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EUROPEAN PLATFORM OF REGULATORY AUTHORITIES

Supervision of PSB: Ofcom's role

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Contents

- **Supervising PSB Content**

- **Supervising PSB Funding**

A tale of two presenters...

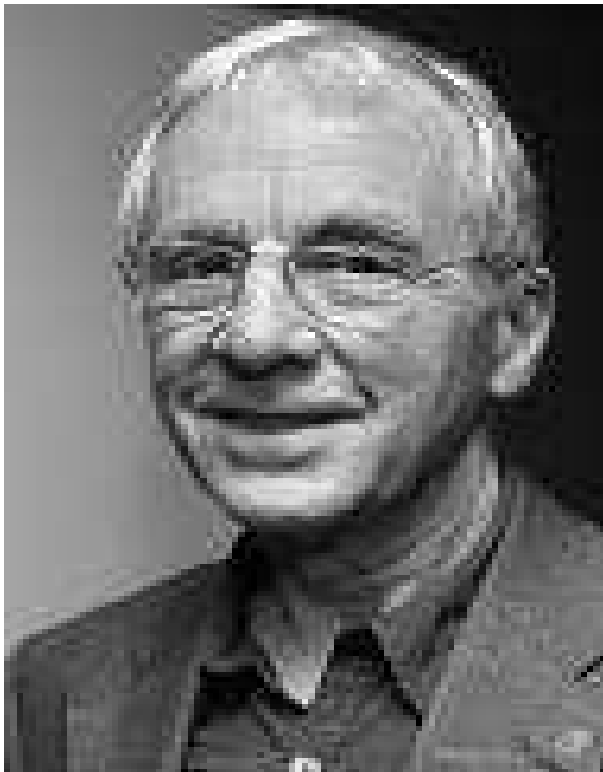
Jonathan Ross



Russell Brand



...a much loved 70s comedy character



Andrew Sachs

Manuel



...and a grand-daughter



One public service broadcaster



Two regulators



And...

30,000

Complaints

What happened

- Ross and Brand left explicit messages on Andrew Sachs' answer machine about Brand's sexual conquest of Sachs' grand-daughter. Ross says: "He [Brand] f****d your grand-daughter"
- They composed a song on the same subject and joked that Sachs might hang himself
- Pre-recorded material aired on October 18 on Brand's Radio 2 show
 - *After* producers reviewed it and approved it
- 400,000 listeners, but only 2 people complained on the day
- The newspaper "The Mail on Sunday" reported this on front page
- Story has since then escalated:
 - more than 27,000 complaints to BBC as of last night
 - Gordon Brown described episode as "unacceptable behaviour"

Let's listen to it...

The BBC's reaction

*gross lapse of taste
by the performers and
the production team*

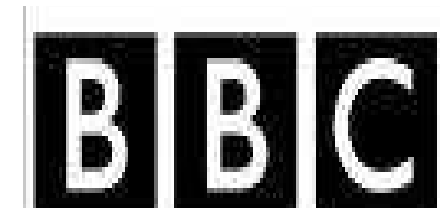
*broadcast has caused
severe offence and I
share that view*

Mark Thompson
Director- General

*It was a stupid error of
judgement on my part and
I offer a full apology*

Jonathan Ross

- BBC has opened an internal investigation and offered an “unreserved apology”
- Meantime both presenters have been suspended
- Since then, Russell Brand has resigned from Radio 2 Programme
- BBC Trust will meet with management today



And Ofcom too will investigate

- Ofcom has launched its own investigation to consider whether the show broke rules on harm and offence
- If Andrew Sachs complains Ofcom could also look into issues of fairness and privacy
- Ofcom has a number of sanctions
 - Publish adjudication
 - Broadcast on-air apology
 - Up to £ 250,000 fine

The BBC is not the only PSB we supervise



Ownership: Public
Funding: Advertising/Not for profit
Regulatory obligations: Heavy
Supervision: Ofcom



Ownership: Commercial
Funding: Advertising/Profit maximising
Regulatory obligations: Heavy
Supervision: Ofcom



