

TOMORROW'S BBC

YOUR SAY

Charter Review

Key findings, proposals and ideas for discussion

These factsheets have been compiled by BBC Trust to provide further stimulus for discussion at the Oxford Media Convention 2016.

During Charter Review, the Trust has sought to support the process by giving the BBC's core stakeholders – licence fee payers – further opportunity to have their day on what they want from the future. The Trust held its widest ever consultation, commissioned extensive qualitative and quantitative research, held a series of public seminars around the UK. The Trust received over 50,000 responses from the public during this period.

The factsheets contain research and consultation analysis on public opinion and attitudes to the BBC in its current form, alongside what the public want from the BBC in the period of the next Charter and beyond. In addition, the Trust commissioned wider studies into market impact and governance. These factsheets also contain summaries of those findings.

Following the themes set out for discussion at the convention, these factsheets look at:

- **What the public want from the BBC – Mission, values and purpose**
- **The BBC in the market context, its scale and scope**
- **Balancing accountability and independence**
- **Funding the BBC**

Informed by public views, we have set out a series of recommendations which can be found throughout this document.

Should delegates have any queries arising from the information presented in these materials, please contact trust.enquiries@bbc.co.uk All source material used for the purposes of these factsheets is referenced at the back of this pack and sources are available in full at www.bbc.co.uk/tomorrowsbbc

What the public want from the BBC

Mission and values

Support for a continuation of the BBC's overarching mission

According to a 2015 ICM study for the Trust, the BBC's mission to Inform, Educate, Entertain continues to resonate strongly with audiences. Members of the public not only believed the BBC is doing well in delivering on its mission (79%), but its core proposition is thought by an overwhelming majority to be worth retaining (85%).

Should the BBC's main mission still be to inform, educate and entertain?

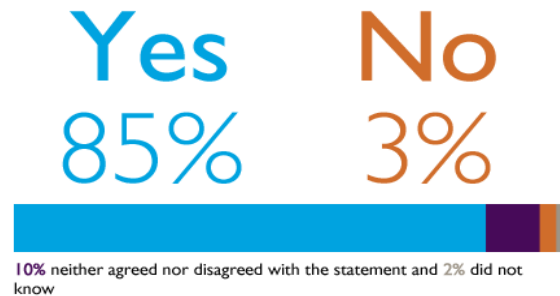


Figure 1

When asked to choose up to three words from a list of 14 to describe what they thought the BBC should deliver, the most commonly chosen words were Entertain (64%), Inform (59%) and Educate (43%).

Public views on BBC values

There is broad support for values suggested in the Green Paper, however with some overlap and some lack of clarity about the precise meaning of some of them, careful consideration should be given to how these ought to be used. For example, 'value for money' could be conceived of more as a 'duty to be efficient' whereas 'independence' is a more general value.

The Trust therefore proposes a shorter list of values, with these embedded within the Public Purposes structure.

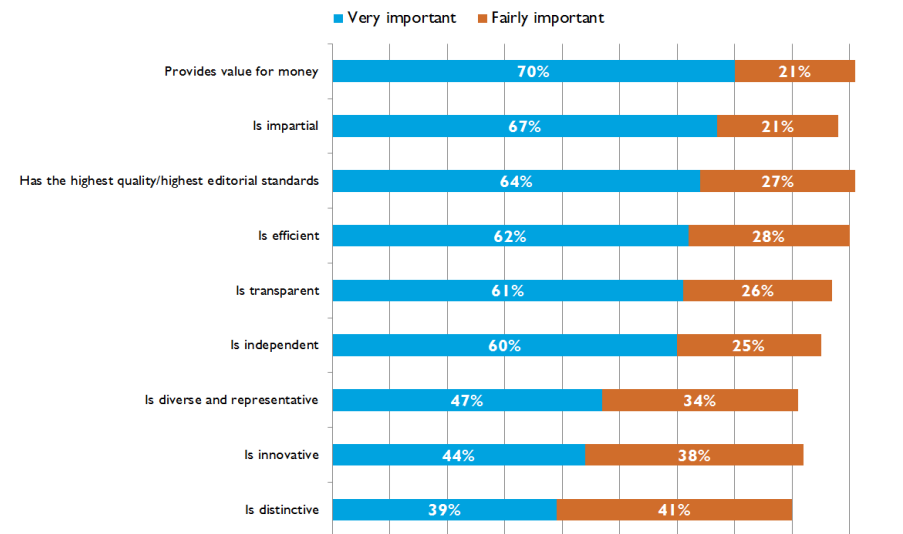


Figure 2

Values proposed by BBC Trust, based on consultation

- Independence
- Impartiality
- Value for money - both in terms of getting value from the licence fee and ensuring that the BBC is well run and efficient
- The highest editorial and creative standards

