

Written evidence submitted by COBA

Impact of Covid-19 on DCMS sectors

April 2020

Introduction

1. COBA is the industry body for commercial broadcasters and on-demand services. COBA members provide a wide range of content on different types of platform, including pay, free-to-air, broadcast and online. Their content and services encompass news, factual, children's, music, arts, entertainment, sports and comedy. Members include household name brands and niche services, as well as domestic and multinational companies.
2. COBA members are one of the fastest growing part of the UK television industry, and are increasing their investment in jobs, UK content and infrastructure. They make this investment without public support, direct or indirect.
 - Scale: In the last decade, the sector has increased its turnover by 30% to more than £5 billion a year. This is rapidly approaching half of the UK broadcasting sector's total annual turnover, and has helped establish the UK as a leading global television hub.¹
 - Employment: As part of this growth, the multichannel sector has doubled direct employment over the last decade.²
 - UK production: In addition, the sector has increased investment in UK television content to a record £1 billion m per annum, up nearly 50% on 2009 levels.³
 - UK audience share: COBA members have a 30% share of linear viewing, achieved without benefits such as EPG prominence.
3. For further information please contact Adam Minns, COBA's Executive Director.

¹ Ofcom International Broadcasting Market Report 2013

² Skillset, Television Sector – Labour Market Intelligence Profile

³ COBA 2019 Content Report, Oliver & Ohlbaum Associates for COBA

Response

COBA members and public service content

1. COBA members have done much to promote public service announcements and other educational resources during the Covid-19 crisis. In addition to channels from Sky to Disney carrying UK government content, a non exhaustive list of additional material and campaigns includes:
 - CNN teaming with the BBC and Euronews to promote WHO content to more than 800 million people.⁴
 - In addition to comprehensive home messaging, Discovery has partnered with WHO on a public awareness campaign.
 - UKTV's Dave partnering with suicide prevention organization CALM.
 - Turner joining with Unicef on a campaign on information for families and children.
 - Nat Geo making available a range of education resources.⁵
 - Sky has launched a comprehensive children's home learning package.⁶

Immediate impact of Covid-19

1. For COBA members, the most direct impact is on revenues, particularly advertising. All broadcasters, not just PSBs, face immense pressure from the long-term decline of linear audiences, as well as the short-term impact of Covid-19 on advertising. This has exacerbated the downturn in the advertising market as a result of Brexit. Some estimate that year-on-year advertising revenues for Q2 for our members will be down by 40%.⁷
2. In addition, COBA members have had to dramatically re-organise the working arrangements for thousands of employees to ensure their safety, entailing significant disruption and cost. Support for workers has ranged from providing IT home support to offering virtual GP consultations.

⁴ <https://cnnpressroom.blogs.cnn.com/2020/04/02/trio-of-broadcasters-commits-50m-of-advertising-inventory-to-promote-vital-public-health-messages-to-over-800m-people/>.

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https://www.nationalgeographic.org/education/classroom-resources/learn-at-home/?cmpid=org=ngp::mc=crm-email::src=ngp::cmp=editorial::add=FFG_Special_20200322&rid=255BE891CF842036DD7B5BB3F2C79889

⁶ <https://www.skymedia.co.uk/news/sky-launches-learning-from-home-collections-on-sky-kids/>

⁷ <https://www.theguardian.com/media/2020/apr/17/how-covid-19-turned-the-uk-news-and-entertainment-industry-upside-down>

3. Members are also actively supporting the wider production and freelance sector, helping cashflow companies and contributing to emergency funds, amongst other steps. Support from COBA members has been welcomed by the union Bectu.

Government and DCMS support

1. Our experience has been positive, with DCMS highly engaged, along with bodies such as the BFI. Clearly, Government support for freelancers has not been straightforward, but overall we welcome Government action, such as clearly and quickly indicating that television news was a key worker category.

Longer term impacts and Government support

1. Restarting production creates a number of challenges, including:
 - Potential bottleneck demand for crews and studios.
 - Possible problems around freedom of movement (within the UK and internationally).
 - Concerns that TV production should be prioritised as a permitted activity.
 - Developing safety guidance for on set.
2. The above is by no means meant as a comprehensive list of potential issues for production. We are coordinating with the BFI stakeholder taskforce on such issues and expect a sector-wide paper to fully explore problems and outline recommendations.
3. However, the clear help which Government could provide in the immediate term is to set out the protocols for returning to work for this sector at the appropriate time. Details should include which parts of the sector are permitted to travel and whether PPE is required along with other safety issues. As noted above, we are developing a more detailed proposal on this through the BFI.
4. In addition, we urge policymakers to avoid further restrictions on advertising, such as for HFSS adverts. Going ahead with such proposals would exacerbate the damage to PSB and non PSB broadcasters' revenues and their ability to invest in content.
5. Longer term, we are looking at ways to stimulate the sector. As we have outlined to the Committee in our response to its inquiry into the future of Public Service Broadcasting, one of our concerns is that measures should not be recommended as part of Ofcom's PSB review to support PSBs that would damage the ability of others to invest. The UK audio-visual sector benefits

hugely from a mixed ecology of different players investing in content, jobs and infrastructure, and Covid-19 has highlighted how having multiple income streams and a range of investors is vital. The PSBs are a cornerstone of this, but COBA members invest more than £1 billion⁸ a year in UK content and non PSB sources in general are a vital and growing part of the landscape.

6. We caution that some responses may cite Ofcom's PSB review as indicating that PSBs are responsible for around 80% of all investment. We stress that the Ofcom figures refer only to linear broadcasters, and do not include a range of other forms of investment, such as SVoD spending and record levels of third-party funding for co-productions (which Ofcom collects separately). Taken together with multichannel broadcasters, we estimate at least £1.5 billion a year in funding for new UK content comes from outside the PSB system. We also stress that, other than production tax reliefs for certain genres (high end TV and children's and animation), this non PSB investment is made without public support from the licence fee or indirect support such as statutory prominence or privileged spectrum allocation.

⁸ COBA Content Report, Oliver & Ohlbaum for COBA