BBC Trust review of the BBC’s arrangements for the supply of television and radio content and online services. Consultation, 20 March 2015

National Broadcasting in an International Market

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Introduction
The BBC Trust Consultation on supply arrangements provides a welcome opportunity to comment on programme supply issues in general and on the definition of independent production in particular. The emergence of ‘super indies’ and their acquisition by increasingly global and often also vertically integrated companies represents, arguably, a key change to the context within which the BBC works. Parliament’s recent change to the Statutory Instrument that defines ‘independence’ allows independent producers to be owned by non-UK broadcasters as long as the services provided by these broadcasters are not ‘primarily intended’ for members of the public in the UK (Parliament, 2014). A second key change in 2014 saw a proposal by Pact, the trade body seeking to represent all indies, that the BBC should become a publisher broadcaster, in effect commissioning almost all of its programmes out-of-house, from that sector (Pact, 2014).

Pact’s proposal, if implemented by law or regulation, would make a considerable change to the ‘Window of Creative Competition’ (WOCC), first included in the BBC’s Charter and Agreement negotiated with Government in 2006. This Agreement requires, among other things, that the BBC commission between 25 per cent and 50 per cent of relevant programmes from out-of-house (1).

However, it is now arguably the case that the very success of the independent production sector and its growth over the last 30 years means that it – or at least the ‘super indie’ or ‘mega-indie’ bit of it - no longer requires legal and regulatory intervention in its negotiations with British broadcasters. The fundamental issue of how free the BBC should be to commission its programmes in-house or out-of-house underlies the tentative programme supply proposals made over the last few months, for example in speeches given by the BBC’s Director General, Tony Hall (2014 and 2015). In his March 2015 speech Hall announces the creation of a new wholly-owned and arguably in-house entity named BBC Studios. Though the Trust has made it clear that since the BBC Executive are still developing their ideas in this regard, the current Consultation cannot test any specific proposals.

The Trust Consultation also provides a welcome opportunity to reconsider the issue of generating and exploiting intellectual property (IP) and to ask whether it is in the interests of licence fee payers that increasing amounts of the value generated by IP should be lost to the BBC as a consequence of external or ‘independent’ commissioning. This IP represents value in the form of secondary rights, formats and other international sales that – if generated by programmes made within the Corporation - might otherwise be re-invested in the development and production of new programmes. The system of out-of-house commissioning was introduced in the 1980s and enshrined in the 1990 Broadcasting Act and subsequent
The 1990 Act introduced a new quota requirement that 25 per cent of qualifying programmes should be made by independents. The aim was to provide a competitive stimulus to the British broadcasting industry and to create a new industrial sector. This second aim has never been one of the BBC’s public purposes though the Corporation has claimed a significant role in the development of the UK’s creative industries more generally. As the 1988 White Paper put it: ‘Independent producers constitute an important source of originality and talent which must be exploited and have brought new pressures for efficiency and flexibility in production procedures’ (2).

However, the custodianship and exploitation of intellectual property raises questions that go beyond that of markets and of economic value. The generation of IP, how and by whom, is also of great importance to British culture, society and politics, that is, to all who live within the UK. The BBC in particular and public service broadcasters (PSBs) in general are tasked with reflecting and addressing the many and diverse experiences, beliefs, nations and cultures that make up the UK (3). There is no doubt that the emergence of an independent production sector brought new and challenging ideas into broadcasting, but there is equally a case for establishing the conditions within a broadcaster that allow challenging and imaginative work to be produced. This culture of production, if nurtured in-house, can provide fertile ground for innovation, a reliable source of supply and critical engagement with the public purposes of the BBC – as well as the retention of IP value.

By contrast the last 30 years have demonstrated that a strong public service broadcasting sector has been perhaps the key factor in the growth of a strong and now also internationally successful independent sector. The resourcing and easy availability of the UK’s PSBs is in various ways protected by law. And it is these channels - the BBC, ITV, Channel 4, the Welsh Fourth Channel and Channel 5 - that now provide over 80 per cent of all investment in original, first run programmes made by external or independent producers in the UK. Though the non-PSBs - for example Sky - also claim significant levels of investment in this sector (Ofcom, 2014: 12; Farber, 2015).