The role of Public Purposes

Delivering the BBC's mission through the Public Purposes

Trust view on the role of the Public Purposes

The Purposes, accompanied by Purpose Remits have worked well during this Charter. They have helped to articulate the BBC's mission, in a way which is both meaningful and measurable. But the Trust believes these could be further refined and improved, to help focus the BBC's strategy and to deliver a system which improves accountability.

The Trust proposes the Public Purpose headings be clarified to provide a greater degree of detail and context.

- Areas where the Trust has identified further work to be done are **diversity** and **portrayal**, particularly of the Nations and Regions. It should be noted, however, that each of the Nations has a high consumption of BBC content and services, with the Welsh consuming the highest amount of BBC content each week of any of the Nations. . Measurement of distinctiveness is also welcomed by audiences.
- Service Licences should explicitly state how each service or groups of services will deliver the BBC's Public Purposes. This would ensure a direct link from the BBC's Public Purposes through to its services.

Proposed Public Purpose headings, developed in consultation with the public:

- 1.To provide news and information which helps everyone understand the world around them
- 2.To support learning and education for people of all ages
- 3.To provide distinctive, creative, original and entertaining content
- 4.To reflect, represent and serve everyone in the UK
- 5.To reflect the UK to the world

An entirely new purpose:

- 6.To contribute to the UK's creative economy

Updated measurement, to hold the BBC to the Purposes

The Trust proposes the Public Purposes be underpinned by a more robust system of accountability and reporting. This would provide a more meaningful process of data and outcomes which in turn would assist in the development of BBC strategy and in holding BBC management to account against the purposes.

Measurement would:

- Look at how effectively the organisation is run.
- Set out how BBC performing for audiences as both consumers and as citizens
- Examine how the BBC is performing for UK plc
- Be broken down to the level of nations and regions

The market context

Market impact, scale and scope of the BBC

Summary

KPMG – *An economic review of the extent to which the BBC crowds out private sector activity: A study for the BBC Trust* (October 2015)

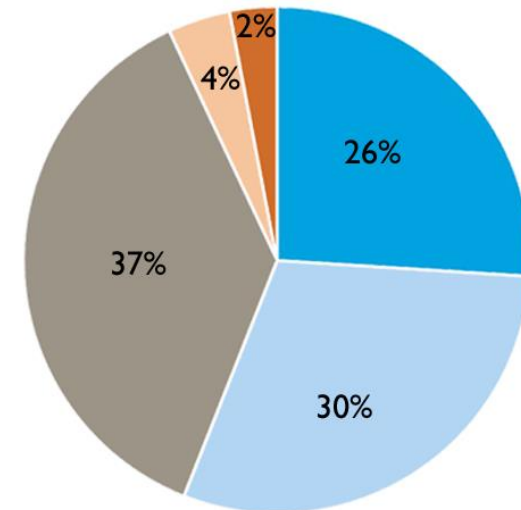
BBC Trust commissioned a KPMG study of how variations in BBC activity has affected commercial competitors, using historical data and econometrics. It found:

- No evidence that the BBC’s increased online presence had been behind the long-term decline in local newspapers’ circulation or revenues, which may be due to limited overlap between the type of services provided on the BBC website and local newspapers
- Evidence suggests that the general growth in internet penetration and usage have had a statistically more significant impact on local newspaper performance than BBC online activity
- No firm evidence from the data analysed to link patterns of increasing or decreasing consumption of entertainment programmes from commercial broadcasters with the BBC’s activity. By 2014, commercial broadcasters provided **fourteen times** more content than the BBC, and viewing hours were **168% higher** for commercial entertainment programmes than BBC programmes
- No firm evidence that BBC news negatively affected commercial news in terms of viewer hours, with consumption of BBC news flat or declining in recent years, and commercial news declining
- No clear evidence to suggest that the BBC’s activities have damaged the revenues of other broadcasters. BBC spend on television has been decreasing since 2004, while commercial TV revenues have significantly increased by 65% in real terms since 1999, largely driven by subscription revenue

A literature review showed little evidence of overseas Public Service Broadcasters ‘crowding out’ private sector activity.

