

Written evidence submitted by Somethin' Else

The Future of Public Service Broadcasting

Jez Nelson – CEO, Somethin' Else

About Somethin' Else

Somethin' Else is an audience business and a content company. We make content for third party clients, such as broadcasters and brands, and produce content that we serve directly to the audience through podcasting.

We work across digital, television and audio. We employ around 75 staff and numerous freelancers and have been in business for 30 years.

We are one of the UK's leading independent audio businesses and are the BBC's single biggest supplier of independently produced audio – making around 40 hours of BBC content each week.

The company is also a major supplier of social media services and some TV content to the BBC.

Somethin' Else has a major Joint Venture with Sony Music Entertainment to produce podcasts for the global market. Our other audio clients include Netflix, Spotify, Audible, Apple and many brands.

I feel that issues around TV and digital content will be well tackled elsewhere by other suppliers and partners. Therefore, I will focus purely on radio and audio content at the BBC.

I am also aware that AudioUK – the trade body for the UK's independent audio production sector – is responding separately. As a member of AudioUK, I support their submission and would refer to that on some broader policy and regulation issues.

My submission therefore addresses some of the key issues with regards the audio landscape at PSBs from my personal and company point of view as opposed to a sector position that is represented by Audio UK.

History - The BBC has been an essential investor in UK Audio Content

For 25 of the last 30 years the BBC has been the only serious UK investor in well-funded independently produced audio content..

Although there are some examples of commercial radio stations (for example Absolute Radio) investing their own funds into content made outside of their organisations, in general such investment has been minimal and not part of any ongoing strategy to work with the wider creative audio sector.

Over the last 5 years the market has begun to change with the advent of platforms such as Audible, Spotify and Apple and the ascendance of podcasting. The change was at first slow but is now very rapid.

The Audio Content Fund has also made an impressive breakthrough in recent years and I address that later.

However, it is true to say that it is the BBC which has largely driven the growth of the indie audio sector. Put alongside its investment into in-house production, the BBC has been the most important force in the development of the UK audio industry. It is impossible to overstate the importance of the BBC in developing the careers of thousands of creatives – producers, presenters, journalists, technicians – over many years. Furthermore, the BBC has allowed a raft of indie companies to be born and grow to become forces for cultural good for the UK and overseas. My own company would not exist were it not for the investment of the BBC in quality, independently made audio.

There is no question that this model only works because the BBC is a PSB. As such the BBC's remit is to be both broad in its output, produce high quality "built" programming and to work with a wide range of suppliers.

Having the benefit of working at the coalface of the audio sector for three decades I can categorically say that commercial radio has no strategic commitment to expand its working with independent suppliers as they are, by definition and understandably, focussed on profitability.

The job of a PSB and the BBC is not primarily to develop a healthy independent production sector. However, in doing so they develop the careers of numerous creatives who go on to work in a variety of sectors. This investment also leads to the development and production of a wealth of well-funded, quality content that would never be funded by the traditional UK commercial sector. Ultimately this means that the most important outcome is delivered. The licence fee paying audience are served with an incredible range of superbly crafted radio – a mix and range that is unmatched anywhere else in UK radio and arguably the world.

Whilst the audio market has changed drastically over the last five years and that change is now progressing exponentially, a well-funded BBC remains an absolutely vital part of the ecosystem. The audience is starting to access its audio in new ways – online, through new platforms and via podcast. But, for the foreseeable future, the BBC remains a foundation of both the UK listener experience and the UK production sector. There are certainly arguments to be made about the range of services and content types that the BBC provides, and I explore these a little later, but the BBC is fundamentally essential to UK Audio. It is important to stress how different this is from TV where there is both a range of alternative UK outlets for well-funded independently produced content and a thriving international market.

The BBC played a fundamental role in how British independent TV production was able to take risks, create shows and ultimately become a global force, selling their ideas beyond the UK. Now, for the first time, audio is about to have the same global opportunity. A big advantage for the UK in the global marketplace and the development of strong audio businesses here, is the importance of the BBC in developing talent, funding ideas and ultimately helping a viable and commercially successful sector to grow.

The importance of a free to air PSB in Audio

The UK radio / audio offering is the best in the world, primarily due to the BBC. That is not to say that UK Commercial radio does not do a great job of serving its audiences, it does. Excitingly the audio space is evolving apace, and audiences are increasingly finding their content online, on new platforms and via podcasts. There's more choice than ever and that's great for quality and range and audiences. But BBC radio remains the foundations upon which much is built. It's an enormously diverse, democratic, balanced and rich set of services. An extraordinarily high proportion of the UK population listen to a BBC radio service each week. Most of them listen through FM, AM or DAB. Of course, they are migrating online, but that movement is gradual and for now those "traditional" platforms remain essential.

