



UK Coalition for Cultural Diversity

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Submission to the House of Lords Sub Committee on Communications

Call for Evidence. Deadline 11 March 2022

Future Funding of BBC

The UK Coalition for Cultural Diversity, UKCCD, is the UK's leading civil society network supporting UNESCO's groundbreaking Convention on Diversity of Cultural Expressions, 2005. UKCCD acts as a consultative partner to UNESCO-UK and the UK government on the implementation of the aims and obligations of the treaty, which became legal in this country in March 2008. UKCCD is a founder member of the International Federation, IFCCD, which links over 600 creator and cultural organisations worldwide

1 How will new technologies and consumer habits change the future broadcasting landscape?

The expansion of non-British owned streaming channels targeting British audiences will continue. The Covid years of home consumption have accelerated the demand for these on-line services but the range of their offering will continue to orient towards what is commercially successful globally and what drives subscription in an increasingly competitive space.

The pattern of vertical integration - where the most lucrative companies, whether film specific such as Netflix, or recently diversifying such as Amazon and Apple, shift profits into production as well as distribution - is also set to continue. The huge expansion in development of studio space in the UK is evidence of this development and will accelerate change in business models for production.

It should be noted that this sector remains largely unregulated, foreign-owned, and with accumulations of wealth which contribute little tax to the national economy. So long as this persists, these huge companies will be able to compete against local broadcasting and media infrastructures which are not able to operate on a level playing field. This is especially true for the public broadcasting sector and the BBC who have increasingly limited funds for production.

These companies are investing in high-production value products – feature film, drama series and feature documentary in particular – which will continue to drive up audience expectations and wage rates in the public sector, making it harder for that sector to compete.

These companies will continue to focus on a global rather than a national market, commissioning with a universal audience in mind. For this reason it will remain essential that UK's national public service offering remains strongly supported to provide citizens and consumers with relevant indigenous programming through which to make sense of our society. This must include local drama, investigative documentary, feature film, children's drama, news and education services.

It is significant that recent OFCOM research confirms that the vast majority of the British people continue to prioritise services/programmes that are made specifically for them, particularly by the BBC and other trusted public service broadcasters.

Ways of accessing public service material beyond strict schedules will continue to diversify. Placement of audio-visual films/programmes on platforms will be highly competitive. It will therefore be incumbent on government to regulate for the visibility and ease of access to public service content on-line.

2 What is the purpose of a national broadcaster?

A national broadcaster is an essential pillar of our democratic society providing independent news/information to the highest professional standards of journalism. Given the proliferation of platforms and social media sources, along with their vulnerability to global interference and false information, British citizens require a reliable and accountable national broadcaster to anchor and uphold the values of our nation.

BBC programming exemplifies and embodies both one nation and global Britain. This should continue to be our aim for a national broadcaster. The BBC's reputation is uniquely positive across the globe and carries British values with it, enhancing Britain's reputation worldwide.

A national broadcaster should guarantee diversity of cultural expressions, making programmes for all UK citizens from all the UK's diverse communities, independently of commercial considerations. In this it fulfils the main tenets of the 2005 UNESCO Convention on Cultural Diversity of Expressions which the UK government has ratified.

It is important that the BBC continues to invest in & offer a range of high-quality public services, both linear and online composed of local and national programming produced specifically for British viewers and listeners. In principle these services should be free-to-air and universally accessible.

At a time of enormous fragmentation of media on the one hand, and the domination of online media by non-British players on the other, (in some cases 20 times the size of the BBC), a national broadcaster should facilitate the national conversations and strengthen social cohesion and understanding

throughout UK's diverse communities. The BBC's continuing popularity (commanding 32% of all UK TV viewing) testifies to its ability to achieve this role.

In delivering its remit, to educate, inform and entertain, a national broadcaster needs to act as a research and development resource to generate new ideas, new forms and to take the risks necessary to develop the best talents, something which is rarely prioritised in the commercial sector.

A national broadcaster should promote and help sustain UK's myriad arts/cultural forms and institutions, and provide training programmes and showcases to grow the next generation of creative and technical professionals. In this it should guarantee investment into our creative and audio-visual industries and, on current trends, generate at least £2-3 billion into the creative economy.

A national broadcaster should belong to everyone and be regulated in such a way so that it operates according to agreed principles and maintains independence from the government of the day. It should also be constituted so as to maximise the possibility for feedback and participation from its audiences, both in providing material and in generating ideas and input for new programming.

3 What principles and priorities should inform the BBC funding model? And how would any alternative funding models affect what the BBC can provide?

The BBC is a unique public broadcaster, the most respected in the UK and across the world, and should continue to be paid for and owned by every citizen in the UK. However this is collected, payment should be presented as a contribution towards a necessary public service, equivalent to every taxpayers' responsibility for our NHS and education services.

Since the BBC is a national asset and service, it is imperative that decisions on the licence fee, whether concerning its continuation or its amount, should be politically neutral and independent of the government of the day.

An independent organisation should be set up responsible for the oversight of the BBC remit and the financial resources needed to deliver this. Its specific mission should not only set out the financial needs of the BBC, but also act and regulate, on an annual basis, to ensure that public money is being invested in the right areas. Such a body could recommend the level of a licence fee or a hypothecated tax if that were judged to be a better option. In this way one can ensure that the funding of the BBC is independent and politician proof which is essential in any democracy.

Any funding model must ensure that the BBC can continue to do what it does at present and to imagine new forms and methods of reaching its audiences, taking advantage of developing technologies. The funding model should not

leave the BBC more vulnerable to commercial competition and should therefore reflect the real cost of providing the broadest service as outlined in the BBC Charter – to inform, educate and entertain. This would include producing high quality, innovative drama reflecting UK society and its citizens.

