
- Launch iPlay, a single online platform where we would make the full range of BBC content for children available as well as content from carefully chosen partners. The product would deliver personalised, age-appropriate material that develops as the child grows up, including a wide range of content forms, from long-form video to interactive. It would have learning and making at its core, encouraging children to be active creators as well as consumers, expressing their creativity using tools such as storytelling, pictures, animations, music, language, blogs, vlogs and podcasts, coding, app development, and 3D printing. It would let children interact with others in an environment safe from the threats in the wider internet and would be free from any commercial influence.
- Launch a digital music product building on BBC Playlister to make the 50,000 or so tracks the BBC broadcasts every month available to listen online for a limited period. Audiences would be able to access music via curated playlists or to build their own based on the music they hear on the BBC. The BBC would reinvent its role as a trusted guide. The product would champion new UK music and specialist genres, independent artists and labels. Exclusive and unique live performances would be a key element and tracks would link back to their original broadcast on the BBC, enabling onward journeys. The product would be the only one in the market which would be fully open and integrated with other digital providers.

4. *Reform of the regulatory framework required*

However, if BBC delivery is to become more innovative in these ways, then to facilitate that it is important that this Charter Review looks ahead to the challenges and opportunities of 2026 rather than just considering those of 2015. In particular, we believe that the following outcomes are necessary to secure a strong, open and independent BBC in the next decade:

- The flexibility to modernise the BBC's services to be internet-fit and take advantage of delivering public service objectives in new ways
- The BBC to remain a producer-broadcaster with a secure, sustainable and affordable source of intellectual property across all genres;
- A commercial strategy, with BBC Worldwide as an integral part of the BBC, that delivers sustainable returns to licence fee payers and showcases British creativity across the globe;
- A new unitary Board to run the BBC with flexible, proportionate and targeted external regulation
- A new 11 year Charter with the requirement for licence fee payers to be consulted on its future role and funding, with reliable safeguards for the BBC's independence;
- Continue with the approach agreed with the Government in removing the broadband ring-fence, by not introducing any further elements of top-slicing or contestable funding; an
- Avoid changes to the public purposes or scope of the BBC that undermine universality and its ability to serve everyone with public service content.

In addition, the PSB regulatory framework must be modernised, which means targeted updates to the current regulatory toolkit, as well as Ofcom closely monitoring market developments, ready to take action when required. We suggest that the following reforms are necessary:

- <u>Access to platforms</u> – It is important to ensure that publicly-funded content is carried on all significant platforms at zero cost *as a minimum* in order to maximise investment in, and audience access to, content. However, we do not believe the regulatory framework as it currently stands can guarantee this. It provides potential protections to audio-visual service providers through significant-market-power tools, access-related conditions and the EU Regulation covering net neutrality. However as Ofcom note "if PSB is to be 'maintained and strengthened'…, catch-up players for all PSB channels should benefit from appropriate...access to all major platforms". The same is true we believe of PSB linear and PSB interactive services, suggesting that action is needed across all three types of services to ensure the benefits of PSB for future decades. One option is to modernise 'must carry' rules. We agree with Ofcom's assessment that any modernisation should consider whether: "the existing 'must offer' and 'must carry' regimes remain fit for purpose in the light of changing technologies; "the PSBs need some protection in relation to carriage arrangements for services carried over the internet, as they currently have for services carried over broadcast networks; "the rules can be designed to capture significant platforms only, given the likely proliferation of platforms in the future." For example, the Government could extend must-carry rules that currently apply to 'principal means' of receiving TV for a 'significant number of end users' to cover all PSB services, including VOD and interactive services like connected red button. We believe Ofcom and the UK government should shape the current EU debates, and support a timely review of EU-level definitions of electronic communications networks and services, and information society services, in light of current market conditions.