Funding of BBC Audio

BBC spend on its radio services has fallen around 20% in real terms over the last decade. This at a time when the market has been more aggressive and competitive and the cost of talent of all kinds is rising. Covid-19 has hit the BBC hard with a reduction in commercial income, the continuation of the over 75s licence fee subsidy and the postponement of some other cost savings. BBC Audio cannot sustain further cost cuts and tenably continue to provide the range and depth of services it does.

Considering the value for money that BBC Radio and now BBC Sounds delivers to the audience compared with TV (£ per listener/viewer) it has always seemed extraordinary to me that BBC Radio has its budget cut pro-rata whenever the knife comes out.

As a supplier we are at the sharp end of this. We have seen budgets fall in real terms, year after year for the last decade. This is untenable. If further cuts come whole services will have to be lost. Things cannot be stretched any further. The BBC needs to make spend on its much valued radio services a higher priority.

Audio Content Fund

As I state above the UK commercial radio sector has historically invested only a small amount of its own profits in independently produced audio content. This is not an issue in its own right (although it shows a lack of ambition in the past) but it does mean that listeners to those networks miss out on certain types of quality content. The Audio Content Fund is therefore a great initiative that should be grown and supported. The Fund is a pilot project providing up to £3m of government money over an initial period of up to three years to fund independently-produced PSB content on commercial and community radio. For the first time public money is being put to use to reach audiences that pay the licence fee but may listen to a wide variety of stations in addition to BBC Radio. Many commercial networks have embraced this fund – proving they and their audiences have an appetite for a different kind of content.

The future scope of BBC Audio

The audio landscape has changed dramatically over the last five years. This change is more rapid now than ever. The BBC must be part of this change. The development of BBC Sounds and the move into podcasting is essential if the BBC is to connect with the existing audience as its needs change and new audiences who don't listen via traditional means.

So, I am fully behind the principle of the BBC making a significant play into the podcast space. I do however have two key reservations.

The first is the scope and range of genres and subject areas that the BBC attempt to cover in their podcast output. The BBC has a well-trodden history of pushing aggressively into areas that are already well covered by alternative, commercial, services. Of course, anyone who pays the licence fee is entitled to be served by BBC content. But the BBC pound is already incredibly stretched and so it should “pick its battles”. The podcast market is incredibly alive with audiences super-served by existing hits in a number of genre areas. The instinct of the BBC is often to try to emulate this success and encroach on areas and audiences that are well served by commercial offerings – this is bad for audiences and the production sector. As this new exciting sector emerges, I believe the BBC should target its funds and activities carefully. This does not mean niche and it can mean very mainstream. But the BBC should look to compliment the market and not take actions which could inadvertently skew it. It should do this by commissioning and producing original content in areas that are underserved or served badly by an already thriving market.

We should also keep a keen eye on the BBC as it seeks to commercialise its content in the UK. The Podcast market is growing but still marginal. Commercial players, like Somethin’ Else, are wary of the BBC seeking to eat any of the commercial pound.

The second issue is terms of trade with suppliers. The BBC is currently seeking to implement new terms of trade that do not reflect the changing nature of the global audio market. For the first time audio producers can go direct to their audiences with content, monetising in novel ways and holding on to their own IP. The BBC are seeking TOTs that are stuck in the past – looking to limit the ability of independent producers to maximise the potential of their own IP. If the BBC wish to work with indie suppliers in the “new world” they will have to recognise that TOTs for the old radio model are not fit for purpose.

Summary

The BBC remains a crucial and vital force for good in the UK. Its mantra – to inform, educate and entertain - remains robustly intact. As a licence fee payer, I am often stunned at the breadth and depth of quality programming and content that the BBC provides across Audio, TV and digital. It remains incredibly good value for money. Against a backdrop of increasingly vivid competition the BBC continues to not just survive but, in many cases, thrive and innovate. The licence fee seems to me, to define the thought “if it ain’t broke why fix it?”. The model has proved its worth over decades. Whilst we welcome the arrival of SVODs and new platforms supplying an array of rich content across video, audio and digital – the BBC remains unique. It is British and serves the British audience superbly. Just as the BBC is threatened with a cash crisis by the ill-thought through proposal to decriminalise non-payment of the licence fee, Covid-19, with painful irony, has underlined the fundamental importance of the world’s greatest public service broadcaster.

The BBC perhaps sometimes wants to do too much and forgets it does not always have to rush into spaces that are well served commercially. It can sometimes be difficult to work with as a supplier. But in a time of global chaos and change, when we are in need more than ever to be informed, educated and entertained, we mess with the fundamentals of the BBC model at our cultural peril.