It must be acknowledged that the License Fee currently enables the BBC to provide the widest spectrum of content at the best rate for audiences – 43p per day/£159 per year. There is no evidence that this combination of content spectrum and price efficiency, combining in-house and independent production, can be delivered more efficiently in another way.

With its current funding plan, the BBC is universally available to all citizens and arguably very good value for money when considered against the limited and prescribed offering of other pay TV services. It is also more egalitarian than other essential aspects of our society.

The DCMS Select Committee has looked at the issue of funding strategies over many years. It has studied options such as advertising, subscriptions, a revised licence fee, an earmarked tax and general taxation. Significantly, the DCMS concluded in 2015 “There currently appears to be no better alternative for funding the BBC in the near term other than a hypothecated tax or the licence fee.”

If the committee sees fit to recommend it, there could be another investigation into BBC funding. However this would have to be completely independent and politician proof and driven by concerns to uphold the public interest and a publically accountable sphere of broadcasting/media. To meet the genuine concern that the payment model should more equitably mirror individuals’ circumstances and ability to pay, then referencing Council Tax banding on households could be one solution. Pensioners should not necessarily be considered more vulnerable to extra cost than younger members of our society. The government-imposed burden of underwriting the licence fees for the ever-growing number of elderly in our society should be rescinded.

Any contribution should be mandatory and universal rather than based on subscription or individual usage. All other funding options have been found wanting either because they would undermine the universality of access to the BBC; undermine advertising revenue for other broadcasters or reduce the ability of the BBC to make programmes of high quality and for all the population in a highly competitive environment.

Any savings which the BBC makes due to sales of access to its archive, studio facilities or creative content should continue be used to offset the BBC’s budget, rather than being hived off to provide a separate subscription-based revenue stream as has been suggested. The saving to the public will remain without weakening the integrity of the BBC to determine its own budgets and economic structure.

4. How should the BBC change in the next five years to adapt to changing consumer habits and needs? What does the BBC need to do to prepare for the longer term?

It should be noted that in developing the I-Player and preparing for the on-line revolution, the BBC has arguably led the way. This has been in spite of restraints imposed by regulatory bodies which have held back the BBC schedule for delivery at crucial points in a highly competitive market.

The BBC's needs adequate resources for leaders in their fields to anticipate and design the best methods of maximising visibility of content, distribution and access to BBC content on-line. They should also maximise effective delivery of its on-line services to schools and community groups.

The strength of the BBC will continue to be the range, calibre and innovative nature of its creative content which remains highly competitive albeit that commissioning in many areas, particularly in drama, have had to be cut due to under-funding.

The BBC will need to review its mechanisms for monitoring and assessing audience preferences in order to inform investment decisions into the number of Channels and the type of commissions which will make best use of limited funding.

It is important that key services for young people, such as BBC 3, do not get relegated to on-line only. This decision was taken to save money, but it has alienated some of its key audience.

The BBC should resist pressure from commercial competitors to relinquish the content which is most successful with its audiences, such as *Strictly Come Dancing* and *Line of Duty*. Instead it should keep to the principle that the generation of such innovative and popular formats, across the commissioning spectrum, is one of its principal functions. It has long been recognised, and continues to be the case, that to hold the diversity of its audience, the BBC needs to operate across the spectrum of programming, from popular to specialist, light entertainment to news/information.

The BBC Trustees must come to a more realistic evaluation and defence of the business practices necessary to sustain an institution of excellence in an increasingly competitive environment. For instance, whilst payment of key presenters and celebrity figures should be kept in check and accountable, the Trustees should defend the institution against manipulative accusations of 'exorbitant salaries', and argue the case that it has to operate in a competitive marketplace which requires professionals of excellence, many groomed in the service of the BBC, who need to be offered rates which are relatively competitive. Likewise, false claims that the extensive regional BBC news operation is responsible for the decline in local journalism, need to be rebutted and the impact of the exodus of advertising monies on-line, acknowledged.

5. What actions and consultations are needed from the government to inform the future BBC funding plans?

Informed government measures to sustain the prominence and strength of our national broadcaster, in a changing media landscape, are essential to safeguard a public sphere in broadcasting/media, and to keep control.

Using an independent review process in the public interest, the government needs to carry out rigorous impact studies on any change in funding. It must evaluate how any change will impact on audience control of the wider broadcasting environment and the BBC's ability to compete in its offer of diverse, creative programming for all citizens.

These findings must be made public. It is essential that special pleading by commercial entities should not take precedence over the needs of citizens and British society as a whole.

The government's actions in relation to BBC funding cannot be separated from the government's intentions both for the future of the institution and the broadcasting environment more generally. The decision on funding needs to be in the context of an open review of competitive practices in the broadcasting environment. This should consider on-line regulation to create a level playing field between commercial and public service operators and its findings must be made public.

The review should include a survey of platform operating practices and assess their neutrality in delivering content; visibility of public service content; accountability in providing viewer statistics and distribution information to production companies; the impact on independent producers of allowing outright ownership of IP, and transparency in the use of algorithms used to build audience preferences and potentially distort the market.

The relationship between the BBC and its audience/stakeholders will become increasingly important. On the one hand, the government should facilitate independence in decision-making bodies on both funding and governance of the BBC: on the other it should encourage stronger mechanisms to endorse citizens' investment/participation in their public institution. This should go beyond standard consultations and include initiatives such as debates in citizens' assemblies, and the inclusion of our public service media/broadcasting space as a topic in school curricula.

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Contact: Holly Aylett, Director, or Carole Tongue, Chair & former MEP

| Ukccd1@gmail.com