

BBC Digital Curriculum – New Service Approval Application

Consultation response from the British Educational Suppliers Association (BESA)

BESA is the trade association for the educational supply industry in the UK. We represent over 240 companies who, over the years, have worked in partnership with education to develop products and services which they exploit commercially both in the UK and overseas. BESA deals with all areas of this industry from traditional teaching aids manufacturers to the major players in ICT. Approximately 80 BESA members have a prime interest in delivering educational ICT.

Summary

1. The BBC proposal described in this application **does not meet the remit of a public service** to increase value to schools but would replace the service currently provided by an effective marketplace. This application cannot be a valuable use of public money, or the most attractive role for the BBC. **BESA calls for the application to be rejected** and a positive role for the BBC to be developed.
2. The service proposed by the BBC **is not distinctive** – in accessibility, in technologies used, in presentation, learning gains or subjects covered – from the services already offered by members of BESA. The only distinctive feature – as recognised in the BBC’s PWC report – is that the resources will be free. Furthermore, where the BBC plans to be in five years, is where the commercial sector is today.
3. Internet distribution as proposed by the BBC, **is less inclusive and less reliable** than the hybrid model (including satellite, CD ROMs, etc.) most frequently used in commercial services. Teachers prioritise reliability when faced with a classroom of easily-distracted pupils. Even with a broadband connection, the internet will fail or slow more often than locally stored content. When an entire school is sharing one broadband connection, either the speed or the number of pupils with access will drop dramatically.
4. The proposed service **threatens the health of the existing market** – a market that has served education well for over two decades. NAACE¹, SRU² and DfES (from the Curriculum Online consultation) have found that educationalists want a strong commercial presence if the BBC enters the market, to ensure choice and diversity of resources.

¹ National Association of Advisers for Computers in Education

² SRU Ltd independent market effects report forming part of Digital Learning Alliance response

5. In this context, the value to teachers and learners (consumers) of an effective commercial market is:
 - a. the **vast investment in research** to develop applications of technology to increase learning gains;
 - b. the **cost of failure** – money lost investing in a technology or pedagogy that does not deliver – is borne by private investors;
 - c. the competition for schools (customers) creates a **pressure to minimise costs** (maximise value for money) and a pressure to ensure the service or tool is as valuable as possible, i.e. easy to use, reliable, highly motivating and delivers results;
 - d. that effective competition, as in the television market, would provoke the BBC to continue delivering quality content;
 - e. the diversity and choice of resources that empower teachers to direct these developments through their choices, and enables them to **address the diverse needs** and teaching and learning styles in each classroom with differentiation for individual learners.

6. An economic analysis of the BBC proposals by SRU, concludes that **two-thirds of the commercial market**, or £400m over five years, **will be replaced by the BBC**.

7. Members of BESA **will be directly affected** by the outcome of this consultation. The majority of companies in this market today are small companies. Many were formed by ex-teachers, with a handful of employees, who have invested a great deal of personal wealth, commitment and enthusiasm. The decision of the Secretary of State may force these companies out of business.

8. If the market is to remain effective along-side the BBC, then schools need **sufficient, easy to use, ring-fenced funding** to enable them to treat commercial solutions as if they were 'free'. Discussions with DfES over the last twelve months have looked at an electronic voucher system (electronic Learning Credits or eLCs) to provide such funding for English state schools. However, it is unclear whether funding with an equivalent effect on individual schools can be offered for state schools in **Scotland, Wales or Northern Ireland**, and there is no proposal to address this competition issue **for the independent school sector**.

9. Without ring-fenced funding, the choice is simply either public sector or private sector investment in resources.

10. We reconfirm the extraordinary cross-industry **consensus** support for the Digital Learning Alliance's position on the BBC's proposals for a Digital Curriculum.

11. In practice, the independence granted by the BBC Charter makes the Corporation's accountability entirely internal in any decisions on investments, investigations of the Corporation's impact on competitors or adherence to any approval terms, once approval is given. Clearly, the BBC's first responsibility is to the BBC. This 'judge and jury' **conflict** undermines any competitive market in areas where the BBC operates.

12. Without changes to the accountability framework, substantial approval restrictions and sufficient ring-fenced funding, BESA could only support an overtly public service application from the BBC to provide digital resources for learning in market segments that complement – and do not compete – with existing commercial investment. Such segments include resources for encouraging independent learning at home, resources aimed at adult learners, resources that address the

disparate post-16 curriculum, minority languages or resources aimed at excluded groups through digital TV or games' consoles.

