



## BBC CHARTER REVIEW: DCMS CONSULTATION

1. BECTU welcomes the opportunity to contribute to the Consultation. We recognise that this is the first stage in a much longer process of Charter Review. Our comments at this point will therefore be limited to general themes, broadly following those outlined in the consultation document.

### THE VALUE OF THE BBC

2. We, and we believe very many others, value the BBC as the cornerstone of the UK's public service broadcasting (PSB) system. It has been and remains a centre of excellence and a benchmark for other broadcasters on many criteria but especially as a provider of high quality and wide ranging programmes both to a mass audience and to a diversity of more particular audiences and interest groups throughout the UK.
3. We value the BBC's role in many specific areas, including its contribution to the democratic process through its comprehensive news and current affairs coverage; its educational impact; its promotion of sport, including coverage of major events; its patronage of the arts and the creative industries; its unique international role through the World Service; its presence throughout all the nations and regions of the UK; and its role at the cutting edge of new digital technology.
4. The strengths we would particularly like to emphasise are:
  - The BBC's universal role throughout every level (local/regional/national/global) and every programme genre. This is a unique and valuable contribution to the UK's democratic and cultural life at a time when, in the view of many, there is a reduction in any sense of collective, inclusive identity in a more fragmented, individualised world.
  - The BBC as the primary source of original programme production in the UK audiovisual sector. Our broadcasting system will ultimately live or die by our ability to produce our own programmes reflecting our own interests and values. The BBC remains absolutely central to the UK's role as a world-class producer of original programming.
  - The BBC as the most significant employer and trainer in the UK audiovisual sector. All parts of our broadcasting system continue to

benefit from the BBC's unparalleled role as the primary source of training for the creative and televisual skills which underpin our ability to produce high quality programming in all genres and sectors. In a labour-intensive industry which relies greatly on its skilled labour force, this role cannot be overemphasised.

5. We are particularly aware of the mounting tendency to attack the BBC by commercial broadcasters such as BSkyB and those who wish to dismantle the UK's PSB system as an impediment to a market-based broadcasting system. We believe this should be strongly resisted. The completely specious argument that commercial broadcasters offer 'choice' while the BBC and PSB regulations restrict it should be turned on its head. It is the BBC, with its unrivalled range of coverage not dictated by the primary need to extract commercial revenue, that provides a range of choice which commercial broadcasters do not match and could never match. The BBC, in this context, is absolutely irreplaceable.

#### THE BBC AND CHANGING TECHNOLOGY

6. The BBC remains at the forefront of the development and spread of digital technology in broadcasting. The Corporation has pioneered both new digital television channels (BBC3, BBC4, CBBC, CBeebies, BBC News 24) and new digital radio channels (such as BBC 5 Live Sports Extra, 6 Music, BBC7 and BBC Asian Network). Furthermore, it has invested significant resources in high quality original programming (eg The Alan Clark Diaries) to be broadcast initially on the digital channels and build the digital audience.
7. The government's aim of achieving a 95% digital penetration rate triggering analogue switchoff between 2006 and 2010 may still be uncertain of achievement. What is unquestionable is the BBC's role, through Freeview, in powerfully boosting the spread of digital to the point where reportedly more than half of UK households now have digital television in some form.
8. The BBC/Freeview initiative has succeeded where ITV Digital did not and it is now clear that if the Government is to achieve its aim of analogue switchoff, the process will be driven to a significant extent by the BBC. This is both a justification for the BBC's past digital spending and an argument for significant future resources for BBC digital development.
9. A further aspect of the argument is the BBC's potentially unifying role in providing, through Freeview, a universal basic digital service. Digital broadcasting can be provided through a range of reception devices at a variety of levels. Without a universal basic service there is a real danger of a serious digital divide within the broadcasting audience – with a fragmentation never before experienced. The BBC's initiative in

this area is therefore crucial in retaining audience-universality both in the lead up to switchover and beyond.