However, for both broadcasters and indies, there is now a possible tension between producing for the home market and producing for export with one third of the revenues of British indies now coming from international sales (Ofcom, 2014:12; BBC Trust: 10). New global players like Viacom, investing in British broadcasting for the first time, are also keen to see the UK as a ‘...creative hub for generating great content that can be shown around the world’ (Viacom, 2015). This is an understandable endeavour but could make it more difficult to produce programmes that explore the specific concerns of UK residents. The UK is now second only to the US in the number and value of its TV exports with one striking recent example being the success of the BBC’s motoring show ‘Top Gear’ in Iran (Taylor: 2015). This development brings difficulties as well as opportunities since the attractiveness and profitability of overseas sales could result in the prioritisation of subject matter that crosses borders most easily and this may lead to the avoidance of some of the particularities of national cultures. Hollywood was always the great international standard bearer for the energy and modernity of American culture but its voice could be monotone when it came to presenting something of the range and diversity of life-as-lived in the USA.

Britain is fortunate in enjoying high levels of investment in the production of home-grown programming – with total TV revenues of £12.9 billion in 2013 (Ofcom, 2014a). Overseas sales are now part of the success story of its television industry but the legislation that places
national obligations upon the PSBs is arguably also the guarantor that British audiences will not play second fiddle to the demands of exportability.

Meanwhile the terms of trade for qualifying independent producers continue to be monitored by the State regulatory body Ofcom and implemented by the UK’s public service broadcasters – all of whom are required by law to commission out-of-house. Almost uniquely in the world these regulated terms of trade between broadcasters and indies have favoured the allocation of significant IP rights to independent production companies resulting in the growth of a large and vigorous industrial sector estimated to be worth £2.8 billion in revenue in 2013 (4).

The UK’s Independent Production Sector: Going Global
The single biggest boost to the development of an indigenous independent production sector came with the establishment of Channel 4 (C4) as a publisher broadcaster in 1982. Unlike the BBC even Channel 4’s news was commissioned out-of-house, from a company originally owned by ITV. Over the years ITV as well as hundreds of small and then medium-size creative businesses emerged to supply programmes suitable for C4’s parliamentary remit to experiment and innovate and to reach new audiences. These production opportunities were extended beyond Channel 4 by the 25 per cent quota subsequently applied to all PSB broadcasters (5). The first Statutory Instrument or ‘Order’ of 1991 defined independents as, essentially, those who were not broadcasters or employed by broadcasters, or whose company held only a minority stake in a broadcaster or was owned in small part by a broadcaster – with a 15 per cent limit either way. As the companies became larger so the rules began to change so that in 1995 the broadcaster/indie investment limit was raised to 25 per cent (6).

More change was to follow. Attempts were made in 2003 to allow the ownership of qualifying independent companies by non-UK broadcasters. These new rules were to be confirmed and re-stated in 2014. In a short debate in the House of Commons to confirm the new Statutory Instrument the Minister Ed Vaizey noted that a producer should be ‘treated as independent even if owned by a foreign broadcaster, so long as the foreign broadcaster’s services did not target the UK’. Though the prohibition on UK broadcasters owning independent companies was to continue. This change it was argued would still ‘...prevent vertical integration in the UK supply market’ (7).

However, adherence to the principle of competition as against the practice of vertical integration of broadcaster and producer is, variably applied. For a number of British indies, originally supplying to British broadcasters, are now owned by integrated American companies with global interests often combining programme production and distribution or broadcasting. These are the sort of vertically integrated operations that the UK Government appears to be against within the UK. The last decade has seen a number of independent companies in the UK, increasingly referred to as ‘super’ or ‘mega’ indies taken over by much larger and internationally significant players, whether equity investors or more specialised media businesses. In most cases these players are larger than the British broadcasters to whom they supply programmes.