13. With sufficient ring-fenced funding and an external body to the BBC reviewing market health and overseeing adherence to approval terms, BESA would be willing to enter discussion on the size and scale of a competitive service from the BBC, in the wider school curriculum.
14. Alternatively, BESA would support an application from the BBC to develop the Digital Curriculum on a fully commercial basis.
15. **BESA requests that the Secretary of State reject this proposal, as currently described, in the interests of education.**
16. Instead, BESA would wish to work with the Department and the BBC to develop a positive role for the Corporation in the provision of digital resources for education.
17. It should be reiterated that BESA has always supported a role for the BBC in education, but that any such role providing digital resources must have a basis which accepts that the BBC would be entering a long established (though constantly technically-developing) marketplace. It is of paramount importance to protect this marketplace for the sake of choice, diversity and development in education.

The existing market

18. BESA is the trade association representing businesses that contribute resources to the education sector in the UK (also with substantial international business). We have 240 members, with a combined turnover exceeding £1 billion per annum. We account for around 75% of the UK market.
19. Currently there are over 150 companies supplying digital resources to schools in the UK for curriculum use. This market has operated for over 20 years.
20. The market is worth approximately £85m pa. Without proposed interventions, this would be expected to grow to £160m pa over the next five years.
21. We estimate that there are currently 4,000 digital titles in use in UK schools. Two thirds of these are listed on the government website (www.becta.org.uk). A number of our members, such as AVP, REM, TAG and RM, act as distributors for third-party titles, some distributing thousands of different products.
22. Titles cover all of the English National Curriculum subjects and many are available in versions for the Scottish, Welsh and Northern Ireland curricula. There is also a significant number of specialist companies developing titles aimed at special educational needs and minority subject areas.
23. It is clearly inappropriate to conclude that the market is either nascent or failing. The argument sometimes used is that it is failing because not all content is yet

delivered online. We expand in our section on inclusion on the reasons why the industry has always delivered in a manner appropriate to the prevailing technical capabilities of schools. However, the industry is always developing product at the leading edge of technical capability.

Distinctiveness

24. The BBC products to be developed over the next five years will look very like the commercial products available today. BESA would welcome the opportunity to demonstrate the variety of solutions already in use in schools.
25. The technology that the BBC proposes to use is technology used in many existing products. The BBC is right to point out the educational value of these solutions. Indeed, there has been a great deal of research in this area.
26. However, there is no specific research that shows that BBC materials will lead to increased learning gains in comparison to other digital content.
27. The uniqueness of the BBC offering, as concluded by the PWC Report in the BBC submission, is that the service will be big and free. Yet neither of these attributes has any educational benefit, and, as indicated in the NERA³ report, they are inherently anti-competitive.

Inclusion

28. For a service like this to be inclusive, it needs to be accessible and reliable. It is right that a public service should aim to be universally accessible.
29. The internet is not an inclusive technology – on its own – and is not expected to be so for ‘rich content’ within the next five years. Content travels over many different ‘pipes’ of different width to reach the user. The number of ‘joins’ in these ‘pipes’, the varying widths and the number of users, all make performance variable. The closer content is to the user, generally the faster and more reliable the service.
30. Commercial suppliers use a combination of internet, satellite broadcasting and CD ROMs to distribute content. Content can then be stored at the PC, with a school network or within a wider network, hosted by a LEA or a Regional Broadband Consortium. Many products are offered in a range of formats, meeting the needs of different schools’ infrastructure and the intended use.
31. The distribution of computers within schools varies and is also a limiting factor. Many schools have invested in ICT suites, concentrating their ICT resources within a limited number of classrooms. ICT lessons receive priority use of the resources, to the detriment of other subjects and other students.

³ National Economic Research Associates independent analysis of the PCW report forming part of Digital Learning Alliance response

32. Concurrent use by 30 pupils within an ICT suite places different demands on network capacity, as opposed to, for example, one computer being used for whole class teaching with an interactive-whiteboard. In particular, if a school is encouraging pupils to access the internet individually, 20 or 30 pupils sharing a 2Mb broadband connection will deliver resources at about the speed of a single computer with a dial-up connection.
33. According to the BBC this class will only be able to access 70% of the BBC materials. Yet this is a best-case scenario. If the school had two ICT suites using the internet for a lesson, then the service would be too slow; and if other individual users were researching in the library, preparing lessons or video conferencing, then the demand would quickly become too much to deliver rich, multimedia content via the internet.
34. In most rural areas of the country and even for many primaries in metropolitan areas, the dream of a 2Mb connection is still a long way off.
35. An internet-delivered, rich multimedia-content service will not be universally accessible for the foreseeable future.
36. If the commercial sector invests in a variety of technologies to ensure accessibility, it must be reasonable to expect a public service to achieve at least as much.

