



Department
for Culture
Media & Sport

Public Service Broadcasting Contestable Fund Consultation

December 2016

FOREWORD



The UK's broadcasting system is an international success story and at the heart of our cultural life. The government is determined to make sure it continues to go from strength to strength. To do so, it must provide a broad range of high-quality content for all UK audiences which reflects the diversity of our nation. It must also provide opportunities for our world-renowned production sector, and to be able to adapt and thrive as technology and viewing habits change at an unprecedented pace.

The BBC charter review process has been an important opportunity for government to consider how best to strengthen the BBC and its role at the heart of public service broadcasting, providing for audiences across a range of platforms. The new charter makes a number of fundamental reforms to help the BBC adapt to the changing digital world and serve the whole of the UK.

The government's charter review consultation was one of the largest ever undertaken, with over 190,000 responses - from members of the public, industry stakeholders and experts - underlining the importance of the BBC to the nation. Yet while the BBC rightly remains at the centre of UK broadcasting, it is important that others also play their part, driving plurality, competition and innovation to support a well-functioning industry that delivers for a diverse range of audiences.

One important issue noted by the government during the charter review process, and highlighted by Ofcom in its recent reviews of the public service broadcasting system, is the decline in provision of certain key public service genres **like children's TV and religious programming**. Beyond television, concerns have also been raised

about the BBC's dominance of certain radio genres such as comedy, documentaries, drama and religious programmes.

As viewers increasingly adopt new ways of accessing content, it is vital that the concept of public service broadcasting continues to evolve so that public service content is available on the new platforms and devices that continue to emerge.

To address this long-term trend, the government's white paper announced that we would consult on a pilot of a contestable public service content fund.

As we have seen in other countries - and as set out in this consultation - a contestable fund can create new opportunities for other broadcasters and producers to make public service television and radio content that adds to viewer and listener choice, including innovative and challenging content from diverse providers that would not otherwise be made. It is also an opportunity to hear from new voices and to increase the representation of minority groups both on and off screen.

The government is open to the broadest range of ideas, views and evidence to inform the design of this pilot. We want to take this opportunity to consider fully how a fund should be targeted, how it should operate and be administered, with a view to delivering the best outcomes for viewers and the system as a whole. We look forward to hearing from you.



Karen Bradley

Secretary of State for Culture, Media & Sport

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1. Summary

1.1 Overview

The government is committed to supporting a diverse and pluralistic broadcasting sector that delivers a range of high quality, UK-generated content to meet the needs and expectations of UK audiences. This includes supporting both designated public service broadcasters (PSBs) and non-PSBs, a range of delivery platforms serving viewers, and a vibrant independent creative sector in order to develop the best original content.

Ofcom has identified a decline in the production of public service content across a number of genres¹ including religious programming, children's content and music and arts. In the white paper, *A BBC for the future: a broadcaster of distinction*² (2016), the government committed to establish a pilot for a new contestable fund.

A contestable fund, using competitive forces to ensure the highest quality and the best value for money, could help to stimulate the provision and plurality of public service content in targeted areas. We therefore intend to pilot a contestable scheme which will receive up to £60 million of funding over two to three years, after which the impact of the scheme will be assessed and a decision taken about whether to close, maintain or expand the scheme.

This consultation seeks views from broadcasters, producers, viewers and others on how the fund can be created and distributed to strengthen value for money provision of underprovided PSB content. This includes a call for evidence and views in four main areas:

- Focus of the fund
- Distribution platforms
- Pilot administration
- Eligibility criteria

¹ Full definitions can be found at

https://www.ofcom.org.uk/_data/assets/pdf_file/0029/69770/annex-d.pdf p14-16

² <https://www.gov.uk/government/publications/a-bbc-for-the-future-a-broadcaster-of-distinction>

1.2 How to Respond

Our preferred method of capturing your responses to the questions set out in this document is via email using contestablefund@culture.gov.uk

Hard copy responses can be sent to:

FAO PSB Contestable Fund Consultation
Department for Culture, Media and Sport
4th Floor, 100 Parliament Street
London SW1A 2BQ

The consultation will run for 8 weeks and will close midday on Tuesday 14th February 2017. We will publish the government's response to this consultation on the GOV.UK website, summarising the responses received and setting out the action we will take, or have taken, in respect of them.

For further information about this consultation please see Annex A.