Three such developments are worthy of note, involving the transformation of four production companies based within the UK; these are: All3Media, Shed Productions, Shine and Endemol (8). In 2006 equity investors Permira acquired a majority stake in All3Media, itself at that time the largest group of independent production companies in the UK. By 2014 the group
had fully internationalised with operations all over the world and was jointly acquired in September of that year by the US companies Liberty Global and Discovery. Liberty is one of the largest global cable companies, supplying television, broadband and telephony to some 27 million customers in fourteen countries; Discovery Communications reaches nearly 3 billion subscribers in over 200 countries with an emphasis on factual and learning materials.

In 2010 the global American player Time Warner took a majority share in the British indie Shed Productions – the later had already acquired Wall to Wall and Twenty Twenty. The acquisition process was completed in 2014 when the Shed group was renamed Warner Bros. Television Productions UK. Time Warner is estimated to be the second largest media company in the world. The last two of the companies mentioned above, Shine and Endemol, were taken over jointly by 21st Century Fox and Apollo Global management in late 2014. Fox, formerly News Corporation, had already acquired Elizabeth Murdoch’s company Shine in 2011; but the much bigger deal combining Shine and Endemol was completed only recently. Fox operates some 300 channels in over 180 countries.

The UK operations of the companies described above are relatively minor in terms of the scope and scale of the activities of their relatively new global parents. Nonetheless, they are clearly major players in the UK in a way that is different in kind from their indie predecessors of the 1980s. In 2014 Shine and Endemol together had a turnover of £425m in the UK; All3Media a turnover of £253m and Warner Bros. Television UK a turnover of £85m (Broadcast, 2015: 17). These three turnover figures are all more than the maximum considered by the European Commission as appropriate for an SME (Small to Medium Size Enterprise). In 2005 this European limit for annual turnover was set at €50m - now worth around £36.6m; and the ‘autonomy’ requirement involved not more than a 25 per cent shareholding into or from another company (European Commission, 2005).

By 2014 Shine/Endemol, All3Media and Warner Bros. – taken together with the other US production companies operating in the UK - accounted for some 44 per cent of the total of £2.3 billion generated by the UK independent sector. According to Broadcast US-owned companies took only 5 per cent of these revenues in 2011 (Broadcast, 2015: 23; Campelli, 2015:6).

The BBC Trust reminds us that the last of the largest UK-owned independent production companies, Tinopolis, was put up for sale towards the end of 2014 (BBC Trust, 2015:14; Sweney, 2014).

A fourth case – though not an instance of ‘super’ or ‘mega’ indie status - is also of interest. In 2014 the US media giant Viacom (considered to be the sixth largest broadcasting and cable company in the world) purchased the relatively small UK PSB Channel 5. This instance also gives a good example of new threads of connection – though not always of direct ownership – between British and American broadcasters. Viacom is, in its turn, controlled by National Amusements – owned by the highly successful American entrepreneur Sumner Redstone. And National Amusements, in turn, has a controlling stake in US broadcaster CBS. A second UK public service broadcaster – ITV - now enjoys a different sort of connecting thread since one of its current crown jewels, ‘Downton Abbey’, is made by the previously British company Carnival Films, acquired by NBC Universal (owners of US broadcaster NBC) in 2008. NBCU is now also a division of Comcast one of the top five global media companies.
In 2014 NBCU had a turnover of just over £100 million in what is still referred to as the UK independent sector (Broadcast, 2015: 17; Oliver & Ohlbaum, 2014b: 22).

In late October 2014, during the brief Parliamentary debate on revisions to the definition of a British indie (the new Statutory Instrument of that year mentioned above), only one speaker, Susan Jones MP, expressed reservations about changing the rules to allow a qualifying indie to be owned by a non-UK broadcaster. She expressed concern that this enlargement of the concept of independence would ‘…send out a message that we are comfortable with the increasing global vertical integration in the media market and the narrowing of media plurality’. Arguing that such a measure might undermine plurality and diversity in the long run she widened the debate by referring to current examples of the loss of intellectual property benefits from the UK, pointing to the already mentioned ITV show ‘Downton Abbey’ co-produced for ITV by the American public broadcaster’s famous drama department ‘Masterpiece’ and by Carnival Films, owned (as indicated above) by American broadcaster NBC. Jones also suggested that ‘the proportion of our television shows that are ultimately owned by US companies has more than doubled, from 10.6 per cent to 22.3 per cent’ (9).

