



BBC & Charter Review

**Annenberg School for Communication
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Overview

- **Putting the BBC in context**
- The Changing Debate on the BBC
- Charter Review Process
- Outcomes & Implications

The BBC in Context....

- **Europe is more different than you might imagine...**
 - Small broadcasting markets
 - Hollywood perceived as threat to “cultural diversity”
 - Relatively recent move from monopoly to competition
 - Strong public sector (health, education & broadcasting)
- **....but Britain is different from much of Europe.**
 - BBC monopoly ended in 1955
 - Only 4-5 channels for most until late 90s
 - Generalised tendency towards market solutions...

What is the BBC?

The British Broadcasting Corporation

- Established in 1922 – by radio manufacturers;
- Now a public corporation established by a royal charter;
- The foundation of the UK's tradition of public service broadcasting;
- About 23,000 staff based in all across the UK, and overseas;
- 8 UK TV channels, 10 radio networks, bbc.co.uk
- International channels

How popular is the BBC in the UK?

BBC Television

- **84.5%** of the UK's population watches BBC TV each week;
- About **35%** of all viewing is to BBC channels.

BBC Radio

- **67%** of the UK's population listens to BBC radio each week;
- About **55%** of all listening is to BBC stations.

BBC Online

- 14.8 m unique UK internet users visit bbc.co.uk each week (28 m inc international)
- Page impressions average 740m per week

Overall BBC reach is c92.5%

Current BBC funding

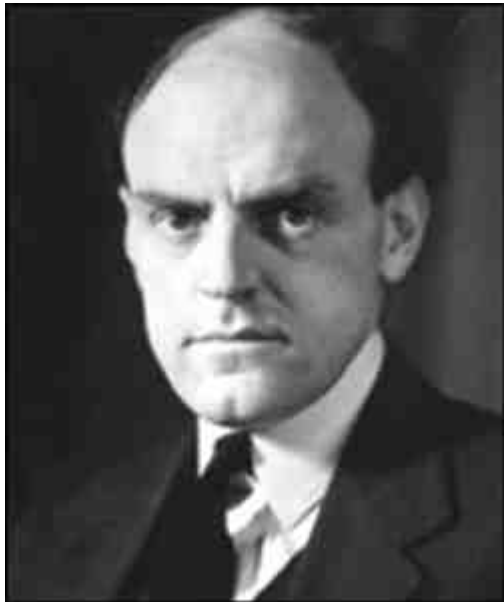
Through a compulsory fee on homes with TV receivers...

- £135.50 per year (c. \$270) per household, raising around £2.8 billion (\$4.9 billion) each year;
- The BBC World Service receives funding directly from the British Government;
- The BBC also generates income by commercial ventures in the UK and around the world;
- **In total, the BBC's licence fee income accounts for £3.2bn. (\$6.4bn)**

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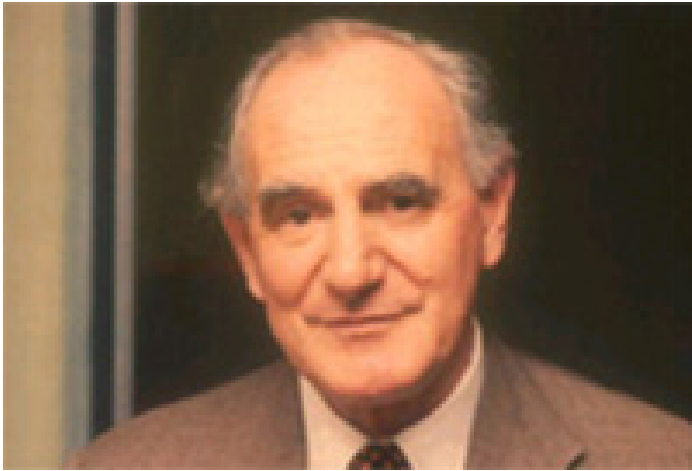
The BBC: A Public Service Broadcaster



**“To inform,
educate and
entertain”**

John (Lord) Reith, First BBC Director-General

The BBC: A Public Service Broadcaster



**“To make the
good popular,
and the popular
good”**

Sir Huw Wheldon, Former BBC Executive

The Changing Terms of Debate

- **Charter Review 1993/6 – 'Destined for irrelevance'**
 - Inevitable decline
- **Current Review 2003/6– 'Dangers of Dominance'**
 - BBC vs ad revenues
 - 'PSB ecology'
 - "Dumbing down"
 - Governance

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Preparing for the Charter Review

- Work to understand changing context
- Rethinking role & purposes
- New articulation of “public value”
- Reforming Governance & performance measurement
- Balancing public value & market impact

Building Public Value: Renewing the BBC for A Digital World,
June 2004 bbc.co.uk

The BBC: A Public Service Broadcaster

Some basic principles...