2. Background

2.1 Public Service Broadcasting

The broad purposes of public service broadcasting (PSB) are outlined in Section 264 of the Communications Act 2003. They include the provision of TV programmes with a specific public remit to cover a wide range of subjects at a high standard, which cater to a wide range of audiences. The designated public service broadcasters are: the BBC, Channel 4, Channel 5, the holders of the Channel 3 licences (ITV as well as STV and UTV (now part of ITV PLC) which correspond to the brands used in the Scotland and Northern Ireland respectively) and S4C. While all BBC TV channels have PSB status only the main channel of each of the other PSBs have this status.

PSB is of significant benefit to society, promoting diversity and plurality through creating content which is valued by the public. For example, Ofcom's 2016 PSB report found that 83% of people interviewed held the opinion that "[PSB] programmes help me understand what's going on in the world today"³ and just under nine out ten parents/carers rate children's PSB programming as important.⁴ Despite the increase range and quantity of content available in the digital age, the PSB channels continue to be watched by a large majority of viewers on a weekly basis. In 2015, 84% of TV viewers aged 4+ watched at least one of the main five PSB channels in a typical week. This increases further to 86% when the BBC's portfolio channels which are also PSB channels, such as Cbeebies, are included.

The above purposes of PSB, as further defined by Ofcom following research and consultation, are:

- Informing our understanding of the world - to inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas
- Stimulating knowledge and learning - to stimulate our interest in and knowledge of arts, science, history and other topics, through content that is accessible and can encourage informal learning
- Reflecting UK cultural identity - to reflect and strengthen our cultural identity through original programming at UK, national and regional level; on occasion, bringing audiences together for shared experiences
- Representing diversity and alternative viewpoints - to make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere.⁵

³ https://www.ofcom.org.uk/_data/assets/pdf_file/0018/80046/psb-annual-report-2016.pdf, p. 7

⁴ Ibid, p.10

⁵ Ibid, p. 4

The public service broadcasters together have a number of statutory responsibilities under the Communications Act 2003 for their PSB services. These include: the need to reflect the diversity of the UK in PSB output; to provide a suitable quantity and range of high quality and original programmes for children and young people; to provide content that portrays the concerns of different communities and cultural interests within the UK; and to provide content that deals with different religions and beliefs. In Ofcom's first PSB Review, published in 2014, it built on those broad definitions with a more detailed framework of PSB purposes and characteristics which is still used in measuring the PSB's performance today.⁶ These state that PSB content should be: high quality, original, innovative, challenging, made widely available and distinctive.

2.2 Under-Provision and Concentration of PSB Content

Despite the importance of PSB content, spend by the PSB channels in real terms has fallen over the past decade. In particular, Ofcom has recorded a near-continuous downward trend in both investment and output in several key genres widely considered to have particularly strong "PSB values" (see Figure 1). Ofcom acknowledges that this research focuses on inputs rather than outputs and therefore does not address whether reduced spend is a result of increased efficiency or reduced output, yet these figures remain concerning. Spend has decreased on arts and classical music (£41m first-run UK-originated spend in 2014, down 25% since 2008), children's (£88m, down 15%), religion and ethics (£13m, down 26%), formal education (£7m, down 77%), news and current affairs (£304m, down 14%) and factual content (£482m, down 13%).⁷

There are a number of factors behind the reduced provision of some of these genres by commercial PSB channels, including:

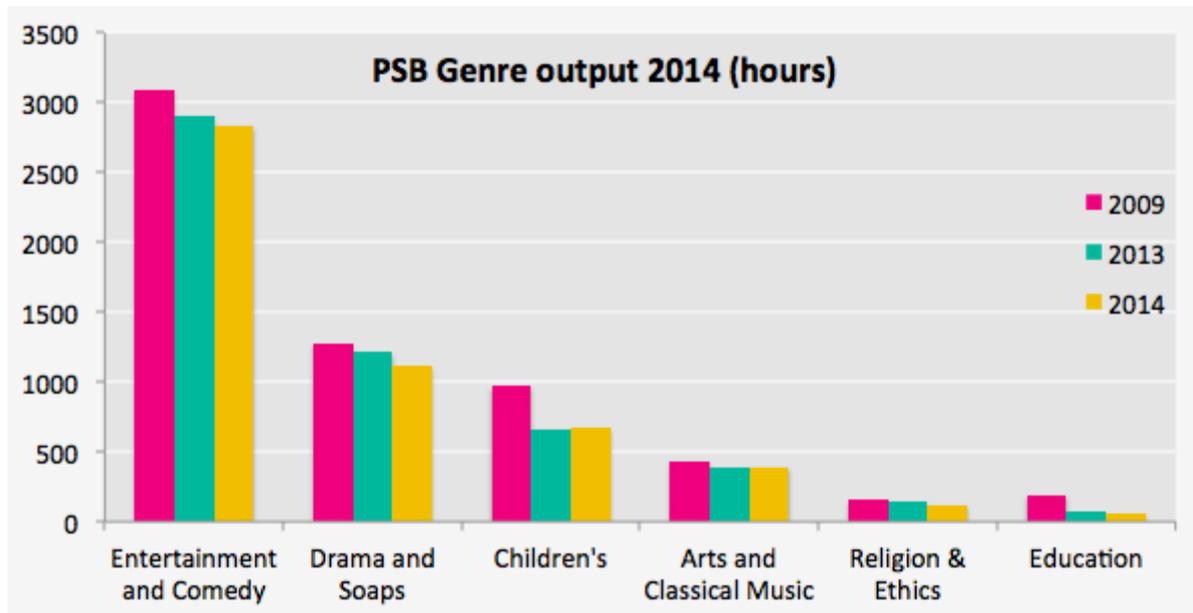
- a wide disparity in the profitability and commercial attractiveness of different genres. Some, such as arts and religious programming, lack commercial pulling power, i.e. they do not attract audiences or advertising revenues comparable to other genres (such as entertainment);
- producers are increasingly seeking to recoup investment through the sale or licensing of programme rights with international appeal and are therefore attracted to content that crosses borders with relative ease (e.g. drama), rather than that which may have a more narrow UK audience appeal; and
- in children's programming in particular, restrictions placed on advertising of products high in fat, sugar and salt (HFSS) have limited traditional revenue opportunities for this content.

⁶https://www.ofcom.org.uk/data/assets/pdf_file/0018/80046/psb-annual-report-2016.pdf, p.5

⁷ https://www.ofcom.org.uk/data/assets/pdf_file/0019/63316/psb_review_3_data_annex.pdf, p.6-8

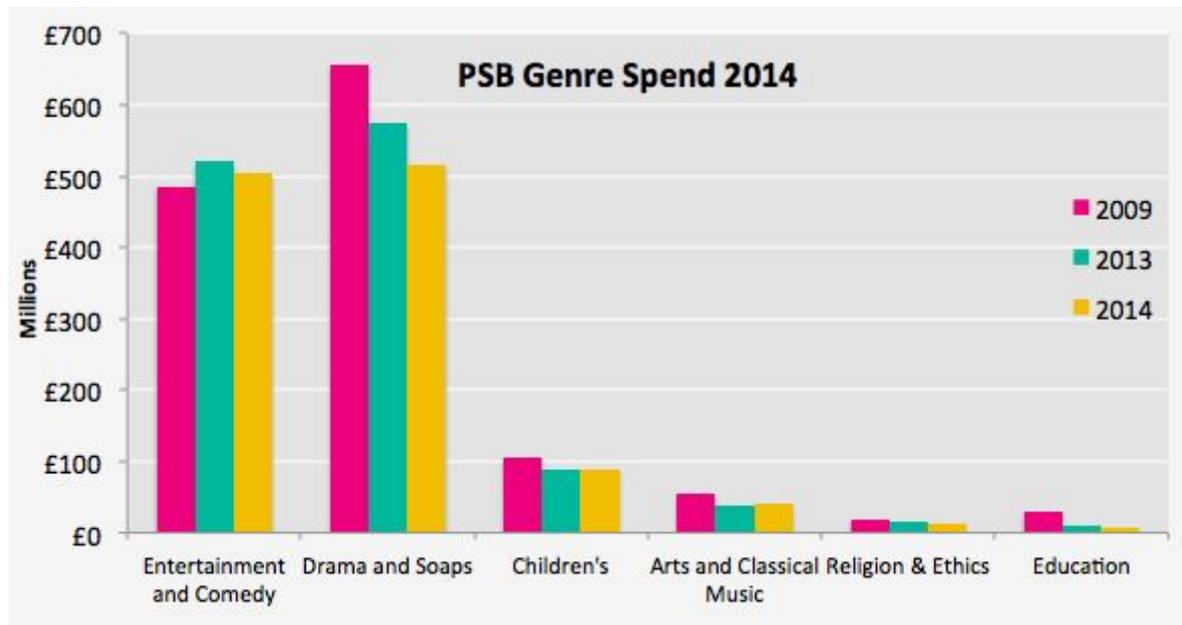
While commercial channels often broadcast content with a number of PSB characteristics, there exists a serious deficit in the market provision of first-run original UK content outside of the BBC. For example, in 2013 commercial children’s TV channels (including Disney, Nickelodeon, ITV (CiTV) and Turner) broadcast 136,311 hours of content, but only 111 of these hours (0.08%) were first-run UK originations.⁸ This 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.

