

Section II: Issues of Scale and Scope

6. Principles

The BBC should remain a cultural institution of real scale and ambition

- 6.1 Public service broadcasting in the UK is a broad concept with a bold ambition – to bring benefits to every viewer and listener. The BBC should not be a broadcaster confined only to minority interests. It is a cultural powerhouse – one of the largest commissioners of new music and new writing in the world. To fulfil its public purposes the BBC will need to maintain significant audiences. To satisfy every licence fee payer it must provide a wide range of content for a wide range of different audiences.
- 6.2 There is broad public support for the existing range of BBC services – across television, radio and the internet. There are no plans to require the BBC to shut down or privatise any of these services. New governance and accountability arrangements should ensure that they are focused on public purposes and on the public interest.
- 6.3 In future, the BBC may have to change and adapt its range of services to respond to changes in the ways that people want to receive content (for instance downloading television programmes from the internet). The BBC should not be forced to stand still for ten years – it should be allowed to consider developing its technologies as audience demands evolve. But any proposals for new services need to be subject to a public value test, including an assessment of potential market impact.
- 6.4 Beyond the services it provides, the BBC plays an important role in technological innovation and research, and it offers a wide range of training opportunities to those wishing to pursue a career in broadcasting. We want the BBC to continue to carry out these functions, and to do so it needs to have significant scale as an organisation – in terms of numbers and production capacity.

The principle of efficiency

- 6.5 However, the BBC should also be as small in terms of numbers and infrastructure as it needs to be to carry out those functions and to fulfil its public purposes. The BBC currently has around 28,000 staff. That represents a significant increase over the current Charter period.

The BBC's nine-point manifesto (published alongside *Building Public Value* in June 2004) said that it 'should be big enough to deliver the services audiences demand, but as small as its mission allows.'

- 6.6 The BBC has recently conducted its own internal value for money review, summarised in box 6.1, which has concluded that savings can be found in a number of areas in the next three years. We support the principles of efficiency and value for money and expect them to be sustained over the course of the next Charter. Licence fee payers need to feel confident that waste is kept to a minimum.

- 6.7 In setting the level of the licence fee we will want to ensure that the BBC is as efficient as possible over the Charter period. An assessment of value for money will form part of the work of the funding review that will set the level of the licence fee for the next decade.

Box 6.1 Recommendations of the BBC's internal value for money review

Costs in professional services (including finance, procurement, HR, strategy, policy, marketing) to be reduced by 25%.

15% efficiency savings in output areas (radio and music, television, new media, news, Nations and regions).

15% savings in cost-per-hour prices for commissions from all suppliers.

Total savings target of £320 million per year – to be achieved by the third year. Incorporates current Charter target for savings of £155 million per year.

Issues for further consideration

- 6.8 There are a number of detailed issues for Charter Review to consider about the way the BBC organises itself and its services. Many of these issues have already been the subject of internal BBC reviews and independent Government reviews in the course of the current Charter. They relate to:
- Organisation and infrastructure: where programmes are produced, whether in London or out of London; who produces them (in-house BBC producers or independent companies) and how they are commissioned; the BBC's contribution to broadcasting research and training.
 - The scope of the BBC's publicly-funded services, particularly whether they are distinctive enough from commercial channels.
 - The BBC's commercial activities (selling programmes, videos, books, magazines and services) and the way they are regulated.
- 6.9 These issues are considered in more detail in the chapters that follow.