



PSB2 - LETTER TO ALL PARTIES

17 February 2009

The Digital Britain Interim Report published recently acknowledged the structural challenges facing Public Service Broadcasting (PSB) delivery in the UK. Government therefore undertook to explore how we can establish a sustainable public service organisation which offers scale and reach alongside the BBC, building on the strength of Channel 4, with a revitalised and more contemporary remit.

The Government believes that the publicly-owned Channel 4 has been an important strength of the British broadcasting system, and has further concluded that it is essential to ensure continued plurality in the delivery of public service content. However, as we move into the digital age the business models of our existing advertising funding public service broadcasters and their ability to fulfil their public purposes face increasing pressure. The Government's aim is to create an institution of sufficient scale and flexibility to sustain a viable commercially funded business model, capable of fulfilling the public purposes for which Channel 4 was created, updated for the digital age. Such a body would have public service at its heart, but with the freedom to develop flexible and innovative partnerships with the wider public and private sector.

As you may well be aware, Government has been considering various structural alternatives to date, which have taken into account a number of broadcasting and media assets, in both public and private ownership. Having undertaken initial investigation Government is now in a position to develop the analysis further and draw firm conclusions as to the new model for PSB. We aim to do this in the full Digital Britain report in summer 2009. As the Digital Britain interim report makes clear, while the Government believes it makes sense to begin by looking at public sector bodies – Channel 4 and BBC Worldwide – it is concerned to consider the full range of possible options and organisational structures.

The purpose of this letter is to invite organisations that believe they may have a role to play in the future architecture of PSB in the UK, to come forward with proposals to inform the analysis and decision making phase of this work. This is not a consultation, and as such Government will not be requesting public submissions.

Any proposal should include:

- an outline of the resulting organisational structure and any new governance arrangements required to secure the delivery of a public value remit in an accountable and transparent manner while at all times ensuring value for money;

- an outline of how the proposal would contribute to the delivery of an updated remit likely to include a core TV channel, complemented by multi-platform (including online) capability, providing high quality news and current affairs, and original UK production from a wide range of independent producers, including, but not restricted to, documentaries and films, with the prospect of providing children's content, news in the Nations, and regional news; and a continued contribution to innovation and diversity;
- Business model: scale, sustainability and flexibility.

Government believes that, in order to have the potential to play a credible role, an interested organisation should be of a sufficient size to invest either capital or assets at a significant level and have a proven track record and profile in content production or broadcasting on an international scale.

The process for developing these PSB2 proposals will be co-ordinated by a project team consisting of DCMS and the Shareholder Executive within BERR, with UBS as financial adviser. The work will be overseen by a steering board which will include officials from HM Treasury and Ofcom; this will be chaired by Stephen Carter, the Minister for Communications, Technology and Broadcasting, and will report to Andy Burnham, Secretary of State for Culture, Media and Sport. The steering board will work closely with the board of Channel 4 and will engage with other relevant parties as its thinking develops.

We ask that initial proposals are received prior to 5pm on Friday 6 March. Proposals should be focused, specific and must be supported by financial analysis – for more guidance on the format and content of proposals please contact as below. It will be at the discretion of Government to judge the extent to which proposals from interested parties are considered further.

Expressions of interest should be submitted in writing to:

Jon Zeff
Department of Culture, Media and Sport
2-4 Cockspur Street
London
SW1Y 5DH

Because of our objective of openness and transparency, we will also assume that we may share aspects of your proposals with other interested parties, and make them public. To the extent that you wish us to treat any matter as confidential, please make this explicit in any communications. You will appreciate that we are subject to the Freedom of Information legislation, and may have to disclose information in accordance with that regime.

Digital Britain Team
Department for Culture, Media and Sport