

Digital Britain - Interim Report

Response from Advantage West Midlands - Regional Development Agency

Focussing on Digital Media Production, content and funding. The regional ICT Steering Group submitted a separate response in respect of ICT infrastructure. 10 March 09

introduction to AWM's work in Digital Media

AWM have a Digital Media Cluster [formerly the Screen, Image & Sound Cluster] and a Digital Media 'Innovation Pillar'. We have spent over £20m in a 3 year period developing the business side of this high growth sector. Examples of our support include:

- > AWM supports Screen WM, the regional screen agency, with a range of film, development and digital media Funds.
- > Notable most recently is our investment of £5m in a Digital media Fund whose major partner, Channel 4, are basing their main English hub of 4IP [innovation for the public] in Birmingham.
- > We have co-funded the Serious Games Institute in Coventry which has built up a global reputation as a thought leader in the area of games based learning.
- > We are supporting the music industry with innovation funding to help music businesses adapt to a rapidly changing business environment.
- > We are working very closely with Business Link West Midlands and others to ensure we have support programmes in place to transform our digital media businesses, so they can make the very most of the new opportunities in digital media as they come along.
- > We are developing new projects in Digital Media Innovation and working with the Technology Strategy Board, Local Universities, the Creative Industries National KTN [Knowledge Transfer Network], European partners and others to ensure the West Midlands becomes 'the heart of digital media in the UK'.

Our specific responses to the relevant digital media actions highlighted in the interim report are as follows:

ACTION 9 - DIGITAL NETWORKS – rolling out DAB Radio

> What is our approach to DAB radio developments in the region?

9.1 The agency is aware of the importance of radio and its almost unique ability to broadcast at relatively low cost to a very local audience. Radio suffers severely from funding issues though, with an increasing reliance on national content. This means that we are seeing regional jobs and a distinctive cultural regionality being lost. We would like to see these issues addressed through new funding models which look beyond the BBC alone as the supplier of regional radio content.

9.2 The BBC have rarely been the main driver of innovation and this sub-sector urgently needs new approaches to funding to develop new content and help us find more sustainable funding models for the future.

9.3 The technical roll-out of DAB radio deflects thinking away from the real problems of funding, regional jobs and developing skills in the sub-sector.

9.4 We are concerned, as many others, that DAB radio delivers a poor quality service. Both in terms of patchy coverage but also in terms of the level of digital compression giving a poor actual sound quality. This is easy to hear for even the least discerning listeners and makes the argument

for DAB adoption much harder. If anything can be done to improve the technical quality of new DAB services then it should be done.

> What is AWM's contribution to the area of 'dab radio' to date?

9.5 The Digital Media Cluster [formerly Screen, Image & Sound] has an influencing role working with regional radio stations to ensure that potential new markets using DAB radio can be exploited for the benefit of the West Midlands.

9.6 We are starting a £550K Music and Audio project, part of its work will be to examine web technologies and business models behind radio, to find ways to increase its scale in the region.

ACTION 10 – DIGITAL CONTENT In relation to the Economics of Digital Content

> How should we fund digital content in the future?

10.1 The UK is a world leader in television NOW because of the funding from public service broadcasting in the past. As our digital media consumption habits change and move towards on-line and mobile content, public service funding should move to support these new areas. To get the crown as world leader on new and emerging types of digital media, the PSB must fund new digital media content, technologies and distribution in the future.

10.2 If we do not provide leadership in the public service funding of non-television based digital content, then the UK's global lead in media production will be lost for ever. It is a major economic part of the government's Creative Britain Report (Feb 08) to ensure that the UK remains and builds upon its position as the 'Creative Hub of the World'.

10.3 Although there is a wide range of public service content being delivered on-line, this is often of lower quality than the best that society has come to expect from entertainment shows, films and games. Strong public service funding for new digital media will ensure the UK retains its global lead by enabling innovation of content types and technologies 'for the public good'.

10.4 Funding should be achieved through a combination of license fees, government funds, digital switch-over funds, subscription services, tax breaks to support risk taking, investment vehicles to support risk taking and support in business innovation to help businesses create sustainable models for new types of content. We believe innovation is best served by creating very flexible funding streams which enable the best ideas to find their way to the top and get funded, no matter where they come from.