Figure 1⁹



⁸ https://www.ofcom.org.uk/_data/assets/pdf_file/0009/81000/annex_6.ii_childrens_analysis.pdf, p. 18-19

⁹Data sourced from https://www.ofcom.org.uk/_data/assets/pdf_file/0028/80992/psb_2015_output_and_spend.pdf



2.2 Contestable Funding Models

A contestable public service content fund could help address some of the above issues, and provide a number of benefits:

- a fund could help to increase the provision and plurality of PSB programming in targeted areas, expanding audience choice;
- the fund could use the competitive bidding process to invite exciting new PSB content;
- the fund could help to support new and more diverse voices and create content about and for under-represented groups;
- the fund could help to create content which is reflective of the UK cultural experience at a national and regional level, including British minority languages.

The contestable pot would also create an additional point of funding for original UK PSB originations, helping to bring plurality to the market for content where the BBC is often the sole buyer and broadcaster. This would create new avenues for creators of original content which is different to the BBC's output, for example if the tone of the content would better match that of an alternative broadcaster/platform.

Accordingly, the white paper stated that the government intends to pilot a contestable fund for public service content. This will be available to organisations to create PSB content to be shown to the UK population on platforms that have an appropriate reach and are free-at-the-point-of-use.

Though the white paper did not mention radio content specifically, it also an area where a contestable fund could be beneficial in widening access to public service

content. This could especially be the case for local commercial radio, which is listened to by 50% of adults every week compared to BBC local radio's reach of 16%. According to Radio Centre, commercial radio stations broadcast over 13 hours of public value content per week (including news and sport, charity appeals and local events)¹⁰. However, the provision of genre-specific public value radio content which is often perceived to have low commercial attractiveness (such as documentaries, social impact content, drama, arts and culture) is mainly provided across the BBC stations. Engagement with radio sector stakeholders suggests there is an appetite from commercial radio and independent radio producers to provide more public service content on commercial radio and that a contestable fund could help overcome many of the commercial barriers to the provision of this content.

Internationally there are a number of similar funds that exist to support the production of public service programming, including the Sound and Vision scheme in the Republic of Ireland and New Zealand's NZ on Air (see Figures 2 and 3) which have operated for a number of years. These schemes have created new opportunities for distributors and producers, and have increased the provision of content against set objectives within the context of the markets in which they operate. Though NZ on Air and Sound and Vision have operated in markets different to the UK, a lot can be learned about the function of such schemes.

¹⁰ http://www.radiocentre.org/files/Action_Stations_2016.pdf

Figure 2: Sound and Vision - Broadcast Authority Ireland (BAI)

Now in its third iteration, *Sound and Vision* is a contestable fund for TV and radio content, administered by the BAI, that promotes the Irish cultural experience. According to guidelines set out in legislation, the scheme can support new programmes - in both the English and Irish languages - that focus on **Irish culture, heritage and experience**, aim to **improve adult or media literacy** or **increase public awareness of global issues** impacting on Ireland.

Over the course of Sound and Vision II (2010-2014) the BAI received **3121 bids (2246 TV and 875 radio) seeking a combined €163.5m. €70.27m was paid out in support of 1446 projects.** In total the fund supported:

- 1110 radio projects at a cost of €8.9m - an average award of **€8,099/project**
- 336 TV projects at a cost of €61.2m - an average award of **€182,143/project**¹¹



Applications Process

The BAI uses a tiered process for judging bids and making awards. There is an initial screening for minimum requirements (including a commitment to air from a broadcaster), following which bids are judged against the scheme criteria and the financial details are reviewed. When the amount recommended by the panel exceeds funding available within a round, the BAI conducts a strategic review of all funding decisions and intervenes to ensure that the final package meets the funds' objectives.

This process allows the fund to prioritise certain deliverables such as increasing the provision of content that focuses on diversity; ensuring total bids meet the 25% Irish language requirement; or increasing the number of awards for genres that have been underprovided in previous rounds.