The public view of the BBC’s scale and scope

Our research clearly indicates that there is no public demand for a narrower BBC.



- The BBC should provide far more
- The BBC should provide a little more
- It is about right
- The BBC should provide a little less
- The BBC should provide far less

Figure 3

Proposed regulation and monitoring

Although KPMG found no evidence of the BBC adversely impacting the market, it does not follow that the BBC’s market impact should be unchecked. As has been the case in this present Charter, the Trust believes there is an important role for the BBC’s regulator to continue to monitor the BBC’s services and market impact.

The market context

Supporting UK economic growth and the creative industries

Summary

KPMG – *The role of the BBC in supporting economic growth: A study for the BBC Trust (October 2015)*

BBC Trust commissioned KPMG to carry out an independent, thorough study of the BBC's impact in particular areas where it is often asserted that the BBC has had a positive effect on the market, including two areas of investment in the last ten years – its move to Salford and its innovation online.

The report finds that BBC intervention in Salford has increased employment in the region, directly through BBC employees, and indirectly through BBC purchasing from suppliers in the North West. It has:

- Helped to create agglomeration and spill-over effects, with approximately 6,500 people currently employed in MediaCityUK, around 40% of whom are BBC employees
- Helped to increase the number of jobs in the creative industries in Salford. Creative industry jobs in Salford have more than doubled between 2010 and 2013, with a step change in the level of employment allied to the BBC move to Salford
- Creative industry jobs are expected to continue to grow, albeit at a slower pace, with forecasts suggesting an additional 1,700 jobs in Salford between 2015 and 2025 (and 9,400 in total in the North West)
- Generated wider positive impacts. Since the BBC move to Salford, perceptions of 'portrayal' have improved, with the gap narrowing between North and pan-UK audiences. Specific departments of the BBC have seen more substantial shifts in approval gaps. BBC Radio 5 live's reach in the North now exceeds reach at the pan-UK level



The BBC's activities in the North West (predominantly driven by the Salford site) contributed a total of **£277 million** to UK Gross Value Added in 2014/15

Around **6,500 people** are employed at MediaCityUK, **40%** of whom are BBC employees



Forecasts suggest there will be an additional **1,700** creative industry jobs in Salford between 2015 and 2034

Rationale for a proposed creative industries purpose

The BBC plays an integral role within the UK's creative ecology, helping to raise standards and increase competition, to the benefit of licence fee payers. We are therefore proposing a standalone public purpose: "To contribute to the UK's creative economy" which should be written into the Charter. This duty would set out the BBC's key role in relation to the wider UK creative industries. In the pursuit of developing the finest content for its audiences, the BBC should continue to commission content from independent production companies, embrace digital technology, provide training that benefits the industry and work in partnership with cultural organisations across the UK and others.

Scope of BBC services

Distinctiveness, representation and portrayal

Quality and distinctiveness

The public has very high expectations of the BBC in terms of quality, which are largely being met. But there is more that can be done to measure distinctiveness and representation.

73% of the public say the BBC offers content and programmes which **are high-quality**. **60%** say its content is **distinctive**.

Proposals for distinctiveness

- Vital for the BBC – it should aspire to achieve something that commercial media providers may not be able to or may not chose to do in a way that delivers public service.
- BBC should be more clearly externally accountable for its distinctiveness through the Charter and regulatory oversight.

The BBC’s role in innovation

The Trust commissioned audience research to test the public’s expectation of the BBC’s role in digital technologies. This clearly showed that audiences value highly products such as the iPlayer, the mobile Apps and Red Button and reinforced the Trust’s previous findings in this area; that audiences expect to be able to access easily the full range of BBC services however they choose on a wide range of platforms and devices. Increasingly audiences also now want to personalise services to suit their needs.

Both our qualitative and quantitative research confirmed that audiences want the BBC to ensure it keeps up to speed with technological developments **two-thirds of the public thought it is important for the BBC to continue to develop its services on newer online platforms**, such as on the internet and for mobile devices. Within our consultation 75% thought it was either a medium or high priority for the BBC to do this.