- **Universality:** the BBC's services must be freely available to everyone in the UK;
- **Fairness and equity:** because everyone pays for the BBC, it must reflect the needs and interests of everyone;
- **Accountability:** The BBC must answer to the audience – not to the government or politicians.

The BBC's role in creating "public value"

**Individual
value**

Enrich the lives of everyone in the UK with programmes that inform, educate and entertain

Citizen value

Contribute to the wider well-being of society by contribution to the UK's democracy, culture and quality of life

**Economic
value**

Impact on the performance of the wider commercial market, e.g. training, infrastructure

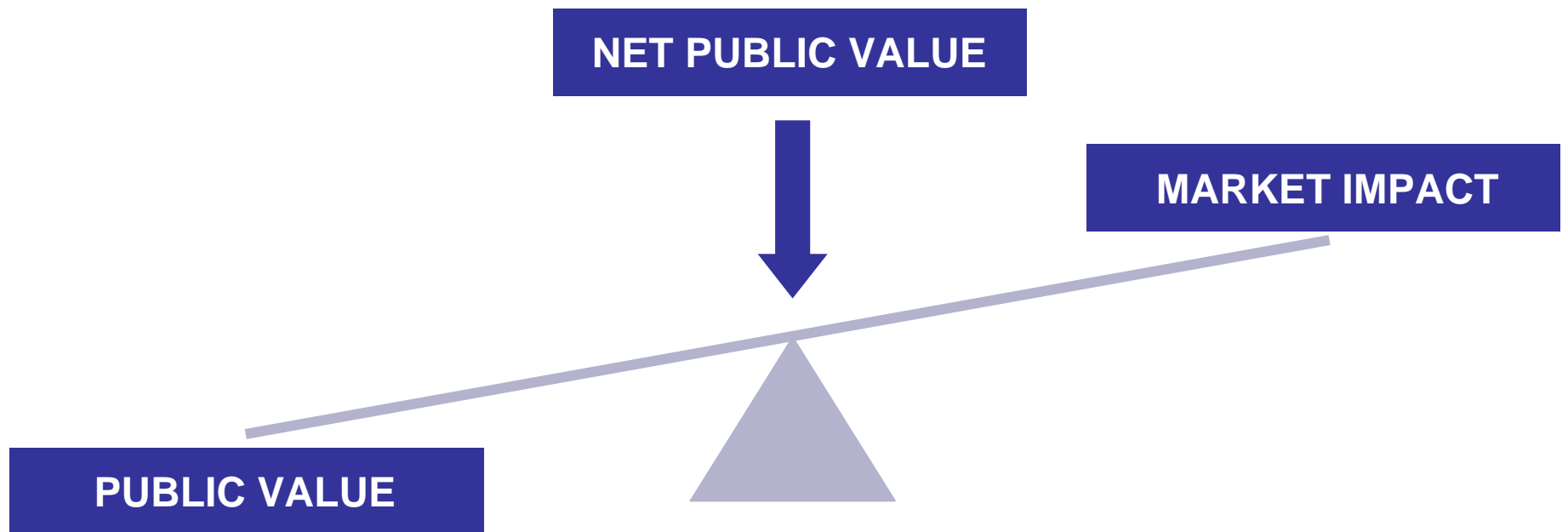
New cross platform public purposes for the digital era

- 1. Sustaining citizenship and civil society**
- 2. Promoting education and learning**
- 3. Stimulating creativity and cultural excellence**
- 4. Representing the UK, its nations, regions and communities**
- 5. Bringing the UK to the world and the world to the UK**
- 6. Building digital Britain**