Review

Legislation requires Sound and Vision to be independently evaluated every three years. The most recent report by CroweHowarth (2013) found that the scheme had been very effective in achieving its objectives of quality and additionality in programming. **In particular the scheme had boosted the independent production sector, providing economic activity and increased the quality offering of content for the public.**¹² The report also suggested that BAI could improve the process by doing more to lift the administrative burden on applicants. Since this review the BAI has developed an online system for managing all aspects of the scheme (www.baionline.ie)

¹¹ Figures supplied by the Broadcast Authority Ireland (BAI)

http://opac.oireachtas.ie/AWDData/Library3/CENRdoclaid02112015_155843.pdf, p8

¹²Statutory Review of Sound and Vision II, June 2013:

http://www.bai.ie/wordpress/wp-content/uploads/20130701_CroweHorwathRprtReSnV2.pdf

Figure 3: New Zealand On Air

NZ On Air is a standalone government organisation **established in 1989** that seeks to “reflect and develop New Zealand identity and culture”¹³. The idea underpinning the NZ On Air scheme is to make public funding available for content on any eligible channel or platform as part of a competitive process to ensure both increased diversity in programming and transparency in public funding. **Television programmes, digital media, music, and some radio programmes are funded this way.** NZ On Air is funded directly by government. Its objectives are cultural, but its investments also have an economic impact – growing local businesses, creating skilled jobs, and having a flow-on economic benefit to other sectors.

Over 2015/2016 NZ On Air distributed **NZ\$128m (c. £75.9m)**, with 62% on national TV (nearly 900 hours of content), 24% on public radio, 5% on special interest radio, and the remainder on music, digital media, regional TV and administrative costs. Administrative costs are limited, totalling 2.6% of NZ On Air revenue in 2015/16. It has a staff of just 18, provides services to the NZ Broadcasting Standards Authority, with whom it is co-located, and shares a building with the NZ Film Commission.

Applications

All applications from producers require a **broadcaster or platform commitment** and co-investment in the production budget. The first release is usually on a free-to-air channel and all programming must be available online for a defined period depending on producer rights. NZ On Air provides funding as an investment, and while it shares in the net income from sales, it does not hold distribution rights or copyright.

Review

Audience satisfaction surveys¹⁴ have provided positive results, for example 73% of the public agree NZ On Air supports television programmes and activities that are important to them. 71% of people aware of NZ On Air funding for television programmes like those programmes, while in music this satisfaction rate is 70%, community broadcasting 62% and digital media (the newest fund) 59%.

NZ On Air has sought to adapt to keep pace with **market and technological changes** - for example, it is reviewing its approach to funding children’s content. The agency launched a contestable digital media fund in 2008. Digital media (online-only) projects have been relatively small scale because of relatively small audiences, but NZ On Air has commented that its investments in these areas are increasing as audiences grow, particularly with New Zealand’s current rollout of ultrafast broadband. The agency is currently developing a new overarching funding strategy which will collapse its various funds and strategies into a single platform-neutral content fund.

¹³ www.nzonair.govt.nz

¹⁴ NZ On Air Annual Report 2015, www.annualreport2015.nzonair.govt.nz

3. Proposals

3.1 Fund Focus

There are a number of ways the pot could be focused, and indeed a number of areas where contestable funding could be used, to produce additional PSB content to the benefit of the public. The white paper stated that “the contestable pot could include funding for children’s programming... and potentially one or more of the other genres identified as ‘at risk’ by Ofcom in its third public service broadcasting review.”¹⁵ It also highlighted that the fund could be used to support content “for making shows about and for diverse audiences, helping aspiring talent from minority communities to get commissioned, and onto the schedules.”¹⁶ The fund could therefore specify “diversity” as a distinct area of focus or could seek to promote content for protected groups and underserved audiences within specific genres, such as by targeting bids that feature British minority languages or have diversity production credentials.

Though the white paper did not highlight radio content as a subject of the fund, other international schemes do provide grants for radio content as well as TV content. One advantage to including radio content in the fund's remit could be its relatively low cost of production: in the case of the Republic of Ireland’s Sound and Vision fund, roughly 23 radio projects were funded for the same amount as the average TV project award.

The intention behind the scheme is to pilot contestability on a small scale with a view to assessing the impact of the scheme on completion. The scheme has up to £60m funding and is expected to last for two to three years, and therefore may have £20m-30m funding a year.

Spread of funding

We will consider whether the fund should seek to stimulate additional PSB content over a wide or narrow range of areas. A narrowly focused fund could have the following benefits:

- a greater uplift of the spend on and volume of original UK content in a given genre;
- clearer objectives around the type of content to be funded, allowing more precise criteria against which bids will be judged;
- lower administrative costs may be involved as expert advice would be needed to judge bids in fewer specific genres of content (removing the need for a

¹⁵ A BBC for the future: a broadcaster of distinction, p.72

¹⁶ Ibid, p.42

number of different specialists), meaning more funding could be used on commissioning content.