## THE BBC'S PUBLICLY FUNDED SERVICES

10. As indicated above, the BBC is, through its publicly-funded services, the primary source of original programme production in the UK audiovisual sector – accounting for 40% of all UK TV content spend. Commercial pay TV services spend a disgracefully low proportion of their revenue – only 3% - on original domestic content (compared to the BBC's record of recycling 70% of its TV income into original production). At the same time, the commercial PSB networks (ITV, C4, C5) are coming under increasing pressure from pay TV competition, leading to audience fragmentation and pressure on programme budgets. We therefore believe that the BBC's role as a publicly-funded programme producer will become even more significant in the future. In this context, we agree with the analysis by Oliver & Ohlbaum Associates – among others – that 'public funding enhances rather than crowds out commercial sector investment in UK content'.
11. We believe the BBC's publicly-funded services – by acting as our primary source of investment in original production – provide the key element in what TV audiences want, which is access to a wide range of home-grown TV programmes. Only by public funding free from market pressures can we provide the critical mass of original production necessary to counterbalance the commercial attraction of (relatively) low-price but high quality imported US programmes. Without the BBC's role as a major publicly-funded source of domestic programmes, we would be in serious danger of following in the wake of a number of other countries whose television schedules are dominated by imported US programming.
12. We see the BBC's role as a publicly-funded counterweight to the commercial forces described above as increasing in significance. The continued growth of BSkyB, the consolidation of ownership (and possible future foreign ownership) of ITV, and the potential entry of powerful new players (such as BT and Microsoft) in the digital broadcasting sector of the future mean that the BBC's distinctive role will become increasingly important if we are to preserve a UK broadcasting culture with a commitment to public service programming and significant original production.
13. As one subsection of the BBC's commitment to original production, we would like to see increased attention to programme production in the nations and regions. The Corporation, having recently failed to meet its own 33% target in this area, should, in our view, be required to adhere to its regional commitments in future. We are particularly concerned at the lack of regional production in England outside London and the South-East and believe that increased production in centres such as Manchester and Birmingham is both necessary and desirable,

especially at a time when ITV regional production appears under threat.

## BBC COMMERCIAL SERVICES

14. Our answer to the question as to whether the BBC should continue to run commercial services alongside its licence-fee funded services is an emphatic 'yes'. We believe that 'One BBC', including the full range of the Corporation's publicly-funded and commercial activities, provides the economies of scale, the centre of excellence and the necessary critical mass to support the BBC's basic and vital role as the UK's premier public service broadcaster, whose services to the UK audience simply cannot be replicated by any other broadcaster. The BBC's commercial services provide significant funding (eg £123m from BBC Worldwide and nearly £30m from BBC Ventures in 2002/03) and necessary expertise (eg in digital technology and IT) which underpin the Corporation's ability to provide its full range of PSB services.
15. We believe that blatantly self-interested lobbying by commercial interests against the BBC's right to engage in any commercial activity should be strongly resisted. The Corporation's commercial activity is supplementary to and directly supportive of PSB services from which everyone benefits. Hiving off this activity to the private sector would result, in our view, in reduced original production and reduced PSB services for the TV audience as a whole, with PSB investment being diverted to private profit.
16. We therefore oppose any moves to hive off all or part of BBC commercial activities as, for example, at BBC Ventures (including BBC Broadcast, with its technical and layout centres/Resources/Technology/Vecta), at Worldwide, at BBCi (responsible for Europe's most widely visited website), or in Research and Development. BBC Technology in particular offers an unparalleled combination of IT and broadcasting expertise which gives the Corporation a central role in future technological developments in our sector. A sell-off for short term financial gain makes no sense strategically for the BBC, for our broadcasting sector as a whole nor even (if the sale were to be to a foreign company) for the national interest.
17. We view all of these activities not as optional extras but as essential components underlying the BBC's ability to fulfil its PSB role. Privatisation of BBC commercial activities was considered and rightly rejected in the wake of the Davies Report on BBC Funding. We believe the same arguments continue to hold good.

