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%**
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

Public Value Test (PVT)

1. 1st hurdle
   - Fit with Purposes
   - Quality & Distinctiveness
   - Impact
   - Reach
   - Cost and VFM

2. 2nd hurdle

3. 3rd hurdle
   - Market Impact Assessment (MIA)
   - Economic Value
   - Crowding Out
Approaches to evidence:
Costs & willingness to pay the licence fee – 2004/5

% willing to pay

- £10 per month (current Licence fee): 81%
- £15 per month: 60%
- £20 per month: 42%
- £30 per month: 19%
- £40 per month: 9%

Source: Martin Hamblin – GFK 2004
“Consumer” & “citizen” valuation of key services versus cost (2004/5 figures)

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

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• **Outcomes & Implications**
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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