



Department for  
Digital, Culture,  
Media & Sport

# Contestable Fund Pilot

*Supporting Young Audiences and Audio  
Content*

19 October 2018



**audiouk**  
the audio producers association





# Contents

<b>Foreword by the Minister for Digital and Creative Industries</b>	<b>3</b>
<b>Executive Summary</b>	<b>5</b>
<b>Background</b>	<b>6</b>
<b>Content for Young Audiences</b>	<b>7</b>
<b>Public Service Content for Radio</b>	<b>8</b>
<b>Background to the Contestable Fund</b>	<b>9</b>
<b>New Elements</b>	<b>10</b>
<b>Fund Administration</b>	<b>11</b>
<b>Fund Structure</b>	<b>13</b>
<b>Fund Evaluation Criteria</b>	<b>15</b>
<b>Next Steps</b>	<b>17</b>



## Foreword



**Margot James**  
**Minister for Digital and the Creative Industries**

The broadcasting landscape is changing fast. Audiences are engaging with content in a variety of new and different ways. Increasingly viewers and listeners, especially young people, are consuming content online, on smartphones and on unregulated platforms. As the industry changes, it is the government's priority to ensure that the UK's public service broadcasting system continues to thrive. In order to do so, it must continue to provide a diverse offering of high-quality content that its audience deserves.

In this digital world, the safety of children and the provision of appropriate content for young audiences is of ever increasing importance. Young people should have access to high-quality UK content that entertains and informs, that truly reflects their lives and experiences, and they should be able to do so in an environment where they are protected. It is vital that public service content continues to evolve in order to meet that demand, and to keep engaging the audiences of the future.

Radio also plays a major role in entertaining and sharing news to millions of people every day. But due to commercial pressures, the scope of public service content on commercial radio, outside of national and local news, has been limited.

We want to support radio producers and broadcasters to develop an underserved market that will bring a broader range of high-quality content to new listeners. I am proud to be able to trial this new way of funding targeted public service content.



By establishing new funding avenues for content creators, the Contestable Fund will provide opportunities for those seeking to bring innovative ideas to the marketplace. As a result, this pilot will support new and diverse content for audiences, whilst simultaneously supporting the UK's dynamic and growing production sector.

The UK broadcasting and production sectors are world renowned, and a success story to be proud of. I am excited to be introducing such an innovative project that will support the UK's vibrant media sectors as it continues to go from strength to strength.

It is a great privilege to be involved in the delivery of content that will be designed to delight the next generation of children and young people, some of which will surely create lifelong memories.



## Executive Summary

This document outlines the final design of the 3 year Contestable Fund pilot of up to £60 million that will support the provision and plurality of difficult to produce UK public service content.

Following the consultation paper and government response, this policy paper will confirm aspects of the design and outline new additions to the pilot, including:

- An Audio Content Fund
- Development funding to encourage new voices
- Support for UK indigenous language programming
- The evaluation criteria that applications will be measured against

The pilot phase of the Contestable Fund will be comprised of two similar, yet administratively separate funds:

- **The Young Audiences Content Fund**, administered by the BFI, which will assign up to £57 million to support public service content for young audiences up to 18 years of age.
- **The Audio Content Fund**, administered by a separate not-for-profit organisation set up by Radiocentre and AudioUK, which will assign up to £3 million to support a broad range of public service audio content, for all ages, on a wider spectrum of UK radio stations.

Both of these funds will create new opportunities for broadcasters and producers to make public service content that adds to viewer and listener choice. It will create innovative and challenging content from new and diverse voices that would not otherwise be made, and will enhance opportunities for greater diversity representation, both on and off air.



## Background

The UK's broadcasting system is an international success story and at the heart of our cultural life. The government is determined to make sure it continues to go from strength to strength. To do so, it must provide a broad range of high-quality content for all UK audiences which reflects the diversity of our nation. It must also provide opportunities for our world-renowned production sector, and be able to adapt and thrive as technology and viewing habits change at an unprecedented pace.

While the BBC rightly remains a key part of UK broadcasting, it is important that others also play their part, driving plurality, competition and innovation to support a well-functioning industry that delivers for audiences of all ages and backgrounds.

Public service programming is a critical part of the UK's broadcasting landscape and the foundation stone of the UK's television and radio experience. Public service programming is of both social and economic importance. It helps to project the whole of the UK to the nation and promotes a sense of shared space, awareness of the diversity of other lives and views, and a shared enjoyment of cultural and sporting occasions. It is part of the UK identity, at home, and around the world. It also plays an important economic function in supporting the wider UK creative industries, particularly the independent production sector.

Despite the importance of public service programming, Ofcom has identified a decline in the production of key genres, including children's TV<sup>1</sup>. Beyond television, concerns have also been raised about the BBC's dominance of certain radio genres such as comedy, documentaries, drama and religious programmes.

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<sup>1</sup> [Children's Content Review](#), Ofcom, 2017



## Content for Young Audiences

The availability of new, engaging and relevant content for young audiences is of great societal importance and therefore a clear choice for the pilot phase of the Contestable Fund. Programming informs children and young people of the world around them, and can reflect and examine wider UK society and social issues. Young people in the UK deserve high-quality content that entertains, informs and reflects their experiences of growing up across the UK today. However, the declining provision of high-quality UK-focused content for young people has had a significant impact on audiences - in 2017, Ofcom found that over 40% of 12-15 year olds felt that the content they watched did not reflect their lives<sup>2</sup>.

Production levels of new children's content have declined over the past decade, with public service broadcasters spending roughly 40% less than they did in 2006 (down from £116 million in 2006 to £70 million in 2017)<sup>3</sup>. The removal of children's programming quotas for commercial public service broadcasters and restrictions on advertising around children's television, compounded by the often limited resale value of UK focused content, makes children's television difficult to monetise for broadcasters and potential investors.

As a result, a significant amount of children's programming on children's channels now consist of repeats - in 2016, 98% of children's content on commercial children's channels and 91% on public service broadcasters were repeats<sup>4</sup>.

The BBC is now the dominant buyer and broadcaster of UK children's content. In 2016, the BBC accounted for 87% of all first-run UK originated children's programming by public service broadcasters<sup>5</sup>. This market concentration is unhealthy for competition and content diversity and at odds with the UK's plural public service broadcasting system. Whilst the BBC shows high-quality content through CBBC and CBeebies, this fund aims to increase new voices, ideas, and content.

To directly combat this decline in content for younger people in the UK, the Young Audiences Content Fund will focus on supporting an influx of new creative and distinctive content that represents UK children and teenagers today.

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<sup>2</sup> [Children and Parents: Media Use and Attitudes Report](#), Ofcom, 2017, p10.

<sup>3</sup> [Children's Content Review: Update](#), Ofcom, 2018, p3.

<sup>4</sup> [Children's Content Review](#), Ofcom, 2017, p23.

<sup>5</sup> [Children's Content Review](#), Ofcom, 2017, p26.



## Public Service Content for Radio

Commercial radio plays an important role in the daily lives of millions of people across the country – not only entertaining and informing listeners, but also providing effective advertising for businesses and supporting the economy. Commercial radio has a wide audience reach, and is listened to by 65% of UK adults (over 35 million people) every week<sup>6</sup>. Separately from radio broadcasters, there are around 150 audio production companies based across the UK, producing high-quality programmes for radio broadcast.

However, examples of public service content outside national and local news on commercial radio are rare, as the vast majority of public service programming is provided by the BBC. While commercial radio stations broadcast an average of 13 hours of public service content each week, delivering significant public value, most of this consists of news and sport, travel, weather, charity appeals and local events<sup>7</sup>. Long-form genres such as documentary, comedy, and drama are almost entirely broadcast by the BBC. Due to the size and scale of the BBC's offering and the difficulty of monetising return, commercial radio has, so far, been unable to invest in more costly public service content.

Changes to the BBC's commissioning of radio and audio, announced in 2015, have given the UK's radio independent sector more opportunities to invest and create content. The sector now has the capacity to produce more high-quality public service programmes for broadcasting on commercial and other radio networks, including programmes for younger audiences. However, scope to do so has so far been limited due to the commercial pressures on such broadcasters.

The Audio Content Fund will encourage greater innovation and experimentation, with the pressure taken off commercial stations and producers to seek sponsorship and advertising revenue. The fund will provide significant support to radio producers seeking to try something different, particularly new voices who do not have an established relationship with broadcasters, and therefore lack access to funding.

While the commercial radio market for content is expanding, it is still relatively small for public service programming and unlikely to grow without support. Considering the small cost of producing radio programmes in comparison to television, the Audio Content Fund will be a significant boost to radio producers and audio public service programming.

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<sup>6</sup> [Quarterly Summary of Radio Listening](#), RAJAR, Period End June 2018.

<sup>7</sup> [Action Stations: The Public Value of Commercial Radio](#), Radiocentre, 2016, p7.





## Background to the Contestable Fund

The government is committed to supporting a diverse and pluralistic broadcasting sector that delivers a range of high-quality, UK-originated content to meet the needs and expectations of UK audiences.

The 2016 white paper, *A BBC for the future: a broadcaster of distinction*<sup>8</sup>, set out the intention to establish a pilot for a contestable public service content fund of up to £60 million. This pilot would aim to create new opportunities for other broadcasters and producers to make public service broadcasting content.

A public consultation, launched in December 2016, sought views from broadcasters, producers, viewers and others on how a fund could operate and would best strengthen the value for money provision and plurality of public service content<sup>9</sup>. There was considerable support for the Fund, with the vast majority of respondents engaging enthusiastically. In December 2017, the government response to the consultation confirmed the establishment of a Contestable Fund pilot, and outlined the initial shape of the Fund<sup>10</sup>.

Further engagement with industry, including broadcasters, producers and other interested parties, has informed the final scope of the Contestable Fund. This document sets out that final scope and begins to outline the process that will need to be undertaken by those interested in applying for funding, in advance of detailed guidance being distributed by the Fund administrators.

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<sup>8</sup> [A BBC for the Future: a Broadcaster of Distinction](#), DCMS, 2016

<sup>9</sup> [Public Service Broadcasting Contestable Fund Consultation](#), DCMS, 2016

<sup>10</sup> [Public Service Broadcasting Contestable Fund: Government Response](#), DCMS, 2017



## New Elements

Following further engagement with industry and stakeholders, development funding and support for UK indigenous language programming have been included as part of the Contestable Fund. This section of the paper outlines those new additions.

### *Development funding*

Many new or smaller independent production companies do not have the necessary finances to produce quality concept materials, disadvantaging them against larger production companies when pitching to broadcasters. As part of the Fund's aim to support new voices and a plurality of ideas, around 5% of the Young Audiences Content Fund will be assigned to support small and emerging producers to develop content.

Development funding will support the formal development of projects to the point at which they are ready to bid for production funding from the Young Audiences Content Fund.

Development funding aims to award funding to projects that illustrate distinct and original content ideas for young audiences. In order to secure awards, projects will need to demonstrate project viability and potential to meet the Fund's evaluation criteria.

Further guidance on how to apply for development funding will be published by the BFI before the launch of the Young Audiences Content Fund on 1 April 2019.

### *Indigenous UK languages*

The UK's indigenous languages, such as Welsh and Gaelic, have cultural, social and historical significance. We want to improve opportunities for accessing new content in indigenous languages, therefore UK indigenous language content will be eligible for funding with a target aspiration of 5% of the awards distributed. The 5% target will be applicable to both Young Audiences and Audio Content Funds.

To fit within the overall aim of the Fund to support the provision of content with a broad reach across the UK, all content supported by the Contestable Fund, including UK indigenous language content, will need to be available across the UK.

Fund administrators, when considering indigenous language funding applications, will take into account the often smaller, targeted audiences in their assessment to ensure indigenous language applications are not unfairly impacted when applying its success criteria.



## Fund Administration

The Contestable Fund administrators will be independently responsible for assessing competing applications against the Fund's evaluation criteria, and will award funding to the successful applicants.

### *Young Audiences Content Fund*

The Young Audiences Content Fund will be administered by the BFI. The BFI work across film, television and animation and has significant experience in the administration of public funds. In 2016, the BFI published BFI2022, a five year strategic plan for UK film, investing almost £500 million from 2017-2022, through a total of 21 different funds and schemes<sup>11</sup>.

The BFI have a large reach across the UK, strong experience of making judgments against set criteria and awarding production and development funding competitively. The BFI also have significant expertise and insight in the television production sector and will be further supported by the engagement of a fund team with experience in producing and/or commissioning visual content for young audiences.

### *Audio Content Fund*

The Audio Content Fund will be administered by an independent not-for-profit organisation created by Radiocentre and AudioUK. Both organisations have extensive knowledge of the commercial radio and audio production sector.

Radiocentre is the industry body for commercial radio and works on behalf of over 50 stakeholders who operate around 300 licensed radio stations across the UK and represent 90% of commercial radio in terms of listening and revenue<sup>12</sup>. It provides a collective voice for the sector on policy issues and promotes the benefits of radio advertising. Radiocentre is also a joint owner of RAJAR, the audience measurement body, and UK Radioplayer the online listening platform.

AudioUK (previously Radio Independents Group) is the industry trade body that represents the interests and needs of the UK's audio production industry. AudioUK represent over two-thirds of audio-led production companies, and approximately 90% of current independent radio production<sup>13</sup>.

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<sup>11</sup> [BFI2022 Strategy Document](#), British Film Institute, 2016, p28.

<sup>12</sup> [Response to DCMS Small Scale DAB Licensing Consultation](#), Radiocentre, 2018, p9.

<sup>13</sup> [AudioUK: What We Do](#), AudioUK.



### *DCMS oversight and fund evaluation*

The Fund administrators will independently administer and distribute awards, and regularly report to DCMS on the progress of the Fund. DCMS will also meet with fund administrators to periodically assess the impact of the Fund.

As is customary for similar funding arrangements, DCMS and the Fund administrators will assess the Fund performance against its criteria and evaluate overall value for money against its stated aims at the end of year 1 and 2. Monitoring and evaluation of the Fund's performance will inform the annual budget allocation over the course of the pilot. However, given the time it takes to submit applications and create programmes, it is expected that year 1's evaluation will be more limited, in comparison to the following years.

After completion of the Fund, DCMS and the administrators will conduct a full evaluation of the pilot to determine the impact to the provision and plurality of public service content for young audiences and radio. Following the detailed evaluation of the scheme, a decision will be taken on whether to close, maintain or expand the scheme into other areas of public service content.



## Fund Structure

For both funds, producers will need to submit their applications to the Fund administrators in order to receive support for their productions. To better address the market failure in this area, awards distributed during the 3 year pilot phase will be non-recoupable by the Fund.

### *Young Audiences Content Fund*

Applications for both production and development funding will be assessed on a rolling basis by a dedicated team within the BFI with strong experience in content for young audiences. Applications to the fund must be made by or through a company registered and centrally managed in the UK or another state of the European Union or European Economic Area.

Awards from the Young Audiences Content Fund will support up to, but not exceed 50% of production costs. It is the responsibility of the applicant to secure the remaining funding.

The assessment will be overseen by a Head of Fund (to be recruited by the BFI) who will make recommendations through the BFI's embedded process of award approval. A steering group of TV industry professionals and stakeholders will be formed to provide support, advice and advocacy over the life of the pilot, but will not be involved in funding decisions.

If a fund applicant is successful, funding will only be released once a bid has secured full funding for the production and an appropriate guarantee for broadcast. To support harder to produce content, conditional awards can be made 'in principle', subject to securing full funding and receiving a broadcast guarantee.

The exact process by which funds will be committed will be detailed in guidelines to be published by the BFI in the coming months. However it is expected that applicants will need to secure a firm letter of interest from a broadcast partner before making an application to the fund, and a firm commitment from a broadcast partner to air on an Ofcom regulated, free-to-air channel or platform (at least in the first instance) before a final funding decision can be made.

Eligibility criteria and Frequently Asked Questions will be published on the BFI website, with detailed guidelines, assessment and application processes available in early 2019.



## *Audio Content Fund*

Ahead of submitting an application to the fund, production companies will be expected to develop a proposal and receive a guarantee of broadcast from an Ofcom licensed radio station. Producers of both commercial and community radio content can apply to the fund, provided they can demonstrate adequate audience reach (as set out in the criteria below) for the production.

Applicants will be able submit bids for content across genres, including content for younger audiences, and these programmes can either be one-off programmes or series.

Producers will need to demonstrate a track record of producing high-quality audio content, but equally will be encouraged, via the evaluation criteria, to bring forward new and diverse talent from around the UK to work on the production.

Due to the difficulty in monetising audio public service content, the Audio Content Fund will support up to 100% of production costs in the pilot scheme. To stay within current state aid limitations, no individual organisation benefiting from funding from the Audio Content Fund will be able to receive more than 200,000 Euros over a rolling 3 year period.

Decisions on funding will be made by a panel of independent experts, using the evaluation criteria (set out in the next section). It is expected that the fund will open for three separate rounds of bidding during each financial year of the scheme.



## Fund Evaluation Criteria

In order to receive an award from the Contestable Fund, applications will be assessed against evaluation criteria. Following further consideration and engagement with industry, the evaluation criteria initially outlined in the Government Response will be expanded to include plurality and audience reach. This is to provide the maximum impact of the Fund, as well as further ensuring the Fund achieves its aims of bringing plurality to the marketplace.

The Fund's evaluation criteria will inform the evaluation process and are outlined in full below:

**Quality:** Productions supported by the Contestable Fund must be of broadcast standard, aspiring to meet the high-quality purposes and characteristics that are expected from public service content, as defined by Ofcom<sup>14</sup>.

**Innovation:** Merit will be given to programmes that introduce new ideas and innovative approaches to public service programming, both in terms of content and production methods. Exploring new forms of programming is essential to securing a sustainable future for high-quality public service content.

**Additionality:** The Contestable Fund is designed to support content that would be difficult to produce without intervention from the Fund. The Fund seeks to support productions that the market alone would have deemed a commercial risk or too challenging to produce. Priority will be given to applications that meet the criteria but are unlikely to be fully self financed by the marketplace. As a result, some programmes supported by the Fund may not be as financially successful as others.

**Nations and Regions:** The Contestable Fund aims to increase the provision of content which is reflective of the cultural identity across the UK nations and regions. Merit will be awarded to productions that are representative of the nations and regions, both on and off air. UK indigenous language content will be eligible for funding with a target aspiration of 5% of the awards distributed.

**Diversity:** Merit will be given to productions that promote diversity both on and off air and projects which tackle under-representation, including gender, disability, age, ethnicity, and sexual orientation. Funding will not be awarded to productions targeting young audiences

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<sup>14</sup> [PSB Annual Report](#), Ofcom, 2017, p8-9



that promote negative stereotypes. Young Audiences Content Fund applicants will be expected to meet the BFI Diversity Standards<sup>15</sup>.

**New voices:** The Contestable Fund is an opportunity to introduce fresh voices and new ideas to the public service landscape. Consideration will be given to initiatives that introduce fresh voices and enable smaller content producers to compete in the audio and broadcasting landscape. 5% of awards will be assigned to development funding, which will support emerging and smaller production companies to develop content and ideas in advance of applying for an award to begin production.

**Plurality:** One of the key purposes of the pilot Contestable Fund is to encourage growth in the production of public service programming for young audiences and radio, in which the BBC is dominant. Market concentration is unhealthy for competition and content diversity and is at odds with the UK's pluralistic public service broadcasting system, where public service broadcasters should compete to serve each genre. A project's impact on the market place and the importance of producing content across a range of different channels and platforms will be considered when awarding funding.

**Audience Reach:** All content supported by the Contestable Fund needs to be available across the UK. Content will need to be first aired on free-to-air, Ofcom<sup>16</sup> regulated platforms, that also have significant audience reach. The smaller, targeted audiences for indigenous language content will be considered when assessing applications against audience reach. All content funded by the Contestable Fund will need to be available for broadcast on free-to-air platforms for an appropriate length of time to reflect the amount funded by public money.

The evaluation criteria will be used by the Fund administrators to inform the application process and as the basis for further detailed guidance, which will be published before the launch of the pilot Contestable Fund on 1 April 2019.

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<sup>15</sup> [BFI Diversity Standards](#), BFI

<sup>16</sup> Or equivalent EU regulator.





## Next Steps

Both the Young Audiences Content Fund and the Audio Content Fund will be open for applications on 1 April 2019. Both funds will begin recruitment of staff to oversee the respective funds, upon the publication of this policy paper.

### *Young Audiences Content Fund*

The BFI will shortly be convening a steering group and speaking further to industry bodies and stakeholders to inform detailed guidelines of the fund. These, as well as further information on the assessment process and the applications forms, will be published in early 2019.

### *Audio Content Fund*

The Audio Content Fund administrators will launch their website ([www.audiocontentfund.org.uk](http://www.audiocontentfund.org.uk)) shortly and, following engagement with industry, publish detailed guidance in early 2019. This information will include how to apply, timing and further information on the evaluation process.



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