10.5 The possibility of levies on production, levies on advertising revenues and levies on blank media should also be considered. The freelance training fund on television and feature film production [run by Skillset, the sector skills council for this industry sector] has run very successfully for many years using a levy model. It has ensured a steady supply of trained and re-trained freelancers to keep our skills in media production world-beating. So levies can sometimes work.

10.6 Citizens of the UK - and other economically stable countries - need to have greater digital media literacy to understand the value of paying for certain types of factual or cultural content, to ensure the content they view is honest, true and best reflects their needs and that of the society they live in. A detailed national digital media literacy education programme needs to be started for all age groups, from primary school to retirement. AWM will support and is already engaged in some digital literacy activities at regional level.

10.7 Channel 4 should be given an extended remit and extended funding. The channel has shown clear leadership in launching their 4IP project, bringing innovation in the content and technologies behind digital media projects 'for the public good'. Early results from Channel 4's 4IP initiative are

already showing a new enthusiasm from companies for trying new things and exploring new approaches to public information and entertainment.

10.8 Channel 4 could be given 'lead' status in areas of digital media over the BBC, in recognition of their outstanding contribution to innovation in this area with 4IP. The BBC, excellent as it is, cannot respond as fast and nimbly to innovation as emerging small production companies often can. This is why we support commissioner models of production such as channel 4's, where they do not have their own staff, instead they contract many teams from many different suppliers to deliver a rich 'joined-up' service.

> How can we develop viable business models for on-line and new types of mobile content?

10.9 A well funded public service digital media industry will be a driving force for innovation.

10.10 A duality of funding is essential, enabling a strong Channel 4 to compete with the BBC in digital media innovation. This will ensure that new ideas can flourish as openly as possible. Channel 4 has been leading the UK's digital media innovation, especially because of its £30m 4IP project.

10.11 Ofcom should develop and fund Regional Commissioning Hubs for digital content. These would follow on naturally from the pilot model of 4IP commissioning hubs for digital content which Channel 4 are running at present. Channel 4's leading hub in Birmingham, together with other hubs in Leeds and Glasgow are pointing the way to a new way of thinking about and funding the creation of new digital media content and technologies. It is creating a huge response from digital businesses not just in this county, but it is pulling in key partners from abroad too. There will be a huge value to Creative Britain and UK PLC to pioneer and fund new regional commissioning hubs after the Channel 4 4IP pilot finishes in 2011.

10.12 Regional Development Agencies can provide leadership in digital media innovation too. Advantage West Midlands (AWM) are currently running several projects that are developing new business models for on-line and new types of mobile media. These include:

> A £5m Digital Media Fund run by Screen WM, the regional screen agency, that supports Channel 4's 4IP project, to launch new commercial digital media ideas.

> A £1.2m Digital Media Investment Readiness fund that delivers £10K feasibility grants, Knowledge Transfer and 'cross-media' events. Alongside Business Link, it also provides business transformation consultancy to grow our regional digital businesses and ensure they can adapt to the our ever-changing digital needs. This is essential so that new ideas can flourish.

> £550K to the music industry, for a Music & Audio Innovation Centre to develop new business models for the music sector and support the opening up of new markets in the UK and abroad.

> £4m to co-fund and support the Serious Games Institute in Coventry which has built up a global reputation as a thought leader in the area of games based learning, virtual worlds and data mash-ups.

> £8m Proof of Concept funds which have a specific remit to support digital media innovation.

> We are developing new projects in Digital Media Innovation and working with the Technology Strategy Board, Local Universities, the Creative Industries National KTN, European partners and others to ensure the West Midlands becomes 'the heart of digital media in the UK'.

10.13 More emphasis could be placed on the development of new digital media platforms to liberate the niche requirements of many sub-groups in society. By illustration, take the effect of 'the long tale' in music publishing – huge new markets and opportunities were discovered when people had access to 10,000 songs at once, rather than the 100 that were previously 'selected' for them in high street stores. PSB funding can enable the liberation of the long-tale within digital media provision, reaching into new areas and supporting previously hidden needs. The new digital age is

all about giving people power, sometimes those people need help to access and have available to them the highest quality ideas and provision that can be reasonably achieved.

> How do we fund Public Service Broadcasting and Channel 4 in the future?

10.14 The UK produces a very wide mix of programming which remains the envy of the world. There is 'tabloid' pressure though, to dumb down some content, but quality remains and this is crucial to help our society and culture have a clear identity around the world. To keep UK PLC at the global forefront of media production, public service funding must be maintained.