Ownership: Commercial (RTL)
Funding: Advertising/Profit maximising
Regulatory obligations: Medium
Supervision: Ofcom

A mixed set of supervisory instruments

- Commercial broadcasters required to publish **Annual Statement of Programme Policy**
- Ofcom publishes **Annual Report** to provide context
- Ofcom can give direction to broadcasters if not fulfilling purposes and amend license

Public Service Broadcasting Review:

- Assess effectiveness of PSBs taken together in fulfilling purposes
- Recommend how PSB can be maintained and strengthened
- Ofcom now conducting its Second Review of PSB

And 3 different tiers of supervision

Tier 1: negative content regulation (all broadcasters)

- Harm and offence
- Accuracy and impartiality (not for BBC)
- Fairness and privacy.



Ofcom powers: strong

- monitor and enforce compliance with Codes,
- adjudicate
- impose sanctions (including fine and revoke licences)

Tier 2: production and genre quotas (PSBs)



Ofcom powers: good but limited

- Restricted genres (no children)
- Some aspects of PSB can't be measured
- Need to be realistic (licence value)

TIER 2: Quotas (% of output or total hours)	BBC1/BBC2	Channel 3 (ITV)	Channel 4	Channel 5
Original production - all time - in peak	70% 90%	65% 85%	60% 70%	53% 42%
EU original production	50%			
Independent production - UK - EU	25% 10%			
Regional production - hours	25%	50%	30%	10%
News - all time - in peak	1380 275	365 125	208 208	408 110
Current affairs - all time - in peak	365 105	130 35	208 78	130 10
Regional news – all time - in peak	261 134	286 130	-	
Regional other - all time - in peak	69 25	78 44	-	

Tier 3

Supervision of PSB remit



(not BBC)

Ofcom powers: very limited

- Opinion if significant change
- But no enforcement

Contents

- Supervision of PSB Content
- Supervision of PSB Funding: The Public Value Test

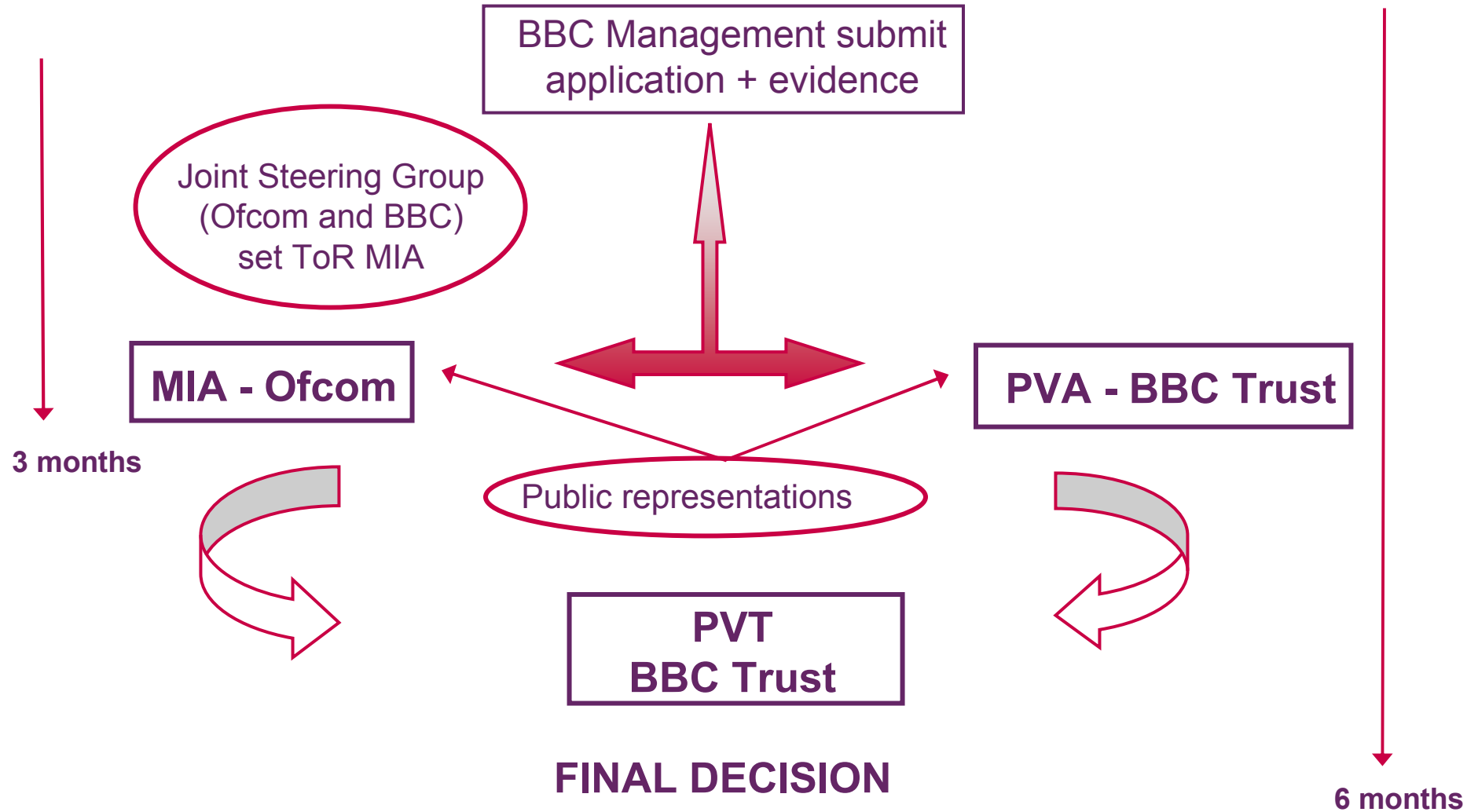
The Public Value Test (PVT)