Ring-fenced funding

37. Ring-fenced funding is a necessary prerequisite of a free competitive public service in schools.
38. The BBC admits this conditional nature, by including support for ring-fenced funding within its application.
39. Any such funding must enable the commercial sector to compete with the quality of the free offering from the BBC. Therefore the investment in development and production needs to be comparable between the BBC and each competitor in discrete subject areas.
40. DfES have allocated £20m of eLCs for the first five months of the BBC's proposed service (from April 2003). This commitment to ring-fenced funding is welcomed, but without secure long-term funding of at least £800m over the next five years, the market will not be able to invest.
41. Nor is the mere existence of eLCs enough. The proposed DfES Curriculum Online Portal can be an important tool in promoting priced product in competition to the BBC's offering. However, the search criteria available to teachers, as well as order of search results and the ease with which eLCs can be managed and used by schools will all be critical factors in whether eLCs are effective.

Independent schools

42. Over 7% of pupils attend fee-paying schools. The per-pupil spending of these schools is higher than in state schools and the independent sector accounts for 12+% of the market.
43. We expect most of this market to be displaced by the availability of free content in the absence of an eLC equivalent for this sector.
44. It is difficult to see a solution that will ensure a continued market for commercial digital content for independent schools, but such a solution must be the outcome of this consultation.

Scotland, Wales and Northern Ireland

45. A similar problem exists outside England. The BBC reach (and remit) extends to these countries, but not the DfES ring-fenced funding proposal.
46. Funding structures vary within 'the Nations', and it is unclear that they can offer an eLC equivalent which will answer the competition issues in relation to individual schools.
47. Any eLC approach which does not put spending power in the hands of the individual school will fail to address the competition issue that the school can freely access BBC material. This applies where the purchaser is frequently at the local authority level whilst the user is at school level.

The Digital Learning Alliance

48. BESA is a member of the Digital Learning Alliance (DLA).
49. The Alliance comprises members of BESA together with representatives of the publishing and broadcasting industries, illustrating a partial convergence of these industries as technology develops.
50. The DLA will show clearly in its response that:
 - a. the BBC's proposal would curtail choice, diversity and innovation in digital learning resources;
 - b. the PWC market impact report fails to include an assessment of the impact of a free service on the market;
 - c. the BBC's commitment to cover no more than 50% of learning objects is a commitment to cover much more than 100% of demand. Currently, less than 10% of the curriculum is delivered through ICT, even in leading schools, due to the distribution of hardware within schools among other factors;

- d. the commitment to outsourcing content development will fund the industry by up to £9m pa. This does not compare to estimated market displacement of £400m over five years. In addition, this industry prides itself on strong links with customers, substantial after-sales support and, above all, developing effective product as a result of innovative, educational ideas. These characteristics are incompatible with working for the BBC as 'jobbing developers';
- e. commercial investors are less confident of the market. Individual companies have illustrated the impact on investment plans that the BBC's proposals have caused;
- f. the proposed service would have an impact disproportionate to the value of the service.

Moving forward

- 51. BESA would like to work with the Department and the BBC to shape a constructive role for the BBC.
- 52. If the BBC is to have a role at all it must be either entirely commercial or entirely non-commercial.
- 53. In particular, competition will be damaged if any commercial organisation has exclusive or preferred access to licence fee funded assets. This includes, but does not exclusively apply to, BBC Worldwide.
- 54. Currently the BBC is not only responsible for maximising the impact of licence fee investment, but also for the balance between public investment and the scale of competition. It has the prime responsibility for the organisation's own interests and yet it is also charged with the responsibility to limit its own activity if it is not to the greater good.
- 55. In this case, it is imperative that any authority for the BBC to extend its remit is very closely defined away from areas addressed by the market.
- 56. This might include some minority subject areas not already addressed, the lifelong-learning formal-learning market or the home-learning market for all ages. Resources for the home market could address issues of social inclusion by investing in educational content for games' consoles and digital televisions.
- 57. If an external organisation, such as OFCOM became responsible for balancing the impact of public funding on the market by controlling overall funding levels within any single market, then it would be valuable to consider the size and scale of a successful public service.

Conclusion

58. Last week's announcement of the terminal effect of BBC4 on its commercial equivalent must give pause for thought about the BBC's expanding remit. In education this is an established market which could be irreparably damaged.
59. The accountability freedoms of the BBC Charter, understandable in relation to editorial independence, are inappropriate to the BBC's expanding services and must be addressed.
60. The BBC's current proposal is too far from being acceptable, with many features of the application based on erroneous data and misunderstandings of education and this market.
- 61. We urge the Secretary of State to reject the current application and require the BBC to reconsider its objectives and approach, a process in which BESA and its members would be happy to engage.**
62. This would be in support of finding an appropriate role for the BBC in education, which BESA believes, can be found, to the benefit of education. We note that in the Comprehensive Spending Review of 15 July, spending on education and skills in England is set to rise by an average of 6% a year in real terms over the next three years, taking it from £45 billion in 2002-03 to £57.8 billion in 2005-06. If the market is to remain an effective one along-side the BBC, then we ask for some of this funding to be used in line with the findings of the SRU Report.
63. We look forward to further discussions with the Department and with the BBC.

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BESA response