## BBC FUNDING

18. We remain strongly committed to the licence fee as the primary source of BBC funding – with the further belief that future licence fee settlements should be set at a sufficiently high level and that the BBC should have full and exclusive use of licence fee income rather than diverting any licence funding to other broadcasters.
19. As the Secretary of State rightly pointed out in her speech to the Oxford Media Convention in January 2003, 'Two reviews of the BBC (Peacock in 1986 and Davies in 1999) set out to find alternative ways of funding but didn't find one'. On the contrary, we believe the licence fee is a brilliantly effective mechanism which provides the full range and quality of BBC services to the public at a current (2002-03) cost of £116 ie only 31 pence per day – an absolute bargain which commercial broadcasters are not remotely capable of matching under any conceivable alternative funding system. Quite simply the licence fee works better than anything else on offer.
20. The perils of dismantling a licence fee system are tellingly illustrated in New Zealand, where the abolition of the licence fee and the commercialisation of what had been the Broadcasting Corporation of New Zealand has been so disastrous that the Government is now seeking to reverse its broadcasting policies. New Zealand now has one of the lowest proportions of original production in the world (24%), together with high audience dissatisfaction at the predominance of imported and low quality programming. This is a clear and unambiguous lesson for the future of broadcasting policy in the UK.
21. A range of alternative funding mechanisms have been suggested from time to time:
  - Direct Funding from Taxation would remove any vestige of BBC independence from the Government of the day, with negative implications for editorial independence that would go to the heart of the BBC's current role and image.
  - Advertising on the BBC would have disastrous consequences for the broadcasting sector as a whole, since all the evidence indicates that total revenue would not grow in any way proportionally to broadcasting hours covered – with consequently reduced resources across the board. Nor, incidentally, does advertising ever provide 'free' television to viewers, since the cost of TV commercials adds an estimated 11% to 13% to average household bills.
  - Subscription is wholly inappropriate for what should be a universal service. Nor does digital technology somehow remove any justification for a licence fee by allowing viewers to subscribe to the whatever programmes they wish to see – even with the growth of Freeview, the overwhelming majority of viewers simply have no access to pay-per-view and nor should they be forced to contemplate this solution.

- Sponsorship simply would not provide more than a fraction of the necessary revenue – let alone the separate problem of sponsors’ restrictions on editorial independence.
22. We note the recent upsurge in interest in ‘top slicing’ the licence fee ie reallocating perhaps 20% to a possible ‘Arts Council of the Air’ to which commercial broadcasters could bid for revenue for PSB programming. Rather like rail privatisation, we believe this proposal would have the effect of seriously weakening a viable public service, redirecting scarce public resources to private profit, introducing a layer of chaotic competition into PSB and, as a final consequence, producing a significantly inferior broadcasting service for viewers.
  23. Stable and separate funding mechanisms for the BBC and for commercial PSB companies has been a key feature of our successful broadcasting system since its inception. Top-slicing seems at best a form of counterproductive tinkering and at worst a blatantly self-interested bid by the BBC’s competitors to grab a share of BBC resources. Companies such as Granada (whose track record includes the spectacular failure of ITV Digital), and BSkyB (whose track record on PSB programmes and original production is truly pitiful) would be better advised to use their existing resources more effectively rather than to seek a cross-subsidy at the expense of the BBC. Furthermore, the notion of introducing a new bureaucracy (‘The Arts Council of the Air’), having just supposedly created a rationalised approach to regulation through Ofcom, seems equally perverse and unattractive.
  24. Top-slicing would have a particularly negative impact, in our view, on original programme production. As indicated above, we agree with the analysis of Oliver & Ohlbaum Associates, among others, that ‘Proposals to reduce public funding to help commercial broadcasting would only reduce the incentive to invest in original content. Every pound taken away from the BBC is likely to reduce new TV content spend by around 60 pence’. In sum, ‘the reallocation of money from the BBC to commercial services removes the main reason the commercial services choose to spend the money in the first place’ ie by weakening a rigorous BBC presence, the commercial sector’s content spending is likely to reduce overall.
  25. In respect of the licence fee itself, we believe the BBC’s benchmark PSB role, together with its position as the key driver for achieving digital switchover, justifies future licence fee settlements at RPI and above. While recognising the social case for assistance to low-income groups, we believe this is more appropriately provided through the benefit system than through extending concessionary licence fees, which can only have the counterproductive effect of significantly reducing BBC resources and services.