This short debate in Parliament raises questions about the future course of British broadcasting, about the control of output and the retention of IP. Those same broadcasters that once seemed so large and powerful, so in need of State intervention in order to be tamed and made to do business with the small indie outsiders, now find themselves facing and negotiating with suppliers who are larger and potentially more powerful than themselves.

The BBC’s Window of Creative Competition (WOCC): Enabling a New Market
Various statutory and market changes are described above. But a key additional instrument of State-sponsored change is the WOCC, negotiated by the Labour Government in 2006 as part of the BBC’s Charter Renewal process. The details of this measure are outlined in a Ministry document of that year, usually referred to as the BBC’s ‘Agreement’ (DCMS). As already indicated, this Agreement added to the existing statutory quota of 25 per cent by opening up an additional 25 per cent of BBC programmes, potentially for production by the independent sector.

The new 25 per cent slice was to become a matter for contest between indies and the BBC, with in-house and out-of-house producers competing to make these programmes. Thus, in theory, the independent sector and the BBC could each take a half of the WOCC hours. In practice the independent sector has been the more successful since the BBC Trust notes that by 2014 the independent producers were taking just over three-quarters (78 per cent) of all WOCC hours while in-house producers were taking 22 per cent (BBC Trust: 7).

However a key change is introduced by the WOCC. This involves a new conception of ‘independence’ that does not appear to rely upon statute. Thus the term ‘external producers’ rather than ‘independent producers’ is used to describe those eligible to bid for BBC programmes. The DCMS document refers to ‘…external producers (whether independent or not)” (2006: 29). Thus while a distinction can still be made between ‘qualifying’ indies - those defined by law - and ‘non-qualifying’ indies, the new category of ‘external producers’ can be used to include both. And when the term ‘external producers’ is used interchangeably with ‘independent producers’ then a new kind of camouflage renders all the same and arguably begins to conceal significant differences. It is perhaps for this reason that the editor of the trade journal Broadcast suggested that next year’s annual Indie Survey might need to
be re-named the *Broadcast Production Sector Survey* (Curtis, 2015:2). Thus the rallying flag of independence finds itself torn beyond recognition.

The presence of the global corporate and non-UK-owned sector has grown considerably in the UK in the last few years and many of these companies will find themselves among the ‘non-qualifying’ indies. The WOCC’s inclusive terminology, as well as its commissioning practice, seems to indicate that the BBC has played a significant part in opening the market to this sector. The 2015 research undertaken by *Broadcast* indicates that of total indie revenues in the UK (including WOCC-generated revenues) well over half - or 62 per cent – are now taken by the non-qualifying indies, up from a 15 per cent share in 2011. Rather less than this - or 44 per cent of revenues - are taken by US-owned indies (*Broadcast*, 2015: 22) (10).

It is helpful that the BBC Trust cites a Pact study suggesting that the non-qualifying super indies now supply ‘… just under a quarter of all network output on the five main channels’ while the qualifying indies account for slightly more at 28 per cent, making a total of just over 50 per cent of PSB network output (BBC Trust: 14).

Nonetheless, the concept of independence now seems to have become too leaky a vessel to use for policy purposes since it contains such different sorts of practices and of companies. Indeed the BBC Trust document itself could be criticised for not making these distinctions clearer. It could also be argued that - ironically for an organisation called the British Broadcasting Corporation - the WOCC and the BBC have emerged as key instruments for ensuring the success and profitability of multi-national companies within the UK. As a kind of UK state aid, the Licence Fee has been used in effect to aid non-EU investors and this has been, at least by implication, praised as a form of market competition.