The benefits of a fund with a broader focus could be:

- stimulating increased content across a wider range of areas, appealing to a greater number of platforms and services;
- an opportunity to test contestability on a greater range of genres and concepts;
- allocating funding across a range of genres means content supported by the fund may have a greater chance of reaching different audiences.

We are aware that the costs of funding certain genres and formats of TV content can be vastly different: anecdotal evidence suggests live action children's content can cost over £350,000 per hour to produce¹⁷ while factual and documentary programming can, in some cases, be under £100,000 per hour. We would welcome more granular evidence as to the impact of funding on certain PSB genres, particularly from industry professionals and those with experience and knowledge of such schemes.

Questions

- 1) (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 & Regions**
 - g) **Diversity (i.e. content for/about protected groups)**
 - h) **Other, please specify**

- 2) (i) **Should the fund extend to radio as well as TV?** (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**

¹⁷ Which is typical for the BBC's tariff prices for independents:
<http://downloads.bbc.co.uk/commissioning/site/childrens-tariffs.pdf>

3.2 Distribution Platforms

The growth of digital platforms, along with the emergence of a variety of devices for viewing audiovisual services, means there has never been so much choice for audiences in terms of how to access content. Ofcom research has reported an increase in non-traditional viewing compared to previous years, with 33% of survey respondents claiming that they were using catch-up and video-on-demand (VOD) services more than they did a year ago and only 7% saying they were doing this less.¹⁸ This is particularly pertinent when considering younger audiences: Ofcom's Digital Day Research suggests an estimated 45% of children (aged 6-15) watched video-on-demand services in 2016 (up from 33% in 2014).¹⁹

The white paper stated that the pilot fund should be available for content shown on TV or online, but that crucially it should be through a platform which has (i) appropriate reach and is (ii) free at the point-of-use. In terms of broadcast distribution this would mean that content funded through the contestable pot would be limited to distribution via the PSB channels, any channels on freeview and online platforms that provide content without a pay-wall. Content would not be able to be hosted on linear channels which require a subscription (such as those provided exclusively by Sky or Virgin) or platforms, such as Netflix, that require payment (either as a subscription or one-off purchase) in order to access.

Online Platforms

We believe there may be merit to allowing content funded by the pot to be broadcast on free at the point-of-use on-demand platforms only. This would allow potential providers to take risks with more innovative content that they may otherwise eschew for content with more proven commercial value if primarily intended for linear TV. This would also allow the pilot to fund a diverse array of content types (such as long/short form) which do not fit into traditional broadcasting slots. In cases where content is produced for a broadcaster's on-demand players only, funding could be provided on the condition that the programme also receives promotion on linear TV to improve its discoverability. The BBC, for instance, runs promotions on its linear channels for on-demand programming on BBC3 which became an online-only channel in February 2016.

There is a risk that online-only content could be difficult to find if on platforms without significant reach, or which are not viewed as places to visit for TV content. We note that in the context of *NZ on Air's* digital media programme it has been difficult to launch online content outside of well-known aggregators and platforms as both

¹⁸ http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr15/CMR_UK_2015.pdf, p. 5

¹⁹ https://www.ofcom.org.uk/_data/assets/pdf_file/0018/94014/Digital-Day-2016-children-slidepack.pdf, p.28

discoverability and repeat visits have been difficult to achieve.²⁰ However, we are aware that there are a number of new and innovative platforms to which creators are increasingly turning for the delivery of content. This includes video sharing sites such as YouTube and Twitch. As such we would welcome further evidence on the desirability of funding content for such platforms and their ability to support the distribution of PSB content which is discoverable and free at the point-of-use.

Broadcaster/Distributor Guarantee

We are also considering how best to ensure that content funded by the pot is of high quality and that money invested is not lost on productions which do not reach completion. We note that all projects funded by Sound and Vision are required to have a “broadcaster guarantee” - that is to say a written commitment by a broadcaster to air the programme, before the bid is considered by the BAI. This could ensure that the programme is guaranteed to be seen by the public in some form and that the bid has been through a quality assurance process before the application stage by virtue of the bidder having engaged with broadcasters editorially.