Representation and portrayal

60% of the public think the BBC is successful in fulfilling its aim of representing and providing services for all of the UK’s diverse communities and audience groups across all regions and UK nations, while a quarter (**27%**) do not express an opinion one way or the other.

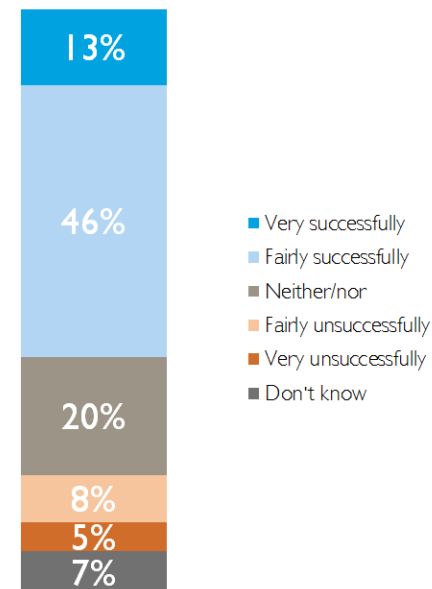


Figure 4

Proposals to increase representation and portrayal

- Greater diversity of the UK population has created challenges and gaps are growing between those who are very well served by the BBC and those who are not so well served.
- Supply of content from the nations at 20% (and 50% outside of London)
- BUT – commissioning and culture also need to change.

Independence

The public view

Is independence important?

When asked about values the public were clear that independence is important. Indeed a strong view on the BBC's independence came through each of the pieces of our consultative work: **88%** of the public believe the principle of independence is important. And only **3%** cited independence as unimportant when asked.



88% of people who responded to our consultation felt BBC independence was important. Just **3%** felt it was not important.

3% neither/nor, 5% did not answer

Figure 5

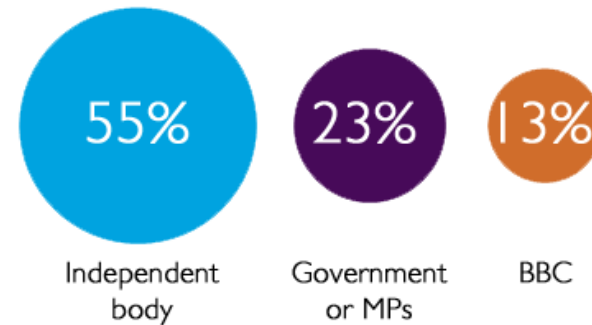
What does independence mean?

By independence, the public mean a range of things. Independence from:

- Government or political interference
- Commercial or vested interests
- Editorial control and the ability to make creative decisions
- Financial independence

81% of people want the BBC to act independently of Government and politicians, while **75%** of people think it is important that the BBC acts independently of any external commercial and business interests.

55% of people feel the licence fee should be set by an organisation independent of Government and the BBC.



4% none of the above, 15% don't know

Figure 6

Financial independence

Developing greater protections for the BBC

Summary

Better protecting BBC financial independence: an exploratory report for the BBC Trust – Policy Institute at King's College London (January 2016)

Independent work by the Policy Institute and King's College, documents how over time there have been risks to the BBC's independence – specifically in relation to funding. The review sought to explore what possible options might be available for strengthening and protecting the BBC's independence.

- Fixed funding periods for the BBC, so the Government can't unilaterally re-open the deal
- A formal process for setting the level of funding for the BBC, including proper public engagement
- For that process to be set out in the next BBC Charter and binding on Government
- A role for the regulator as a neutral body to advise Government on the level of funding required

Trust proposals

We have set out a number of ways that we think will help maintain the BBC's independence:

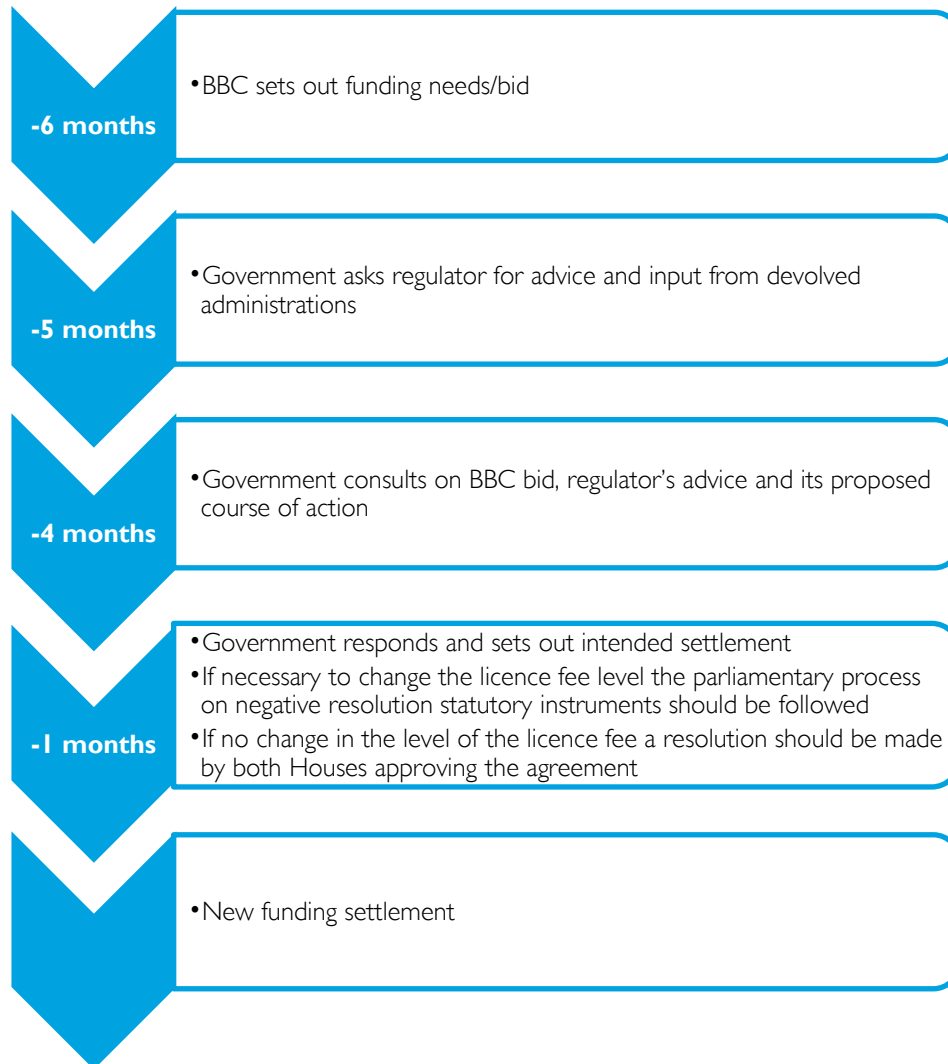
- A Royal Charter, not statute, to establish the BBC – meaning that politicians cannot specify editorial matters or constantly amend what the BBC does
- For the next Charter to be eleven years to protect the BBC from political interference and avoid it becoming a party political issue at elections
- For the Charter to include the process for review and renewal of the next Charter, including:
 1. Full public consultation and engagement
 2. Parliamentary scrutiny; and
 3. A clear timetable

If there is a move to external regulation, for that regulator to be properly independent of Government.

- An end to top-slicing of the licence fee, for projects which are not BBC services

Proposed process for setting the level of funding

Suggested timeline and ideas for discussion



BBC Trust response to Green Paper

“The Charter and Framework Agreement for the next Charter period should set out a clear and public process for determining the appropriate level of funding (and therefore the level of the licence fee) for the BBC. This should include opportunity for input from the licence fee payer and proper democratic scrutiny, for example through Parliament or Government consultation... the next Charter should clearly establish the point at which that Charter would begin and what process it would follow, including how the public and the licence fee payer would be involved and what form parliamentary scrutiny would take.”

Existing process

- Currently no established process for determining the level of the licence fee
- Independent report from King's College London suggests the last two settlements put the BBC's independence and financial stability at risk and there was no voice for the licence fee payer
- In 2015, accepting the new financial obligation the Chairman of the BBC Trust said: “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.”

Funding the BBC

Supporting a universal service

The principle of universality

58% of the public believe that the BBC should provide something for everyone who pays the licence fee. Only **8%** disagree with the concept of universality. Further to this, the idea that everyone pays and so everyone should get something out of the BBC, we saw strong support for universal methods of funding for the BBC.

