



HOUSE OF LORDS  
Select Committee on Communications



The Right Hon Jeremy Hunt MP  
Secretary of State for Culture, the Olympics, Media and  
Sport  
2-4 Cockspur Street  
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**A COMMUNICATIONS REVIEW FOR THE DIGITAL AGE**

Thank you for your letter seeking views on the regulatory regime for the UK communications sector ahead of the Green Paper on the next Communications Bill.

We welcome and support your ambition for the UK communications and media markets to become one of the most dynamic and successful in the world. In particular, we believe it is extremely important that we encourage growth in the UK content industry which produces programmes that are highly valued by British viewers; contribute to employment and revenue in the UK television industry and generate significant export income. It is therefore essential that we ensure that the regulatory framework for content production in the UK is in all respects fit for the digital age.

We have identified two particularly important questions raised in your letter and have answered them in the light of our recent findings.

***Question 10: Are there disproportionate regulatory barriers to investment in content? If so, what are they and how can increased investment in UK content production be encouraged?***

In our report published earlier this year on the regulation of television advertising we concluded that the undertakings relating to the sale of advertising airtime on ITV1 (known as Contract Rights Renewal, CRR) are no longer the most appropriate

mechanism for regulating how advertising airtime is sold on ITV1.<sup>1</sup> In return for its removal we recommended that ITV plc commits to binding undertakings to increase its investment in quality, wide-ranging, original UK programming on ITV1 and to renew its investment in training in this sector. Although it is extremely difficult to predict how much ITV plc would stand to gain in additional advertising revenue from the removal of CRR, evidence suggests that it would be around £30 million to £55 million per annum which would be reinvested back into UK original content production.

***Question 13: Where has self- and co-regulation worked successfully and what can be learnt from specific approaches? Where specific approaches haven't worked, how can the framework of content regulation be made sufficiently coherent and not create barriers to growth, but at the same time protect citizens and enable consumer confidence?***

In order to protect citizens and provide consumer confidence it is extremely important that there is a clear and efficient system through which viewers, listeners and users of media content are able to express their views and complaints to those who have responsibility for them. Attached is a copy of our recent report into the governance and regulation of the BBC.<sup>2</sup> One of the key findings of our inquiry is how complicated broadcasting regulation has become and consequently how difficult is for viewers, listeners and users of this content to know how to complain. As the broadcasting landscape has developed over the past 15 years new regulatory bodies have been given different and sometimes overlapping tasks in terms of content regulation. For example, complaints about content in a BBC television programme can be made to several regulatory bodies depending on the issue of the complaint and the method through which the content was viewed. In order to address this issue, we have urged the BBC to consider publishing a clear guide to explain where complainants should go to complain about different BBC content and services. In addition, we recommended that the system of overlapping jurisdiction between the BBC Trust and Ofcom on the regulation of impartiality and accuracy should be amended and simplified. We recommend that a system should be put in place whereby all complaints about BBC programmes and services should first be considered by the BBC using an improved version of the existing internal process. If complainants are not content with the outcome of that process then they should have the right of appeal to the BBC Trust and only if the complainants are not satisfied with the outcome of this appeal should a complaint about BBC broadcast content be considered by Ofcom.

In addition to suggesting improvements to complaints procedures we have also put forward proposals on quota setting, compliance, corporate governance, financial transparency and the public value test which offer a pragmatic package of practical

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<sup>1</sup> House of Lords Select Committee on Communications, 1st Report of Session 2010-11, Regulation of Television Advertising, HL Paper 99

<sup>2</sup> House of Lords Select Committee on Communications, 2nd Report of Session 2010-12, The governance and regulation of the BBC, HL Paper 166

recommendations. We have proposed these to Lord Patten of Barnes, the new Chairman of the BBC Trust. We believe that these suggestions could and should be implemented without amendments to the current Royal Charter or other pieces of legislation. Taken together, we believe that our recommendations for a modest redistribution of responsibilities between the BBC Trust, the BBC Executive and Ofcom would clarify the role of the BBC Trust and enable it to concentrate on its governance function, thereby strengthening the BBC as a whole and the UK broadcasting sector in general.

Given the enormously important and significant role played by the BBC in the UK broadcasting landscape, we urge the Government to consider what implications any suggestions for the new communications bill will have on the BBC Charter renewal process and on other important pieces of broadcasting regulation which are due to be considered within a similar timescale. In particular, it may be difficult to resolve new Channel 3 and Channel 5 licences when there is uncertainty concerning the extent to which forthcoming legislation might change the broadcasting landscape. We therefore note that as has happened in the past, the Government might wish to consider a temporary roll-over of the Channel 3 and Channel 5 licences in order to align the process with the timings for the new communications bill.

We hope that these suggestions prove useful to you in developing your policy thinking ahead of the Green Paper (which we have been led to expect at the end of this year). These are our preliminary views based on our earlier inquiries; copies of which are enclosed. We plan further to consider the regulation of broadcasting during the course of this Parliament. We look forward to further dialogue with you as the policy thinking behind the next Communications Bill develops.



**HINGLEWOOD**  
**Chairman of the House of Lords Communications Committee**