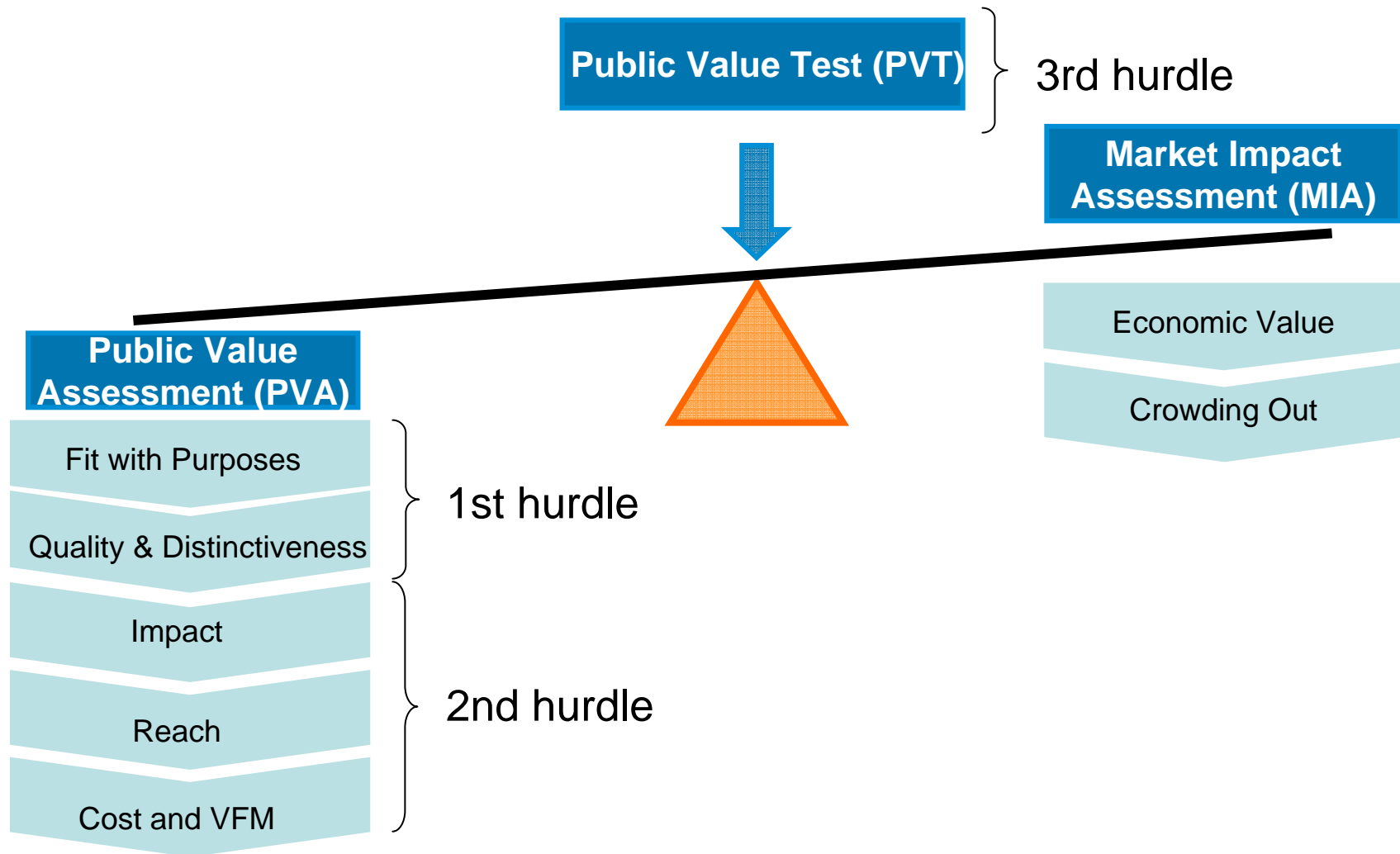
Renewed Governance: A new BBC trust to regulate & account to the public in a new way

- BBC Trust independent of management & political sphere
- Sovereign body
- Focussed on licence fee payers, outward facing, open and transparent
- Codified & separate responsibilities for Trust & management

The public value test was critical in addressing concerns about BBC's entry into new services