Is the introduction of new or substantially changed BBC service in the public interest?

Three steps:

- **The Public Value Assessment (PVA)**
 - Does it generate enough “public value” to justify use licence fee funds?
 - Does service fit with BBC purposes, quality and distinctiveness (social value)?
 - What are the individual benefits from using service?
- **The Market Impact Assessment (MIA)**
 - What are costs and benefits for both producers and consumers?
 - Impact on investment and innovation incentives?
 - Impact on related markets?
- **The Public Value Test** combines PVA and MIA
 - What is the overall “net value” of the service?

Process



Experience so far

- Three MIAs to date:
 - **On-demand proposals:** the iPlayer (Jan 07)
 - **High Definition Television proposals** (Sept 07)
 - **Gaelic Digital service** (Nov 07)

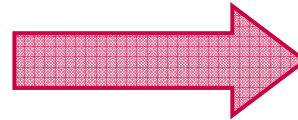
And another on its way:

- Local Video proposal currently under consideration (MIA started in mid June 2008)

On-demand proposals (BBC iPlayer)

- **Service:**

- Seven day catch up TV over Internet
- Simulcast TV over Internet
- Audio downloads over Internet



iPlayer

- **MIA:** Significant positive impacts but modifications proposed:

- Series stacking may discourage investment - reduced or excluded ✓
- Storage window (for up to 13 weeks) reduced ✓
- Cost of extra broadband capacity likely to be high
- BBC Trust to ensure cross-promotion not used for commercial advantage ✓

Local Video Proposal: the Service

- **On-demand** local video service delivered via both fixed and mobile IP broadband networks in 60 local areas
- Focus on **local news, local sport** and **local weather**
- 3 daily bulletins of 60-90 seconds

Local Video Proposal: the MIA

- What will be the uptake of the service?
- What will be the impact in the following markets?
 - Newspapers
 - Radio
 - Local and regional TV
 - Mobile TV
 - News agencies
- Analysis over a 5 year period based on demographic characteristics
- Recommendation to the Trust in mid November

Conclusions

- Good supervision mechanisms but could be improved
- Ex-ante evaluation mechanisms critical when public funding granted
- Overall we have had a positive experience of the PVT
- Importance of independent market analysis and research
- Tight timescales
- Difficulties around anticipating future impacts should not be underestimated

Thank You