## BBC ORGANISATION AND INFRASTRUCTURE

26. As already indicated, we continue to value the BBC highly as the UK's primary source of original programme production and as the most significant employer and trainer in the UK audiovisual sector. The BBC, as a programme producer rather than a mere publisher, is able to command a range and a critical mass of creative and technical skills which is an unparalleled asset for British broadcasting. While recognising the role of the independent production quota, we believe it is essential for the BBC to retain its own comprehensive production capacity as the guarantor of high quality programming across all genres and of the space to develop talent and innovation. We would therefore oppose any suggestion that the level of the independent quota should be increased.
27. At a time when ITV's own in-house production capacity seems continually under threat and when no other UK channel (C4, C5, satellite, cable) provides any remotely comparable focus of skilled employment, it seems to us imperative that the Corporation resists further pressures to hive-off its in-house resources. The BBC's role as primary trainer to the whole audiovisual sector is widely recognised. The BBC's training budget by far exceeds that of any other broadcaster and yet the whole sector benefits from staff who are trained at the BBC and then move elsewhere in pursuing their careers.
28. As an organisation which regularly deals with the BBC in its role as an employer, we are clear that the Corporation has a commitment to good industrial relations, to strong training provision and to progress on equal opportunities. In contrast, we believe that a commitment to anything approaching good employment practice, to a strong training capacity and to at least the potential for moving forward on equal opportunities and cultural diversity is infinitely harder in commercial broadcasters with less in-house capacity, in small independent production companies and in the fragmented freelance labour market. The BBC - as the single largest audiovisual creative and technical skills base in the UK - remains a benchmark (in potential if not always in practice) for employment, training and equal opportunities standards which, in our view, is vital for the future of our labour-intensive industry.

## GOVERNANCE AND ACCOUNTABILITY

29. We have always favoured a system under which the BBC and its Governors are independent of but accountable to Government and Parliament. In the wake of the Hutton Report we believe that greater focus is now necessary on measures to guarantee such independence.
30. We also recognise for some time now the Governors have taken a more direct interest in BBC operational issues than was historically the case. There is a perception in some quarters that in doing so, the

Governors have become too close to the senior management of the BBC.

31. In our view, the time is now right for a public debate on whether, and if so how, there should be a redefinition of the role of the BBC Governors – both in relation to Government and to BBC Management. Our own guiding principles in any such debate will be the need to guarantee independence from Government; to ensure accountability (but with clarity as to exactly what this means); to allow the Governors a suitable regulatory rather than managerial role; and to build a suitable degree of separation from BBC management.
32. We recognise that the Communications Act has also given Ofcom a more significant role in relation to the Corporation than was the case with previous regulators. We believe these new arrangements should now be given time to work and that further significant change of this kind (eg bringing the BBC wholly under Ofcom) should be resisted.
33. We believe that the balance and composition of the Governors continues to be a matter of legitimate concern and would favour a system in which the Governors were more broadly representative of the country as a whole.

## CONCLUSION

34. We welcome this consultation as the first stage in a much more prolonged public debate on BBC Charter Renewal. As stakeholders in the BBC, representing large numbers of the creatively and technically skilled individuals who produce BBC programmes, we hope that particular note will be taken of our views and we look forward to further opportunities to contribute to the Renewal process.