We are also interested in views on whether a limited number of awards can be made for compelling content production proposals that may not have secured distribution at the initial stage but could be reserved for a fixed period and finalised when a distribution partner is secured, or reallocated if not. This “in principle” funding could help to support independent production companies and new entrants to engage with broadcasters or other distributor partners.

Questions

- 3) 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 and other online platforms (such as YouTube)**

- 4) 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**

²⁰ <http://westminsterresearch.wmin.ac.uk/17319/1/1.%20UoW%20final%2014%20June.pdf>, p. 94

3.3 Pilot Administration

In order for the fund to meet its objectives, it will need to be administered by an organisation capable of maximum national reach and, ideally, with the experience of allocating funding against set criteria. The pilot administrator will also need to be informed by appropriate industry expertise in order to a) make awards for high-quality content and b) assess competing bids to establish which would best deliver value for money, appropriate reach and additionality of PSB content. We do not envisage that the administrator would play an editorial function, for example by developing and shaping bids.

We expect that the pilot administrator will be funded from within the pilot allowance - therefore, in the interest of ensuring value for money for the taxpayer, it will need to be capable of managing the funding process and establishing the pilot in a cost-effective manner. This will include minimising running costs and ensuring ease-of-service.

In our view it would not be cost-effective to create a new funding administrator for the purposes of this pilot and we believe that an existing organisation should help set-up and oversee the fund. As such, an organisation such as the British Film Institute (BFI) could be well placed to deliver the fund. It has a large national reach and experience of both making judgments against set criteria (through the successful British tax reliefs scheme) and awarding production and development funding competitively (through the BFI Film Fund). Other potential organisations of scale have drawbacks and it is our view that it would not be appropriate for Ofcom as the regulator to administer programme-making funds relating to the broadcasters it regulates. However we welcome evidence and suggestions of other viable organisations that would be effective at delivering a value-for-money fund in line with the objectives described above.

Figure 5 outlines a possible model of how the fund could operate. A light touch but focused approach to administering the fund would best ensure the maximum amount of available funding is used for additional PSB content.

Figure 5: Suggested Pilot Administration Model

Draft Objectives

Objectives set by the government for the duration of the pilot, against which the fund will be evaluated after three years. The objectives could focus on:

- Developing high quality PSB programmes in under-provided genres;
- Providing funding to content which otherwise would not be made;
- Ensuring that content funded by the pot is available to as many people as

possible;

- Ensuring that new voices and creators are given the opportunity to produce content;
- Having specific objectives relating to diversity or production and content.

Potential application process

The administrator could announce a number of funding rounds in a year, timed to match broadcaster commissioning rounds with £20m-30m available across the year (depending on whether this is a 2 year or a 3 year programme).

Applications would be considered against criteria (options for which are described in the next section). The administrator will also set out the method of receiving bids (e.g. an application form) which will consider eligibility and budget.

In instances where there are more qualifying applications than funds available, successful applications could be judged in conjunction with consultation from respected industry figures chosen by the fund administrator. These individuals will ideally be chosen based on knowledge of content within the target genre and/or the requirements of the audience.

Conditions of Funding Awards

We are considering the conditions that should be placed on successful funding awards. The fund could require matched funding from associated broadcasters/platforms and other commercial partners, or structure the evaluation criteria to favour bids that have commercial partners. This would allow the fund to prioritise high quality bids with commercial potential. However there is a risk that requiring matched-funded bids would disfavour proposals that are not viewed as being particularly commercially attractive but have high public service value.

As the available funding is public money, it could be argued that the public should see a return on this investment in successful projects, particularly where profits are made through, for example, the sale or licensing of rights internationally. This could take the form of a soft-loan up to the amount awarded in the grant, repayable if the programme is commercially successful. The BAI includes a recoupment clause on all awards made through Sound and Vision, which is to the cost of the grant awarded (i.e. they do not recoup more than the original award). Money recouped through commercially successful investments is therefore returned to the fund for future distribution by the fund.

Alternatively the fund could retain an equity share in the finished programme and be able to recoup on profits made if the programme is commercially successful. The BFI Film Fund's Lottery production awards to British independent films are made by way of an equity investment. As such, BFI's equity typically sits behind the recoupment of

any debt and mezzanine finance in such films. In the event that the net revenues derived from the distribution and exploitation of the film are of a sufficient level to be able to repay BFI's equity investment and thereafter achieve net profits, the BFI is entitled to receive in perpetuity an on-going share of any net profits generated. However it is important, particularly at the pilot stage, that any recoupment policy does not dissuade access to the fund and does not impose disproportionate administrative and legal burdens on the administration of the fund.