**ITV Plc: Rediscovering the In-House Production Model**

The public service commercial broadcaster, ITV, is subject to the 25 per cent quota but not to the WOCC rules. Also, unlike the BBC, ITV’s licence to broadcast was renewed for ten years in 2013 whereas the BBC is awaiting news of its right to continue broadcasting and of its new Charter, soon after the UK’s General Election of May 2015. ITV has faced some difficult times with loss of advertising revenue at the height of the post 2008 recession and over the years it has also lost audience share to the BBC. However, the last few years have brought vigorous economic recovery one part of which has been the growth of its in-house production facility ITV Studios.

It is notable that, unlike the publisher broadcaster Channel 4 or the BBC in WOCC-mode, ITV describes itself as ‘an integrated producer broadcaster’ and identifies two Key Performance Indicators as ‘the number of new commissions for ITV studios’ and the ‘percentage of ITV output from ITV studios’ (ITV, 2013: 5 and 17). These KPIs have led ITV, alone of all the British PSBs, to reduce the amount of out-of-house commissioning over the last few years with 42 per cent of hours externally commissioned in 2008 down to 30 per cent in 2013 (Oliver and Ohlbaum, 2014b: 20). This process has been financially beneficial to the company and has, presumably, allowed it to exploit more fully the value of the intellectual property generated by the programmes made in house. ITV Studios now operates from five international locations and is considered by the company to be ‘a global player of scale’. By the end of 2014 ITV Studios revenue was up by 9 per cent to £933m with half of this being generated overseas. It may be that the BBC could learn from and licence fee payers
could benefit from taking a leaf out of ITV’s book. As the preliminary ITV results for 2014 state:

Local content in the UK continues to drive the largest audiences and, as an integrated producer broadcaster, ITV is well placed to benefit from this demand. 60% of the total spend on original commissions on the ITV main channel is now with ITV Studios, up from 50% in 2009. (ITV, 2014: 1-17)

In this context it must be hoped that the Trust is serious about its objective of ‘retaining sufficient value and control over the BBC’s IP and content rights… to secure a fair return on investment for licence fee payers’ (BBC Trust, 2015: 20). As already indicated there would be more IP value to be reinvested if more programmes were made in-house.

**Who Benefits from the Current Rules on ‘Independent’ or ‘External’ Production?**

It has been argued for many years that viewers and licence fee payers benefit from increases in out-of-house commissioning by the BBC on three grounds: lower production costs, higher levels of creativity or innovation in programme content and a greater diversity in sources of supply. It has become almost a mantra that creativity and diversity reside outside the Corporation. But why should this be so?

As broadcasters have become more efficient at scheduling the flow of productions in-house internal costs are likely to have fallen and the value of retained and exploitable IP must also be taken into account. With predictable cash flows supporting in-house production more thought can be given to the issue of diversity of ideas and preoccupations in the workforce, to gender balance and to cultural, ethnic, national and regional affiliations. The north of England bastion at Salford, Pacific Quay in Glasgow and the planned or desired new bases in Cardiff and Belfast appears to mark at least a small sea change in the Corporation. And the achievement in 2014 of 53 per cent of television programmes made outside London and 20 per cent in the devolved nations is welcome (BBC, 2014, Part One: 28) (11). There is no doubt that the legally qualifying independent sector has made a significant contribution to regional and other kinds of diversity but the BBC could also be more imaginative about where its employed or contracted writers and producers are based.

So how is the production and supply of programmes that are diverse, excellent and reasonably priced to be maintained? The emergence of a sector of non-qualifying independent producers drawing down 62 per cent of the total value of UK out-of-house commissions suggests that this sector is sufficiently powerful and well developed to compete for contracts in various markets without the provision of preferential terms of trade monitored by the State (Broadcast, 2015: 22). That some 44 per cent of the value of these commissions goes to multi-national companies based in the US also suggests that the independent sector has more than come of age. It’s been given the key to the door and can come and go as it pleases.