10.15 We support the BBC remaining the core supplier of public service broadcasting with its funding remaining largely intact. Its funding should use the current combination of license fee, government and commercial monies.

10.16 It is crucially important to fund public service broadcasting beyond the BBC. A duality of supply increases competition, improves value for money and stimulates innovation and creativity. Channel 4 has shown itself to be the most innovative and deserves substantial core funding to be a strong force. Channel 5 has also delivered value in its content that should be recognised and supported. ITV has many strong brands but the current funding model is unsustainable, as has been well documented in recent press. It does have strong regional roots though, that need consideration, as apart from the BBC they have been the main producer of regional news content over the last few decades.

10.17 To improve quality and remain fair we support the view that there should be competition for some funds, even in a BBC/Ch4 world. So flexibility should remain to commission some 'left field' bright ideas and new initiatives to be tried out on TV, web or mobile channels. This pot might be the answer as to how regional news and production can be supported through a tendering process.

10.18 The way forward is balancing the gradual shift of power in PSB, from television to new digital media formats. We recognise the growing importance of a public service remit for new digital media, both mobile and web based. Television is already less important to younger people and this trend will accelerate over the coming years.

10.19 Funding should be achieved through a combination of license fees, government funds, digital switch-over funds, subscription services, tax breaks to support risk taking, investment vehicles to support risk taking and support in business innovation to help businesses create sustainable models for new types of content.

10.20 The possibility of levies on production, levies on advertising revenues and levies on blank media should also be considered. The freelance training fund on television and feature film production [run by Skillsset, the sector skills council for this industry sector] has run very successfully for many years using a levy model. It has ensured a steady supply of trained and re-trained freelancers to keep our skills in media production world-beating. This shows that levies can work.

> How should we fund local news and other local content?

10.21 Regional news is important to many areas of cultural identity. It is important that funding is increased to ensure balanced quality services. Reduced 'dumbed down' services tend to focus on headline crimes, we need the scope to celebrate a regions great strengths too, its cultural diversity and what it has to offer the wider UK. Funding also needs to be available to support the development of new hybrid services, that combine TV, on-line and mobile content in new and innovative ways.

10.22 Channel 4's regional commissioning commitments could be increased strongly, perhaps with

a remit to run a national and regional news network, the latter with the potential to sub-contract to smaller regional providers.

10.23 Local content services have huge potential, an area like the West Midlands represents 9% of the population and has a need for a local voice. It is important to keep quality high on local services though, as too often services are started with good intentions but get reduced to skeleton operations.

10.24 Funding can be achieved through the measures in 10.3 and 10.4 along with other mechanisms which could include:

> encouraging commercial consortia including local newspapers to create new hybrid services which overlap between TV, web, mobile and print media. The Birmingham Post for example, has been pioneering the use of on-line additions with a slimmed down print version.

> developing new payments methods, such as micro-payments or subscription services which are very simple to sign up too and very low cost when considered on a monthly or annual basis.

> Regional Development Agency support which would help encourage the adoption of well thought through sustainable services. AWM are currently looking at how such a hybrid service could be delivered and hope to work with Ofcom on refining its exact form as a model of best practice for the future.

> How should we ensure regional production happens, how about production quotas?

10.25 The issue of regional production, especially in relation to the BBC is a very divisive one. The focussing of major BBC production centres in Salford, Cardiff and Glasgow leaves some regions poorly served. With 9% of license payers in the West Midlands we feel it is important to maintain a strong BBC presence in the region. We are pleased that BBC Birmingham in the mailbox has a factual production base but have been concerned about the weaker position on drama production. We would like to see a sustainable group of drama productions in the region, as has happened in BBC Cardiff with Doctor Who, Torchwood and its spin-offs. Where you have a group of productions in a region they then sustain and build a viable freelance production base, this in turn makes film and high-end corporate production viable in the region too.

10.26 We feel it is crucial that clear guidelines are set for regional, minority and out-of-London production. This should be based upon getting the best content created in as regionally balanced a way as possible. Quality and innovation should always come first, followed by regional and cultural diversity. We therefore do not support the idea of rigid production quotas on a regional basis [i.e., a certain percentage of the BBC or Channel 4's regional production must be done in the West Midlands] but we would like to see a clear recognition from the BBC that they have a responsibility to encourage and develop the independent production sector in the region. Channel 4 have a very collaborative approach to indies, we would like to see the BBC adopting this approach too in the West Midlands.