Method of funding

Our research shows that the public does not support a subscription-funded BBC, which is both impractical and at odds with delivering a universal public service:

- Less than a quarter favour a part-subscription model
- Nearly **60%** favour a universal fee (either the existing licence fee updated or a household levy).

Preferred method of funding the BBC

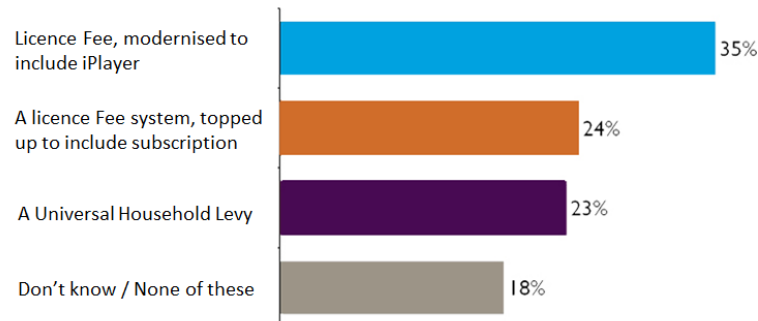


Figure 7

Support for funding models

A licence fee system, topped up by subscription



A licence fee, modernised to include the iPlayer



Figure 8

The BBC Trust believes that the key components of universality are:

- Ensuring that BBC services are within easy reach for all audiences, by making content available, free at the point of use, on a wide range of devices and platforms
- Ensuring that services and content provide a social good to the UK through entertaining, informing and educating audiences
- Providing a range of content and services that reflect the varied interests of the whole UK population
- Reflecting the diversity of the UK and bringing it together for key moments and audiences

Research

BBC (2015), *British, Bold, Creative*

Dassiou X (2016), *Charter Review price setting models: A rail and road comparison study*

Frontier Economics (2015), *The contribution of the BBC to the UK creative industries: a report prepared for the BBC*

Helm D (2016), *Price setting in regulated utilities and the potential application to the BBC*

ICM Unlimited (2015), *Charter Renewal Public Consultation: Feedback on the BBC's British Bold and Creative proposals*

ICM Unlimited (2015), *Charter Review Consultation*

ICM Unlimited (2015), *Charter Review Quantitative Research*

ICM Unlimited (2015), *Future Priorities for the BBC: An Audience View*

KPMG (2015), *An economic review of the extent to which the BBC crowds out private sector activity: A report commissioned by the BBC Trust*

KPMG (2015), *The role of the BBC in supporting economic growth: A report for the BBC Trust*

Policy Institute, King's College London (2016), *Better protecting BBC financial independence: an exploratory report for the BBC Trust*

PwC (2015), *BBC Efficiency Review: Identifying efficiency savings for the next Charter*

Charts

Fig. 1 – *Future Priorities for the BBC*, ICM Unlimited, February 2015

Fig. 2 – *Charter Review Quantitative Research*, ICM Unlimited, August-September 2015

Fig. 3 – *Charter Review Quantitative Research*, ICM Unlimited, August-September 2015

Fig. 4 – *Charter Review Quantitative Research*, ICM Unlimited, August-September 2015

Fig. 5 – *Charter Review Consultation*, ICM Unlimited, July-September 2015

Fig. 6 – *Future Priorities for the BBC*, ICM Unlimited, February 2015

Fig. 7 – *Charter Review Quantitative Research*, ICM Unlimited, August-September 2015

Fig. 8 – *Charter Review Consultation*, ICM Unlimited, July-September 2015

Notes

BBC Trust

About us

The BBC exists to serve the public, and its mission is to inform, educate and entertain. The BBC Trust is the governing body of the BBC, and we make sure the BBC delivers that mission. Our job is to get the best out of the BBC for licence fee payers.

We set the strategic objectives for the BBC. We have challenged the BBC to:

- Make the most creative and distinctive output
- Innovate online to create a more personal BBC
- Serve all audiences
- Improve value for money through a simpler, more efficient, and more open BBC

We issue a service licence to every BBC service stating what we expect it to deliver and how much it can spend. We set the BBC's editorial guidelines and protect the BBC's independence. We monitor performance to ensure that the BBC provides value for money while staying true to its public purposes.

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