There is an argument, however, for supporting the remaining 38 per cent (by value) of the sector which consists of qualifying independent producers. Since this is quite a bit less than half of the sector by value it might be suggested that any new quota for clearly defined independent producers should be set at 10 – 12 per cent of main broadcaster output. Any such quota should be seen as a measure to support the stability and continued emergence of SME producers within the UK with size by annual turnover set at or around a maximum of £35m.
and perhaps less than this. If the term independence is to be used then the principle of autonomy, that is, of a shareholding limit of 25 per cent into or from another company, should also be considered.

Interestingly a new 10 per cent quota figure is the one tentatively suggested by Viacom, the US multi-national that has recently bought the UK PSB, Channel 5. Viacom’s submission to the Ofcom review of public service broadcasting suggests that:

…interventions may appear now to be of somewhat greater benefit to the commercial interests of the larger independent production companies than to the public interest. We also question whether all the specific benefits Ofcom attributes to independent production companies are inherent to such companies or could not be as well delivered by dynamic in-house producers (Viacom, 2014:12).

A few general and rather speculative comments about the future of the BBC might be in order. The biggest prize for foreign-owned and global media companies would be ownership of a BBC that is still extremely popular with a current audience share, including all its portfolio channels, of some 32 per cent of all UK viewing (Ofcom, 2014a: 191) (12). One key route to this prize might be a change in BBC funding from licence fee to subscription, followed by a withdrawal of the Charter and privatisation – a sale on the open market.

The WOCC strategy, by contrast, with its opening up of increased hours to external producers, some of whom are non-qualifying indies owned by global media companies, may suggest an alternative route to the de facto privatisation of the BBC. There may be a parallel here with the UK’s National Health Service where the opening up to competition in the provision of specific services allows profit-making companies (including international companies) to take over areas of provision and manage them in ways that are most profitable for them. If we consider the drawing up of detailed requirements for each aspect of the health service prior to tendering out, this may not be so different from the perhaps less detailed drawing up of a specification for what the commissioning editor has in mind for a television programme or series.

In addition to the take-over tendencies of already large companies, there is arguably increasing pressure to exploit the value of IP in international markets. In this second case, whether the BBC produces in-house or offers commissions for programmes to be made out-of-house there is arguably an incentive to favour material suitable for sale outside the UK. This process may need to be modified if the needs of a national audience (itself consisting of more than one nation and of many cultures) are to be properly considered in addition to the desirability of international sales. There are of course some genres that travel well across national borders without compromising national interests; natural history, travel programmes and some kinds of historical drama might be examples. However, there may be some limits in the field of contemporary drama. Story telling can embrace current affairs at national and local level, but in the international market stories travel faster as tales about the human condition with few local and specific encumbrances. This is arguably the logic of globalisation in the field of television. What the Trust quite properly offers as a potential defence against such developments is ‘a strong focus on UK public service broadcasting values’ but perhaps these values are now in need of closer inspection and careful up-dating (BBC Trust, 2015: 18).
Questions from the BBC Trust

1. Overall, are these the right principles to guide any future changes to the BBC’s content supply arrangements?

Principle one: Securing high-quality and creative content across all genres
Principle two: Providing value for money to licence fee payers
Principle three: Using a wide range and diversity of supply across all genres and from across the UK
Principle four: Securing a sustainable production supply in terms of skills and capacity
Principle five: Retaining sufficient value and control over the BBC’s IP and content rights beyond the public service window to secure a fair return on investment for licence fee payers.

1.2. These seem to be broadly appropriate principles to guide content supply in the future. However the issue of value for money for licence fee payers should include consideration of the issue of retaining or alienating IP value; greater IP value is retained by in-house production. Careful scrutiny should also be given to the increasing imperative of overseas sales. This imperative is now so much ‘in the air’ that it affects in-house and out-of-house production. The luxury and privilege of having a well-resourced national broadcaster demands that the cultural and social concerns of the UK audience are treated as a priority. And a good current affairs service should be matched by the production of contemporary drama and comedy that keeps up with the temper of the times, reflecting the great contrasts and differences of life in the UK.

Sustainable supply may also be best served by in-house production and by the kind of specialist training that can be resourced by a relatively large operation.