> What is AWM's contribution to the area of 'digital content' to date?

10.27 As well as funding the initiatives mentioned in 10.12 above, AWM are engaged in supporting and developing the digital media sector in the following ways:

> as a thought leader on sector trends.

> with a digital media cluster of industry leaders who advise us on policy and how best to support the sector.

- > with specific sector funding available for the high growth areas of film, tv, digital media, games, serious games and music. This has been around £20m over a 3 year period.
- > with an Innovation technology Council industry group - with a strong digital media presence - who ensure that our innovation policies are effective.
- > as a leader in Europe, especially in the area of funding for digital media innovation.

ACTION 11-13 DIGITAL RIGHTS, COPYRIGHT AND FILE SHARING

11.1 AWM has an Influencing and support role in listening to business concerns over copyright, funding the development of new business models to reduce the impact of the current abuse of copyright and supporting the education in digital literacy of our citizens.

11.2 A thriving digital content industry cannot survive if too many people take commercial content without paying legitimately for it. That said, we are very aware that the sharing of content free is a great opportunity to spread the word about a new band for example, this requires the commercialisation of a follow-up offer, be it 'paid for content', merchandise or tickets for a live concert.

11.3 Greater understanding of commercial commons licenses and how they work is essential. There should be a national campaign to increase the digital literacy of all our citizens to get a wider understanding of copyright and the rights of authors. It should be clearly understood that it should be the right of the author of a work to decide if it is given away free under a specific license, rather than have their rights taken away by illegal file sharing.

11.4 We are happy to help organise regional discussions with interested parties on the issue of digital rights, copyright and file sharing if this is useful.

ACTION 15 – DEVELOPING TERMS OF TRADE BETWEEN INDEPENDENT PRODUCERS AND BROADCASTERS

15.1 AWM has a support role in ensuring that Screen West Midlands has the funding and skills necessary to represent our regional media production industry at a national level, working with PACT [producers association for cinema and television] and others. It is important to re-write agreements which will take into account fairly the changing nature of media and digital content and the changing nature of the many uses that content can be put too.

ACTION 16 DETAILED ANALYSIS - FUNDING CHANNEL 4

16.1 AWM will lobby for the successful re-funding of Channel 4 and its positioning as a sustainable second public service organisation, after the BBC. We value our current partnership with Channel 4 and have seen real commitment to innovation and our regional businesses at Channel 4.

16.2 This document articulates arguments around the re-funding of Channel 4 in points 10.7, 10.8, 10.9, 10.10, 10.11, 10.16, 10.22 and 10.26. Reference is made to ways to fund them in 10.4 and 10.5.

ACTION 19 – DIGITAL INCLUSION CHAMPION

19.1 AWM supports the need for digital champions, for business development, digital literacy as well as digital inclusion. We are able to lobby and support in the region to help find the necessary champions to move all three of these areas forward.

ACTION 21 - EQUIPPING EVERYONE TO BENEFIT FROM DIGITAL BRITAIN

21.1 AWM is supportive of the need to bring the best that digital media content and technologies have to offer into the delivery of public service information and plans.

21.2 AWM is already involved in the Creative Beacons commitment from the Government's Creative Britain Programme. This is a group of 8 RDA's and 8 Business Link's who are working together to find the best solutions for business support and business development in a Web 2.0 world. The result of this will be a transformation of Business Links services over the coming years.

21.3 We are already influencing the roll-out of improved public service content by our £5m direct funding support of Channel 4's 4IP, innovation for the public, digital media innovation project.

21.4 AWM's Digital Media team are working closely with the ICT policy team at the Agency, who are very involved in equipping our businesses and citizens to benefit from Digital Britain from an infrastructure and perspective. The ICT team are responding separately to this interim report, through the regional ICT Steering Group.

ACTION 22 – LEGISLATION / REGULATION in relation to Digital Media Literacy

22.1 AWM recognises an influencing and supporting role in the improvement of digital literacy, especially where it relates to business and economic performance. It will be important for the West Midlands region to ensure our workers and citizens can seize all the benefits that the Digital economy brings. This includes extending our current media literacy programmes.

end of response to interim report.