Questions:

- 5) (i) To what extent do you agree with the pilot administration model (figure 5)? (ii) If not what other options should be considered?**

- 6) To what extent do you agree that the BFI is a lead candidate to administer the fund?**

- 7) 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**

3.4 Evaluation Criteria:

To ensure the quality of content funded by the pot, the administering body will need to set minimum eligibility requirements as well as evaluation criteria against which bids will be assessed. During the pilot period it is likely that the contestable pot will be oversubscribed with bids for the available funding. As part of Sound and Vision II the BAI received bids for 2246 radio programmes and 875 TV programmes seeking €163.5m in funding between 2010 and 2014, but only 49% of radio bids and 38% of TV bids were successful.²¹ If the pilot were to receive a comparable amount of bids over three years of operation, the assessment of bids and distribution of awards will need to be supported by an efficient process which is transparent and equitable.

Figure 6 sets out draft criteria against which bids could be judged. To meet the fund's objectives the criteria will need to select bids which demonstrate that a) they fit within the genre under which the application is made, in accordance with criteria applied by the fund, b) they demonstrate characteristics of PSB programming as set out by Ofcom and c) they demonstrate value for money.²² Different weighting could also be given to certain criteria based on the scheme's objectives; for example, a heavier weighting for content about/for protected groups or nations and regions.

However an overly complicated or burdensome application process could act as a barrier to entry, disincentivising applications from production companies who do not have the experience or resources to apply for funding. We are interested in views on how to mitigate this risk.

Figure 6: Draft Criteria

Criteria	Description
Quality	The proposal should set out a qualitative description of how, in terms of content, approach and production processes, the content will be a) high-quality and b) attractive to the target audience.
Innovation/ Creativity	Does the proposal introduce new ideas and innovative approaches within its genre? Merit is given for creativity based on, for example: <ul style="list-style-type: none">• Original storylines or points of view• The use of new filming techniques• The use of new formats and technologies• A "fresh take" on established stories
Additionality	The pot should seek to fund content that would not otherwise be created (because for example, the content is challenging or deemed to be a commercial risk) thereby adding to the range of viewing options for the British public. Priority would be given to bids that are

²¹ See figure 2

²² See definitions in section 2

	deemed to be unlikely to be fully financed by the marketplace.
Nations and Regions	PSB content should be made widely available – if content is publicly funded, a large majority of citizens need to be given the chance to watch it. However the fund could also be used to increase the provision of content which features, partly or exclusively, British minority languages (such as Gaelic and Welsh) or focuses on content which is reflective of UK cultural identity in specific regions.
Diversity	Merit is given based on whether the content explores representations of identity relating to gender, ethnicity, faith, age, sexuality, disability and socioeconomic background; thereby promoting on-screen diversity. Merit could also be given to content that promotes off-screen diversity (such as through production and staff credentials).
New voices	The contestable fund is an opportunity to help introduce fresh voices and new ideas to the public service landscape. Merit is awarded for applications from new and emerging producers and/or voices within the target genre.

Questions:

8) 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

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

4. List of Questions

- 1) (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**

- 2) (i) Should the fund extend to radio as well as TV? (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) 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)**

- 4) 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**

- 5) (i) To what extent do you agree with the pilot administration model (figure 5)? (ii) If not what other options should be considered?**

- 6) To what extent do you agree that the BFI is a lead candidate to administer the fund?**

- 7) 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**
- 8) 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**
- 9) How can “additionality” (i.e. ensuring the funding is not replicating funding that would otherwise have been available) best be assessed?**

Annex A: Further information about this consultation

For enquiries about the practicalities of responding to this consultation, rather than responding to the content, please contact the DCMS Ministerial Support Team at the Department for Culture, Media and Sport, 4th floor, 100 Parliament St, London SW1A 2BQ or email using the form at www.gov.uk/contact_us.

Information provided in response to this consultation, including personal information, may also be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (“FOIA”), the Data Protection Act 1998 (“DPA”) and the Environmental Information Regulations 2004).

The government may publish responses received. If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, please identify, and provide explanation for, any information that you consider confidential and do not wish to be disclosed.

If we receive a request for disclosure of the information, we will take account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. It would need to be considered appropriate under the relevant legislation. You should note that many email messages carry, as a matter of course, a statement that the contents are for the eyes only of the intended recipient. In the context of this consultation such appended statements will not be construed as being requests for non-disclosure unless accompanied by an additional specific request for confidentiality.

The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties