

HOUSE OF LORDS

Select Committee on Communications

1st Report of Session 2015–16

BBC Charter Review: Reith not revolution

Ordered to be printed 9 February 2016 and published 24 February 2016

Published by the Authority of the House of Lords

London : The Stationery Office Limited
£price

HL Paper 96

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Committee staff

The staff who worked on this inquiry were Anna Murphy (Clerk), Helena Peacock (Policy Analyst) and Rita Logan (Committee Assistant).

Contact details

All correspondence should be addressed to the Select Committee on Communications, Committee Office, House of Lords, London SW1A 0PW. Telephone 020 7219 6076/8662. Email holcommunications@parliament.uk

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Q in footnotes refers to a question in oral evidence.

SUMMARY

The BBC has a special status. It is established by Royal Charter, it is independent and its principal source of funding is a universal licence fee.

We think that the current review of the BBC's Royal Charter, to which our report contributes, provides an opportunity to ensure that the BBC remains the keystone of British broadcasting, plays a central role in the wider creative industries in the United Kingdom and continues to be respected across the world.

The purpose of the BBC

The 'Reithian Principles'—to inform, educate and entertain—should be reaffirmed as the mission statement of the BBC and, within the BBC itself, given greater prominence.

As the starting point for a new accountability framework, the BBC should adopt Ofcom's four general Public Service Broadcasting purposes—informing our understanding of the world, stimulating knowledge and learning, reflecting UK cultural identity and representing diversity and alternative viewpoints. In recognition of its privileged status, we believe the BBC should set the gold standard amongst the broadcasters in fulfilling the public service broadcasting (PSB) purposes. It should be an exemplar of value-driven broadcasting.

We also expect the BBC to make a particular commitment to reflecting the nations, regions and all the diverse communities of the UK. The BBC executive should establish a new set of values in the next Charter period that permeate through the BBC and are apparent in all the content it produces.

This new framework should replace the current multiple layers of accountability which have emerged over the last decade. Purpose Remits and Purpose Priorities should be scrapped. Service licences should be retained, simplified, strengthened and leave no room for doubt about the contribution of each service to the BBC's overall mission and values. The service licences must also encourage creativity.

Scale and scope

We have not heard a compelling case for a significant reduction in the scale or scope of the B0BC and note that it remains, in global terms, a comparatively small player.

The BBC should not be restricted to providing content which the commercial market does not provide. Instead it must continue to be a universal broadcaster providing content to inform, educate and entertain.

The licence fee process

A new process must be established to set the level of the licence fee in a transparent way. We set out our proposal for this process. The independent regulator of the BBC should publish its evidence-based recommendation on the level of the licence fee and submit it to the Secretary of State for Culture, Media and Sport. The Secretary of State should have an obligation to accept the recommendation or publish the reasons for not doing so. In light of this, the regulatory body may submit a second recommendation but should not be able to submit a third recommendation. If agreement cannot be reached, the

Secretary of State should have the final say. Under our proposal, as now, the Secretary of State would then ask Parliament to approve a statutory instrument covering the licence fee changes.

Timing of the Charter

The next BBC Royal Charter should last for 11 years to decouple the Charter Review process from the general election cycle and to allow for full consultation and dialogue. Thereafter charters should last for 10 years to protect the impartiality and independence of the BBC and to provide stability for the BBC and the wider creative industries that relate to it.

We are pleased that the Secretary of State has agreed to take account of our proposals in the production of the Government's White Paper on BBC Charter Renewal due to be published later this year.¹

1 [Q 220](#) (John Whittingdale)

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The BBC's accountability framework

1. We note that it is expected that there will be a new and independent regulator of the BBC. We recommend that the BBC's independent regulator should oversee a root and branch reform of the BBC's accountability framework to deliver a simpler, more transparent framework that both encourages creativity and allows all stakeholders to analyse the BBC's performance. There are many forms that this new framework could take. To aid the regulator in its work, we set out in this chapter our suggestions for change based on the evidence we have received. (Paragraph 30)
2. The 'Reithian principles'—to inform, educate and entertain—are widely understood and recognised as a distillation of the BBC's mission and as such are embedded in the BBC Royal Charter. We therefore recommend that the status of the 'Reithian Principles' as the mission of the BBC should be reaffirmed and, within the BBC itself, given greater prominence. (Paragraph 33)
3. We support the principle of an accountability framework. However, we conclude that the current accountability system of mission statement, unique Public Purposes, Purpose Remits, Purpose Priorities and very detailed service licences is far too complex. This complexity makes the practical interpretation and assessment of delivery difficult. We recommend a much simpler and more transparent approach. (Paragraph 40)
4. There is considerable overlap between the BBC's Public Purposes and the Ofcom PSB purposes. The latter already capture our general expectations of public service broadcasting. We therefore recommend that the current six Public Purposes should be scrapped. As the starting point for a new accountability framework, the BBC should adopt the four general PSB purposes—informing our understanding of the world, stimulating knowledge and learning, reflecting UK cultural identity and representing diversity and alternative viewpoints. (Paragraph 48)
5. But audiences have higher expectations of the BBC than we do of other Public Sector Broadcasters. The BBC has a special status: it is "one of this nation's most treasured institutions", it is established by Royal Charter and its principal source of funding is a universal licence fee. This status imposes on the BBC unique obligations to its audience. We therefore expect the BBC to set the gold standard amongst the PSBs in its fulfilment of the PSB purposes. We expect the BBC to make a particular commitment to reflecting the different opinions, lifestyles, beliefs and values of the nations, regions and diverse communities of the UK. We therefore dare to suggest that a fourth dimension be added to the BBC's mission so that it becomes, "to inform, educate, entertain and reflect." (Paragraph 49)
6. We welcome the suggestion made by the BBC Trust that the BBC should have a new set of values or duties. These underlying values should permeate through the BBC and be apparent in all the content it produces. These new values will help to assess whether the BBC is performing as is required, give clearer guidance to BBC staff about the behaviours expected of them and reinforce the principle of BBC independence. The BBC's executive body, in consultation with the independent regulator, should have the responsibility,

in the next Charter period, to establish these values or duties. (Paragraph 50)

7. The BBC's performance is measured annually by the BBC Trust in the Purpose Remit Survey. This is a useful tool in terms of assessing public attitudes to and views on the BBC. The independent regulator of the BBC should ensure in the next Charter period and beyond that the public's views are similarly canvassed and captured. (Paragraph 51)
8. This new accountability framework, taken together with the 'Reithian Principles', should provide a concise exposition of what the BBC is for. (Paragraph 52)
9. We recommend that the BBC's Purpose Remits and Purpose Priorities should be scrapped. They add to the complexity of the current accountability framework without affording commensurate value. (Paragraph 55)
10. BBC service licences should be reviewed by the independent regulator of the BBC as soon as possible in the new Charter period. The licences should be simplified, strengthened and should define clearly what is expected of each service in a way that leaves no room for doubt about the contribution of each service to the BBC's overall mission. The service licences should also encourage creativity. (Paragraph 57)
11. The BBC must be held to account for any non-compliance with service licences and these should be reviewed more frequently than the current review held every five years. (Paragraph 58)

Priorities for the BBC

12. We understand the commercially sensitive nature of the information on spend per genre. But without this information it is hard for the BBC to be held to account. We recommend, therefore, that in the next Charter period and thereafter, a comprehensive account of spend per genre and sub genre should be provided in full to the independent regulator of the BBC. (Paragraph 62)
13. We note the downward trend in investment in Current Affairs. We believe it is vital that the BBC maintains both the quality and quantity of its output in this genre. (Paragraph 72)
14. Children's programming is a core PSB genre dating back to the first Charter and we recognise the BBC as the leader in this field. The BBC must continue to fund adequately its output in this genre to ensure it produces the best, most innovative content for children. (Paragraph 80)
15. In respect of children's TV programming, we are pleased to note, from the confidential information that the BBC made available to us, that the BBC has increased its funding since the last Charter and maintained the quality of its output at a time when other providers have significantly cut back. Although we recognise the case for additional resources for content made for children in the UK, we see no merit in redistributing funds from the BBC to the rest of the industry to provide this. (Paragraph 82)
16. The Committee recognises the important role the BBC plays in stimulating creativity and cultural excellence, both through its own content and through its impact on the wider industry, particularly in the fields of music, drama

and through training and developing talent; and we note with concern the decrease in spend on arts in the wider PSB industry. (Paragraph 89)

17. We expect the BBC to maintain its commitment to reflect the diverse communities of the UK both on and off screen in local and network content. (Paragraph 96)
18. We note that the BBC's role in representing the UK, its nations and regions has been criticised as being too London-centric. We commend the steps taken by the BBC to address this by moving production outside the London area and we were impressed by the impact of the BBC's investment in Salford MediaCity. (Paragraph 101)
19. However, we heard from a number of witnesses who felt that the BBC did not reflect their lives, particularly the panel of young people, those with a disability and those within the BAME community. We note that the BBC has recognised this and we expect to see a marked improvement here. (Paragraph 102)
20. We note the concerns raised regarding the decline across the PSB sector in religious programming and recognise that the BBC is very much the dominant PSB provider of this content. The BBC must maintain both the quality and content of its output in this genre. (Paragraph 103)
21. We expect the BBC, as the recipient of the universal licence fee, to meet its duty to serve all the diverse communities of the UK. We recommend that this obligation should be incorporated into any future accountability framework. (Paragraph 104)
22. The Committee recognises and endorses the crucial role the BBC plays in bringing the UK to the world, both in terms of English language and cultural influence. (Paragraph 116)
23. We welcome the additional funding for the World Service announced in November 2015 for the World Service. (Paragraph 117)
24. We believe the BBC has an important role to play in remaining an independent and non-commercial contributor in developing innovative technologies of the future. It needs to operate on sufficient scale on multiple platforms. We recommend that this role should be incorporated into any future accountability framework. (Paragraph 128)
25. However, we note the concerns expressed that this priority is very broad and allows the BBC to carry out any activities it desires within the digital space. We recognise the need for the BBC to develop its role but that it should do so with regard to the wider industry. (Paragraph 129)
26. The reference to the switchover to digital television is now out of date and should be removed from any accountability framework in the future. (Paragraph 130)

Scale and Scope

27. We note concerns raised about the BBC's scale and scope in some particular areas but we have not heard a convincing case for a significant reduction in the scale or scope of the BBC. In global terms the BBC remains comparatively small, compared in particular to American new entrants to the market such as Amazon and Netflix. (Paragraph 143)

28. Because the BBC is a public service broadcaster, funded by a universal licence fee, any partnerships it enters into should not divert money from its core activity. However when there is an enhancement to the BBC's core mission and a clear benefit to the licence fee payer we believe that the BBC should be encouraged to form partnerships. (Paragraph 151)
29. We recommend that where the BBC does form partnerships it should do so in an open and generous manner, recognising its unique position as a national broadcaster to carry material created by others or to amplify their activities. (Paragraph 152)
30. There should be no further diversion of funds from the BBC licence fee for other activities without the approval of the independent regulator. (Paragraph 158)
31. The BBC should not be restricted to remedying gaps for which the market does not provide. The BBC must continue to be a universal broadcaster providing content which does not simply inform, and educate but also entertains. (Paragraph 170)
32. We would not want to see a further reduction or diminution in the quality or quantity of the BBC's news coverage on any platform. We are not persuaded that the BBC should reduce the scale or scope of its news operations either in the UK or overseas. We recommend the continuation of a dedicated UK news channel. (Paragraph 171)
33. In relation to the dangers of the BBC becoming too dominant in its share of popular radio programming, we recommend the independent regulator takes a robust line in monitoring any mismatch between service licence and output. (Paragraph 191)
34. As we recommended in paragraph 127, it is important that the BBC retains its role in the area of digital technology—both as a means of broadcasting its output and in innovating technological development. (Paragraph 193)

Process for setting the level of the licence fee

35. Whether the agreement reached between the BBC and the Government in July 2015 turns out to be the licence fee deal or not, the lack of a clear process for setting the level of the licence fee is unacceptable. A process must be introduced which ensures consultation and provides no room for doubt as to whether a licence fee deal has been struck. (Paragraph 209)
36. The Committee believes it was inappropriate for the Government to propose, and for the BBC to accept, that the cost of funding free television licences for the over-75s should fall on a broadcasting organisation. In future there should be a transparent process in place which allows for consultation before such decisions are made. (Paragraph 212)
37. We recommend that the body which regulates the BBC (the regulatory body) should publish its evidence-based recommendation on the level of the licence fee (or the level of funding under any future mechanism) and submit this to the Secretary of State for Culture, Media and Sport. This document should include a full explanation of how the regulatory body arrived at its recommendation and should be informed by, but not limited to, the regulatory body's access to and knowledge of the BBC's performance and spend, a public consultation and any value for money investigations

carried out by the National Audit Office. The regulatory body must be free of Government influence, both formally and in spirit. (Paragraph 222)

38. We suggest the process for agreeing the recommendation of the regulatory body on the level of the licence fee should be as follows: The Secretary of State should have an obligation to accept the recommendation or publish the reasons for not doing so. The regulatory body should be permitted to publish an amended recommendation in the light of the reasons given by the Secretary of State but should not be able to submit a third recommendation. If agreement cannot be reached, the Secretary of State should have the final say on the proposed licence fee agreement. Under our proposal, as now, Parliament would be asked to approve a statutory instrument when the licence fee changes. (Paragraph 223)
39. We recommend that the Charter Review process is decoupled from the general election cycle resulting from the Fixed-term Parliaments Act 2011. The present arrangements could lead to hasty decision making after an election and not allow sufficient time for adequate consultation and dialogue between all interested parties. (Paragraph 230)
40. We also noted that the impartiality and independence of the BBC could be threatened by a short Charter period. Moreover we noted the extensive administrative and management workload and financial cost of Charter Reviews—not just for the BBC itself but for the Government and all interested parties. Having twice as many renewals of the Charter would be a considerable burden to all concerned. (Paragraph 231)
41. We are persuaded by the arguments presented to us that a Charter period of at least 10 years is necessary to provide stability to the BBC and the wider creative industries and we recommend that the next Charter should last for 11 years. Thereafter charters should last for 10 years. (Paragraph 232)

BBC Charter Review: Reith not revolution

CHAPTER 1: INTRODUCTION

Background

1. On 1 January 1927 the British Broadcasting Corporation (BBC), under the then Director-General Sir John Reith, was granted its first Royal Charter. It is still established by a Royal Charter—typically lasting for 10 years—and is reviewed before it is renewed.
2. The BBC's Royal Charter (the Charter) is the constitutional basis for the BBC. An Agreement with the Secretary of State sits alongside the Charter. It provides detail on many of the topics outlined in the Charter and also covers the BBC's funding and its regulatory duties. The Government, working through the Privy Council, is responsible for drawing up the Charter. Parliament has no formal role (although a debate on the terms of the Agreement is, by convention, held in the House of Commons).
3. The current Charter came into effect on 1 January 2007 and runs until 31 December 2016. The renewal process provides an opportunity to consider the BBC's future and how it serves licence fee payers.
4. The BBC's work is funded principally by an annual television licence fee (the licence fee) that is charged to all British households, companies, and organisations using any type of equipment to receive or record live television broadcasts. The fee is set by the Government and agreed by Parliament.

Charter Review process

5. Each BBC Charter has been subject to review before it has been renewed. The current Charter is no exception. The House of Commons Culture, Media and Sport Committee published a report, *Future of the BBC*,² in February 2015 but it was not until after the 2015 general election that the Charter Review process began in earnest.
6. On 6 July 2015, a few days before the new Government's first budget, Rt. Hon. John Whittingdale MP, the Secretary of State for Culture, Media and Sport announced (in response to an urgent question from Chris Bryant MP) that the BBC would take on the cost of providing free television licences for over-75s from 2020³. 10 days later, the Government published its BBC Charter Review Public Consultation document (Green Paper) with a deadline for responses of 8 October⁴. Table 1 provides a chronology of key events in the Charter Review process so far.

2 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

3 HC Deb, 6 July 2015, [col 25](#)

4 Department for Culture, Media and Sport, *BBC Charter Review Public Consultation 26 July–8 October 2015*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 23 November 2015]

Table 1: Key events in the Charter Review process

Date	Event
26 February 2015	House of Commons Culture, Media and Sport Committee published its report, <i>Future of the BBC</i> . ⁵
7 May 2015	General election held in the United Kingdom. This essentially fired the starting gun for the review of the BBC's Charter.
26 June 2015	House of Lords Communications Committee launched its inquiry into certain aspects of Charter Review.
2 July 2015	Ofcom's Third Review of Public Service Broadcasting published. ⁶
6 July 2015	The Secretary of State for Culture, Media and Sport announced that the BBC would take on the cost of providing free television licences for over-75s from 2020. This would be mitigated in part by modernising the licence fee to include catch-up TV and phasing the change over four years whilst phasing out the existing cost to the BBC of funding the Government's broadband programme from the licence fee. He also said that the Government anticipated that the licence fee would rise in line with the consumer prices index over the next Charter Review period. ⁷
6 July 2015	The Chairman of the BBC Trust, Rona Fairhead, wrote to the Secretary of State to set out the Trust's response to the announcement about the funding of licences for over-75s. ⁸
12 July 2015	The Secretary of State for Culture, Media and Sport appointed a panel of experts from across a range of industries to support the BBC Charter Review process. ^{9a}

5 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

6 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (2 July 2015) http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

7 HC Deb, 6 July 2015, [col 25](#)

8 BBC Trust, *Letter from Chairman to the Chancellor of the Exchequer and the Secretary of State for Culture, Media and Sport* (6 July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/news/2015/letter_chancellor_sos.pdf [accessed 23 November 2015]

9a 'Industry experts to advise government on BBC Charter Review' Department for Culture, Media and Sport (12 July 2015): <https://www.gov.uk/government/news/industry-experts-to-advise-government-on-bbc-charter-review> [accessed 23 November 2015]

Date	Event
16 July 2015	The Government published its BBC Charter Review Public Consultation document (Green Paper). ^{9b}
22 July 2015	The National Union of Journalists (NUJ) launched a legal challenge to the deal that handed the BBC responsibility for funding free TV licences for the over-75s. ¹⁰
22 July 2015	House of Commons Culture, Media and Sport Committee launched its inquiry, <i>BBC Charter Review</i> . ¹¹
16 September 2015	Independent review into how the BBC is governed and regulated is set up, led by Sir David Clementi. ¹²
8 October 2015	Government public consultation on BBC Charter Review closed.
23 November 2015	The Government announced it would invest £85 million each year by 2017/18 in the BBC's digital, TV and radio services around the world to build the global reach of the World Service and increase access to news and information. ¹³
8 February 2016	The Scottish Parliament's Education and Culture Committee published its report, <i>Report on the renewal of the BBC charter</i> . ¹⁴
10 February 2016	House of Commons Culture, Media and Sport Committee published its report, <i>BBC Charter Review</i> . ¹⁵

Our inquiry

8. Our Committee grew out of the *ad hoc* Select Committee on the BBC Charter Review appointed in 2005. For this reason, and because the BBC is, according to the Secretary of State for Culture, Media and Sport, “one of this nation’s most treasured institutions,”¹⁶ we decided to conduct an inquiry into the review of the current BBC Royal Charter.

9b Department for Culture, Media and Sport, *BBC Charter Review Public Consultation 26 July–8 October 2015*, Foreword: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 23 November 2015]

10 NUJ, *NUJ launches legal challenge to BBC deal with Treasury* (July 2015): <https://www.nuj.org.uk/news/nuj-launches-legal-challenge-to-bbc-deal-with-treasury/> [accessed 8 February 2016]

11 House of Commons Culture, Media and Sport Committee, *Call for Evidence* 22 July 2015 [accessed 23 November 2015]

12 Government, *Independent review into how the BBC is governed and regulated (16 September 2015)*: <https://www.gov.uk/government/news/independent-review-into-how-the-bbc-is-governed-and-regulated> [accessed 8 February 2016]

13 Cabinet Office, *National Security Strategy and Strategic Defence and Security Review 2015*, Cm 9161, November 2015, p. 49: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_web_only.pdf

14 Scottish Parliament Education and Culture Committee, *Report on the renewal of the BBC charter* http://www.scottish.parliament.uk/S4_EducationandCultureCommittee/Reports/ECS042016R03.pdf [accessed 8 February 2016]

15 Culture, Media and Sport Committee, *BBC Charter Review* (First Report, Session 2015–16, HC 398) [accessed 10 February 2016]

16 Department for Culture, Media and Sport, *BBC Charter Review Public Consultation 26 July–8 October 2015*, Foreword: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 23 November 2015]

9. We wanted to undertake a substantial piece of work but were also aware that it needed to be completed in time to be taken into account by the Government and other parties before the Charter expired. The BBC Charter states that the BBC's main objective is the promotion of its Public Purposes¹⁷. We decided therefore to examine the Public Purposes in detail to assess whether the BBC had fulfilled its main objective and whether the Public Purposes' framework was an appropriate way to assess this. We were also aware of the criticism of the way the licence fee had been set in the past and decided to also consider who should set the level of the licence fee.
10. During the course of the inquiry, the Committee decided it needed also to look at a third aspect—whether the BBC's current scale and scope were appropriate to its stated mission.
11. We deliberately excluded the topic of governance of the BBC from the scope of our inquiry. We did not have sufficient time available to consider every aspect of the BBC and this was an area which had been considered in great detail by others, notably the House of Commons Culture, Media and Sport Committee in its report *Future of the BBC*.¹⁸ During the course of our inquiry, in September 2015, the Government announced that Sir David Clementi would carry out a review into the governance and regulation of the BBC. This served to reinforce our resolve to eschew the topic of governance.

Structure

12. In Chapter Two we consider the history of the Public Purposes and set out our suggestion for a new accountability framework for the BBC. In Chapter Three (and Appendix Seven) we consider each of the six current Public Purposes in detail. In Chapter Four we consider the scope and scale of the BBC. Chapter Five considers who should set the level of the licence fee and the duration of the next Royal Charter.

Working methods and acknowledgements

13. The membership of the Committee is set out in Appendix One. We issued a call for evidence on 26 June 2015 and a supplementary call for evidence on 17 September 2015. These are both contained in Appendix Three. Between July and November we took oral evidence from 43 witnesses. We received 55 written submissions. We have drawn on earlier consultations and publications as well as the evidence submitted to us. A list of witnesses is contained in Appendix Two.
14. In addition to oral evidence sessions, we held a meeting with a focus group of young people. A note on this is contained in Appendix Five. On 29 October 2015, we visited the BBC's premises at MediaCityUK in Salford and heard oral evidence from the BBC and other organisations about the BBC's output in the nations and regions of the UK. The five Committee members who took part in this visit also received a tour of the BBC premises in Salford.
15. We would like to record our thanks to the BBC for its help with the practical arrangements for our oral evidence sessions in Salford and to the young people who visited Parliament to speak to us about the BBC.

¹⁷ Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

¹⁸ Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

16. Our Specialist Adviser for this inquiry was Jacquie Hughes, author, Course Convenor, (MA Journalism, Brunel University) and Television Executive. We have been fortunate to benefit from her expertise and enthusiasm, which have contributed greatly to our work.

Future events

17. As promised by the Secretary of State for Culture, Media and Sport, we expect to see a White Paper on the BBC during the first half of 2016.¹⁹ Our intention is that the Government will take into account our recommendations during the production of its White Paper.
18. We look forward to receiving a written response to this report from the Government and we will seek a debate in the House as soon as possible.

19 [Q 220](#) (Mr John Whittingdale)

CHAPTER 2: THE BBC'S ACCOUNTABILITY FRAMEWORK

19. This chapter considers the BBC's current accountability framework (of which the Public Purposes are a part). We examine how this framework was developed, its merits and weaknesses; and we make suggestions for fundamental change.

Importance of an independent regulator

20. Whatever accountability framework is put in place for the BBC, it can only be effective if the regulatory body of the BBC is independent and strong. Although we have excluded governance from the scope of our inquiry, the evidence we heard indicates that it is widely expected that a new independent regulator for the BBC will be appointed and a reformed system of governance established. The recommendations we make in this chapter assume that the next Charter delivers satisfactory governance and regulatory arrangements for the BBC.

How was the current accountability framework developed?

21. The BBC's first Charter (effective from January 1927) was simple: it tasked the BBC to entertain and educate by the means of broadcast. This work was to be overseen by a Board of Governors with the licence fee in place to provide funding. The next Charter added "inform" and this simple imperative—inform, educate and entertain—became the BBC's mission. This system continued until the 2006 Charter, which suggested that "the objects, constitution and organisation of the BBC would be reformed so as to enable the BBC still better to serve the interests of Our People."²⁰
22. At this point, the notion of generally 'serving the public interest' was seen as too vague and was replaced with a requirement to deliver 'single public value' and be rigorously held to account for that delivery. This led to the creation of a new accountability framework with a set of six Public Purposes at its heart.
23. The BBC's 2006 Royal Charter and Agreement set out the six Public Purposes of the BBC, listed in Box 1. The Charter states that the BBC's main object is the promotion of its Public Purposes. These outline the values the BBC holds when striving to achieve its mission to "inform, educate and entertain." The Charter sets out the activities the BBC should undertake to deliver its Public Purposes in broad terms.

20 Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

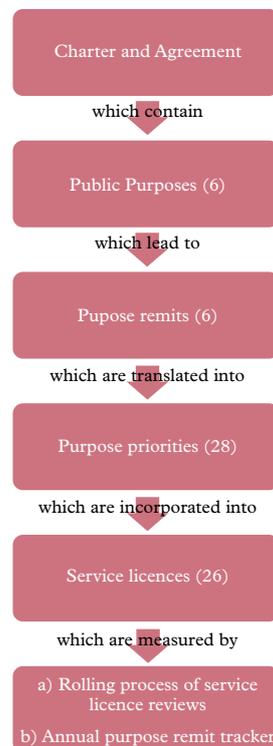
Box 1: Six Public Purposes of the BBC

1. Sustaining citizenship and civil society;
2. Promoting education and learning;
3. Stimulating creativity and cultural excellence;
4. Representing the UK, its nations, regions and communities;
5. Bringing the UK to the world and the world to the UK;
6. In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television.

Source: Department for Culture, Media and Sport, *Royal Charter for the continuance of the British Broadcasting Corporation*²¹

24. The Public Purposes sit atop a framework of measures designed by the BBC Trust to best assess how the BBC’s activities contribute to public value: Public Purposes, Purpose Remits, public value tests, service licences and annual remit reviews. The diagram below shows the relationship between each level of the current framework. The framework embodies a set of measures of the BBC’s own performance as well as a system for measuring the BBC’s impact on the broader media sector.

Figure 1: BBC’s accountability framework



25. In developing a framework of measures in this way, the BBC positioned itself at the cutting edge of a relatively new approach to public sector management—that of public value: a mix of economics and management theory developed

21 Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

by Professor Mark Moore of Harvard University with the express aim of providing a “structure of practical reasoning to guide managers of public enterprises.”²²

26. This early academic work was transmitted to the UK via the Cabinet Office’s Strategy Unit, whose 2002 report, *Creating Public Value*²³ suggested that the creation of public value was via provision of high quality services of which users approved; clear outcomes (such as public health, security); and trust between citizens and public authority.
27. The concept of accountability and trying to optimise outcomes that are in the public interest forms the basis of a public value approach. The BBC—led by the BBC Trust—is regarded as a pioneer of the practical implementation of this concept since the last Charter.
28. The BBC Trust set about designing a set of public purposes—against which contribution to public value could be measured. At the same time and in parallel, Ofcom was developing a way of expressing the public purposes for the whole sector. It was agreed that they needed to be different from the BBC’s. Ofcom’s, for example, had to reflect the differences within the sector—such as Channel 4’s specific commitment to innovation—whereas the BBC’s had to acknowledge its specific responsibilities around international news and nations and regions. The underlying drive was to renew the traditional Public Service Broadcasting (PSB) mission for a digital age.
29. Both Ofcom and the BBC have been running a PSB ‘tracker’ for ten years, measuring output (using data on revenue, hours etc.) viewing (using Barb²⁴) and audience satisfaction (surveys) annually. These show that people’s expectations of PSB have remained remarkably consistent over time.
30. ***We note that it is expected that there will be a new and independent regulator of the BBC. We recommend that the BBC’s independent regulator should oversee a root and branch reform of the BBC’s accountability framework to deliver a simpler, more transparent framework that both encourages creativity and allows all stakeholders to analyse the BBC’s performance. There are many forms that this new framework could take. To aid the regulator in its work, we set out in this chapter our suggestions for change based on the evidence we have received.***

The ‘Reithian Principles’: Inform, Educate and Entertain

31. The BBC’s mission, “to inform, educate and entertain” was propounded by Lord Reith, the first Director-General of the BBC. They are sometimes termed the ‘Reithian Principles’.²⁵
32. The National Union of Journalists (NUJ) said that this mission statement was more widely understood by the public than the more detailed Public

22 Mark H. Moore, *Creating Public Value: Strategic Management in Government* (Harvard University Press, 1995)

23 Cabinet Office Strategy Unit, *Creating Public Value: An analytical framework for public service reform*, Gavin Kelly and Stephen Muers (October 2002): http://webarchive.nationalarchives.gov.uk/20100416132449/http://www.cabinetoffice.gov.uk/strategy/seminars/public_value.aspx

24 Broadcasters’ Audience Research Board

25 BBC, *Inside the BBC: Mission and Values*, http://www.bbc.co.uk/corporate2/insidethebbc/whoweare/mission_and_values [accessed 2 December 2015]

Purposes.²⁶ The BBC Trust told us that the Public Purposes are “a more detailed articulation of the BBC’s enduring mission to Inform, Educate and Entertain.”²⁷ Professor Robert Beveridge agreed with this view: “The public purposes constitute a reasonable attempt to define—in more detail than inform, educate and entertain—a framework and indicators/bench marks by which the BBC’s performance can be assessed.”²⁸

33. *The ‘Reithian principles’—to inform, educate and entertain—are widely understood and recognised as a distillation of the BBC’s mission and as such are embedded in the BBC Royal Charter. We therefore recommend that the status of the ‘Reithian Principles’ as the mission of the BBC should be reaffirmed and, within the BBC itself, given greater prominence.*

What are the merits of an accountability framework?

Positives

34. Many witnesses said that the Public Purposes and associated accountability mechanisms were a useful tool to judge the BBC’s performance as a public service broadcaster. Meadhanan Gàidhlig Alba (MG ALBA) told us “the public purposes ... set out the broader objectives sought by public service broadcasting ... [They] are a means by which metrics can be established for the measurement of these broad, public service objectives.”²⁹
35. The Children’s Media Foundation pointed out the importance of the Public Purposes in “assessing the Corporation’s effectiveness in serving diverse audiences with a range of content they value and which provide broad societal and cultural benefits.”³⁰ The Institute of Economic Affairs (IEA) agreed that they “act as both a broad guide for what the BBC should be doing and something against which those who want to continue the current arrangements can judge the BBC’s performance.”³¹
36. Professor Diane Coyle, former vice-chairman of the BBC Trust, said they were “setting a framework at a high level for all the measurement tools or management tools that are used to deliver them.”³² She stressed the importance of viewing them as high level rather than at programme level.³³

Negatives

37. The Freedom Association said that the Public Purposes “should be removed ... The BBC managed for many decades without these public purposes, and I am sure it can manage without them now.”³⁴
38. We received evidence that the current Public Purposes were too broad. The Guardian Media Group (GMG) told us “they are so broad as to effectively provide the BBC with the authority to act as it chooses, acting more as a mission statement than metrics for analysis.”³⁵

26 Written evidence from NUJ ([BBC0021](#))

27 Written evidence from BBC Trust ([BBC0043](#))

28 Written evidence from Professor Beveridge ([BBC0007](#))

29 Written evidence from MG ALBA ([BBC0032](#))

30 Written evidence from Children’s Media Foundation ([BBC0023](#))

31 Written evidence from IEA ([BBC0008](#))

32 [Q 31](#) (Prof Diane Coyle)

33 *Ibid.*

34 Written evidence from the Freedom Association ([BBC0013](#))

35 Written evidence from GMG ([BBC0040](#))

39. Luke Johnson, former Chairman of Channel 4, said it could be argued that the language was “phoney” and that the BBC was: “desperately trying to protect itself through various remit definitions so that it can tick all the boxes and prove to the stakeholders, politicians, critics and so forth that it has fulfilled its obligations.”³⁶
40. ***We support the principle of an accountability framework. However, we conclude that the current accountability system of mission statement, unique Public Purposes, Purpose Remits, Purpose Priorities and very detailed service licences is far too complex. This complexity makes the practical interpretation and assessment of delivery difficult. We recommend a much simpler and more transparent approach.***

Public Service Broadcasting Purposes

41. In the Communications Act 2003 Parliament defined the broad purposes of public service broadcasting as the provision of TV programmes dealing with a wide range of subjects, of a high standard and catering for as many different audiences as possible. The legislation aims to ensure that broadcast content is for the public benefit, rather than for purely commercial purposes.
42. Ofcom was created by the Act and, as part of its responsibilities, was tasked with ensuring the availability throughout the United Kingdom of a wide range of television and radio services which (taken as a whole) are both of high quality and calculated to appeal to a variety of tastes and interests.
43. In its first PSB Review Ofcom developed a range of PSB purposes and characteristics to provide a detailed description of public service broadcasting. These were based on the public service purposes presented in the Communications Act 2003 and as such are a codification of Parliament’s expectations and ambitions for public service broadcasting. These are set out in Box 2.³⁷ Enders Analysis raised the possibility that the BBC Public Purposes could be aligned with these.³⁸

36 Q 65 (Luke Johnson)

37 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015) http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 2 December 2015]

38 Written evidence from Enders Analysis ([BBC0005](#))

Box 2: Ofcom PSB purposes and characteristics

Purpose 1: Informing our understanding of the world—To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas.

Purpose 2: Stimulating knowledge and learning—To stimulate our interest in and knowledge of arts, science, history and other topics, through content that is accessible and can encourage informal learning.

Purpose 3: Reflecting UK cultural identity—To reflect and strengthen our cultural identity through original programming at UK, national and regional level; on occasion, bringing audiences together for shared experiences.

Purpose 4: Representing diversity and alternative viewpoints—To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere.

Source: Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting*

Mission statement and purposes to be underpinned by a set of values?

44. The BBC Trust has proposed that the BBC should be given the following set of values or duties: “Independence, Impartiality, Value for money and the highest editorial and creative standards.”³⁹ The BBC already publishes a set of six values, which are set out in Box 3.⁴⁰

Box 3: BBC values

Trust is the foundation of the BBC: we are independent, impartial and honest.

Audiences are at the heart of everything we do.

We take pride in delivering quality and value for money.

Creativity is the lifeblood of our organisation.

We respect each other and celebrate our diversity so that everyone can give their best.

We are one BBC: great things happen when we work together.

Source: BBC, *Inside the BBC*⁴¹

45. Professor Des Freedman, Professor of Media and Communications, Goldsmiths, University of London, pointed to key principles which were at the heart of Building Public Value⁴² but are not in the Royal Charter—universality, fairness, equity and accountability. He said that they were “arguably more important than the public purposes in that these ought to be values inscribed into everything the BBC does ... they may provide a more robust means with which to protect the BBC as an outward-looking, independent and confident public service broadcaster.”⁴³

39 Written evidence from BBC Trust (BBC0043)

40 BBC, *Inside the BBC: Mission and Values* http://www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/mission_and_values [accessed 8 February 2016]

41 BBC, *Inside the BBC: Who we are*, <http://www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/mission_and_values> [accessed 9 February]

42 Written evidence from Prof Des Freedman (BBC0026)

43 *Ibid.*

46. The Voice of the Listener and Viewer (VLV) suggested a set of values which should be included in the next Charter to “help the BBC regulator assess whether the BBC is performing as well as it should, give clearer guidance to BBC staff about the behaviours expected of them and reinforce the principle of BBC independence.”⁴⁴
47. S4C, the Welsh-language public-service broadcaster, generally agreed that the BBC Trust’s proposals could be appropriate in reflecting the core values of any PSB service.⁴⁵ The International Broadcasting Trust (IBT) told us that “a creation of a set of values explicitly stated in the Charter could help the BBC regulator assess whether the BBC is performing as it should and could reinforce the principle of BBC independence.”⁴⁶ However, to avoid overloading staff with compliancy work it recommended that “any set of values should be used cautiously as a regulatory tool ... without being imposed on content makers.”⁴⁷

Our proposal for reform of the accountability framework

48. *There is considerable overlap between the BBC’s Public Purposes and the Ofcom PSB purposes. The latter already capture our general expectations of public service broadcasting. We therefore recommend that the current six Public Purposes should be scrapped. As the starting point for a new accountability framework, the BBC should adopt the four general PSB purposes—informing our understanding of the world, stimulating knowledge and learning, reflecting UK cultural identity and representing diversity and alternative viewpoints.*
49. *But audiences have higher expectations of the BBC than we do of other Public Sector Broadcasters. The BBC has a special status: it is “one of this nation’s most treasured institutions,”⁴⁸ it is established by Royal Charter and its principal source of funding is a universal licence fee. This status imposes on the BBC unique obligations to its audience. We therefore expect the BBC to set the gold standard amongst the PSBs in its fulfilment of the PSB purposes. We expect the BBC to make a particular commitment to reflecting the different opinions, lifestyles, beliefs and values of the nations, regions and diverse communities of the UK. We therefore dare to suggest that a fourth dimension be added to the BBC’s mission so that it becomes, “to inform, educate, entertain and reflect.”*
50. *We welcome the suggestion made by the BBC Trust that the BBC should have a new set of values or duties. These underlying values should permeate through the BBC and be apparent in all the content it produces. These new values will help to assess whether the BBC is performing as is required, give clearer guidance to BBC staff about the behaviours expected of them and reinforce the principle of BBC independence. The BBC’s executive body, in consultation with the*

44 Written evidence from VLV ([BBC0027](#))

45 Written evidence from S4C ([BBC0048](#))

46 Written evidence from IBT ([BBC0029](#))

47 *Ibid.*

48 Department for Culture, Media and Sport, *BBC Charter Review Public Consultation 26 July – 8 October 2015*, Foreword: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 23 November 2015]

independent regulator, should have the responsibility, in the next Charter period, to establish these values or duties.

51. *The BBC’s performance is measured annually by the BBC Trust in the Purpose Remit Survey.⁴⁹ This is a useful tool in terms of assessing public attitudes to and views on the BBC. The independent regulator of the BBC should ensure in the next Charter period and beyond that the public’s views are similarly canvassed and captured.*
52. **This new accountability framework, taken together with the ‘Reithian Principles’, should provide a concise exposition of what the BBC is for.**

Other layers in the current accountability framework

Purpose Remits and Purpose Priorities

53. The current accountability framework for the BBC has been described as too complex. Alex Towers, Director of the BBC Trust, said that there was “a degree of concern inside the BBC management that there is too much that is too complicated.”⁵⁰ Fujitsu agreed that the “core purposes of the BBC are complex”⁵¹ and Prof Coyle told the Committee “there is a danger of over-complexity.”⁵² Magnus Brooke, Director of Policy and Regulatory Affairs at ITV, said:

“... there is massive complexity ... There are purposes, there are purpose remits, there are purpose priorities and there are purpose plans. I can see how it is bewildering for the BBC genuinely to know, “What am I supposed to do? I have too many documents here purporting to tell me one thing and another.”⁵³

54. In acknowledging this James Purnell, BBC Director of Strategy and Digital, said:

“We very much agree that there needs to be a clear framework, with purposes, service licences and effective regulation to balance public value and market impact, but ... there is a bit of danger now that, if you have hundreds and hundreds of pages, it is quite hard to know what the fundamental framework is.”⁵⁴

55. *We recommend that the BBC’s Purpose Remits and Purpose Priorities should be scrapped. They add to the complexity of the current accountability framework without affording commensurate value.*

Service Licences

56. In the current accountability framework, the service licences sit underneath the Public Purposes and the Purpose Remits. Will Harding, Chief Strategy Officer of Global Radio, told us that they “need to be a lot more specific and,

49 Participants in the Purpose Remit Survey are given a number of statements relating to each Public Purpose and are then asked to rate them in terms of how well the BBC performs on these measures and how important the respondents think they are.

50 [Q78](#) (Alex Towers)

51 Written evidence from Fujitsu ([BBC0030](#))

52 [Q34](#) (Prof Diane Coyle)

53 [Q 188](#) (Magnus Brooke)

54 [Q 174](#) (James Purnell)

frankly, a lot more demanding in terms of what the BBC delivers to licence fee payers.”⁵⁵ Rona Fairhead, Chairman of the BBC Trust, felt the current system worked but “We have to be very careful about not overcomplicating, not putting so many boxes that have to be checked that you are stanching the creativity.”⁵⁶

57. ***BBC service licences⁵⁷ should be reviewed by the independent regulator of the BBC as soon as possible in the new Charter period. The licences should be simplified, strengthened and should define clearly what is expected of each service in a way that leaves no room for doubt about the contribution of each service to the BBC’s overall mission. The service licences should also encourage creativity.***
58. ***The BBC must be held to account for any non-compliance with service licences and these should be reviewed more frequently than the current review held every five years.***

55 [Q 155](#) (Will Harding)

56 [Q 78](#) (Rona Fairhead)

57 A service licence is issued by the BBC Trust for every UK public service. It defines the scope, aims, objectives, headline budget and other important features of each service and states how performance is assessed by the BBC Trust. Each BBC service is reviewed against its licence at least once every five years.

CHAPTER 3: PRIORITIES FOR THE BBC

59. In order to simplify the objectives and priorities of the BBC, we recommend the abolition of the BBC’s current six Public Purposes. But, the evidence we received in relation to each individual purpose remains relevant to the BBC’s mission going forwards. In this chapter we consider that evidence and make recommendations for the future.
60. We received a large volume of evidence on each individual Public Purpose. In the interest of brevity this chapter contains a brief overview of the evidence we received. Our full evidence review can be found in Appendix Seven.

Data on genre spend

61. To aid our consideration of the BBC’s priorities and to enable us to better evaluate some of the evidence we have received, we asked the BBC how much it spent on a number of genres for each year of the current Charter.⁵⁸ The BBC provided this information to us in confidence only, on the grounds that it was commercially sensitive.
62. *We understand the commercially sensitive nature of the information on spend per genre. But without this information it is hard for the BBC to be held to account. We recommend, therefore, that in the next Charter period and thereafter, a comprehensive account of spend per genre and sub genre should be provided in full to the independent regulator of the BBC.*

Sustaining Citizenship and Civil Society

63. Many witnesses stressed the importance of this purpose to civil society. Lord Birt, a former Director-General of the BBC, told us that “one of the great virtues of the BBC is its civilising impact.”⁵⁹ Michelle Stanistreet, General Secretary of the National Union of Journalists, agreed, saying “on public purposes and the sustaining of citizenship in civil society, the reach of the BBC is unparalleled.”⁶⁰ Cerys Mathews, musician and broadcaster, said: “It is one of the signs of progress in a civilised world that we have easy access to advert-free entertainment or information, and unbiased information.”⁶¹ The Radio Independents Group (RIG) stated that “all the BBC’s stations—including the music stations—make conscious efforts to help ... citizens [be] more aware of the society in which they live.”⁶²
64. The genre of News and Current Affairs was identified as key to fulfilling this Public Purpose. Ofcom’s Third Review of Public Service Broadcasting concluded that news remains the most important genre for public service broadcasting audiences.⁶³ Dorothy Byrne, Head of News and Current Affairs at Channel 4, said the genre was “absolutely vital for our democracy” and that the BBC “should be a powerhouse of great journalism, because it has the budget, the reach and the remit.”⁶⁴

58 Q 185 (James Purnell)

59 Q 33 (Lord Birt)

60 Q 84 (Michelle Stanistreet)

61 Q 45 (Cerys Matthews)

62 Written evidence from RIG (BBC0014)

63 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

64 Q 164 (Dorothy Byrne)

65. In order to assess the relative contribution of News and of Current Affairs, and for clarity, we have separated them in our analysis.

Changing habits of news consumption

66. Ofcom's Annual Report on News Consumption showed that television is still the most used platform for news, with 67 per cent of UK adults saying they use TV as a source of news. There has been an eight percentage point decrease since 2014 (75 per cent), following a three percentage point decrease between 2013 (78 per cent) and 2014. The report identified a growing trend for using online as a source of news particularly in the 16–24 age group. Around half (51 per cent) of 16–24s say their most important news source is a website/app; this has risen by six percentage points since 2013 (45 per cent).⁶⁵
67. Sir Peter Bazalgette, Chair, Arts Council England, referenced this changing landscape: “The BBC provides an independent and impartial source of news and information to the country, and in the digital age ... I think that is probably more important than it has ever been.”⁶⁶
68. On 8 January the BBC Director of News James Harding announced the launch of a three month review on the future of BBC News. BBC News has committed to making £5 million in savings as part of the corporation's overall target of £150 million in annual savings by 2017.⁶⁷
69. We recognise the vital role that the BBC plays in UK society, in particular through BBC News. The BBC's output in this area on all platforms commands a high level of trust which must be maintained. We are concerned about the impact of any future cuts.

Current Affairs

70. Ofcom reported as part of the PSB Annual Report that hours and spend on News and Current Affairs were down across all public service broadcasters compared to 2009.⁶⁸ It also identified a potential future supply problem of a “growing risk that the consolidated companies focus on the most commercially attractive genres, leading to a lack of innovation in the less commercially attractive genres (e.g. current affairs).”⁶⁹
71. In particular, Ofcom said that “the last few years have seen the BBC reduce its investment in programmes in some key PSB genres such as drama, current affairs, specialist factual and education.”⁷⁰ Data provided to the Committee confirm that the amount spent on this genre has declined. However we note

65 Ofcom, *News consumption in the UK 2015* (16 December 2015): http://stakeholders.ofcom.org.uk/binaries/research/tv-research/news/2015/News_consumption_in_the_UK_2015_executive_summary.pdf [accessed 9 February]

66 Q 37 (Sir Peter Bazalgette)

67 BBC, *About the BBC Blog* (8 January 2016): <http://www.bbc.co.uk/blogs/aboutthebbc/entries/ad7cddb7-1bb8-4eb3-9fcd-98034de57687>

68 Ofcom, *PSB Annual Report 2015, Output and Spend Annex* (July 2015): <http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting/annrep/psb15/> (accessed 9 February 2016)

69 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

70 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom's Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

that the number of hours of network current affairs television programming in 2014/15 (917) was higher than in 2013/14 (830).⁷¹

72. **We note the downward trend in investment in Current Affairs. We believe it is vital that the BBC maintains both the quality and quantity of its output in this genre.**

Promoting education and learning

73. According to the NUJ, the BBC has a long and distinguished history in this area:

“From the days when many people were given the opportunity to take degrees by watching late-night lectures ... to many thousands of innovative, exciting education clips used in schools ... the BBC has played TV teacher. BBC Bitesize, the Learning Zone and iZone are huge repositories of high-quality learning resources.”⁷²

74. The aim of this Public Purpose is to enable people of all ages to learn new things from programmes or online content on the BBC.⁷³ The use of “entertain” within the mission statement is as important here as the word “inform”, as stated by Laura Mansfield, Chair of the Producers Alliance for Cinema and Television (PACT): “Entertainment is how people come to education. It is how people come to learning. It is by delivering content in an entertaining package.”⁷⁴
75. We note that this purpose refers to learning and education for all ages however the majority of the evidence we heard related to children’s programming and education.

BBC’s current output

76. The BBC’s provision of content for children was identified as key to its fulfilment of this purpose. The BBC’s current output is across online, broadcast and other projects such as providing mini-computers to schools. It is widely acknowledged that the BBC is the best provider in the UK of live action Children’s TV but there are concerns that it does not do enough—particularly for the 10+ age group.⁷⁵
77. It has also been suggested that some of the BBC’s funds could be diverted to create a pot of money for which the rest of the industry could bid, in order to produce children’s programmes (contestable funding). Tony Collingwood, creator, writer and director of children’s animated series, said, “I think it is a little crazy to ask the BBC to pay for a failure in another part of the industry.”⁷⁶ The NUJ said the idea of contestable funding was to be resisted because it would mean “licence-payers contributing to the profits of commercial companies.”⁷⁷

71 BBC, *BBC Annual Reports and Accounts 2014/2015* (14 July 2015): <http://downloads.bbc.co.uk/annualreport/pdf/2014-15/bbc-annualreport-201415.pdf> [accessed 8 February 2016]

72 Written evidence from NUJ (BBC0021)

73 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

74 Q 25 (BBC (Laura Mansfield))

75 Written evidence from the Children’s Media Foundation (BBC0023), Oliver Hyatt (BBC0055)

76 Q 95 (Tony Collingwood)

77 Written evidence from NUJ (BBC0021)

78. Education and learning form a very broad church from formal, structured education such as Bitesize to the ‘incidental’ within documentaries and entertainment programmes. Professor Jeanette Steemers, Professor of Media and Communications, University of Westminster, told us it was important to make a distinction between “education and learning”. She said that the BBC has discrete areas for both: “BBC Learning is really the place for education and formal learning. It is not the place where children go to be entertained, but where they go to do their GCSE revision” whereas “BBC Children is the place for informal learning, where learning takes place by stealth.”⁷⁸ David Elstein, Chairman of openDemocracy and the Broadcasting Policy Group, drew a similar distinction: “The BBC does a lot of educational programming. It has content with lots of information and opportunities to learn, but education is much more formal.”⁷⁹

Current situation: is the genre of children’s television in crisis?

79. Ofcom’s Third Review of Public Service Broadcasting⁸⁰ found that there has been an industry-wide decline in the amount of hours and spend on children’s TV. Oliver Hyatt of Blue-Zoo Productions told the Committee:

“Over a ten year period there has been a decline in original hours of children’s PSB programming of 83 per cent and it is still declining year on year. Commercial PSB’s spend on original content in the same period fell 94 per cent—decimated by first the digital review that moved children’s to tier 3, then by the advertising restrictions surrounding children’s programming.”⁸¹

80. ***Children’s programming is a core PSB genre dating back to the first Charter and we recognise the BBC as the leader in this field. The BBC must continue to fund adequately its output in this genre to ensure it produces the best, most innovative content for children.***
81. Prof Steemers and the CMF were not optimistic about the likely effectiveness of contestable funds in reversing the decline in children’s programming.⁸² Mr Hyatt told us that intervention was needed and that whilst he did not like the idea of raiding the BBC’s budgets to reverse the decline in the genre, he thought all options should be considered. His first choice for a solution was: “to find new money or new ways to engage the commercial channels. If that fails, we will consider any measures that help grow money available; reverse the decline and provide more children’s PBS content.”⁸³
82. **In respect of children’s TV programming, we are pleased to note, from the confidential information that the BBC made available to us, that the BBC has increased its funding since the last Charter and maintained the quality of its output at a time when other providers have significantly cut back. Although we recognise the case for additional resources for content made for children in the UK, we**

78 [Q 98](#) (Prof Jeanette Steemers)

79 [Q 64](#) (David Elstein)

80 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 2 December 2015]

81 Written evidence from Oliver Hyatt ([BBC0055](#))

82 [Q 95](#) (Prof Jeanette Steemers) and written evidence from the Children’s Media Foundation ([BBC0023](#))

83 Written evidence from Oliver Hyatt ([BBC0055](#))

see no merit in redistributing funds from the BBC to the rest of the industry to provide this.

Stimulating creativity and cultural excellence

83. In the most recent BBC Trust Purpose Remit Survey, published in July 2015, seven of the top ten statements considered “drivers of value for money”⁸⁴ relate to this purpose. This demonstrates the importance of the “creativity” purpose to the licence fee payer. Central to this is the concept of “distinctiveness,” i.e. “The BBC makes programmes and online content that no other broadcaster would make”⁸⁵ (this statement was added to the tracker in 2012/13). The results for this statement have shown that while the gap between perceived importance and deliver/fulfilment has gradually improved, this is still a “key area for development.”

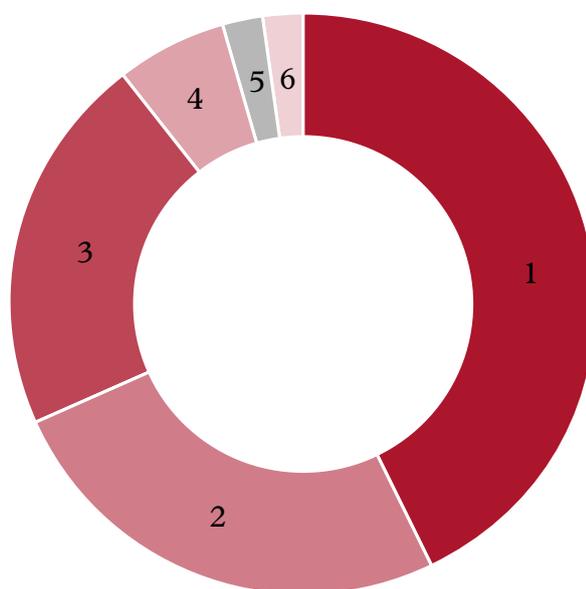
UK creative industry

84. The UK’s creative industry is a complex network. The licence fee money spent by the BBC flows into the creative industries through, for example, job creation, commissioning of programmes and the provision of training opportunities. The image below demonstrates the BBC’s role in the creative industries:

Figure 2: BBC spend in the external creative economy 2014/15

Total of £1.1bn

1. Independent programmes transmitted	£468m
(2013/14: £484m)	
2. Artists, contributors and copyright	£280m
(2013/14: £282m)	
3. External programme facilities and resources	£232m
(2013/14: £257m)	
4. Acquired programmes transmitted	£66m
(2013/14: £59m)	
5. BBC performing groups	£25m
(2013/14: £25m)	
6. External online expenditure	£22m
(2013/14: £20m)	



Source: BBC Annual Reports and Accounts 2014–2015⁸⁶

85. This purpose was identified as important for the BBC’s role in the wider industry. The NUJ stated that every £1 of licence fee spent by the network

84 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

85 *Ibid.*

86 BBC, *BBC Annual Reports and Accounts 2014/2015* (14 July 2015): <http://downloads.bbc.co.uk/annualreport/pdf/2014-15/bbc-annualreport-201415.pdf> [accessed 8 February 2016]

generated £2 of economic activity in the creative sector. It said the licence fee was the single biggest investment in the arts and creative industries in the UK and quoted Gareth Neame, the executive producer of *Downton Abbey* as saying: “BBC ... is our Hollywood, the only organisation big enough to make its own creative decisions.”⁸⁷

86. Sir Peter identified the key areas of the BBC’s role in the creative industries as its “massive investment in original programming”⁸⁸ and its development and investment in talent.⁸⁹ He regarded this as “crucial to the health of the creative industries, which are of national importance because they are now, as defined, 5 per cent of the economy.”⁹⁰ Prof Steemers quoted Professor Barwise, Emeritus Professor of Management and Marketing, London Business School, who said “every £1 cut from BBC TV funding decreases investment in first-run originations by 50p.”⁹¹
87. In recent years there has been a decline in spend on arts and music across the PSBs. As Ofcom noted in its Third Review of Public Service Broadcasting, “following the removal of specific quotas in 2003, PSB provision in arts and classical music, religion and ethics, and formal education has significantly reduced.”⁹²
88. The International Association for Media and Communications Research (IAMCR) said that despite the decline in spend the BBC played an important role by “showing more than twice as much original programming as all the other PSBs combined.”⁹³
89. **The Committee recognises the important role the BBC plays in stimulating creativity and cultural excellence, both through its own content and through its impact on the wider industry, particularly in the fields of music, drama and through training and developing talent; and we note with concern the decrease in spend on arts in the wider PSB industry.**

Representing the UK, its nations, regions and communities

90. We heard evidence about this Public Purpose from representatives of the different nations and regions within the United Kingdom and also from representatives of some communities, including organisations representing the Black, Asian and Minority Ethnic (BAME) community and the Christian community.

Communities

91. The Campaign for Broadcasting Equality quoted the most recent Purpose Remit Survey which showed that the “vast majority of performance gap measures⁹⁴ fell in the range of +3 to -10 but the performance gap for Black

87 Written evidence from NUJ (BBC0021)

88 Q 37 (Sir Peter Bazalgette)

89 *Ibid.*

90 *Ibid.*

91 Q 101 (Prof Jeanette Steemers)

92 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

93 Written evidence from IAMCR (BBC0041)

94 The BBC Trust creates qualitative statements from the Public Purposes; it then engages a market research agency to carry out a survey of how people rated the statement in terms of importance and how well the BBC is meeting it. The gap between these two is used to determine performance.

participants was -48, worse even than the -42 score for 2013” and that the “proportion agreeing they would miss the BBC dropped from 83 per cent to 59 per cent.”⁹⁵ The Survey for 2014 showed that for the first time this remit’s performance gap had overtaken that of distinctiveness, which had previously demonstrated the greatest gap.

92. The NUJ quoted data from Ofcom which showed that some groups underrepresented in PSB programming.⁹⁶ Simon Albury, Campaign for Broadcasting Equality, said that “Improvement in on-screen BAME portrayal is important—but on-screen representation which is not matched by off-screen employment is a hollow, deceptive and superficial gesture. Editorial power and influence lie behind the screen not on it.”⁹⁷
93. The Committee heard from a focus group of young people, some of whom thought the BBC did not represent minorities, and when it did it was niche rather than mainstream (they gave the example of Radio 1Xtra). Some said they felt excluded by the content.⁹⁸ One of the group was deaf and called for more subtitling and British Sign Language (BSL) interpretation.
94. Lord Hall of Birkenhead, Director-General of the BBC, said that he was “seeking to make a real difference on BAME representation, both on screen and behind it.” On 18 January the BBC announced £3.5 million of funding to continue a set of schemes designed to increase representation of ethnic minorities on and off screen over the next year.
95. The Committee heard concerns about a decline in religious programming at the BBC. The Bishop of Leeds told the Committee: “religion is a prime motivator of both individuals and communities, inspiring and informing their political, economic, ethical and social behaviour.”⁹⁹ He referenced Ofcom’s Third Review of Public Service Broadcasting which identified the genre as one of the “immediate areas of concern.”¹⁰⁰
96. **We expect the BBC to maintain its commitment to reflect the diverse communities of the UK both on and off screen in local and network content.**

Nations and Regions

97. Emily Davidson, Head of Policy, PACT, told the Committee that according to figures from Ofcom “spend on first-run originations from the nations and regions fell by 26 per cent over the last five years.”¹⁰¹
98. RIG felt that although the “nations and regions have a largely untapped wealth of ideas, stories, perspectives and talent to share with the rest of the UK ... the BBC’s commissioning structure does not encourage this to happen.”¹⁰² UK Music suggested that the BBC should cover small, boutique

95 Written evidence from CBE ([BBC0011](#))

96 Written evidence from NUJ

97 Simon Albury, “Diversity: Where are we now?” Speech at the Televisual Factual Festival, BAFTA, London 13 November 2013.

98 Appendix Five

99 Written evidence from Bp Leeds ([BBC0060](#))

100 *Ibid.*

101 [Q 23](#) (Emily Davidson)

102 Written evidence from RIG ([BBC0014](#))

and independent festivals across all existing platforms.¹⁰³ This would enable the BBC to better fulfil this purpose.

99. The BBC acknowledged this gap, saying “performance has been flat ... around regions and nations, and that is a particular area of focus for us in our proposals for the next Charter.”¹⁰⁴ Lord Hall said: “I think this is an area where people, rightly, expect great things out of us.” He referenced the fact that “over half the people working in the BBC are now outside London” and “53 per cent of television output now comes from outside London.”¹⁰⁵ In terms of the nations he recognised the need to “do more to reflect specifically what is happening in Scotland, Wales and Northern Ireland.”¹⁰⁶ He noted Pacific Quay in Glasgow and Media Centre in Salford as evidence of physical change and also the Mailbox in Birmingham [BBC regional base] stating:
- “We are spending £125 million in the Midlands, and it is not finished yet. We are also doing something fascinating with the Digital Guerrilla Group at Fazeley Street (location of digital businesses in Birmingham). In Wales, we have Roath Lock (television production facility Cardiff—the studios house some of the BBC drama productions).”¹⁰⁷
100. Peter Johnston, Director of BBC Northern Ireland, identified two separate aspects to this purpose: “Creating great local content that really resonates and requires a deep understanding of the place and people ... equally important is bringing a perspective from that part of the UK to the rest of the UK and vice versa.”¹⁰⁸
101. **We note that the BBC’s role in representing the UK, its nations and regions has been criticised as being too London-centric. We commend the steps taken by the BBC to address this by moving production outside the London area and we were impressed by the impact of the BBC’s investment in Salford MediaCity.**
102. **However, we heard from a number of witnesses who felt that the BBC did not reflect their lives, particularly the panel of young people, those with a disability and those within the BAME community. We note that the BBC has recognised this and we expect to see a marked improvement here.**
103. **We note the concerns raised regarding the decline across the PSB sector in religious programming and recognise that the BBC is very much the dominant PSB provider of this content. The BBC must maintain both the quality and content of its output in this genre.**
104. *We expect the BBC, as the recipient of the universal licence fee, to meet its duty to serve all the diverse communities of the UK. We recommend that this obligation should be incorporated into any future accountability framework.*

103 Written evidence from UK Music (BBC0031)

104 Q 177 (James Purnell)

105 Q 178 (Lord Hall of Birkenhead)

106 *Ibid.*

107 *Ibid.*

108 Q 113 (Peter Johnston)

Bringing the UK to the world and the world to the UK

105. The BBC brings the UK to the world through two main services—the BBC World Service and BBC Worldwide but also through BBC Film and other cultural exports.
106. The BBC brings the world to the UK through a number of services, chiefly through news and current affairs programming but also in documentaries and drama.
107. The World Service now forms part of the BBC news division and has an operating licence which is similar to a service licence and incorporates commitments to delivering the BBC Public Purposes. The remit states “BBC World Service broadcasts and distributes accurate, impartial and independent news and content in a range of genres aimed primarily at users outside the UK.”¹⁰⁹

Bringing the UK to the world

World Service

108. Historically, the BBC World Service was funded by the Foreign and Commonwealth Office. The BBC took over direct funding and operation of the World Service in 2014. This caused some controversy. In November 2015 the Government announced it would provide the World Service with £289 million over the next five years. This is for the BBC to “invest in expansion into countries such as North Korea as part of its strategy designed to strengthen the UK’s ‘soft power’.”¹¹⁰
109. The BBC World Service¹¹¹ was highlighted as being of particular importance to the UK’s soft power¹¹². The NUJ said that through the World Service the BBC was able, “to expose the brutality and corruption of regimes which try to hide their acts by repression of the media.”¹¹³ The focus group of young people we met told us that they thought the BBC abroad shaped and reflected British culture.
110. Prof Coyle said that there was “a new index of rankings of countries by their soft power and the UK is number one¹¹⁴, ahead of the United States, and this explicitly lists the world influence of the BBC as a key part of that soft power.”¹¹⁵ PACT believed the World Service served an important civic function.¹¹⁶ Adrian Greer, Chief Operating Officer of the British Council, spoke of the “extraordinary trust in the BBC World Service around the world.”¹¹⁷

109 BBC Trust, *Operating licence : BBC World Service*, (January 2014): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/regulatory_framework/other_activities/wsol/operating_licence.pdf [accessed 8 February 2016]

110 ‘BBC World Service to receive £289 million from government’, *The Guardian* (23 November 2015): <http://www.theguardian.com/media/2015/nov/23/bbc-world-service-receive-289m-from-government> [accessed 2 December 2015]

111 BBC World Service is an international news service available on radio, television and online. It currently broadcasts news and speech programmes in 29 languages, this is due to be extended to 31.

112 Soft power is a persuasive approach to international relations, typically involving the use of economic or cultural influence.

113 Written evidence from NUJ (BBC0021)

114 The Soft Power 30: <http://softpower30.portland-communications.com/ranking> [accessed 8 February]

115 Q 35 (Prof Diane Coyle)

116 Written evidence from PACT (BBC0044)

117 Q 107 (Adrian Greer)

BBC Worldwide

111. BBC Worldwide is the main commercial arm and a wholly owned subsidiary of the BBC. It sells BBC and other British programming for broadcast abroad with the aim of supplementing the income received by the BBC through the licence fee. In 2014/25 it provided £226.5 million back to the BBC.¹¹⁸
112. British Telecom (BT) told the Committee that the BBC “plays an important role in creating world-class British content ... desired and exported around the world.”¹¹⁹ Lord Hall stated:
- “We should be the risk taker and the investor in British creative talent, creating programmes that are distinctive. ... that is also why we want a strong BBC Worldwide, showcasing British creativity to the world. It is a public purpose and it is one in which the BBC has something very powerful to offer.”¹²⁰
113. BBC Worldwide is regarded by some commercial operators as an unfair player in the market because it benefits from a ‘first look deal’ on BBC content.¹²¹ Critics claim it does not necessarily deliver the best deal to the BBC and therefore the licence fee payer. David Wheeldon, Director of Policy and Public Affairs at Sky, told the Committee “It also limits ideas. It limits the creativity of international distributors, who may well find new platforms and avenues to distribute the BBC’s content.”¹²²

Bringing the world to the UK

114. Sophie Chalk, Head of Campaigns at the IBT, told us that the “bringing the world to the UK” part of this Public Purpose was delivered through “both news and all other genre—drama, entertainment, children’s, all very important.”¹²³ In her evaluation of the purpose she stated, “50 per cent of our non-news international content has been consistently provided by the BBC in the last 10 years, which is significant, and should not be underestimated.”¹²⁴ However IBT was concerned that “staff within the BBC believe international content should be delivered through certain genres on each channel, thus limiting the possibilities of delivering the global purpose and ghettoising it effectively.”¹²⁵
115. The NUJ voiced fears that merging BBC news teams and World Service news teams could lead to a dilution of character, tradition and ethos of the World Service. Kevin Sutcliffe, Head of News Programming EU at Vice News, said, “We are in an incredibly diverse, internationalised world, and that includes the people who live in this country. Often I do not feel that that is reflected through BBC news and current affairs.”¹²⁶

118 BBC, *BBC Worldwide announces record returns to the BBC* (14 July 2015): <http://www.bbc.co.uk/media/centre/worldwide/2015/bbc-worldwide-annual-review-2015> [accessed 8 February 2016]

119 Written evidence from BT ([BBC0052](#))

120 [Q 173](#) (Lord Hall of Birkenhead)

121 GMG ([BBC0040](#))/Sky ([Q 161](#))/ITV ([BBC0015](#))

122 [Q 161](#) (David Wheeldon)

123 [Q 104](#) (Sophie Chalk)

124 *Ibid.*

125 Written evidence from IBT ([BBC0029](#))

126 [Q 166](#) (Kevin Sutcliffe)

116. **The Committee recognises and endorses the crucial role the BBC plays in bringing the UK to the world, both in terms of English language and cultural influence.**
117. **We welcome the additional funding for the World Service announced in November 2015 for the World Service.**

In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television

Should the BBC play a role in digital technologies?

118. This Public Purpose relates to the BBC's role in delivering digital technologies to the public. The BBC's role here has divided opinion: some champion it as a success story which has delivered broad benefits, others claim it is inappropriate for the BBC to be involved in this arena.

119. Prof Freedman told us that this Public Purpose:

“directly led to innovative developments such as iPlayer and DAB (Digital Audio Broadcasting) which have been widely adopted by millions of UK citizens and which would not have been so enthusiastically pursued without the role of a public service broadcaster.”¹²⁷

Fujitsu also praised the iPlayer “as a major success.”¹²⁸ Claire Enders, Enders Analysis, echoed this: “The BBC has, since the dawn of television, played an absolutely extraordinary role in the R&D life of this nation, inventing ... colour TV, HD, Freeview, YouView, iPlayer and so on.”¹²⁹

120. Prof Coyle explained the importance of the BBC's fulfilment of this purpose to the wider industry: “BBC R&D have developed compression standards like DVB-T2. ... The BBC can build markets, as it did with the HD television service, which was one of the first channels and helped bring audiences to HD.”¹³⁰ This was echoed by James Purnell:

“It is one of those things where ... you might wonder why the BBC has a role in technology, but, if you go back, the BBC was founded as a way of getting people to take up the wireless, and then we have had a role in TV, colour TV, digital terrestrial, HD, Super HD, iPlayer. It is a very important part of what the BBC has always done.”¹³¹

121. Several witnesses cited Digital Terrestrial Television (DTT)¹³² and Digital Audio Broadcasting (DAB)¹³³ as examples where BBC investment and support were essential for future broadcasting. Arqiva stressed the importance of the DTT platform in so far as it supported the BBC being able to deliver universality and was “free at the point of consumption.” They added: “it is essential that the BBC continues to lead the way in building out DAB coverage for national and local services.”¹³⁴

127 Written evidence from Prof Des Freedman ([BBC0026](#))

128 [Q 5](#) (Claire Enders)

129 [Q 5](#) (Claire Enders)

130 [Q 32](#) (Prof Diane Coyle)

131 [Q 176](#) (James Purnell)

132 Digital Terrestrial Television. The broadcasting of terrestrial television in a digital format.

133 Digital Audio Broadcasting: The broadcasting of radio in a digital format.

134 Written evidence from Arqiva ([BBC0038](#))

Suggested changes

122. The BBC Trust believed this Public Purpose should be removed.¹³⁵ VLV agreed that it was no longer relevant “but the BBC should continue to have a responsibility to conduct research and development where it is used to promote the BBC’s other purposes.”¹³⁶ The Media, Communications and Cultural Studies Association (MECCSA) said:
- “This carries the risk that the BBC will no longer be able to take the lead in technological innovation. It also removes any risk that governments may use the purpose to impose tasks that are not directly related to the BBC.”¹³⁷
123. Arqiva said the sixth purpose must be maintained: “The Corporation should continue to deliver and invest in emerging broadcasting and distribution technologies where they enhance the BBC’s core offering to the majority of licence fee payers.”¹³⁸
124. Some thought the BBC would no longer have the financial ability to fulfil a purpose such as this and questioned the BBC’s future role in this area given there were much larger companies able to invest more money. RIG asked whether it was “realistic for the BBC to be trying to create new technology and software which it does not have the resources to effectively develop or market.”¹³⁹ TAC, the representative group for the independent Welsh TV production sector, echoed these concerns.¹⁴⁰ Conversely, techUK told us that “the BBC has a role to play in supporting digital inclusion, access for all and the migration from analogue to digital for core services. The BBC should be sufficiently funded to allow it to achieve these aims.”¹⁴¹
125. The BBC proposed an “updated version of current digital purpose linked explicitly to the BBC services.”¹⁴² Mr Purnell said that this was related to “the importance of services, content and curation going together.”¹⁴³
126. Many witnesses felt that the last part of this purpose was no longer relevant, as the switchover to digital television was completed in 2012. Professor Steven Barnett, Professor of Communications, University of Westminster, said: “I can see how purpose number six could be changed. Clearly digital switchover has happened, so that particular detail is not relevant.”¹⁴⁴ Sir Peter Bazalgette agreed.¹⁴⁵
127. There are two aspects to the role of the BBC in delivering the benefits of emerging communications technologies: the first is in developing the different media through which the BBC’s output is channelled; and the second is in the innovative technologies being developed by the BBC.

135 Written evidence from BBC Trust ([BBC0043](#))

136 Written evidence from VLV ([BBC0027](#))

137 Written evidence from MECCSA ([BBC0020](#))

138 Written evidence from Arqiva ([BBC0038](#))

139 Written evidence from RIG ([BBC0014](#))

140 Written evidence from TAC ([BBC0034](#))

141 Written evidence from techUK ([BBC0036](#))

142 Written evidence from BBC ([BBC0047](#))

143 [Q 179](#) (James Purnell)

144 [Q 56](#) (Prof Steven Barnett)

145 [Q 43](#) (Sir Peter Bazalgette)

128. *We believe the BBC has an important role to play in remaining an independent and non-commercial contributor in developing innovative technologies of the future. It needs to operate on sufficient scale on multiple platforms. We recommend that this role should be incorporated into any future accountability framework.*
129. **However, we note the concerns expressed that this priority is very broad and allows the BBC to carry out any activities it desires within the digital space. We recognise the need for the BBC to develop its role but that it should do so with regard to the wider industry.**
130. *The reference to the switchover to digital television is now out of date and should be removed from any accountability framework in the future.*

CHAPTER 4: SCALE AND SCOPE

131. The Committee’s inquiry was launched in June 2015. During the course of the inquiry, as a result of the evidence heard, we became interested in considering a third question: is the BBC’s current scale and scope appropriate? We published a supplementary call for evidence in September 2015 inviting views on this point.¹⁴⁶ The accountability framework (currently the Public Purposes framework) should set out what the BBC is expected to do and in this chapter we consider what scale and scope is necessary to meet that framework.

Timing

132. We heard evidence from several witnesses that they would have expected discussions and review of the BBC’s scale and scope as well as its purpose to take place before any decision on funding. Steve Hewlett said of the July 2015 agreement¹⁴⁷ between the Government and the BBC, which had taken place before the Charter Review process had begun in earnest: “To all intents and purposes, the cart has obviously preceded the horse.”¹⁴⁸ The BBC Trust and the BBC Executive agreed that events had happened in the wrong order.¹⁴⁹ The Secretary of State for Culture, Media and Sport, denied that events had happened in the wrong order. He told us that the July 2015 agreement made it clear that the Charter Review process still may have some impact on the level of licence fee, “once we have considered things, particularly the purposes and scope.”^{150 151}

Scale and scope

133. The words “scale and scope” are often used interchangeably or as a single phrase. Our witnesses used different interpretations of the terms. Many of our witnesses interpreted the phrase “scale and scope of the BBC” to mean “size and reach of the BBC.” We have also tended to use this interpretation. A number of our witnesses however sought to explain the different meanings of the two individual terms. Mr Purnell told us that “scale” related to the size of the BBC’s budget and that “scope” referred to the “overall framework” or “purpose” of the BBC¹⁵². Therefore, when we draw a distinction between the two words, “scope” refers to the variety of content and services that the BBC offers and “scale” refers to the amount of money the BBC receives and earns.

Should the BBC be smaller or larger than its current size?

134. The Government’s Green Paper¹⁵³ poses seven questions on the topic of scale and scope, looking at both the type of content delivered and the services by which it is delivered. The consultation asks about expansion of the BBC’s services and the quality and distinctiveness of the output.

146 See Appendix Three

147 See Chapter Five for a detailed explanation of this agreement.

148 [Q 10](#) (Steve Hewlett)

149 [Q 79](#) (Rona Fairhead) and [Q 182](#) (James Purnell)

150 [Q 212](#) (John Whittingdale)

151 See Chapter Five for a more detailed discussion of this point.

152 [Q 182](#) (James Purnell)

153 Department for Culture, Media and Sport, *BBC Charter Review Public Consultation 26 July–8 October 2015*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 23 November 2015]

135. We found that there was little appetite for a BBC significantly reduced in size, not least because of the potential damage such a reduction could inflict on the wider sector. BT said it was clear that, “a UK media sector without the BBC, or with a further reduced BBC, would be substantially worse off”.¹⁵⁴ techUK agreed with this view¹⁵⁵ whilst Hywel Wiliam, Institute of Welsh Affairs, told us that in the communications and broadcasting market in Wales, it was “very difficult to see an argument for reducing that [the BBC’s] capability.”¹⁵⁶ Arqiva pointed to the bald fact that there are, “over 300 TV channels widely available across Free-To-Air and Pay platforms in the UK” and told us that in this context, “the BBC’s nine TV channels are not excessive.”¹⁵⁷ Channel 4 commented that it was important for all PSBs to maintain their reach and scale and that therefore it supported “a strong BBC with scale and obligations to meet the needs of wide audiences.”¹⁵⁸
136. The BBC Trust said that its research showed that there was no public demand for a narrower BBC and that there was very broad support from the public for the BBC: “Just 12 per cent of the public disagree that the BBC should continue to do everything it currently does.”¹⁵⁹ The BBC Executive similarly told us that the public would not support any “fundamental reductions in the scope or purposes of the BBC.”¹⁶⁰
137. Whilst not advocating an overall reduction in the size of the BBC, Radiocentre’s written evidence claimed that significant changes were “required to address the scale and scope of BBC radio,” pointing out that:
- “The BBC’s share of the overall radio market remains at a high level (54 per cent), much higher than any other media. This has been driven mainly by the mass market proposition provided by its largest music radio services (Radio 1 and Radio 2) at peak times.”¹⁶¹
- Will Harding similarly pointed to radio as an area where the BBC should be more focussed in what it offers and “do less in terms of trying to maximise their audience all the time on Radio 1 and Radio 2.”¹⁶² This chimed with Radiocentre’s view that a, “lack of clarity in the BBC’s mission ... has led to an undue focus on the growth of audience reach and share.”¹⁶³
138. GMG called for “limits to be placed on the scope and role of the BBC in the next Charter period.”¹⁶⁴ They pointed to the impact of the BBC’s presence online on the commercial viability of local news websites which were “due to a number of factors, not least of which is the presence of huge quantities of free content on bbc.co.uk, which makes it virtually impossible to charge users to access content” and also to the BBC’s increasingly dominant radio presence—a presence that “consistently creeps beyond the boundaries of its intended remit.”¹⁶⁵

154 Written evidence from BT ([BBC0052](#))

155 Written evidence from TechUK ([BBC0036](#))

156 [Q 150](#) (Hywel Wiliam)

157 Written evidence from Arqiva ([BBC0038](#))

158 Written evidence from C4 ([BBC0042](#))

159 Written evidence from the BBC Trust ([BBC0043](#))

160 Written evidence from the BBC ([BBC0047](#))

161 Written evidence from Radiocentre ([BBC0053](#))

162 [Q 161](#) (Will Harding)

163 Written evidence from Radiocentre ([BBC0053](#))

164 Written evidence from GMG ([BBC0040](#))

165 Written evidence from GMG ([BBC0040](#))

139. ITV's submission to the Government's Green Paper said:

"The BBC should not be permitted to acquire content that is already made (or a format that already exists in another territory) where another commercial rival is prepared to purchase that content or format ... In other words, the BBC should be the buyer of last resort for pre-existing content or formats in the UK market."¹⁶⁶

Magnus Brooke explained the benefits as he saw them of this specific suggested reduction in the BBC's scale and scope:

"If the BBC did not acquire existing formats and existing programmes, it would have to take the risk in commissioning new programmes and new formats itself ... If it made a success of those, it would have its own programme or format ... which it could then sell around the world. In a way, what we are saying to the BBC is, "The licence fee gives you the ability to take risk, go outside and do new things, and you might actually find you end up with more than you started with" and, in the process, licence fee payers will get something they would not otherwise have had."¹⁶⁷

140. Luke Johnson argued for a more general reduction in the scope and scale of the BBC:

"There has been mission creep over the decades in the BBC. ... If it were to reduce some of the products of services—radio, television and online—that were replicating, effectively, what is already available elsewhere, I do not think that would diminish the BBC at all. ... If it were to concentrate more on the best bits that are distinctive, addressing needs that are not met elsewhere, I think you could argue that it would improve, not be worse."¹⁶⁸

141. Conversely Prof Coyle expressed concerns to the Committee that the "economics of ... new technologies are that scale is more and more important, not less and less important, and in the global context, the BBC is already very small."¹⁶⁹

142. The Secretary of State for Culture, Media and Sport said that discussion of the BBC's scale and scope was not necessarily a discussion of whether the BBC should restrict its output. He said that, "there is also a case for whether or not the BBC should focus its output more clearly on ... distinctiveness."¹⁷⁰

143. **We note concerns raised about the BBC's scale and scope in some particular areas but we have not heard a convincing case for a significant reduction in the scale or scope of the BBC. In global terms the BBC remains comparatively small, compared in particular to American new entrants to the market such as Amazon and Netflix.**

166 'BBC should be banned from buying shows such as The Voice, says ITV', *The Guardian* (29 October 2015): <http://www.theguardian.com/media/2015/oct/29/bbc-the-voice-itv-bbc1-bbc3> [accessed 9 February 2016]

167 [Q 195](#) (Magnus Brooke)

168 [Q 69](#) (Luke Johnson)

169 [Q 32](#) (Prof Diane Coyle)

170 [Q 217](#) (John Whittingdale)

Should the BBC enter into more partnerships with other institutions?

144. The House of Commons Culture, Media and Sport Committee's report, *Future of the BBC*, concluded that, "the success of a future public BBC will depend on its ability and willingness to collaborate and work in partnership with others at all levels to maximise its public value and that of others."¹⁷¹ The kinds of partnership the BBC might enter into include creative partnerships, research and development partnerships, technological partnerships and commercial partnerships.
145. On 7 September 2015 the Director-General of the BBC, Lord Hall of Birkenhead, gave a speech outlining the future vision for the BBC. He said that part of that vision was, "A BBC that is truly open to partnership—working much closer with others for the good of the nation."¹⁷² He spoke of a new, open BBC which would be "a true partner with other organisations" and which was "a million miles away from an expansionist BBC. Indeed it is the polar opposite. It comes from the desire to partner and share." He outlined plans to work with local newspapers whereby the BBC would set aside licence fee funding to invest in a service that reports on Councils, courts and public services.¹⁷³
146. This focus on increasing partnership potential was welcomed by some witnesses. The British Academy of Songwriters, Composers and Authors (BASCA) said: "Extending new relationships with audiences and contributors will render the BBC more inclusive and enhance the visibility of the BBC's diversity, thus increasing its public value."¹⁷⁴ Channel 4 agreed: "we think the concept of partnerships, in particular as it relates to other public organisations, should be one of the BBC's public purposes."¹⁷⁵
147. Some of the warmth of this welcome might be a reaction to what a number of witnesses saw as the BBC's poor performance as a partner to other organisations in the recent past. GMG told us that:
- "Our experience of attempting to partner with the BBC is that despite encouraging conversations and positive intentions on both sides, the culture of the BBC acts as an inherent, institutional barrier to effective partnership. For all the admirable public service values of the BBC, at root it is set up to compete—and to win. Very few of our past efforts to build partnerships with the BBC have resulted in concrete benefits for our businesses."¹⁷⁶
148. This was echoed by ITV, "We have lots of effective partnerships with the BBC in YouView, in Freesat and Freeview, but partnering the BBC, frankly, has not always been very easy."¹⁷⁷ Caroline Norbury, Chief Executive Officer of Creative England, thought that the BBC could "be a bit smarter in how it works with other organisations and institutions."¹⁷⁸

171 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

172 BBC, Tony Hall's speech at the Science Museum on the future vision of the BBC (7 September 2015) <http://www.bbc.co.uk/mediacentre/speeches/2015/tony-hall-distinctive-bbc> [accessed 8 February 2016]

173 *Ibid.*

174 Written evidence from BASCA ([BBC0022](#))

175 [Q 198](#) (Dan Brooke)

176 Written evidence from GMG ([BBC0040](#))

177 [Q 198](#) (Magnus Brooke)

178 [Q 141](#) (Caroline Norbury)

149. Others suggested the BBC could be more helpful in sharing recordings in its extensive archives with other broadcasters and local media.
150. Several witnesses commented on the sort of partnerships that the BBC should or should not form. techUK was concerned that the BBC should not “form commercial partnerships that could be seen to compete with open standards platforms and technologies.”¹⁷⁹ VLV thought the BBC “should work more effectively in commercial partnerships, whether that is in sharing content with local papers and local news websites or in developing technology which will benefit the UK population as a whole.”¹⁸⁰
151. *Because the BBC is a public service broadcaster, funded by a universal licence fee, any partnerships it enters into should not divert money from its core activity. However when there is an enhancement to the BBC’s core mission and a clear benefit to the licence fee payer we believe that the BBC should be encouraged to form partnerships.*
152. *We recommend that where the BBC does form partnerships it should do so in an open and generous manner, recognising its unique position as a national broadcaster to carry material created by others or to amplify their activities.*

Should the BBC do anything beyond its Public Purposes?

153. In our Call for Evidence we asked whether the BBC should do anything beyond its Public Purposes. We wanted to find out whether witnesses thought the BBC should be expected to do anything beyond the fulfilment of its Public Purposes. Whilst we have recommended in Chapter Two that the current Public Purposes be replaced, the question of whether the BBC’s purposes (however drafted) should encompass all the work that the BBC undertakes remains valid.
154. We received a considerable amount of evidence which suggested that the current Public Purposes of the BBC, taken together with the Purpose Remits, were sufficiently broad to encompass all the significant work that the BBC is expected to do. VLV, IBT, the Incorporated Society of British Advertisers (ISBA) and Enders Analysis all agreed with this position. The British Film Institute (BFI) was unequivocal on this: “The public purposes should inform all of the BBC’s activities.”¹⁸¹
155. Other witnesses, such as PACT, pointed out that the broadness of the Public Purposes allowed the BBC “flexibility in determining how it delivers on its remit to provide high quality content which informs, educates and entertains.”¹⁸² BT, whilst accepting the principle that the BBC should operate within its Public Purposes, explained that within a 10 year Charter period, “there may be many things that are relevant in that period that cannot be imagined now. Therefore the BBC should be able to make a case to its regulator to consider an alteration to its purposes if it deems it necessary.”¹⁸³
156. We received some evidence however to suggest that the BBC had been asked to take on projects or responsibilities which were outside the scope of the

179 Written evidence from techUK ([BBC0036](#))

180 Written evidence from VLV ([BBC0027](#))

181 Written evidence from the BFI ([BBC0049](#))

182 Written evidence from PACT ([BBC0044](#))

183 Written evidence from BT ([BBC0052](#))

current Public Purposes (in paragraphs 209–212 we consider the decision to give the BBC the responsibility of funding free licence fees for the over-75s). As part of the 2010 BBC funding settlement it was agreed that £150 million of licence fee income a year would be made available for funding broadband rollout across the UK. This was welcomed by some but others claimed it was an inappropriate use of the licence fee. VLV, whilst not citing the broadband rollout as an example, was also against further ‘top slicing’ of the BBC licence fee to fund other projects.¹⁸⁴

157. We consider the process by which the licence fee is set in more detail in Chapter Five.

158. ***There should be no further diversion of funds from the BBC licence fee for other activities without the approval of the independent regulator.***

Universality and market failure

159. In this section we consider whether the BBC should offer something for everyone (universality¹⁸⁵) or whether it should confine itself to output which the market will not provide (market failure¹⁸⁶). This is not a new question. It has been posed almost since the very beginnings of the BBC and seems to be considered in every BBC Charter Review process.¹⁸⁷

160. Lord Hall provided a compelling definition:

“Universality does not mean doing everything for everyone. It means reaching everyone with good things, things of real value, of public value to them, but of personal value to them as well, whoever they are, however wealthy they are, whatever age group they are, whatever background they come from, whatever part of the UK.”¹⁸⁸

161. Rona Fairhead similarly told us that, “It is not that the BBC should do everything for everybody but that it should be universal so that it serves the UK.”¹⁸⁹ Mr Elstein supported the BBC’s reluctance, “to be driven into [becoming] a market failure broadcaster ... I do not think the BBC should be a default broadcaster; it should be a much broader organisation.”¹⁹⁰

162. We received some evidence which argued for a market failure model. ISBA believed that the “principal purpose of PSB in the digital age should be to deliver services which meet the needs of citizen-consumer-viewers which are not provided by the market.”¹⁹¹ They questioned the BBC’s role “wherever the market can and does provide good services—for example: popular entertainment shows on TV; contemporary hit radio; successful magazines; and web-based news services.”¹⁹² Creative Scotland felt there was a “danger”

184 Written evidence from the VLV ([BBC0027](#))

185 “Universality” can be used both to refer to the breadth of content on offer (i.e. content with universal appeal) and also a fundamental principle of PSB that it is widely available and free at the point of use.

186 “Market failure” is used to define a restriction of output to that which the market would not commercially provide, often because it is seen as unprofitable.

187 Department for Culture, Media and Sport, *Review of the BBC’s Royal Charter: A strong BBC, independent of government* (March 2005)

188 [Q 181](#) (Lord Hall of Birkenhead)

189 [Q 74](#) (Rona Fairhead)

190 [Q 68](#) (David Elstein)

191 Written evidence from ISBA ([BBC0025](#))

192 *Ibid.*

that in taking away some of the popular or commercial programming “a BBC Scotland is created which no one wants to watch.”¹⁹³ Professor Richard Collins, Honorary Visiting Professor at the University of Exeter and City University London, did not argue for a market failure model but he suggested that “the licence fee, or whatever alternative method of public funding for media is adopted, is used to mitigate media market failures.”¹⁹⁴

163. Magnus Brooke’s view was that the BBC should remedy market failure but that that was not “all the BBC should do ... it should have a broad range of content and it should have popular content ... We do not think they should just be confined to the market failure role, but the market failure role is important.”¹⁹⁵ Huw Jones, Chairman of S4C, similarly explained that whilst the BBC should not just remedy market failure, it had a role to play in this area.¹⁹⁶

164. Will Harding found the term “market failure” unhelpful and preferred the term, “market enrichment”. He thought it inappropriate to set the BBC’s scope and ambition by telling it what it could not do. He said that:

“Everything the BBC does should enrich the market and should result in there being more content available for licence fee payers than there would otherwise be ... rather than forcing them [the BBC] into ... saying, ‘I can only do the things that other people are not doing ...’ No great creative output is ever produced by doing that.”¹⁹⁷

David Wheeldon, whilst not advocating a market failure model, said that the BBC needed “to be more cognisant of its role in delivering what the market cannot.”¹⁹⁸

165. Most of our evidence showed a broad base of support for a universal BBC. Prof Freedman told us that, far from turning “into a ‘market failure broadcaster’ as its commercial rivals would like it to be, the BBC should continue to operate as a fully-fledged and universal public service broadcaster.”¹⁹⁹ IBT warned that, “If the BBC does not provide a universal service with a diverse range of content this would increase the democratic divide so that only those who are able or prepared to pay for high quality content about the wider world will do so.”²⁰⁰ PACT argued that, “it is right that the BBC is universal both in terms of being universally available to audiences across the UK and that its content appeals to the different tastes and interest of licence fee payers.”²⁰¹ Channel 4 did not believe it would be to the benefit of audiences if “the BBC were restricted to only operating in areas where the market fails to produce.”²⁰²

166. The BBC Trust’s view was that:

“While some see the BBC through the lens of correcting market failure, the Trust’s research suggests that the licence fee payer does not view it

193 Written evidence from Creative Scotland ([BBC0059](#))

194 Written evidence from Professor Collins ([BBC0019](#))

195 [Q 193](#) (Magnus Brooke)

196 [Q 193](#) (Huw Jones)

197 [Q 157](#) (Will Harding)

198 [Q 157](#) (David Wheeldon)

199 Written evidence from Professor Des Freedman ([BBC0026](#))

200 Written evidence from the IBT ([BBC0029](#))

201 Written evidence from PACT ([BBC0044](#))

202 Written evidence from C4 ([BBC0042](#))

in that way. They expect the BBC to produce content it could be argued is already provided by other, profit-driven organisations, because they expect plurality, very high-quality and higher standards of impartiality and accuracy ... This means that a majority of licence fee payers expect the BBC to play a very different role from that of simply a content provider of last resort when the market does not deliver.”²⁰³

167. Some witnesses warned of the dangers of universality creating “rating chasing” behaviour. Prof Collins explained that in his view the BBC has attempted:

“universality of coverage of the UK’s population ... but this strategy has too often had the BBC echoing its commercial rivals in “Me too” programming which serves not to legitimise the BBC’s claims on public funding, by it providing different (and better) services, but rather to make the BBC’s claims on public funding appear only to keep the BBC in being as an end in itself.”²⁰⁴

168. Radiocentre expressed a similar concern that a BBC which sought to be too broad in its mission risked trying “to be all things to all people across every possible platform. This approach leads to duplication of what is offered by the commercial sector and a reduction in distinctive content for audiences.”²⁰⁵

169. A number of witnesses argued for a universal BBC which prioritised distinctiveness. ITV said that, “the BBC should provide entertaining programmes to large audiences, but these programmes must be innovative and distinctive from those offered by the market.”²⁰⁶ The NUJ wanted the BBC to be “driven by quality and distinctiveness rather than simply high ratings.”²⁰⁷ The BBC Trust, whilst confirming that it had found most BBC services to be distinctive, suggested that the requirement for each BBC service to be distinctive should be included in its service licence.²⁰⁸ The Secretary of State for Culture, Media and Sport told us that, “There will also be this difficult line to draw between universality and distinctiveness. It is one of the critical issues that is part of the Charter review.”²⁰⁹

170. ***The BBC should not be restricted to remedying gaps for which the market does not provide. The BBC must continue to be a universal broadcaster providing content which does not simply inform, and educate but also entertains.***

BBC’s impact on the wider creative industry

171. In this section we consider whether the BBC, because of its scale and scope, is unfairly crowding out commercial competition in the creative industries.
172. There are regulatory safeguards in place which seek to minimise the BBC’s negative impacts on the industry. The BBC Trust sets the Fair Trading Policy framework for the BBC, a key component of which is the Competitive Impact Principle. This requires that when carrying out its public service activities, the BBC must endeavour to minimise its negative competitive impacts on the

203 Written evidence from the BBC Trust ([BBC0043](#))

204 Written evidence from Professor Collins ([BBC0019](#))

205 Written evidence from Radiocentre ([BBC0053](#))

206 Written evidence from ITV ([BBC0015](#))

207 Written evidence from NUJ ([BBC0021](#))

208 Written evidence from the BBC Trust ([BBC0043](#))

209 [Q 210](#) (John Whittingdale)

wider market, whilst always ensuring the fulfilment of its Public Purposes and taking into account its other obligations in the Charter and Agreement. There is a strict obligation on the BBC to take the appropriate steps in the given circumstances to achieve this outcome. Additionally the Fair Trading Complaints framework set by the BBC Trust provides market participants with the means to complain where they are concerned about BBC activities. Market participants can complain directly to the BBC and if they are not satisfied with the response they receive they can appeal to the BBC Trust. The BBC Trust told us that, “in this Charter period the BBC has received 29 fair trading complaints and the Trust has considered eight cases on appeal. In six of these cases the BBC Trust upheld at least one element of the appeal.”²¹⁰

173. Finally, the Public Value Test (PVT) and ‘Clause 25’ (the test applied to determine whether or not a PVT is required) are important *ex-ante* regulatory instruments which assess and address any potential negative impacts on the market. Since 2006 Ofcom has conducted five full Market Impact Assessments which have taken into account static effects of service proposals (the impact on demand for other products and services assuming no change in behaviour by other providers in response to a BBC service launch/closure) and dynamic effects of service proposals (through changing market behaviour, and impacts on investment and innovation by other providers in response to the BBC service change). These assessments are requested by the BBC Trust and form an important part of the Trust’s decisions on the Public Value Test. Where proposals are found to have a potential negative impact they can be prevented.
174. We received a wealth of evidence indicating that the BBC does not crowd out the commercial competition. Michael Pollard pointed to the growth in the number and variety of commercial operators in the last few decades as evidence that the BBC was not hindering them.²¹¹ Jenny Baxter, Chief Operating Officer for BBC England, referenced a study by KPMG for the BBC Trust which found that the BBC’s presence in Salford had a positive impact on the creative economy in that area.²¹² Hywel Wiliam went further and said that not only did he not see any evidence of the BBC crowding out the competition but that, “If anything, we see what our chairman referred to in his statement as market failure writ large—that the choice is often a BBC service or no service.”²¹³
175. Witnesses identified a number of other positive benefits of the BBC’s impact on the wider industry. VLV claimed that the BBC’s “‘critical mass’ had been an essential element in ... its role of discovering and developing talent in the UK broadcasting industry.”²¹⁴ Prof Barnett praised the BBC’s investment in original first run content: “However much the non-PSBs—the Skys, the BTs and the Netflixes—say they are going to invest in original first-run UK content, they do not come near to matching the BBC’s.”²¹⁵ Similarly, the NUJ cited the Barwise and Picard report for the Reuters Institute for the

210 Written evidence from the BBC Trust ([BBC0043](#))

211 Written evidence from Michael Pollard ([BBC0012](#))

212 [Q 119](#) (Jenny Baxter)

213 [Q 148](#) (Hywel Wiliam)

214 Written evidence from the VLV ([BBC0027](#))

215 [Q 58](#) (Prof Steven Barnett)

Study of Journalism²¹⁶ which found that, “without BBC TV the investment in first-run UK content would be 25–50 per cent lower.”²¹⁷

176. We heard from the BBC itself that it needed to be more open in “showing what it is so good at and the impact it has on society and the economy at these different levels.”²¹⁸ Caroline Norbury also saw benefit in better explanation of the benefits the BBC brings to the wider industry:

“One of the great strengths of the BBC as a lead cultural institution and a leader in the creative industries is that it has so many other points of intervention and impact, but we do not really talk about those or measure them”.²¹⁹

177. Dr Roberto Suárez Candel, Head of the European Broadcasting Union’s Media Intelligence Service, turned the question of the BBC’s impact on the rest of the industry on its head and said that the debate should not be framed in terms of how much the BBC cost but rather in terms of a level of investment in society:

“It is about the impact on training and the impact from having well-informed citizens, the impact in arts, promoting the arts, so that artists that have no promotional capacity are exposed. Eventually, this democratic, this cultural, this training impact will also have an economic impact because it will enable activities.”²²⁰

178. Whilst some witnesses agreed that the BBC was a stimulus to the creative economy they questioned whether its impact was sufficiently great. Magnus Brooke asked, “is there enough innovation? Is there enough constant encouragement of new talent?”²²¹ Will Harding shared this desire to better measure the BBC’s impact:

“How do you make sure that what the BBC does is genuinely increasing choice and enriching the market? ... if BBC programmes are hugely popular, they impact on our audience levels and we will make less money, but to some degree I would say, “Tough. We just have to work harder”—provided that what the BBC is doing is genuinely distinctive and worthy of receiving public money to fund it.”²²²

179. We received evidence about three specific areas of concern in terms of the BBC’s impact on the wider industry. These were in news provision, radio, and online. We consider each in turn below.

News provision

180. Some witnesses expressed concern at the scope and scale of the BBC’s news operations, both in the UK and overseas. David Wheeldon reminded us that Sky News had launched six years before the BBC News channel leading to the commercial business model being, “fundamentally holed below the

216 University of Oxford, Reuters Institute for the Study of Journalism, *What If there Were No BBC Television?* (February 2014): http://reutersinstitute.politics.ox.ac.uk/sites/default/files/What%20if%20there%20were%20no%20BBC%20TV_0.pdf [accessed 9 February 2016]

217 Written evidence from the NUJ (BBC0021)

218 Q 75 (Mark Florman)

219 Q 136 (Caroline Norbury)

220 Q 49 (Dr Roberto Suárez Candel)

221 Q 194 (Magnus Brooke)

222 Q 158 (Will Harding)

waterline.”²²³ This was an historical example but currently there was an issue because “the BBC has 43 per cent of all the cross-platform market impacts,²²⁴ which is four times its nearest competitor.”²²⁵

181. GMG told us that since the Government’s decision in 2014 to end direct Government funding through the Foreign and Commonwealth Office for the BBC World Service the BBC had sought to commercialise its news content published outside the UK through advertising and sponsorship. GMG explained that the BBC’s recent response to the BBC Charter Review set out “plans to ‘aggressively commercialise’ the BBC’s global news operations meaning that the Guardian will come into even closer competition”²²⁶ with the BBC in the future.
182. IBT thought the BBC’s provision of news made a distinctive and important contribution to the UK as a democracy and “providing free, accurate, impartial news online brings with it social benefits which IBT believes outweigh the commercial imperatives of the BBC’s competitors.”²²⁷ Prof Barnett’s view was that “We have to look at what people want, what kind of news and information they are looking for and how we judge their behaviour rather than looking to penalise the BBC because commercial competitors are unhappy about it.”²²⁸
183. *We would not want to see a further reduction or diminution in the quality or quantity of the BBC’s news coverage on any platform. We are not persuaded that the BBC should reduce the scale or scope of its news operations either in the UK or overseas. We recommend the continuation of a dedicated UK news channel.*

Radio

184. The BBC has approximately 84 per cent of the audience share in speech radio and approximately 49 per cent of the audience share in music radio. This compares to an audience share of approximately 33 per cent in television.²²⁹
185. UTV raised a number of concerns about the BBC’s dominance of the speech radio market. According to YouGov research, none of the BBC’s radio stations were associated primarily with news by listeners (although Radio 4 comes close to achieving this). UTV told us that “In 2010/11, despite a requirement for 75 per cent of 5 live’s programming to consist of news, news received just 46 per cent of attributable programming spend, compared with 54 per cent for sport.”²³⁰ As a result in 2012 the BBC Trust recommended that BBC Radio 5 live rebalance expenditure away from sport and towards news. UTV said that, “Since then, the BBC has made negligible progress, with sport expenditure reducing to 52 per cent of attributable programming spend in 2014/15, against 48 per cent for news.”²³¹

223 *Ibid.*

224 ‘Share of references’ is Ofcom’s cross-media metric designed to measure the share of individual news sources consumed across all platforms.

225 [Q 158](#) (David Wheeldon)

226 Written evidence from GMG ([BBC0040](#))

227 Written evidence from IBT ([BBC0029](#))

228 [Q 59](#) (Prof Steven Barnett)

229 Written evidence from UTV ([BBC0054](#))

230 *Ibid.*

231 *Ibid.*

186. UTV also suggested that the BBC assumed that acquiring rights on a non-exclusive basis mitigated any negative market impact whereas, “this activity still has a significant impact on the market, limiting the audience levels achievable for non-BBC stations for these events and potentially setting sports governing bodies’ fees expectations at unrealistic levels.”²³²
187. Radiocentre informed us that between 1999 and 2014 the gap in audience share between BBC radio and commercial radio grew from 2 per cent to 11 per cent. Research that they had commissioned found that, “even just the audiences which have migrated from commercial radio to the BBC since 1999 could have contributed to higher net revenues to the commercial sector of between £50–60 million a year.”²³³ Radiocentre called for more attention to be given to the cumulative effect of BBC services on the commercial market, “whether it is through the combined impact of BBC radio stations, or the Corporation’s unrivalled ability to cross-promote its content on a variety of channels and platforms.”²³⁴
188. Will Harding shared the view that more thought should be given to the impact of BBC radio on the wider market:
- “The scale of that intervention means that we need to be very clear about why they are so large and whether that is justified, particularly when it comes to launching new services. We have been very concerned that a number of new services have been launched ... without any public scrutiny or opportunity to assess the impact that the services would have.”²³⁵
189. UK Music praised the BBC’s distinctiveness from commercial radio in the music it plays and told us that, “while this distinctiveness is maintained both the BBC and commercial sector can grow and thrive together.”²³⁶ It also said that the output of individual BBC radio stations was significantly distinctive from each other.²³⁷
190. Each BBC service is reviewed against its licence by the BBC Trust at least once every five years. The last review of 5 live was carried out in 2012 and, on the subject of news provision, concluded: “we would like to see the station build audience awareness of its news provision, as this is the core of the service.” The report stated that much of the complaint from UTV related to how news on the station was defined. In response the report included the action “We will amend the 5 live service licence to include clearer commitments for new programming.”²³⁸
191. ***In relation to the dangers of the BBC becoming too dominant in its share of popular radio programming, we recommend the independent regulator takes a robust line in monitoring any mismatch between service licence and output.***

232 *Ibid.*

233 Written evidence from Radiocentre ([BBC0053](#))

234 *Ibid.*

235 [Q 154](#) (Will Harding)

236 Written evidence from UK Music ([BBC0031](#))

237 *Ibid.*

238 BBC Trust, *Service review of BBC Radio 5 live and BBC Radio 5 live sports extra* (10 January 2012): http://www.bbc.co.uk/bbctrust/our_work/services/radio/service_reviews/five_live.html [accessed 9 February 2016]

Online services

192. The Government’s Green Paper suggests that there may not be a need for the BBC to have a significant presence online because “a rapid growth in digital and online services... means that the market is well served.”²³⁹ Luke Johnson told us he was worried that the BBC might be crowding out competitors online.²⁴⁰ IBT, whilst recommending a thorough assessment of the BBC’s online services to ensure they are distinctive enough and successfully contribute to the delivery of the Public Purposes, defended the BBC’s presence online:

“In a very crowded online space, discoverability is crucial and the BBC provides an important service because it is recognised as a reliable source of accurate and impartial information. Additionally the BBC has a responsibility to provide access to its content to licence fee payers, many of whom may prefer to consume it time shifted or online.”²⁴¹

193. ***As we recommended in paragraph 127, it is important that the BBC retains its role in the area of digital technology—both as a means of broadcasting its output and in innovating technological development.***

239 Department for Culture, Media and Sport, *BBC Charter Review: Public consultation*, July 2015, p 26: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf [accessed 2 December 2015]

240 [Q 70](#) (Luke Johnson)

241 Written evidence from IBT ([BBC0029](#))

CHAPTER 5: PROCESS FOR SETTING THE LEVEL OF THE LICENCE FEE

Scope of our inquiry

194. Our inquiry considered whether there was a better way to set the level of funding and offer assurances of value for money while protecting the BBC's independence. We deliberately excluded from our remit discussion of whether the licence fee was the appropriate funding mechanism for the BBC and what the level of the licence fee should be. The conclusions we have reached would apply to any future BBC funding mechanisms.

Background

195. The level of the licence fee is currently set by the Government following discussions with the BBC Trust. Any changes to its level have to be made by statutory instrument subject to approval by Parliament.

Process by which the licence fee was set in 2010

196. In January 2007 the licence fee was agreed for a six-year period with the exact amount to be approved each year by Parliament. But in 2010 the BBC and the Government decided to freeze the licence fee at its 2010 level of £145.50 until 31 March 2017.

197. There was widespread criticism of the process by which the 2010 licence fee settlement was made. An article in *The Guardian* claimed that,

“After 18 months of sparring between the Tories and BBC executives over the level of the licence fee, the future funding of the corporation has been hammered out in frantic negotiations in little over three days, with the broadcaster coming off decidedly second best.”²⁴²

198. The House of Commons Culture, Media and Sport Committee concluded in its report, *Future of the BBC*, that:

“The 2010 settlement demonstrated that the BBC's independence can be compromised by negotiations with the government of the day that lack transparency and public consultation ... No future licence fee negotiations must be conducted in the way of the 2010 settlement.”²⁴³

2015 proposed licence fee settlement

199. On 6 July 2015, however, the Secretary of State for Culture, Media and Sport, in response to an urgent question tabled by Chris Bryant MP, confirmed details of an agreement that the Government had reached with the BBC. Under the agreement, the BBC would take on the cost of providing free television licences for those households with over-75s.²⁴⁴
200. Various mitigations were promised as a result of the agreement such as an undertaking from the Government to bring forward legislation to modernise

242 ‘BBC licence fee frozen at £145.60 for six years’, *The Guardian* (19 October 2010): <http://www.theguardian.com/media/2010/oct/19/bbc-licence-fee-frozen-six-years> [accessed 24 November 2015].

243 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

244 HC Deb, 6 July 2015, [col 25](#)

the licence fee to cover public service broadcast catch-up TV.²⁴⁵ Mr Whittingdale also said that the Government:

“Anticipated that the licence fee will rise in line with the consumer prices index over the next Charter Review period, subject to the conclusions of the Charter Review on the purposes and scope of the BBC, and the BBC demonstrating that it is undertaking efficiency savings at least equivalent to those in other parts of the public sector.”²⁴⁶

201. In response Rona Fairhead, Chairman of the BBC Trust, sent an open letter to the Secretary of State for Culture, Media and Sport and the Chancellor of the Exchequer in which she wrote:

“We accept this decision is a legitimate one for the Government to take, although we cannot endorse the process by which it has been reached ... We acknowledge that nonetheless ... you have agreed a number of significant mitigations ... Given those mitigations, and in particular with the assurance that the licence fee (of £145.50) will rise in line with CPI over the next Charter Period, we will not oppose the change being made.”²⁴⁷

Reaction to the proposed 2015 licence fee settlement

202. Radiocentre thought it appropriate that the Government should run the process to determine the level of funding the BBC receives. They told us that the Government should do this in conjunction with licence fee payers and other stakeholders because it had “both a democratic mandate to make these decisions, and the resources to sufficiently consult, evaluate and appreciate the wider strategic implications of the public funding allocated to the BBC.”²⁴⁸ Mr Elstein similarly said that, “As long as you have the licence fee, only the Government can decide what is going to happen, what level it should be and how long it should last for.”²⁴⁹
203. Notwithstanding these views, the balance of evidence submitted to us was overwhelming in its condemnation of the process by which the July 2015 agreement was reached.
204. PACT, whilst welcoming the clarity and security that a quick licence fee settlement provided to the BBC, had concerns about the lack of transparency in the process.²⁵⁰ Michelle Stanistreet said that the BBC had “allowed themselves to be completely shafted by the Government in a deal that had no integrity or transparency. ... Staff feel very let down, but I think the broader public feels let down as well.”²⁵¹ Hywel Wiliam said the process was completely unacceptable because “there was a lack of parliamentary debate and of real engagement.”²⁵² Lord Birt called it “quite wrong”²⁵³ and Sophie

245 Sometimes referred to as the “iPlayer loophole”. To watch TV as it is broadcast, one must have a TV licence but a licence is not needed to watch catch-up TV such as the content available on the iPlayer.

246 HC Deb, 6 July 2015, [col 25](#).

247 BBC Trust letter to Chancellor of the Exchequer and the Secretary of State for Culture, Media and Sport (6 July 2015) http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/news/2015/letter_chancellor_sos.pdf [accessed 9 February 2016]

248 Written evidence from Radiocentre ([BBC0053](#))

249 [Q 73](#) (David Elstein)

250 Written evidence from PACT ([BBC0044](#))

251 [Q 91](#) (Michelle Stanistreet)

252 [Q 151](#) (Hywel Wiliam)

253 [Q 35](#) (Lord Birt)

Chalk said it was “particularly worrying because I think the BBC has been seen as, effectively, an arm of government. When the Government was looking to reduce its deficit it has looked to the BBC to see if the BBC can help fund that.”²⁵⁴

205. Speaking from an international perspective, the IAMCR told us that fixing the BBC’s future income prior to embarking on a public consultation regarding scale and scope “seems illogical since the funding base will to a large extent determine both scale and scope. The UK Government appears to have decided, at least provisionally, that the BBC should be significantly reduced in scope.”²⁵⁵ VLV was in agreement and told us that: “it was nonsensical to negotiate the funding of the BBC prior to deciding what its role, scope and scale should be.”²⁵⁶
206. We were surprised therefore when the Secretary of State said on 26 October 2015 that the announcement in July that the BBC would take on the cost of the licence fee for over-75s was “not the licence fee settlement.” He said that the government had made it clear that the decision about the future level of the licence fee is connected with the review of the BBC Charter.²⁵⁷
207. The Secretary of State reminded us that the July agreement stated that:
- “... the BBC can look forward to an expectation that the licence fee will begin to rise again after the expiry of this Charter, subject to the conclusions of the Charter Review. The document is in black and white. It says very clearly that the Charter Review still may have some impact on the level of licence fee once we have considered things, particularly the purposes and scope.”²⁵⁸
208. Despite the Secretary of State’s insistence that the licence fee deal was not done in July 2015, James Purnell told us that:
- “There is a technical point being made about what is a licence fee settlement ... it [the July agreement] was a Budget process but, in effect, we have done the licence fee as well, that is the point. In terms of an agreement, it is very clear to everyone in Government that has been said.”²⁵⁹
209. ***Whether the agreement reached between the BBC and the Government in July 2015 turns out to be the licence fee deal or not, the lack of a clear process for setting the level of the licence fee is unacceptable. A process must be introduced which ensures consultation and provides no room for doubt as to whether a licence fee deal has been struck.***

Licences for over-75s

210. David Elstein agreed that the July agreement process was “brutal”, “swift” and “inelegant”²⁶⁰ but told us that the actual agreement was “rather good”.²⁶¹

254 [Q 111](#) (Sophie Chalk)

255 Written evidence from IAMCR ([BBC0041](#))

256 Written evidence from VLV ([BBC0027](#))

257 ‘BBC licence fee not settled yet’, *Royal Television Society* (27 October 2015) <https://rts.org.uk/article/john-whittingdale-bbc-licence-fee-not-settled-yet> [accessed 24 November 2015]

258 [Q 212](#) (John Whittingdale)

259 [Q 184](#) (James Purnell)

260 [Q 73](#) (David Elstein)

261 *Ibid.*

The BBC’s responsibility for paying for free licence fees for the over-75s would be phased in over a four year period. The impact of this settlement “only hits if the BBC chooses—and it would be idiotic if it did so—to carry on giving away free TV licences to the over-75s. ... if the BBC does not give away free TV licences it will be £700 million a year better off in 2021 than it was in 2015.”²⁶²

211. We heard from other witnesses that it was inappropriate for the BBC to be given the responsibility of funding free licences for the over-75s because this was a Government welfare policy. Steve Hewlett labelled it “wrong in almost every conceivable way.”²⁶³ Prof Barnett went further and said it was a “welfare policy that should have nothing at all to do with the BBC. That was done without any kind of consultation ... I can think of no other phrase than ‘a constitutional outrage.’”²⁶⁴
212. ***The Committee believes it was inappropriate for the Government to propose, and for the BBC to accept, that the cost of funding free television licences for the over-75s should fall on a broadcasting organisation.***²⁶⁵ ***In future there should be a transparent process in place which allows for consultation before such decisions are made.***

Mechanisms for setting the level of the licence fee

213. There was overwhelming evidence from our witnesses that the current process for setting the level of the licence fee is unsatisfactory. In our call for evidence we asked for suggested alternative mechanisms to set the fee which would ensure independence from the Government.
214. We received a number of suggestions for an independent body to be established to determine the level of the licence fee. Prof Barnett told us that this should be a body appointed in the same way as the Press Recognition Panel: the Chair should be appointed by the Commissioner for Public Appointments and the Panel should have no contact whatsoever with government or with Parliament. Such safeguards would ensure that the Panel was above suspicion and could carry out its work without any political pressure.²⁶⁶ VLV recommended that a statutory body called the “Licence Fee Body” should be instituted to determine the level of licence fee settlements, “This would provide protection to the BBC from the Government ‘top slicing’ the licence fee and diverting it to fulfil other purposes.”²⁶⁷
215. The NUJ was similarly in favour of a separate body which would represent the BBC, the trades unions and the public. This body “should take into account what is realistically needed to maintain the BBC’s services while remaining sensitive to the pressure of any increases on individual licence payers.”²⁶⁸ Prof Collins thought that the independent body could assess the level of public funding required by each public service media institution to discharge their Public Purposes, and, in conjunction with the National Audit Office, monitor the cost efficiency of delivery.²⁶⁹ Prof Beveridge

262 *Ibid.*

263 [Q 10](#) (Steve Hewlett)

264 [Q 60](#) (Prof Steven Barnett)

265 One member of the Committee, Lord Goodlad, dissented from this view.

266 [Q 60](#) (Prof Steven Barnett)

267 Written evidence from VLV ([BBC0027](#))

268 Written evidence from NUJ ([BBC0021](#))

269 Written evidence from Richard Collins ([BBC0019](#))

pointed out that an independent body could “assess the needs of the BBC and define a licence fee in the public interest.”²⁷⁰ He thought there was a role for parliamentary oversight of this process.²⁷¹ The Select Committee on BBC Charter Review concluded in 2006 that, “Parliament should be able to scrutinise the proposed licence fee agreement which forms the basis upon which it will be asked to increase the licence fee each year.”²⁷²

216. PACT stopped short of calling for the establishment of a separate body but instead suggested that a formal consultation process should be established whereby the Government could reach a draft settlement with the BBC and then consult with interested parties.²⁷³ Steve Hewlett reminded us that in 2007 the Government established the Burns panel, which heard public evidence from interested parties about the future of the BBC. Mr Hewlett said this model, “was not half bad, in the way it opened up the issues, spread knowledge about them, began to move towards a different sort of consensus on aspects of the licence fee and so on.”²⁷⁴
217. On 19 January the BBC Trust published three independent pieces of work it had commissioned as part of Charter Renewal, along with its own analysis of them.²⁷⁵ The study from the Policy Institute at King’s College London shows that over time there had been successive risks to the independence of the BBC or to the perception of its independence, most recently in the process by which the July 2015 funding agreement was made.
218. The BBC Trust also commissioned reports from economists Professor Dieter Helm CBE, and City University’s Dr Xenia Dassiou, to compare the role that independent regulators play in determining funding requirements in other sectors.
219. The BBC Trust’s analysis of these reports states its support for the following measures to be incorporated into the next Charter:
- (1) A more regularised and formal process for setting the level of BBC funding;
 - (2) Giving the public more say in future licence fee settlements, such as through public consultation; and
 - (3) Should the BBC be governed by an independent regulator in future, for that regulator to have a specific role in assessing the BBC’s funding requirements and in advising the Government on the level of BBC funding and the level of the licence fee.²⁷⁶

The German system

220. We asked whether there were any useful international comparisons in terms of mechanisms for setting the level of the licence fee. The German KEF (the

270 Written evidence from Prof Beveridge ([BBC0007](#))

271 *Ibid.*

272 BBC Charter Review Committee, *Second Report* (2nd Report, Session 2005–06, HL Paper 128)

273 Written evidence from PACT ([BBC0044](#))

274 [Q 10](#) (Steve Hewlett)

275 BBC Trust, *Protecting BBC Independence: Trust calls for proper process for setting BBC funding to be written into Charter* (19 January 2016) http://www.bbc.co.uk/bbctrust/news/press_releases/2016/protecting_independence [accessed 9 February 2016]

276 BBC Trust, *Protecting BBC Independence: Trust calls for proper process for setting BBC funding to be written into Charter* (19 January 2016) http://www.bbc.co.uk/bbctrust/news/press_releases/2016/protecting_independence [accessed 9 February 2016]

Commission for the Review and Determination of the Funding Requirements of Broadcasting Corporations) was widely praised. In its report, *Future of the BBC*, the House of Commons Culture, Media and Sport Committee summarised the KEF's functions:

“[Since 1994] the level of the licence fee has been determined by the State governments and parliaments on the basis of recommendations of the KEF. ... The KEF is an independent panel of experts which periodically examines PSB requirements and recommends an appropriate level of funding. The 16 Länder parliaments then set the level of the levy accordingly, usually for a period of five years.”²⁷⁷

221. Dr Damian Tambini, Associate Professor, Department of Media and Communications, London School of Economics, called the German process, “a more technical, independent process, which looks at efficiency and the less qualitative and less subjective indicators in order to come up with a suggestion of the licence fee.”²⁷⁸ The IAMCR said the German system was an example of one “where extensive work has been undertaken to try to ensure that the voices of civil society are heard alongside those of politicians and regional and national Government.”²⁷⁹
222. *We recommend that the body which regulates the BBC (the regulatory body) should publish its evidence-based recommendation on the level of the licence fee (or the level of funding under any future mechanism) and submit this to the Secretary of State for Culture, Media and Sport. This document should include a full explanation of how the regulatory body arrived at its recommendation and should be informed by, but not limited to, the regulatory body's access to and knowledge of the BBC's performance and spend, a public consultation and any value for money investigations carried out by the National Audit Office. The regulatory body must be free of Government influence, both formally and in spirit.*
223. *We suggest the process for agreeing the recommendation of the regulatory body on the level of the licence fee should be as follows: The Secretary of State should have an obligation to accept the recommendation or publish the reasons for not doing so. The regulatory body should be permitted to publish an amended recommendation in the light of the reasons given by the Secretary of State but should not be able to submit a third recommendation. If agreement cannot be reached, the Secretary of State should have the final say on the proposed licence fee agreement. Under our proposal, as now, Parliament would be asked to approve a statutory instrument when the licence fee changes.*

Duration of Charter—how long should the BBC Royal Charter last for?

224. We did not ask in our Call for Evidence how long each BBC Royal Charter should last for. Nonetheless, we received interesting and compelling evidence on this topic which is germane to a number of other issues we have considered and therefore warrants further consideration here.

277 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

278 [Q 19](#) (Dr Tambini)

279 Written evidence from IAMCR ([BBC0041](#))

225. The BBC Royal Charter currently lasts for 10 years but, since the enactment of the Fixed-term Parliaments Act 2011, the Charter Review process and UK general elections have been set on a collision course. The Charter Review process cannot get underway properly until it is established which party will be in Government. General elections are now set to happen about 18 months before the expiry of the Charter. This is widely regarded as too short an amount of time for a full Charter Review process. VLV said: “the present arrangements do not leave sufficient time for the necessary review process for the Royal Charter and licence fee and also encourage an increasing ‘politicalisation’ and interference with the independence of the BBC.”²⁸⁰ The independence of the BBC is enshrined in its Charter which states “The BBC shall be independent in all matters concerning the content of its output, the times and manner in which this is supplied and in the management of its affairs.”²⁸¹
226. The British Film Institute and Radiocentre thought it might be sensible to consider shortening the next Charter period because of the pace of technological change and the scale of changes that are being considered to future governance and regulation of the BBC.²⁸²
227. Radiocentre pointed out that a shortening of the Charter length could “have the benefit of separating Charter Review from General Elections, which should avoid over-politicising the process.”²⁸³ Other witnesses called for the next Charter to be longer—11 or 12 years—to decouple it from the general election cycle. Arqiva would welcome the Government awarding the BBC a renewed 11 or 12 year Charter, providing certainty for the Corporation, and certainty for the wider broadcasting, media, communications and technology sector, as well as the wider creative economy.²⁸⁴
228. Other witnesses praised the stability that a 10 year Charter offered to the BBC.²⁸⁵ techUK pointed out that:
- “More frequent reviews and preparations for Charter could ... negatively impact progress and value creation. ... the process of Charter review can halt or slow decisions on future activities by up to one or two years. To have this level of disruption to progress every 5/7 years would ... negatively impact the value creation of the content related economies.”²⁸⁶
229. The Secretary of State for Culture, Media and Sport told us he was “keen to hear views” about whether the Charter process should be decoupled from the general election cycle.²⁸⁷ When asked about the length of time the next Charter would be granted for, he said:
- “If you look at what has happened since the previous Charter was drawn up, the world is utterly different. ... Whether or not you should say that despite that there is a fixed term of 10 years, and therefore we have to

280 Written evidence from VLV ([BBC0027](#))

281 Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

282 Written evidence from the BFI ([BBC0049](#)) and Radiocentre ([BBC0053](#))

283 Written evidence from Radiocentre ([BBC0053](#))

284 Written evidence from Arqiva ([BBC0038](#))

285 [Q 140](#) (Richard Williams)

286 Written evidence from techUK ([BBC0036](#))

287 [Q 209](#) (John Whittingdale)

abide by that, is the kind of extremely important issue that we need to think about.”²⁸⁸

230. *We recommend that the Charter Review process is decoupled from the general election cycle resulting from the Fixed-term Parliaments Act 2011. The present arrangements could lead to hasty decision making after an election and not allow sufficient time for adequate consultation and dialogue between all interested parties.*
231. **We also noted that the impartiality and independence of the BBC could be threatened by a short Charter period. Moreover we noted the extensive administrative and management workload and financial cost of Charter Reviews—not just for the BBC itself but for the Government and all interested parties. Having twice as many renewals of the Charter would be a considerable burden to all concerned.**
232. *We are persuaded by the arguments presented to us that a Charter period of at least 10 years is necessary to provide stability to the BBC and the wider creative industries and we recommend that the next Charter should last for 11 years. Thereafter charters should last for 10 years.*

288 [Q 209](#) (John Whittingdale)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Earl of Arran (from 23 June 2015)
 Baroness Benjamin
 Lord Best (Chairman)
 Baroness Bonham-Carter of Yarnbury
 Bishop of Chelmsford
 Lord Dobbs (until 7 July 2015)
 Lord Goodlad (from 15 September 2015)
 Baroness Hanham
 Lord Hart of Chilton
 Baroness Healy of Primrose Hill
 Baroness Jay of Paddington
 Baroness Kidron
 Baroness Scotland of Asthal
 Lord Sherbourne of Didsbury

Declarations of Interest

Earl of Arran
No relevant interests declared

Baroness Benjamin
Member, BBC Diversity Task Force which is an unpaid advisory group. Receives occasional royalty/repeat payments from the BBC for past performances

Lord Best (Chairman)
Son is a freelance TV presenter working with, amongst others, CBBC and BBC 3

Baroness Bonham-Carter of Yarnbury
No relevant interests declared

Bishop of Chelmsford
Co-Chairman, BBC Standing Conference on Religion

Lord Goodlad
No relevant interests declared

Baroness Hanham
No relevant interests declared

Lord Hart of Chilton
No relevant interests declared

Baroness Healy of Primrose Hill
No relevant interests declared

Baroness Jay of Paddington
Contracted member of the BBC production and reporting staff until 1985, and since then has contributed to many programmes on a freelance basis

Baroness Kidron
Small film production company, one of whose current projects has received some development funds from BBC Films among others
The Member has over the period of her career worked on several occasions as a freelance director at the BBC

Baroness Scotland of Asthal
No relevant interests declared

Lord Sherbourne of Didsbury
No relevant interests declared

A full list of Members' interests can be found in the Register of Lords' Interests:
<http://www.publications.parliament.uk/pa/ld/ldreg.htm>

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <http://www.parliament.uk/hlcomms-charter-renewal> and available for inspection at the Parliamentary Archives (020 7219 5314).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with ** gave both oral evidence and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

**	Claire Enders, Founder, Enders Analysis	QQ 1–11
*	Steve Hewlett, broadcaster	
**	Professor Des Freedman, Professor of Media and Communications, Goldsmiths, University of London	QQ 12–19
*	Dr Damian Tambini, Associate Professor, Department of Media and Communications, London School of Economics	
**	Laura Mansfield, Chair and Emily Davidson, Head of Policy, Producers Alliance for Cinema and Television (Pact)	QQ 20–27
*	Simone Pennant, Founder and Director, TV Collective	
*	Lord Birt, former Director-General, BBC	QQ 28–36
*	Professor Diane Coyle, former Vice-Chair, BBC Trust	
*	Sir Peter Bazalgette, Chair, Arts Council England	QQ 37–46
*	Cerys Matthews MBE, broadcaster and musician	
*	Dr Roberto Suárez Candel, Director of the Media Intelligence Service, European Broadcasting Union, Switzerland	QQ 47–54
*	Professor Steven Barnett, Professor of Communications, University of Westminster	QQ 55–62
*	David Elstein, Chairman, openDemocracy and the Broadcasting Policy Group	QQ 63–73
*	Luke Johnson, former Chairman, Royal Society of Arts and Channel 4	
**	Rona Fairhead CBE, Chair, BBC Trust, Mark Florman, BBC Trust Member for England and Alex Towers, Director, BBC Trust	QQ 74–82
**	Dinah Caine CBE, Chair Designate, Creative Skillset	QQ 83–91

- ** Michelle Stanistreet, General Secretary, National Union of Journalists
- * Tony Collingwood, creator, writer and director of children’s animated series [QQ 92–101](#)
- * Professor Jeanette Steemers, Professor of Media and Communications, University of Westminster
- ** Sophie Chalk, Head of Campaigns, International Broadcasting Trust [QQ 102–111](#)
- ** Adrian Greer, Chief Operating Officer, British Council
- * Jenny Baxter, Chief Operating Officer, BBC England [QQ 112–123](#)
- * Peter Johnston, Director, BBC Northern Ireland
- * Ken MacQuarrie, Director, BBC Scotland [QQ 124–133](#)
- * Rhys Evans, Head of Digital and Strategy, BBC Wales
- * Richard Williams, Chief Executive Officer, Northern Ireland Screen [QQ 134–142](#)
- * Caroline Norbury, Chief Executive Officer, Creative England
- * Hywel Wiliam, Member, Institute of Welsh Affairs Media Policy Group [QQ 143–153](#)
- * Will Harding, Chief Strategy Officer, Global Radio [QQ 154–162](#)
- * David Wheeldon, Director of Policy and Public Affairs, Sky
- ** Dorothy Byrne, Head of News and Current Affairs, Channel 4 [QQ 163–172](#)
- * Kevin Sutcliffe, Head of News Programming EU, Vice News
- ** Lord Hall of Birkenhead CBE, Director-General, BBC and James Purnell, Director of Strategy and Digital, BBC [QQ 173–186](#)
- * Dan Brooke, Chief Marketing and Communications Officer, Channel 4 [QQ 187–198](#)
- ** Magnus Brooke, Director of Policy and Regulatory Affairs, ITV
- * Huw Jones, Chairman, S4C Authority
- ** Steve Holebrook, Director of Terrestrial Broadcast, Arqiva and Anirban Roy, Director of Public Policy, Arqiva [QQ 199–206](#)
- * Rt Hon John Whittingdale OBE MP, Secretary of State for Culture, Media and Sport, Department for Culture, Media and Sport [QQ 207–220](#)

Alphabetical list of all witnesses

**	Arqiva (QQ 109–206)	<u>BBC0038</u>
*	Professor Steven Barnett (QQ 55–62)	
*	Sir Peter Bazalgette (QQ 37–46)	
**	BBC (British Broadcasting Corporation) (QQ 173–186)	<u>BBC0047</u>
*	BBC England (Q 112–123)	
*	BBC Northern Ireland (Q 112–123)	
*	BBC Scotland (QQ 124–133)	
**	BBC Trust (QQ 74–82)	<u>BBC0043</u>
*	BBC Wales (QQ 124–133)	
	Paul Bedborough	<u>BBC0016</u>
	Professor Robert Beveridge	<u>BBC0007</u>
*	Lord Birt (QQ 28–36)	
	British Academy of Songwriters, Composers and Authors (BASCA)	<u>BBC0022</u>
**	British Council (QQ 102–111)	<u>BBC0057</u>
	British Film Institute (BFI)	<u>BBC0049</u>
	BT	<u>BBC0052</u>
	Campaign for Broadcasting Equality CIO	<u>BBC0011</u>
		<u>BBC0058</u>
**	Channel 4 (QQ 163–172, QQ 187–198)	<u>BBC0042</u>
	The Children’s Media Foundation	<u>BBC0023</u>
*	Tony Collingwood (QQ 92–101)	
	Professor Richard Collins	<u>BBC0019</u>
	Commercial Broadcasters Association (COBA)	<u>BBC0028</u>
		<u>BBC0056</u>
*	Professor Diane Coyle (QQ 28–36)	
*	Creative England (QQ 134–142)	
	Creative Scotland	<u>BBC0059</u>
**	Creative Skillset (QQ 83–91)	<u>BBC0039</u>
*	Department for Culture, Media and Sport (QQ 207–220)	
	Dr Elena Draghici-Vasilescu	<u>BBC0046</u>
*	David Elstein (QQ 63–73)	
**	Enders Analysis (QQ 1–11)	<u>BBC0005</u>
	Equity	<u>BBC0006</u>
*	European Broadcasting Union, Switzerland (QQ 47–54)	

**	Professor Des Freedman (QQ 12–19)	BBC0026
	Freedom Association	BBC0013
	Fujitsu	BBC0030
*	Global Radio (QQ 154–162)	
	Guardian Media Group	BBC0040
*	Steve Hewlett (QQ 1–11)	
	Keith Hindell	BBC0010
	Ron Hughes	BBC0002
	Oliver Hyatt	BBC0055
	Incorporated Society of British Advertisers (ISBA)	BBC0025
	Incorporated Society of Musicians (ISM)	BBC0035
	Institute of Economic Affairs	BBC0008
*	Institute of Welsh Affairs (QQ 143–153)	
	International Association for Media and Communication Research (IAMCR)	BBC0041
**	International Broadcasting Trust (QQ 102–111)	BBC0029
**	ITV plc (QQ 187–198)	BBC0015
*	Luke Johnson (QQ 63–73)	
	Lord Bishop of Leeds	BBC0060
*	Cerys Matthews MBE (QQ 37–46)	
	Media, Communications and Cultural Studies Association (MECCSA)	BBC0020
	MG Alba	BBC0032
**	National Union of Journalists (QQ 83–91)	BBC0021
*	Northern Ireland Screen (QQ 134–142)	
	Michael Pollard	BBC0012
**	Producers Alliance for Cinema and Television (Pact) (QQ 20–27)	BBC0044
	Pupils 2 Parliament	BBC0001
	RadioCentre	BBC0053
	Radio Independents Group	BBC0014
	Julian Ruck	BBC0009
	S4C	BBC0048
*	S4C Authority (QQ 187–198)	
	Save our BBC CIC	BBC0037
*	Sky (QQ 154–162)	
*	Professor Jeanette Steemers (QQ 92–101)	

- * Dr Damian Tambini (QQ 12–19)
 - techUK [BBC0036](#)
 - Teledwyr Annibynnol Cymru (TAC) [BBC0034](#)
- * TV Collective (QQ 20–27)
 - UTV Media (GB) [BBC0054](#)
 - UK Music [BBC0031](#)
- * Vice News (QQ 163–172)
 - Voice of the Listener & Viewer [BBC0027](#)
 - Welsh Language Commissioner/Comisiynydd y Gymraeg [BBC0017](#)

APPENDIX 3: CALL FOR EVIDENCE

Inquiry into aspects of BBC Charter Renewal: the public purposes of the BBC; and who should set the licence fee.

The House of Lords Select Committee on Communications, under the chairmanship of Lord Best, is to conduct an inquiry into the public purposes of the BBC and the mechanism by which the licence fee is set. The Committee thus invites any interested organisation or individual to submit written evidence to the inquiry. Written evidence must be submitted by 30 September 2015.

The Committee expects to hear oral evidence from invited witnesses from July–November 2015. The Committee intends to report in February or March 2016. Reports are made for the information of the House but may also make recommendations. The Government has undertaken to respond in writing to reports from select committees.

The current BBC Royal Charter expires at the end of 2016. While the formal process of Charter Renewal has yet to begin, the report published by the House of Commons Culture, Media and Sport Committee entitled *Future of the BBC* has laid out many of the key issues and conflicting perspectives.²⁸⁹ The intention of this inquiry is not to cover the same ground as that report but to look in detail at two specific areas of the BBC.

What should be the public purposes of the BBC?

The Committee's inquiry will review the existing public purposes and consider their continued relevance.

Background

The principle of the public purposes was first introduced in the early 2000s. They were first articulated in regard to the BBC by a BBC document entitled *Building public value: Renewing the BBC for a digital world*.

The six purposes were incorporated into the current Royal Charter of 2006 and expanded in the subsequent Framework Agreement. The Charter states that “the BBC's main object is the promotion of its Public Purposes.”²⁹⁰ These are:

- Sustaining citizenship and civil society
- Promoting education and learning
- Stimulating creativity and cultural excellence
- Representing the UK, its nations, regions and communities
- Bringing the UK to the world and the world to the UK
- In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television

Under the Framework Agreement, the BBC Trust sets Purpose Remits for each of the six public purposes which set priorities and specify how the BBC's performance against them will be judged. The BBC Trust must consult publicly in developing

289 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315)

290 Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

Purpose Remits and keep them under review. In order to make an amendment to them there must be public consultation.

The CMS Committee's recent report recommended " ... that the independent panel and formal Charter Review consult on the BBC's current public purposes and purpose remits set out for them, to determine whether and how they might be revised and to examine their effectiveness in measuring the BBC's public value."²⁹¹ Rona Fairhead, Chairman of the BBC Trust, stated that part of the BBC Trust's strategy for the next 10 years was to:

"refine—or change—the broader public purposes of the BBC as they are set out in the Charter... Our research asked people what they thought the most important objectives are for the BBC in future. We wanted to use that question to test the relative importance that they attach to the current public purposes. For the most part there was positive endorsement of these purposes."²⁹²

The Committee invites interested people and organisations to respond in writing to the following questions and any other they think important.

- (1) Are public purposes the best way to judge/analyse the BBC's performance?
- (2) Ten years on from their inception, how relevant are these core purposes to the contemporary debate about the renewal of the Charter? Should they be revised and should a broad process of consultation be used to test the public purposes against licence payers' expectations?
- (3) What are the pros and cons of the current purposes? How are they measured, how should they be measured? How do the purpose remits contribute to this?
- (4) If they should be amended, what should they be amended to? What rationale or supporting evidence is there to support this?
- (5) Who should decide what the public purposes are? What body, combination of bodies and/or individuals? Are there any comparisons with other organisations which would be useful to inform the debate?
- (6) What is the wider public's and those who work for the BBC's knowledge and understanding of the Public Purposes?
- (7) Does the process by which the public purposes are set deliver the best outcome for the public? Does this process need to be amended?
- (8) If this needs to be amended what process would be appropriate for setting the public purposes within the current Charter Renewal?
- (9) Should the BBC do anything beyond its public purposes?

291 Culture, Media and Sport Committee, *Future of the BBC* (Fourth Report, Session 2014–15, HC 315) p 20

292 Speech by Rona Fairhead, Chairman of the BBC Trust, to the Royal Television Society: <http://www.bbc.co.uk/bbctrust/news/speeches/2015/rtts>

*Who should set the level of the licence fee?**Background*

The licence fee is currently set by Government following discussions with the BBC Trust. In January 2007 the licence fee was agreed for a six-year period with the amount being approved each year by Parliament. The Government decided to freeze the licence fee at its 2010 level of £145.50 until 31st March 2017.

The Committee's inquiry will consider whether there is a better way to set the level of funding and offer assurances of value for money while protecting the BBC's independence. The Committee invites interested people and organisations to respond in writing to the following questions and any others they think important.

Questions

- *What are the positives and negatives of the way the settlement has been reached in the past? How should the settlement be reached for 2017?*
- *What alternative mechanisms exist for setting the fee, and what are their advantages and disadvantages? In each case, how might independence from government be achieved and protected? Are there any useful international comparisons?*
- *Could a new independent system also incorporate thinking about collection and charging mechanisms in light of technology changes?*

This document sets out the broad questions on which the committee would be interested to receive written evidence. A person submitting written evidence need not address all of the questions and is also free to raise other issues. Practical instructions about in what form and how to submit written evidence are attached to this document.

26 June 2015

Supplementary Call for Evidence

On 26 June, the House of Lords Select Committee on Communications launched an inquiry ahead of BBC Charter Renewal into two specific areas of the BBC: what should be the public purposes of the BBC, and who should set the level of the licence fee? Oral evidence sessions started in July and are expected to continue into November.

As a result of the evidence heard so far, the Committee has become interested in considering a third question: is the BBC's current scale and scope appropriate? This question links directly to the Committee's first question about the underlying purpose of the BBC. The public purposes should set out what the BBC is expected to do and our additional question considers what scale and scope is necessary to meet those purposes.

The Committee invites interested people and organisations to respond in writing to the following supplementary questions (as well as those listed on the original call for evidence) and any other they think important.

- Some argue that the BBC should shed some of its output; they say that the BBC hinders or crowds out commercial operators. Defenders of the current approach point to positive market impacts the presence of the BBC promotes. Where do you stand on this argument?

- Is the BBC's current scale and scope appropriate? Are there any areas of the BBC's work that you would reduce in size or even jettison? Conversely, are there areas where you think the BBC does not do enough; and if so, are any of the public purposes thereby being neglected?
- The terms "universality" and "market failure" are often used in relation to the BBC to describe the concepts of a BBC seeking to appeal to everyone and a BBC which fills gaps which other broadcasters will not cover. How would you define these two concepts? What are the pros and cons of each? Would you advocate one of these approaches and, if so, why?

18 September 2015

APPENDIX 4: GLOSSARY OF ACRONYMS

BACSA	British Academy of Songwriters, Composers and Authors
BBC	British Broadcasting Corporation
BFI	British Film Institute
BT	British Telecom
CMF	Children's Media Foundation
CPI	Consumer Price Index, the official measure of inflation of consumer prices of the United Kingdom
GMG	Guardian Media Group
IAMCR	International Association for Media and Communications Research
IBT	International Broadcasting Trust
ISBA	Incorporated Society of British Advertisers
IEA	Institute of Economic Affairs
IWA	Institute of Welsh Affairs
MECCSA	Media, Communications and Cultural Studies Association
MG Alba	Meadhanan Gàidhlig Alba, Gaelic television broadcaster
NUJ	National Union of Journalists
PACT	Producers Alliance for Cinema and Television
PSB	Public Service Broadcasting
RIG	Radio Independents Group
S4C	The Welsh language public service broadcaster
TAC	Teledwyr Annibynnol Cymru (the representative group for the independent Welsh TV production sector)
VLV	Voice of the Listener & Viewer

APPENDIX 5: NOTE OF AN INFORMAL MEETING OF THE COMMUNICATIONS COMMITTEE AND YOUNG PEOPLE

On 20 October 2015, the Communications Committee held an informal discussion about the BBC and Charter Renewal with around 25 young people. The aim of the session was to hear about their views of the BBC and how they used BBC content and services. Youth charities such as Uprising, the Mayor's Peer Outreach Team and Involver were invited to send participants. The event took place in the Archbishop's Room in the House of Lords. The participants were randomly placed into four groups and each group held a 45 minute discussion with representatives of the Committee. A set of questions drawn up by the Committee were used to provide an aid to discussion. After these discussions, a 15 minute plenary session took place at which a rapporteur from each table provided an oral summary of discussions to the whole room.

An anonymised note was taken by a member of staff at each table. These are set out below. The difference in styles reflects the preferred note taking style of each of the note takers. There is also a brief summary of the points made at the plenary session.

The Committee would like to record its thanks firstly to the young people who took part in this discussion and second to the Parliamentary Outreach Service for its help in arranging this session.

Preliminary discussions

Table One

The group felt that the BBC was a great British institution with which they had grown up: it was part of the country's fabric, like the Royal family, and was recognised around the globe. Some people said that the flipside of this status was that it forced the BBC to be cautious and to hold back from the more provocative approach of, for example, Channel 4.

Most participants felt that the BBC's news coverage was impartial and provided an antidote to Sky News and other Murdoch outlets, which purported to be neutral but were in fact biased. One participant thought, however, that the BBC had lost people's trust because of the way it covered Palestinian issues.

There was broad agreement that the BBC was a good source of basic factual information but that other outlets were more sophisticated and important in the formulation of opinions. For example, the Guardian website was widely praised and the Telegraph website was mentioned, although the latter's paywall presented a problem. While it was important for the BBC news website to be easy to understand, it was suggested that there should in addition be more in-depth content. One participant did not use traditional media for news: rather, she relied on social media and friends' postings of stories, because she trusted them.

Some participants believed that the BBC should report more positive news and local community stories. There should be more of a focus on telling stories about issues which were relevant to people's lives rather than issues such as wars, which normal people could do nothing about. Channel 4 was thought to be a good model. There was general agreement that the BBC should broadcast more crowd-sourced media content—for example short films and documentaries—possibly on a dedicated show or even channel.

One participant, who was deaf, wanted to see more subtitling on the BBC or, better still, British Sign Language (BSL) interpretation, which was more accessible for some people. This would be particularly welcome in news programmes. Rather than showing signed programmes in the middle of the night, it was suggested that there should be a function whereby viewers could press a button to make BSL interpretation pop up in the corner of the screen. Other platforms, such as Netflix, were similarly limited in their subtitling.

The participant also argued that the BBC should more generally show more awareness of deaf consumers. The highly successful coverage of the Paralympic Games offered a good model to follow, for example. There should also be more programmes (in addition to *See Hear*) which were targeted specifically at deaf people.

The group discussed the funding of the BBC. Most participants knew the approximate level of the licence fee, although some thought it was higher. There was no appetite for it to be increased significantly, although it was suggested that the amount payable could be linked to the means of the payer. It was suggested that efficiencies by the BBC could help to hold down the level of the licence fee. Although one participant was also willing to contemplate limited advertising on the BBC, the majority felt that this would be out of keeping with the ethos and history of the BBC and that the absence of adverts “feels special”. One participant objected to the idea of paying for content at all, given that most things were free on the internet, but others pointed out that people who created content needed to be paid.

Table Two

Media consumption

- I have 6Music on all day at work.
- I like iplayer, catch-up tv, BBC3, family guy.
- I have the radio on in the morning and night.
- I don't really watch TV unless there is a specific programme.
- I usually just watch what is top of the list [the electronic programme guide].
- I listen to *Women's Hour* both live and on catch-up.
- I think within my generation there is a variety—my parents just watch TV news 24/7.
- I think channels are trying to make the effort to keep up with younger audiences.

News

- I use the radio in the morning and the TV at night
- I also use youtube and the internet.
- I like Channel 4 news: I like to pick and mix where I get my news from.
- I have BBC TV news on in the morning, then international news channels throughout the day.
- I use the internet more than live TV news.
- Radio 1 is too broad, you can find music there that you find everywhere else. I prefer to listen to Radio 1extra, more homegrown music.

Cutting down services

- I'm in favour of it if it was to make the service better.
- The BBC is important—we can't rely on the larger commercial channels.
- We value the BBC's independence.
- Not bothered by BBC 3 going online although one made the point about what sort of message does that send to young people.

Representation

- The BBC has some way to go in its representation of women and diversity.
- Need more women on radio.
- Diversity in *Eastenders* is stereotypical.

Internet v TV

- Internet serves a different area/space in life to the TV.
- BBC has a global reach (One participant disagreed: the internet has far more information).
- Information always needs to be questioned: I get the basis of the information from the TV and then go online to get more viewpoints/deeper understanding.

BBC v other broadcasters

- The BBC and C4 are good quality. The BBC is family friendly.
- ITV is trashy. C4 is more representative and reflective of UK cultural diversity.
- The BBC is very British: it doesn't represent minorities, and when it does it is niche rather than mainstream (example of 1extra).
- I'm disappointed by the BBC, I feel excluded from it. We don't see our lives reflected back.
- There is not enough about young people's achievements being broadcast—that would have a positive impact on society, be good for inspiration. Often the stuff on TV about young people is negative.

What's missing at the BBC?

- There is not enough about the creative arts, if it is there it is in niche sections only.
- Main platforms need to be more inclusive.
- We don't have enough positive role models.
- Need a more open system for commissioning—how I can get my ideas heard?
- Accessibility is zero—who do you speak to? I tried and didn't get a reply.
- Lack of outreach—there's no way in.
- Why don't they have a young person on the news to look at the issues on how they affect young people? Same should be for the regions and local news as well.
- Young people need the BBC to change so they aren't put off by it.

Table Three

The group saw itself as a critical friend of the BBC, agreeing unanimously that it should continue to exist, but also agreeing that it needs to be reformed. They described it as a national treasure and pointed out that their passion on the subject is because they feel ownership of the BBC and want it to be better.

Regarding current affairs, the group felt that the news broadcast by the BBC does not represent them. They thought that the BBC was too right-wing and pro-Government, and cited the recent negative coverage of Jeremy Corbyn, as well as the lack of coverage of David Cameron “pig-gate” story as examples of this bias. They were also angry that the BBC reported on the “migrant” crisis rather than calling it the “refugee” crisis. They believed this, along with the constant reporting of ISIS related activities, had contributed to the rise in hate crimes. The group also mentioned that the reporting on young people is often skewed, e.g. a recent fight described as a mini-riot. One member did point out that the story of Malala Yousafzai only became known about worldwide because she wrote a blog for the BBC and it is thanks to the BBC that we know her story.

Most members of the group felt that they could access more accurate news from other sources, including: Al Jazeera, Channel 4, Twitter, Vox.com and Russia Today. Suggestions included having wider coverage on the BBC news website and not repeating stories as much on BBC News 24. Another member suggested making stories more accessible by not always assuming a high level of understanding of the issues at the start (as he felt the BBC does).

Regarding funding of the BBC, one member of the group thought it was much better to carry on with public funding of the BBC than to have a system more like the US where commercial funding creates conflicts of interest when reporting the news. Other members agreed with this but felt frustrated that even the current system of funding does not guarantee impartiality in news reporting. The group mostly felt that funding should be through a mixture of licence fees and taxation.

BBC 3 documentaries were mentioned by one member of the group as a positive output. The group agreed that if they were directing a younger person to content, they would recommend the BBC for science programmes, documentaries, and CBeebies. In particular they were enthusiastic about programmes hosted by David Attenborough and Brian Cox. One member of the group felt that YouTube was preferable for content for younger children but others disagreed.

The group felt that BBC dramas could be good but that they often find it difficult to relate to the subject matter as young people and Londoners. One member felt the BBC should commission more realistic stories but also more positive stories that capture some of the good work between communities in London. Particularly they felt that the working class are often misrepresented on the BBC and were also upset that there is only one black family on *Eastenders*, with most of their storylines linked to criminality. Another member of the group described BBC drama and culture as a quintessentially British export, citing *Dr Who* as a programme that has an influence around the world and makes money through syndication. However, he was the only member of the group who said he was happy to pay for the BBC world service with others questioning the purpose of it. One suggestion was for the BBC to have more youth-led services, especially in relation to drama, like Channel 4.

BBC staff pay was mentioned as the group felt there were some people being paid too much, e.g. Jeremy Clarkson.

The group was aware that its views were probably different to those of non-Londoners but also felt that young people in London are misrepresented by the BBC. The group felt that in order to represent youth more broadly, the BBC should conduct more research with youth when commissioning all types of programming.

Table Four

Do people treasure the BBC or does it need radical reform? Is it an institution to be preserved? Or should media services be left to commercial enterprises?

- The BBC symbolises neutrality. It is not biased.
- The BBC makes good TV, so why limit it? Although if people are being forced to pay for programmes they do not want, they can see that people would feel this is problematic.
- Some thought the BBC should not be neutral, but should be an independent body.
- There should be greater youth involvement. BBC3 has more youth (appears to be aimed at the youth)—soon BBC3 will only be available online. (BBC 1 and 2 appear to be aimed at a more mature generation)
- BBC 1 and 2 daytime programming includes repeat programmes of older series that are now ‘irrelevant’.
- BBC 3 was considered ‘relevant’ and concerns were raised about it being taken off air, and only available online. However, it was recognised that many younger viewers watch a lot of TV using the online service. Further concerns were raised whereby people said that they only watch programmes online, because they became aware of them by flicking through television channels.
- If CBeebies was cut, one person thought that families would use channel less as a third childminder. Another commented that families would just give their children iPads to play with (games on the iPad). (Or programmes would be replaced with American cartoons).
- The BBC needs to show greater integration theme. There are documentaries about British history, and some on integration, but there should be more.
- EastEnders shows families that break-up, murder etc. They do not show decent, stable families. All the time unstable. There was recognition that showing a stable family may not be good for ratings ...but showing stability would be good for society

Is the BBC just another entertainment channel? Or should it reinforce family values?

- Everyone who watched TV was influenced by it. Some of the things shown are not a good influence i.e. normalising domestic violence.
- BBC should react to what the public want to watch—it should not be dictating.
- Reiterated that the purpose of the BBC is to ‘inform, educate and entertain’.
- Must reflect the views of the whole nation. (Question—are you [young people] reflected in the BBC—participants answered ‘no’. Only in alternative programming. Definitely not in programmes like Jeremy Kyle (realised that this is an ITV show).
- BBC should set a good example for the public.

- The BBC was considered to be less ‘dumbed down’ than ITV or Channel 5. Quiz shows seem to be a bit harder than on other channels. However, it used to be better and is slowly being dumbed down.

Is the BBC different?

- BBC has no adverts.
- Adverts around children’s programming on other channels advertise things that are unhealthy or that parents cannot afford. Educational adverts for tuition were considered acceptable.
- BBC should prioritise education.
- Licence fee/tax—everyone pays, so there should be something for everyone, for example millions watched the Great British Bake off. But others prefer different types of programming.

Cost

- £12.50 per month. One person said he was a student, and he could afford it, so therefore anyone can.
- It is a good deal. The quality of programming is high and it is good value for money.
- BBC ‘tax’ was considered by one person to be ok, as it is for *all* people.
- The BBC do well balancing the 3 aspects—it’s for all people
- Needs funding for good quality people to make programmes.
- Good quality programming, with values from the era it was set up—we should keep it. It is a universal service.
- To grow, the BBC will need more funds. Advertising was discussed. If there was advertising, it might ‘undermine’ the BBC. Perhaps advertising could be used with online services. It needs funding from somewhere.
- Would a 30 second advert online change the tone? Some would be happy to have online advertising.
- The general population’s view is needed in order to decide about funding the BBC.
- Maybe make online services ‘to pay’.
- Perhaps if you pay for one, you actually pay for both traditional broadcasting and online.
- It was mentioned that in Germany TV licences are paid by household, to raise revenues.
- There could be a subscription fee for iPlayer.
- Perhaps people could pay to download a series.

Other comments:

- There is so much choice, sometime I choose to watch nothing.
- Rather than showing irrelevant programming during the day, show lower rungs of sports shows. Everyone watches the top games. But what about lower divisions, or amateur sports? BBC should be different from other channels—other channels are already showing irrelevant TV programming.

After this comment, concerns were raised that older people who often watch daytime television, may not want to watch too much sport.

- BBC should show low budget programming and more niche programmes.
- The purpose of the BBC should be more defined.
- American TV is ‘dire’ especially the news broadcasting. Abroad, they say that the BBC is amazing. BBC services are better than those provided by the rest of the world.

Plenary feedback session

Table 1

- The BBC should provide more services for those who have visual or hearing disabilities
- There should be more local stories
- There is poor diversity on television, including a lack of youth. When journalists do speak with young people, they speak to young people as they expect them to behave
- There were a variety of views on the licence fee

Table 2

- There are a lack of women on screen in positive roles
- Characters on screen are stereotyped
- Young people do not see themselves on screen
- Iextra is a good service
- BBC should be showing young people in mainstream broadcasts, not just BBC3

Table 3

- Supportive of the BBC
- BBC should be better at showing ordinary people, including diversity in terms of young people, diverse backgrounds and class
- The charter renewal process seemed to be affecting the BBC. For example, the reaction to current affairs by the BBC was not considered to be ‘proper reporting’
- There needs to be better news
- Other services such as Channel 4 were considered better for young people
- Paying for BBC to be seen by the whole world
- No advertising—should be a mix of tax and the licence fee
- People have grown up with the BBC, but people had at some point, lost faith in the BBC
- All departments in the BBC (including current affairs and drama for example) need to do research with young people
- If the whole BBC had the values of CBBC, people would believe in it more

Table 4

- Good value compared to sky
- Impartial source of information
- Some programmes have gone
- The education element should come through more
- Too much emphasis on entertainment
- BBC should be different from other channels
- There should be no advertising, although a limited amount online could be ok
- The BBC leads people in what they watch
- Some people watch BBC content on Netflix
- BBC abroad shapes and reflects British culture
- All the group loved the radio! (Despite people thinking in the past that the advent of TV would destroy the radio). People particularly liked Radio 4.

November 2015

APPENDIX 6: DEVELOPMENT OF THE PUBLIC PURPOSES OF THE BBC

The 2006 Royal Charter which provides the current BBC with its constitutional basis is clear:

“The BBC exists to serve the public interest. The BBC’s main object is the promotion of its Public Purposes. The BBC’s main activities should be the promotion of its Public Purposes through the provision of output which consists of information, education and entertainment, supplied by means of—(a) television, radio and online services; (b) similar or related services which make output generally available and which may be in forms or by means of technologies which either have not previously been used by the BBC or which have yet to be developed.”²⁹³

The inclusion of the Public Purposes—and the framework of accountability that flows from them—was an innovation of this Charter. Up to that point, the BBC existed to provide content and services “as public services”²⁹⁴—a more general guiding principle. In preparation for the 2007 Charter the BBC proposed codifying its Public Purposes for the first time. In a policy document entitled “*Building Public Value*” (BBC 2004b), the corporation set out what its Public Purposes could look like and how they might help measure its value. Six Public Purposes were agreed by the Government and incorporated in the Charter, which came into effect on 1 January 2007.

With this publication, the BBC positioned itself at the cutting edge of a relatively new approach to public sector management—that of public value: a mix of economics and management theory developed by Harvard University Professor Mark Moore with the express aim of providing a “structure of practical reasoning to guide managers of public enterprises.”²⁹⁵

This early academic work was transmitted to the UK via the Cabinet Office’s Strategy Unit, whose 2002 report: “*Creating Public Value*”²⁹⁶ suggested the creation of public value was via provision of high quality services of which users approved; clear outcomes (such as public health, security) and trust between citizens and public authority. It was further developed by others to mean the value to society of public services that use the resources available to them (often public money) to meet the needs of its members or users, while seeking public accountability and authority. The concept of accountability and trying to optimise outcomes that are in the public interest form the basis of a public value approach. The BBC—led by the BBC Trust—is regarded as a pioneer of the practical implementation of this concept since the last Charter.

Such implementation is challenging—demanding a common understanding of the ‘public interest’ and a framework for judging the various interests and competing

293 Department for Culture, Media and Sport, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, Cm6925, October 2006: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

294 Department of National Heritage, *Copy of Royal Charter for the continuance of the British Broadcasting Corporation*, May 1996: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/272348/6925.pdf

295 Mark H. Moore, *Creating Public Value: Strategic Management in Government*, (Harvard University Press, 1995)

296 Cabinet Office Strategy Unit, *Creating Public Value: An analytical framework for public service reform*, Gavin Kelly and Stephen Muers (October 2002): http://webarchive.nationalarchives.gov.uk/20100416132449/http://www.cabinetoffice.gov.uk/strategy/seminars/public_value.aspx

demands of citizens and consumers. At its simplest, it must set out a system and set of processes that prompts all those tasked with delivering the service to ask the following questions: ‘What is this organisation for? To whom is it accountable, and how will we know if it has been successful’, and to seek meanings to answers via active and responsive engagement with users.

In a report for the BBC Trust Prof Coyle stated “The concept of public value is an attempt to create a framework in which such judgements can be made as soundly as possible—rooted in the purposes of the organisation and based on evidence—and explained to the wider public that is paying for services.”²⁹⁷

In the run up to the last Charter the BBC faced criticism that some of its output was poor quality and lacking innovation, that its expansion into online was unchecked and stifling others and that the institution itself was unaccountable (a sense confirmed by the findings of the Hutton Inquiry). Faced with such criticism, the BBC needed a new, reliable, evidence-based mechanism for assessing what it did to signal to policy makers and the public that the aims for public service broadcasting were being met.

The adoption of public value provided the BBC with such a mechanism. “Building Public Value” argued that the BBC created public value to individuals, to society and to the market through the pursuit of Public Purposes, and that these purposes would promote democratic and civic value, cultural, educational, social and global value. It proposed that a new governing body should: “... apply the test of public value to everything it does—its services, its commercial activities, its scope and scale.”²⁹⁸ Much of “Building Public Value” was included in the Government’s Green and White papers in the run up to last Charter, and the newly founded BBC Trust set about developing a performance framework for all BBC services.

The RQIV framework (Reach, Quality, Impact, Value for Money) defined the drivers of public value and how they should be measured; a new public value test (PVT) would be applied to any proposed new service (or significant change to an existing one) and demanded the BBC Trust satisfy itself that: “any likely adverse impact on the market is justified by the likely public value of the change before concluding that the proposed change should be made.” The Public Value Test has two elements—a public value assessment carried out by the BBC Trust and a market impact assessment carried out by Ofcom. Final judgment rests with the BBC Trust.

The formal PVT process applies only to new services and significant changes to existing services, but has also been adapted and used for ‘non service’ approvals such as Freesat²⁹⁹ and Project Canvas.³⁰⁰

The BBC was a frontrunner in its adoption of Public Value with its accompanying framework of Public Purposes, value driver framework, Purpose Remits, Public Value Tests, Service Licences and annual remit reviews. The BBC Trust has described the system as “a powerful and flexible tool for making judgments

297 BBC Trust, *Public Value in Practice: Restoring the ethos of public service*, Diane Coyle with Christopher Woolard: http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/regulatory_framework/pvt/public_value_practice.pdf

298 BBC, *Building Public Value: Renewing the BBC for a digital world* (June 2004): <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bpv.html>

299 Freesat is a subscription free satellite TV service.

300 Project Canvas was a partnership between BBC, BT and ITV plc. It proposed a TV platform which would act as a single content portal.

incorporating both the views of the public and other stakeholders and evidence about the likely results.”³⁰¹

There was scepticism about the system when it was first introduced and criticism of over complexity. The BBC Trust has stated that the public value framework has provided a much needed source of both discipline and challenge to the BBC’s activities and priorities, with an important insistence on transparency, consultation and evidence-based decision-making.³⁰² The licence fee payer, along with policy makers, now have almost 10 years’ worth of implementation and tracking of sophisticated quantitative and qualitative analysis of remit delivery on which to base decisions about a new or amended set of Public Purposes for the BBC.

The BBC Trust website states:

“The Trust uses service licences as the basis for its performance assessment and as the basis for its consideration of any proposals for change to the UK public services from the BBC Executive. A service may not change in a way that breaches its service licence without Trust approval. The Trust presumes that any proposed change to a stated Key Characteristic of a licence will require it to undertake a Public Value Test. Should it decide not to carry out a Public Value Test before approving any such change, then it must publish its reasons in full.”³⁰³

The current BBC Trust measures on an annual basis how important the public considers the purposes and how well audiences think they are being delivered. It states:

“The BBC already uses a robust measurement system looking at quality, reach, impact and value for money (QRIV), which should continue to be the basis of any future measures. However, we consider that additional focus could be given to the added value which the BBC delivers beyond the performance of its programmes and services.”³⁰⁴

301 BBC Trust, *Public Value in Practice: Restoring the ethos of public service*, Diane Coyle with Christopher Woolard: http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/regulatory_framework/pvt/public_value_practice.pdf

302 *Ibid.*

303 BBC Trust, *CBBC Service Licence* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/regulatory_framework/service_licences/tv/2015/cbbc_jul15.pdf

304 BBC Trust, *Response to the Department for Culture, Media and Sport’s Charter Review Consultation* (October 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/charter_review/dcms_response.pdf

APPENDIX 7: PUBLIC PURPOSES IN DETAIL

We received a large volume of evidence which was helpful in explaining the Public Purposes of the BBC and enabled us to sift through the priorities for the Corporation.

Public Purpose 1—Sustaining Citizenship and Civil Society

Box 4: Purpose remit characteristic statements: citizenship and civil society

The BBC provides high quality independent journalism.

The BBC makes news and current affairs and other topical issues interesting to me.

BBC coverage of the news and current affairs has got me talking about them.

The BBC helps me understand UK-wide politics.

The BBC helps me understand politics in Europe.

The BBC helps me understand politics in my nation/region.

The BBC helps me understand politics in the other nations of the UK.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014*³⁰⁵

Trust

There is evidence that the BBC commands high levels of trust in the field of News and Current Affairs because it is “free from shareholder pressure, advertiser influence and the chase for ratings.”³⁰⁶ Lord Hall told the Committee, “We are trusted a country mile beyond any other news service ... People turn to us to check on whether the things they are reading elsewhere ... are true or not.”³⁰⁷

Research undertaken by Pupils2Parliament found that “The great majority of the pupils would trust the BBC news more than other news sources (by 17 to 6). It was seen as generally reliable, giving well researched news which is kept updated.”³⁰⁸ The majority of the young people we spoke to valued the BBC’s news as impartial.³⁰⁹

Concern about resource and ambition

The Committee heard evidence from the NUJ and TAC that the BBC was struggling in this field because of cuts. The NUJ said “Cuts to the Home Newsgathering department ... has resulted in the Midlands bureau ... being covered by one bureau chief, two producers and two reporters.”³¹⁰

Some witnesses were concerned about financial implications of future cuts and the ability to deliver this Public Purpose. Prof Steemers said: “If you have less BBC, any cuts to those initiatives are going to jeopardise those initiatives that contribute to social cohesion in respect of citizenship and civil society, because children learn about the world from things like Newsround.”³¹¹

305 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

306 Written evidence from NUJ (BBC0021)

307 Q (175) Lord Hall of Birkenhead

308 Written evidence from Pupils2Parliament (BBC0001)

309 Appendix Five

310 Written evidence from NUJ (BBC0021)

311 Q 101 (Prof Jeanette Steemers)

The BBC's Current Affairs (as distinct from news) output was criticised. VICE and Channel 4 News said the BBC was not brave enough in Current Affairs and attributed this in some part to feeling political pressure. Dorothy Byrne said: "The BBC must be brave. It must not be politically correct. It must not be looking over its shoulder and worrying; it must tackle the really difficult issues in our society, without fear or favour."³¹² Kevin Sutcliffe, VICE Media, told the Committee, "Given the amount of investment available, the BBC should be braver and it should be tackling and showing Britain in a way I often feel it does not."³¹³

Partnerships

Some witnesses called for greater partnership in the field of news. GMG stressed the importance of commercial news brands providing public value to a local, national and global audience. It told the Committee "The BBC does not have an exclusive claim on independence, quality and trust, either at home or abroad."³¹⁴

The BBC has proposed providing 100 local news reporters to partner with local newspapers to "provide impartial reporting on councils and public services that could be used by both the BBC and other local news outlets."³¹⁵ The reaction to this proposal has been mostly negative: the NUJ stated it was inappropriate for BBC money to be used to prop up private businesses³¹⁶ whilst Kevin Sutcliffe said he had concerns about the UK "being flooded with BBC journalism."³¹⁷ The vice chairman of the News Media Association, Ashley Highfield, reportedly said, "The local newspaper sector already employs thousands of journalists and is the only reliable source of independent and trusted local news across the UK ... There is no deficit which the BBC needs to plug."³¹⁸

The BBC Trust review of Network News and Current Affairs found that whilst the BBC was highly regarded as a news provider, audience perception had fallen slightly:

"The 'general impression' and 'high-quality' scores both fell slightly in 2013 compared with 2012, and the proportion of the audience that agrees that BBC News is accurate, trustworthy, independent and impartial has also fallen (all by between 3 and 4 percentage points)."³¹⁹

The report recommended that "The BBC should improve the variety of its agenda and tone and refine its story-telling."³²⁰

312 [Q 166](#) (Dorothy Byrne)

313 [Q 166](#) (Kevin Sutcliffe)

314 Written evidence from GMG ([BBC0040](#))

315 BBC, 'BBC pledges to become 'open platform' for creativity' (7 September 2015): <http://www.bbc.co.uk/news/entertainment-arts-34168310>

316 [Q 88](#) (Michelle Stanistreet)

317 [Q 170](#) (Kevin Sutcliffe)

318 BBC, 'BBC pledges to become 'open platform' for creativity' (7 September 2015): <http://www.bbc.co.uk/news/entertainment-arts-34168310>

319 BBC Trust, *BBC Trust Review: BBC Network News and Current Affairs* (September 2014): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/news_current_affairs/news_current_affairs.pdf [accessed 9 February 2016]

320 BBC Trust, *BBC Trust Review: BBC Network News and Current Affairs* (September 2014): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/news_current_affairs/news_current_affairs.pdf [accessed 9 February 2016]

Suggested changes

The BBC Trust has proposed changing the wording of this purpose to—“To provide news and information which help everyone understand the world around them.”³²¹

In reaction to this Hywel Wiliam said “we are concerned that sustaining citizenship and civil society appear to be lost. We would want that to be included.”³²² TAC stated there should be a purpose which “emphasises the need for impartial and high quality news reporting, which is not subject to the influence of vested interests of any kind.”³²³

Public Purpose 2—Promoting Education and Learning

Box 5: Purpose remit characteristic statements: education and learning

I have learned new things from programmes or online content on the BBC.
The BBC helps children/teens with what they learn at school/college.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014* ³²⁴

Current situation: is the genre of children’s television in crisis?

Tony Collingwood observed that “some of the PSBs are pulling away financially from providing content for children and leaving the BBC as nearly the sole supplier of original content created in the UK.”³²⁵ Prof Steemers told us: “It is important that British children can still enjoy high-quality UK content and stories that reflect their experiences and their culture and society.”³²⁶

It was suggested that regulation could remedy this decline. Prof Steemers said that “The best regulatory intervention in the past was quotas; ... ITV was supposed to broadcast 10 hours a week of children’s television, but that got waylaid in the Communications Act 2003 and there is no appetite to bring that back by Ofcom, by the Government or even by ITV.”³²⁷

The Children’s Media Foundation called for the BBC children’s budget to be increased by a set percentage each year, for the whole of the next Charter period.³²⁸

Accessibility/Digital

The BBC announced in September 2015 that it was planning a new online service called iPlay. This was designed to be a children’s iPlayer which would act as a “single, online front-door for children to the wealth of the whole BBC and our trusted partners beyond—giving more content to children that matures with them, across more platforms, in a trusted way.”³²⁹ The Children’s Media Foundation had concerns that this would allow more children’s content to be on-line rather

321 Written evidence from BBC Trust ([BBC0043](#))

322 [Q 145](#) (Hywel Wiliam)

323 Written evidence from TAC ([BBC0034](#))

324 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbc-trust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

325 [Q 94](#) (Tony Collingwood)

326 [Q 93](#) (Prof Jeanette Steemers)

327 *Ibid.*

328 Written evidence from Children’s Media Foundation ([BBC0023](#))

329 ‘BBC’s new iPlay service affirms commitment to children’s broadcasting’, *The Guardian* (6 September 2015): <http://www.theguardian.com/media/2015/sep/06/bbc-iplay-childrens-tv-tony-hall> [accessed 9 February 2016]

than broadcast.³³⁰ These concerns were echoed by Tony Collingwood: “it is good for the BBC to be there and to use it as a portal for older shows as children grow up ... as long as it complements the channels and does not become the channels.”³³¹

Prof Steemers was also concerned about accessibility with a move to online:

“It may be that three-quarters of children have access to tablets ... but a significant minority do not ... all homes have access to broadcast television and that is a key reason for protecting children’s broadcasting, because it is a service that all children can access for free.”³³²

Suggested changes

The BBC Trust has proposed changing this purpose to: “To support learning and education for people of all ages.” This is further explained as:

“The BBC should help everyone learn about different subjects in ways they will find accessible, engaging and challenging. The BBC should also provide specialist educational content to help support learning for children and teenagers across the UK. It should encourage people to explore new subjects and participate in new activities through partnerships with educational, sporting and cultural institutions.”³³³

Rona Fairhead stated that “where the BBC needs to do more [is] in clarifying its role in education and learning.”³³⁴

Public Purpose 3—Stimulating creativity and cultural excellence

Box 6: Purpose remit characteristic statements: creativity and cultural excellence

The BBC has lots of fresh and new ideas.

The BBC makes programmes or online content that no other broadcaster would make.

The BBC makes high quality programmes or online content.

The BBC introduces me to new presenters, actors, writers and musical artists from the UK.

The BBC provides programmes and online content which cover a wide range of cultural activities, for example music, theatre, and sports.

Programmes or online content on the BBC sometimes make me want to take part in a specific event or activity.

The BBC has a wide range of enjoyable and entertaining programmes and online content.

The BBC helps me enjoy my interests, hobbies and passions.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014*³³⁵

330 Written evidence from Children’s Media Foundation ([BBC0023](#))

331 [Q 99](#) (Tony Collingwood)

332 [Q 93](#) (Prof Jeanette Steemers)

333 Written evidence from BBC Trust ([BBC0043](#))

334 [Q 75](#) (Rona Fairhead)

335 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbc-trust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

UK creative industry

The BBC has various schemes in operation across the country to enable it to meet this purpose. Cerys Mathews referred to a classical music in schools project called ‘Ten Pieces’, which the BBC had initiated.³³⁶

Fujitsu were also supportive of this role but called for more transparency: “The BBC ... needs to be able to evidence how it is maximising its contribution. It also needs to develop a mechanism for reinvesting talent for the greater good of the BBC and its commercial entities.”³³⁷

How the BBC stimulates creativity

Creative Skillset identified training as an area which enabled the BBC to meet this purpose: “[the] BBC’s role on training for its staff and the wider industry is also important in order to deliver on some of the BBC’s current public purposes, such as stimulating creativity and excellence.”³³⁸ It was concerned about the decline in investment for training the BBC’s own staff and referenced the BBC Academy, its in-house training centre, which had been cut by some 35 per cent since 2010.³³⁹ It attributed this, in part, to the licence fee settlement of 2010.

Sir Peter Bazalgette stated that the Committee should consider “not just judging the BBC in terms of the spend on particular programmes produced but ... on how it is helping to distribute new arts content created by arts organisations.”³⁴⁰ He cited BBC Arts Online³⁴¹ as a platform where the BBC is able to be “to some extent, the aggregator but not the producer.”³⁴²

Music Industry

UK Music estimated that the UK music industry contributes “£3.8 billion to the economy and £2.2 billion in exports.”³⁴³ The BBC’s role in the music industry was praised by many organisations. According to BASCA, the BBC is the “biggest commissioner of contemporary classical and media music ... [and] holds a unique and irreplaceable position in British cultural life and within the British music industry”.³⁴⁴

The Incorporated Society of Musicians (ISM) told the Committee that the “incubation and promotion of talent is not provided by any other commercial broadcaster or public service.”³⁴⁵ They cited the value of seven professional BBC ensembles to professional musicians. Schemes such as BBC Radio 3 New Generation Artists and BBC Introducing as “examples of their work specifically in enabling emerging artists to reach a new audience.”³⁴⁶

Production

The content made and broadcast by the BBC is the main conduit of its work within creativity and culture. The BBC has quotas which guarantee 50 per cent of

336 [Q 44](#) (Sir Peter Bazalgette)

337 Written evidence from Fujitsu ([BBC0030](#))

338 Written evidence from Creative Skillset ([BBC0039](#))

339 Written evidence from Creative Skillset ([BBC0039](#))

340 [Q 44](#) (Sir Peter Bazalgette)

341 BBC Arts Online is described by the BBC as “The best of British culture live and on-demand. Experience performance, festivals, events and archive. Delve into the world behind the art.”