- <u>Prominence on platforms</u> – At present the regulatory framework applies only to linear EPGs (not the on-demand world) and linear services, and gives a high degree of discretion to EPG providers. As set out above, this is not fit for purpose in a connected world of on-demand content and services with new gatekeepers, potential bottlenecks and increasing convergence and vertical integration. Nor is it appropriate given the material evolution that EPGs and other user interfaces have undergone since the regime was introduced. This is why Ofcom has recommended a modernisation of PSB prominence rules applicable to EPGs "*to match changes in technology and ensure that public service content remains available and easy to find, in whatever way it is viewed."*[17] Whilst to date the high quality experience offered by BBC iPlayer has afforded the BBC a prominent position on some new content gateways, in the longer term as the market develops, this must be supported by an updated regulatory framework. This will also help future-proof regulation for new online-only services, such as is proposed for BBC Three in this Charter, and the suite of internet-first services the BBC has proposed for the next Charter. The Government should maintain regulation of the existing licensed EPGs, while Ofcom should be more explicit in its EPG Code about prominence requirements on EPG providers, and have more robust enforcement powers. This is necessary for example to deal with the fact that the public service children's channels, which are provided by the BBC, appear at present at numbers 13 and 14 (or page 3) on BSkyB's EPG Kids sub-menu, a position which it is hard to reconcile with prominence. In addition, the Government should extend the principles of this regulation to PSB on-demand services and significant new content gateways. Unless updated in these ways, the existing regulations will gradually lose their force and it will be harder to deliver current policy objectives of PSB reach, impact and investment. Reforms could include thresholds to trigger regulation, ensuring proportionality and protecting innovation in new content discovery. Audiences have been clear that they expect PSB prominence in the on-demand world[18].

[17] Ofcom, Public Service Broadcasting in the Internet Age. July 2015, Paragraph 2.19
[18] In 2012 research for the BBC 64% said they would expect a default catch-up or VoD menu to reflect the ordering of the linear EPG. 79% expected BBC iPlayer to be first. 63% said that in a menu including catch-up VoD, other VoD, and other apps (YouTube, iTunes), they would still expect catch-up VoD to be listed first. BBC iPlayer was preferred in first position.

- Listed events **–** The listed events regime exists to increase public value by ensuring that sporting events of national importance and resonance are available to the widest possible audience. Listed events have personal value for the audiences that watch them but also social value (partly as a function of their significant reach) as part of a national conversation, uniting the nation in shared experience, discussion and culture, and creating national pride. We know that audiences place a high value on free-to-air access to major sporting events as a core part of PSB. Historically, the criteria used to determine the list of 'qualifying' services to show listed events has meant that only Channel 3 (ITV1), Channel 4, BBC One, BBC Two and Channel 5 (Five) have met the conditions. And the PSBs in turn have been very successful in attracting audiences to these events, thus maximising public value. From the 2014 World Cup opening ceremony to the end of the 2014 Commonwealth Games for example, over 50 million (86% of UK population) watched the BBC's sports coverage[19]. As their coverage consistently reaches the largest audiences, going forward the PSBs should be guaranteed access to listed events, enabling them to provide important free to air access to national events. Guaranteed access also forms a core de facto part of the PSB compact with audiences and regulators.

5. Conclusion

Despite significant technology change and a media landscape that has been largely transformed since the last Charter Review, public service broadcasting remains important for, and significantly valued by, UK audiences. In addition, there are few other countries in the world that are in better creative shape than the UK. Our creative sector delivers value for audiences individually and for UK society as a whole, as well as playing a vital role in building the UK's global brand and influence overseas. This success has been driven by an astonishing strength and depth of creative talent, strong creative networks across the industry, and public-private competition for quality. The BBC's contribution has been significant, driven by its unique public service remit, success in reaching audiences with high-quality content, and its contribution to the creative economy. To preserve this success PSBs must modernise, not least to embrace much more fully the opportunities offered by the internet to reach and serve audiences in new ways. In addition, it is vital that the Government use the ongoing Charter process to ensure and preserve an open, strong, and independent BBC, as well as modernise the policy framework to sustain the virtuous circle on access, reach and investment on which UK PSB is based.

[19] BARB/TRP Research, Sport genre. 15 min+ consecutive reach, 11+ regions, summer of sport 2014 (start of World Cup to the end of the Commonwealth Games)