Within a PVT, three hurdles must be crossed



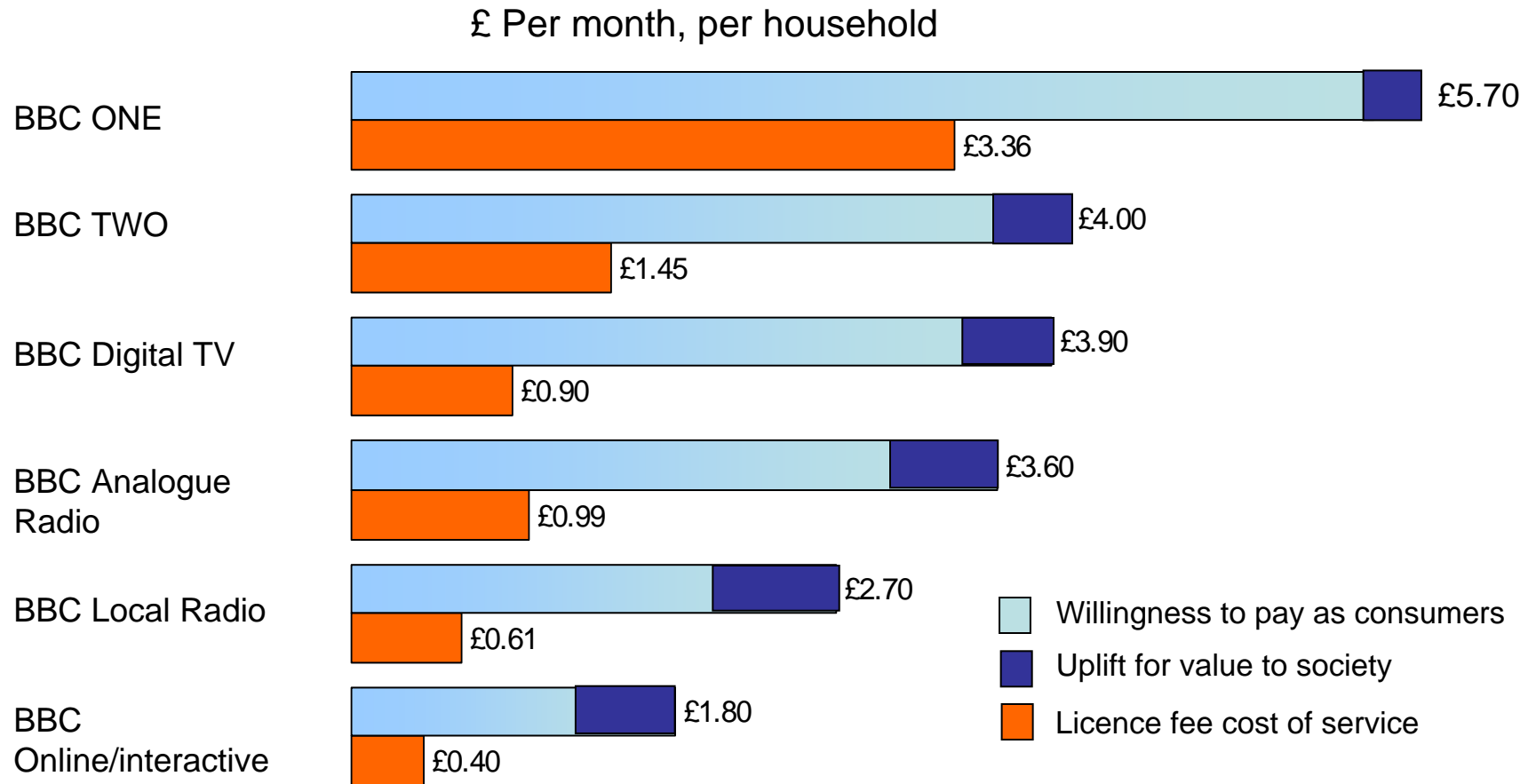
Approaches to evidence:

Costs & willingness to pay the licence fee – 2004/5

% willing to pay



“Consumer” & “citizen” valuation of key services versus cost (2004/5 figures)



For comparison: average Sky subscription package costs £25 per month

Source: Human capital/Martin Hamblin – GFK 2004.

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Key Decisions of Charter Review White Paper

- 10 year charter
- Licence fee funding
- Independent governance
- “A triple lock system” for the BBC
 - Service licences
 - All content must meet ‘public service characteristics’
 - New - or significant change to – existing services trigger a Public Value Test

...reflects wider debate

- Strong desire for an independent BBC to deliver
 - Quality Services
 - Wider social/policy benefits
- But balanced against market impact
- UK debate over plurality within the 'PSB ecology'
- EU debate over 'proportionality' of public funding



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