342 [Q 38](#) (Sir Peter Bazalgette)

343 Written evidence from UK Music ([BBC0031](#))

344 Written evidence from BASCA ([BBC0022](#))

345 Written evidence from ISM ([BBC0035](#))

346 Written evidence from ISM ([BBC0035](#))

its content will be commissioned from in-house, 25 per cent from the independent production sector and 25 per cent which is contestable between both.³⁴⁷

In July 2014 the Director-General of the BBC announced a strategy called ‘Compete and Compare’³⁴⁸. This was intended to open up the BBC up to more competition. TAC, the body for independent producers in Wales, stated that changes over the next ten years would make the BBC’s “still significant” in-house production base “increasingly difficult to justify on its current scale.” They believed the “principle of competition between in-house and indie producers needs to be significantly increased, in line with Tony Hall’s Compete or Compare agenda.”³⁴⁹

RIG said that as a result of ‘Compete or Compare’ the BBC is proposing to “make up to 60 per cent of its eligible radio hours open to competition from external production companies.”³⁵⁰

BBC Studios

The BBC announced the concept of BBC Studios in July 2014. BBC Studios will operate in the market, producing programmes for the BBC and other broadcasters in the UK and internationally, and returning all profits to the BBC Group. As part of these plans, the BBC is also proposing to remove its overall in-house guarantee of 50 per cent, meaning that external producers would be able to compete for a much greater proportion of BBC network commissioning spend.³⁵¹ James Purnell told us the proposal was “based on a very simple belief that the BBC is a programme maker as well as a broadcaster.”³⁵²

Hywel Wiliam voiced concern about the possible effect of BBC Studios on “the ecology of the production supply market in Wales. It could create effectively a company that would be very powerful and would compete perhaps too strongly.”³⁵³ Northern Ireland Screen told the committee “a more commercial BBC production will almost inevitably shrink back over time in terms of its footprint into a predominantly London-based focus in terms of where the jobs are.”³⁵⁴ Caroline Norbury supported this saying “wherever the spending power is, that drives behaviour.”³⁵⁵

Suggested changes

The BBC Trust has proposed changing this purpose to: “To provide distinctive, creative, original and entertaining content.”³⁵⁶

UK Music said it is crucial that this purpose is maintained, “Any dilution of this purpose will disincentivise the work that the BBC currently provides regarding music.”³⁵⁷ MG ALBA wanted to see a sharper focus on the BBC’s role as facilitator for economic growth, which they thought particularly relevant in Scotland “given

347 This is called the Window of Creative Competition (WoCC)

348 BBC, ‘Compete or compare’: a new direction for the BBC (10 July 2015): <http://www.bbc.co.uk/mediacentre/latestnews/2014/dg-compete-compare> [accessed 9 February 2016]

349 Written evidence from TAC (BBC0034)

350 Written evidence from RIG (BBC0014)

351 BBC, *Inside the BBC: BBC Studios: Strengthening the BBC’s role in the creative industries* (17 September 2015): http://www.bbc.co.uk/corporate2/insidethebbc/howwework/reports/bbc_studios_2015 [accessed 2 December]

352 Q 184 (James Purnell)

353 Q 147 (Hywel Wiliam)

354 Q 138 (Richard Williams)

355 Q 138 (Caroline Norbury)

356 Written evidence from BBC Trust (BBC0043)

357 Written evidence from UK Music (BBC0031)

the current weakness of domestic market.”³⁵⁸ TAC believed “A key objective of the next Charter should therefore be to equip the BBC for this need to be more flexible and at the same time increase the investment made directly into the creative sector.”³⁵⁹

Public Purpose 4—Representing the UK, its nations, regions and communities

Box 7: Purpose remit characteristic statements: nations, regions and communities

The BBC is good at representing life in my nation/region to the rest of the UK in its main UK news and current affairs programmes and online content.

The BBC is good at representing life in my nation/region to the rest of the UK in its drama, documentaries, and other entertainment programmes and online content.

My regional BBC content provides programmes and content that is for people like me.

The BBC helps me feel more involved and interested in my local community.

The BBC improves my understanding of religions and other beliefs.

The BBC is good at representing my religion.

The BBC is good at representing my ethnic group.

The BBC supports the native languages of the UK other than English with programming and other content.

The BBC supports my native language with programming and other content.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014* ³⁶⁰

Nations

TAC were concerned that commissioning in Wales was “mainly confined to content that is made specifically for Wales, rather than for the wider UK audience.”³⁶¹ They agreed with the BBC Trust that the “BBC’s production centres across the UK [should] work more effectively together with the independent sector based in different parts of the UK to develop creative, sustainable, local ecologies.”³⁶² In response to this statement Rhys Evans, Head of Digital and Strategy BBC Wales, commented that he was “not quite sure [he] recognise[d] TAC’s position.”³⁶³ He added that since 2007 the BBC in Wales had increased spend on content for the network from £3 million to £59 million.³⁶⁴

Despite the increased spend by BBC Wales, S4C said general PSB investment in programming for and from the nations and regions had seen a significant decrease in recent years, which was a cause for concern. They believed “There is a need for

358 Written evidence from MG ALBA (BBC0032)

359 Written evidence from TAC (BBC0034)

360 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

361 Written evidence from TAC (BBC0034)

362 Written evidence from TAC (BBC0034)

363 Q 131 (Rhys Evans)

364 *Ibid.*

Wales, its talent, its history and everyday life to be seen more prominently on the public channels of the UK networks.”³⁶⁵

The Scottish Parliament has produced its own report focusing on the Scottish aspects of BBC Charter Review.³⁶⁶ Prof Beveridge stated that “There is substantial evidence over decades—in the BBC’s own research—that the viewer and listener in Scotland is less than happy with the BBC’s performance in this area. Yet the current accountability and governance structure has failed to ensure that the BBC has fully addressed this issue.”³⁶⁷

We heard concerns regarding levels of funding for language services. S4C said that considering its funding needs in their own right was justified because it was the only Welsh language channel which had “to provide to Welsh language speakers that which hundreds of channels provide to English speakers.”³⁶⁸ The Welsh Language Commissioner observed that since 2010 S4C had received a cut equivalent to 36 per cent and asked the Committee to “pay due regard ... to the BBC’s pivotal role in funding and providing Welsh medium broadcasting services.”³⁶⁹ MG ALBA were concerned that the current funding of the channel meant that audiences in Scotland were less well served in comparison with Welsh language services and the Irish language channel.³⁷⁰

Hywel Wiliam told us about “Da Vinci’s Demons”, a programme being made in Swansea Bay Studios for BBC Worldwide: “the BBC has got it right there, in being able to ... create world-class content and do it from production centres around the UK.”³⁷¹ Richard Williams, said that the fulfilment of this particular purpose had markedly improved in Northern Ireland and that there had been a “significant shift in the attitude within the BBC to the importance of the nation’s quotas—the 17 per cent for the nations and, specifically, the just under 3 per cent in relation to Northern Ireland.”³⁷²

Regions

Creative England believed English regions were underserved by the BBC. They said “when considering public purposes in relation to services around England, the spend is disproportionate ... the amount of non-network hours that are commissioned in England, it is something like 94 hours in England, compared to 220 hours in Scotland.”³⁷³

The NUJ argued that the service and workforce should reflect UK audiences. They had concerns about the move of services from The Mailbox in Birmingham. Jenny Baxter told the Committee “We [BBC] have to make conscious efforts all the time to think about the wider extremities of every region.”³⁷⁴ She highlighted BBC North as “part of the BBC’s commitment to having a strong out-of-London presence.”³⁷⁵

365 Written evidence from S4C ([BBC0048](#))

366 Scottish Parliament Education and Culture Committee, *Report on the renewal of the BBC charter*: http://www.scottish.parliament.uk/S4_EducationandCultureCommittee/Reports/ECS042016R03.pdf [accessed 8 February 2016]

367 Written evidence from Prof Beveridge ([BBC0007](#))

368 Written evidence from S4C ([BBC0048](#))

369 Written evidence from Welsh Language Commissioner ([BBC0017](#))

370 Written evidence from MG ALBA ([BBC0032](#))

371 [Q 149](#) (Hywel Wiliam)

372 [Q 135](#) (Richard Williams)

373 [Q 135](#) (Caroline Norbury)

374 [Q 118](#) (Jenny Baxter)

375 *Ibid.*

Caroline Norbury said that “the further away you are from London, the harder it is to have a career in the creative industries, particularly in television.”³⁷⁶ This was especially an issue for people starting out in their careers. She also stated that to “the east of the country there is very little BBC presence.”³⁷⁷

Communities

To fulfil this Purpose, the BBC must represent the UK’s communities. A community could be based, amongst others, on common characteristics of faith, language, race or shared interest. We received evidence from representatives of the BAME community about this Public Purpose.

Dinah Caine of Creative Skillset said “the fourth public purpose puts community at the end of that list. ... in relation to the [BBC] committees ... there are committees overseeing and liaising with listeners and viewers on the nations and regions, but there are no similar committees that relate to community.”³⁷⁸ She cited the Skillset Census which showed that the number of BAME people in the workforce had decreased across the media industries, from “7.4 per cent of the total workforce in 2006... to 5.4 per cent in 2012.”³⁷⁹ The BBC performed better than the industry average according to figures provided by the NUJ who stated that 13.1 per cent of BBC staff were from BAME backgrounds.³⁸⁰

Simone Pennant of the TV Collective, said it was:

“important for the charter to understand or consider the impact that some of the decisions it makes has on BME communities. ... People do not necessarily feel that they are part of it. They do not necessarily feel that their needs or their concerns are being addressed.”³⁸¹

She cited BBC Three as “arguably one of the most diverse stations or channels ... so the considerations on how that impacts on BME communities and other minority communities have to be at the heart of the decisions.”³⁸²

Caroline Norbury said: “Given the multiplicity of channels that we have now, there is even more opportunity to help people to make their story, gain visibility and prosecute a particular agenda, and to mix that cultural imperative and wrap it around with some industrial practice. I do not really see the BBC doing that.”³⁸³

Suggested changes

The BBC Trust has proposed changing this purpose to: “To reflect, represent and serve everyone in the UK”. This is further explained as:

“The BBC should reflect the full diversity of the UK in its content. In doing so, the BBC should accurately and authentically represent and portray the lives of the people of the UK today, and raise awareness of different cultures and alternative viewpoints. It should ensure that it provides content to meet the needs of the UK’s nations, regions and communities. It should bring people together for shared experiences and

376 [Q 142](#) (Caroline Norbury)

377 *Ibid.*

378 [Q 86](#) (Dinah Caine)

379 *Ibid.*

380 Written evidenced from NUJ ([BBC0021](#))

381 [Q 20](#) (Simone Pennant)

382 [Q 23](#) (Simone Pennant)

383 [Q 141](#) (Caroline Norbury)

help contribute to the social wellbeing of the UK. The BBC should use emerging communications technologies and reflect the UK in a digital age.”³⁸⁴

Hywel Wiliam said the proposed change was “unhelpful ... there is a lack of focus. We think we need a little bit more precision. We feel that purpose four should recognise the need to provide discrete services for the nations.”³⁸⁵ Richard Williams said that he would “find it very hard to accept the public purpose that drops the word ‘nation’”.³⁸⁶ Caroline Norbury said she would feel “equally uncomfortable around the removal of the nations aspect.”³⁸⁷ However she noted that the “suggested change recognises the differences between communities in the UK as a whole.”³⁸⁸

BFI’s view was that this purpose should be changed “to explicitly include the UK’s diversity in relation to ethnicity, gender, disability, sexuality and other protected characteristics.” ISBA believed that there should be a greater emphasis on nations, regions and differing religious beliefs in recognition of a more multicultural society. MG ALBA would like this purpose to include “the specific objectives sought by the BBC’s autochthonous language services.”³⁸⁹

Public Purpose 5—Bringing the UK to the world and the world to the UK

Box 8: Purpose remit characteristic statements: international

The BBC helps me understand what is going on in the wider world, such as international news and events.

The BBC helps me understand the cultures and lifestyles of people from around the world.

The BBC is good at presenting a positive image of the UK to the rest of the world.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014* ³⁹⁰

Historically, the BBC World Service was funded by the Foreign and Commonwealth Office. The BBC took over direct funding and operation of the World Service in 2014. This caused some controversy. In November 2015 the Government announced it would provide the World Service with £289 million over the next five years. This is for the BBC to “invest in expansion into countries such as North Korea as part of its strategy designed to strengthen the UK’s “soft power.”³⁹¹

Some witnesses warned that the BBC should not be a tool of the Government. The British Council explained “I do not think that [the projection of diplomatic relations] is the sphere of the BBC at all, but I think it is an important mechanism for creating conditions within which effective diplomatic relations can be effected

384 Written evidence from BBC Trust ([BBC0043](#))

385 [Q 146](#) (Hywel Wiliam)

386 [Q 137](#) (Richard Williams)

387 [Q 137](#) (Caroline Norbury)

388 *Ibid.*

389 Written evidence from MG ALBA ([BBC0032](#))

390 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

391 ‘BBC World Service to receive £289 million from government’, *The Guardian* (23 November 2015) : <http://www.theguardian.com/media/2015/nov/23/bbc-world-service-receive-289m-from-government> [accessed 2 December 2015]

around the world.”³⁹² Sophie Chalk said, “The more removed the World Service and the BBC is from being an arm of Government the better, in my opinion, otherwise integrity and trust in the BBC will be undermined.”³⁹³

Adrian Greer considered the World Service could do more on English language programmes. He cited a collaboration with the British Council called “Word on the Street” which he estimated “reached around 50 million people.” He spoke of the growth in the importance of the English language, estimating it will be “spoken by 2 billion people by 2020; ... the ability to use a trusted media outlet like the BBC to project that further is very powerful.”³⁹⁴

Suggested changes

The BBC Trust has proposed changing this to “To reflect the UK to the world.”³⁹⁵

It explained this further as:

“The BBC should provide high-quality news coverage to international audiences, firmly based on British values of accuracy, impartiality, and fairness. Its international services should put the UK in a world context, aiding understanding of the United Kingdom. It should ensure that it produces content which will be enjoyed by people in the UK and globally.”³⁹⁶

Sophie Chalk reminded us that, alongside this proposed change the BBC Trust has proposed changing the first purpose to “To provide news and information which help everyone understand the world around them”.³⁹⁷

IBT wanted to see the purpose retained whilst separating the two aspects. Sophie Chalk told the Committee, “We welcome the current global purpose being split into two, because whenever I talk to anybody... they always think you are talking about the World Service. From our point of view, to be really clear about the BBC’s mission it is better to split the two.”³⁹⁸

However Sophie Chalk felt the proposed new wording by the BBC Trust “weakened” the purpose. As an example of this she cited the World Service: “it limits the World Service to ‘provide high-quality news coverage’. The World Service does so much more than that.”³⁹⁹ IBT opposed an earlier proposed rewording as it limited delivery of this purpose to news and current affairs and there was concern that news and current affairs provided only a negative picture of international issues.⁴⁰⁰

Adrian Greer was also concerned about any potential “watering down” of this purpose in terms of “bringing the world into the UK” for two reasons: “one is ... being seen to become more insular and not actually caring and not having a purpose which reflects that; the second is the feeling that, unless there is a greater understanding of the world, then the biggest barrier to our creating effective relations around the world is the attitude of people in the UK.”⁴⁰¹

392 [Q 103](#) (Adrian Greer)

393 [Q 103](#) (Sophie Chalk)

394 [Q 104](#) (Adrian Greer)

395 Written evidence from BBC Trust ([BBC0043](#))

396 *Ibid.*

397 [Q 105](#) (Sophie Chalk)

398 [Q 105](#) (Sophie Chalk)

399 *Ibid.*

400 *Ibid.*

401 [Q 105](#) (Adrian Greer)

Public Purpose 6—In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television

Box 9: Purpose remit characteristic statements: digital

The BBC provides quality content that I find enjoyable or useful on the internet.

The BBC provides quality content that I find enjoyable or useful on mobile phones and tablets.

The BBC provides quality content that I find enjoyable or useful on DAB digital radio.

The BBC has helped me make the most of new technologies such as interactive TV and the internet.

The BBC provides quality content that I find enjoyable or useful on BBC iPlayer.

Source: BBC Trust, *Purpose Remit Survey Autumn 2014*⁴⁰²

Prof Coyle reminded us that this purpose:

“was written in the context of digital switchover, so it was written in terms of bringing consumers to new technologies. If you ask members of the audience what they think about it, it is the purpose that has least salience, which is it not surprising, because people do not know what they want if it is not there.”⁴⁰³

Evidence from BBC Trust supported this: “The BBC is doing rather well at fulfilling that purpose if you look at things such as iPlayer and the online offer but it is less clear to the ordinary member of the public.”⁴⁰⁴

BT recommended that this Public Purpose should be expanded to encompass “the BBC’s role in persuading those who have thus far chosen not to go online to do so using its compelling audiovisual content.”⁴⁰⁵ techUK wanted the sixth Public Purpose to ensure a “scope that supports enabling a connected/on-line UK society, championing digital innovation, and also support for migration from analogue to digital technologies, such as the digital switchover of UK national radio stations.”⁴⁰⁶

David Wheeldon thought the purpose was “so broad as to allow the BBC pretty much to justify anything it does in the digital space. That just does not make sense.”⁴⁰⁷

Changing distribution methods

The way people consume content has changed since the last Charter Review. Ofcom identified that “While live television remains hugely important, catch-up TV watched over the internet, and programming and content premiered on the internet are becoming increasingly important to audiences, especially younger

402 BBC Trust, *Purpose Remit Survey UK report Autumn 2014* (July 2015): http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/ara_2014_15/uk.pdf [accessed 8 February 2016]

403 Q 32 (Prof Coyle)

404 Q 78 (Alex Towers)

405 Written evidence from BT (BBC0052)

406 Written evidence from techUK (BBC0036)

407 Q155 (David Wheeldon)

audiences.”⁴⁰⁸ Dr Suárez Candel spoke of a need to change the term from public service broadcasting to “public service media.” He said “The traditional radio or television has developed to include digital platforms that meet the changing needs of how audiences consume media today.”⁴⁰⁹

PACT agreed that the BBC played and should continue to play an important role in promoting creative and innovative digital content and services. But they questioned, given the increasing convergence between different media services, whether digital services should continue to be considered as separate from other BBC services.⁴¹⁰

techUK said the BBC should not move faster than the market to suit, as they saw it, their preferred distribution preferences. DTT is the dominant free-to-air platform of choice by consumers of the BBC’s services. It is important that viewers and listeners are able to receive the services they wish to watch and listen to on the platforms of their choice.⁴¹¹

The BBC Trust wrote:

“in seeking to ensure that every household in the country has access to BBC services free at the point of use, the Trust thinks that the BBC should aim to make its services available on as many platforms and devices as possible. Considerably more people feel that it is important (68 per cent) rather than unimportant (27 per cent) that the BBC should continue providing and developing its services on new platforms, such as the internet and via mobile phones. The importance of this increases to 77 per cent for 16–44 year olds and 82 per cent for 16–24 year olds.”⁴¹²

Ofcom’s Public Service Broadcasting Review stated: “Crucially, PSB content should be universally available to all citizens.”⁴¹³

Suggestions for new purposes

Some witnesses suggested new Purposes for the BBC which we consider below.

Training

The Committee received a considerable amount of evidence calling for training to either be explicitly mentioned in the Public Purposes or to form the basis of a new Public Purpose.⁴¹⁴ BFI proposed that “the BBC should have a new public purpose to support training and skills development across the creative media industries.”⁴¹⁵ This was echoed by Equity who suggested specific references should be made in the Public Purposes to “best practice for employment, training and development, for both in-house and independent producers.”⁴¹⁶

408 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

409 [Q 51](#) (Dr Roberto Suarez Candel)

410 Written evidence from PACT ([BBC0044](#))

411 Written evidence from techUK ([BBC0036](#))

412 Written evidence from BBC Trust ([BBC0043](#))

413 Ofcom, *Public Service Broadcasting in the Internet Age: Ofcom’s Third Review of Public Service Broadcasting* (2 July 2015): http://stakeholders.ofcom.org.uk/binaries/consultations/psb-review-3/statement/PSB_Review_3_Statement.pdf [accessed 23 November 2015]

414 NUJ ([BBC0021](#)), Equity ([BBC0006](#)), BFI ([BBC0049](#)), C4 ([BBC0042](#))

415 Written evidence from BFI ([BBC0049](#))

416 Written evidence from Equity ([BBC0006](#))

Diversity

Equity felt that the Public Purposes should include a commitment for the BBC to reflect society better through on-screen diversity.⁴¹⁷ BFI also felt the purposes should be amended “to explicitly include the UK’s diversity in relation to ethnicity, gender, disability, sexuality and other protected characteristics.”⁴¹⁸ They also called for the BBC “to demonstrate a commitment to diversity evidenced by adopting BFI’s ‘Three Ticks’ framework.”⁴¹⁹

As one of a set of values suggested as a regulatory tool, IBT proposed:

“Produce content for all the different audiences which make up the UK population: the BBC should strive to employ a diverse workforce which is representative of the UK population and should aim that all the content it produces reflects the diversity of the UK population.”⁴²⁰

Distinctiveness and Quality

Some witnesses called for “high quality content” or “distinctive content” to be included as an overarching principle or within each Public Purpose as appropriate.⁴²¹ We note that high quality is already one of the definers of public service broadcasting.

Equity stated “we believe it is worth considering a commitment in the public purposes to producing high quality original TV and radio drama, comedy, entertainment and children’s programming.”⁴²² The Freedom Association thought “unbiased new reporting should be included as one of the public purposes. I am not saying that the BBC is being deliberately biased ... however, by including this as a public purpose, it shows a clear commitment to the highest standards of journalism.”⁴²³

The BBC Trust said:

“Although our quantitative research showed that 60 per cent agreed that BBC provides content and programmes which are distinctive, we believe that the BBC should be held more clearly accountable for delivering services that are distinctive. Therefore, this requirement should be included within the BBC’s core purposes.”⁴²⁴

ITV wanted to see a clear obligation in overall purposes for each and every BBC service to be of the highest quality and to be clearly distinctive from competing commercial services.⁴²⁵

Wider creative economy: collaboration and partnership

The BBC Trust proposed a subsidiary purpose—“To contribute to the UK’s creative economy”. This was further explained as:

417 Written evidence from Equity ([BBC0006](#))

418 Written evidence from BFI ([BBC0049](#))

419 *Ibid.*

420 *Ibid.*

421 Written evidence from Equity ([BBC0006](#)), ITV ([BBC0015](#))

422 Written evidence from Equity ([BBC0006](#))

423 Written evidence from Freedom Association ([BBC0013](#))

424 Written evidence from BBC Trust ([BBC0043](#))

425 Written evidence from ITV ([BBC0015](#))

“The BBC should play a key role in the UK’s creative industries in pursuit of developing the finest content for its audiences, for example through commissioning content from independent production companies, embracing digital technology, providing training that benefits the industry and working in partnership with cultural organisations across the UK and others.”⁴²⁶

Other industry bodies agreed with this. BFI argued that “the necessity for collaborative engagement should be enshrined in the BBC’s public purposes.”⁴²⁷ Sir Peter Bazalgette suggested that the BBC should have a new Public Purpose “as a distributor of other people’s content that we see delivers public good.”⁴²⁸ Channel 4 stated “we think the concept of partnerships, in particular as it relates to other public organisations, should be one of the BBC’s public purposes.”⁴²⁹ In response Hywel Wiliam felt an objective dealing with the BBC’s engagement with independent production companies in the regions and nations would be “very welcome” as long as “that purpose took account of the fragility of the ecology.”⁴³⁰

Entertainment

Research carried out by the BBC Trust showed that licence fee payers thought “there should be an explicit reference to the BBC’s role in entertaining audiences: this echoed previous research which suggested that audiences believed ‘entertainment’ to be the most important element of the BBC’s mission.”⁴³¹

Other

ITV suggested two key high-level purposes: “Provide high quality content and services that the market may not offer at scale and more mainstream, popular, content provided in a highly distinctive way”⁴³² and “Be the risk capital for the UK creative industries.”⁴³³

IBT proposed four ancillary purposes separate from the main purposes which relate directly to UK-consumed media: “growing the creative industries, providing content for international audiences and maintaining the UK’s reputation abroad, training and developing Expertise [and] Research and Development.”⁴³⁴

The IAMCR stated that there may be a “missing seventh purpose: universal availability with a service free at the point of use for all within the nation state.”⁴³⁵

426 Written evidence from BBC Trust ([BBC0043](#))

427 Written evidence from BFI ([BBC0049](#))

428 [Q 44](#) (Sir Peter Bazalgette)

429 [Q 198](#) (Dan Brooke)

430 [Q 152](#) (Hywel Wiliam)

431 Written evidence from BBC Trust ([BBC0043](#))

432 Written evidence from ITV ([BBC0015](#))

433 *Ibid.*

434 Written evidence from IBT ([BBC0029](#))

435 Written evidence from IAMCR ([BBC0041](#))