Regarding range and diversity the BBC could make better use of the regional and national centres that it already has, moving away from budget-driven devolution to a more determined effort that connects production resources to ideas and preoccupations ‘on the ground’.

The danger of losing the trust of faith communities particularly in respect of Middle East coverage should be recognised and addressed.

2. Taking each of the above five principles as they stand:

i. How far do you think the current content supply arrangements deliver on them?
   The answer to this probably lies in the BBC’s own audience research.

ii. Do you think that is likely to change in the future given the developments in the market in recent years?
   It is to be hoped that one consequence of Ofcom’s current review of public service broadcasting will be a fundamental reconsideration, for the 21st century, of what legal and regulatory measures, if any, are required to manage the relationship between in-house and out-of-house production. It would be helpful to move away from the stereotypes of expensive and unimaginative in house production and of a uniquely creative and diverse external production sector. The independent production quota should be removed, recast or reduced though the objective of supporting and sustaining smaller, SME production companies based in the UK should be supported and they should be afforded proper and sufficient access to production contracts.
iii. How do you think the principles can best be fulfilled over the next ten years whether by regulatory changes or other means?

See above. In addition greater thought could be given to appointing, listening to and supporting creative staff within the BBC. Whatever necessary administrative changes are needed (for example the more cost-effective use of space), decisions should be based on an understanding of and respect for the needs and priorities of production staff.

The BBC’s Charter should be renewed, the licence fee recast for the digital era, the principle of universal service free at the point of use retained and governance refreshed but without the kind of ‘off with their heads’ approach that can be so blinkered and damaging when dealing with public institutions.

The BBC should have the greatest possible independence from the government of the day that is consistent with impartiality and with democratic principles. BBC radio and the World Service should be resourced in a way that sustains their excellence and acknowledges their national and international significance.

3. Are there genres of programming or types of content that justify a different approach?

Principle six: Maintaining appropriate separation between publicly funded BBC activity and its commercial services.

The BBC should have and develop strong in-house provision for all genres. Both News and Drama probably need to get better at listening to ‘hard to reach’ audiences. Comedy, Satire and Drama (and securing in-house provision in all these areas) should be as important to the BBC as News and Current Affairs/Knowledge.

Perhaps the Principle Six distinction (between publicly funded activity and commercial services) needs a careful re-think based on serious consideration of the impact of international markets and global media companies on the provision of essentially national public services. Viewers and citizens have international interests and national experiences (health, welfare, politics); to survive a PSB must be alert to these tensions and differences.

4. Please let us know whether you have any views on the relationship between the BBC's public services and its commercial activities in its content supply arrangements, and how the necessary separation can best be maintained in the future.

See above. The opening pages of this response attempt at exploration of some of the cultural and economic impacts of rapid change in the external programme supply sector in the UK. This question does not appear invite consideration of the impact that commissioning work from global commercial companies may be having upon the BBC and its workforce – and therefore also on its audience.

Notes
(1) BBC Trust, 2015; DCMS, 2006: 29; Oliver & Ohlbaum for PACT, 2014a. The 2006 WOCC already makes provisions for external producers who are not qualifying independents to bid to make BBC programmes; the key phrase is ‘external producers (whether independent or not)’.
(3) Communications Art, 2003, sections 264 – 311.
(5) The Peacock Report of 1986 had recommended that the BBC and ITV should commission 40 per cent of their programmes from independent producers (Peacock: 142). The figure of 25 per cent, translated into a statutory obligation in 1990, was a lower, compromise figure.
(7) House of Commons, 2014.
(8) Endemol is a Dutch based company with offices in London. It is famous in the UK for the production of ‘Big Brother’.
(9) House of Commons, 2014. No source is given for the percentages offered on US-owned British television shows.
10) These figures are produced by Prospero Analysis and Broadcast and used here with full acknowledgement.
(11) It is not quite clear from the BBC’s Annual Report 2013-4 (Part One, p. 28) whether or not the ‘outside London’ targets have been met. The first sentence refers to a target proportion of network television spend and the second sentence refers only to hours of television programming.
(12) These Ofcom audience share figures for the BBC are for 2013.

Sources

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