



Department
for Culture
Media & Sport

BBC Charter Review Public Consultation: Summary of Responses

March 2016



BBC Charter Review Public Consultation: Summary of Responses

Presented to Parliament by the Secretary of State for Culture,
Media and Sport by Command of Her Majesty

March 2016

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Executive Summary

The constitutional basis of the BBC is the Royal Charter. This is due to expire at the end of 2016. The BBC Charter Review Public Consultation sought to engage the UK in a dialogue about the future of the BBC in four key areas:

- Why the BBC? Mission, purpose and values.
- What the BBC does: scale and scope.
- Funding.
- Governance and regulation.

The consultation asked 19 questions and the response was one of the largest ever received to a government consultation, highlighting that the future of the BBC is an important issue to a great many people. As well as a large public response, we also received many in-depth responses from a range of key industry experts and organisations, and other organisations with an interest in the future of the BBC.

Why the BBC? Mission, purpose and values

The great majority (95 per cent) did not express a view on this issue. Of those that did, 3 per cent felt that no change was required to the BBC's public **purposes** and 2 per cent said some change was needed. Many organisations that responded supported the current approach of high-level public purposes together with more-specific purpose remits, but suggested they should be updated to make them relevant for today and for the next decade.

On the concept of **universality**, many organisations were supportive of the idea that everyone should be able to find something on the BBC for them, but that this was not the same as the BBC providing everything.

There was no clear view on establishing a set of **values**.

What the BBC does: Scale and scope

The majority of responses indicated that **BBC expansion** was justified in the context of increased choice for audiences. A number of organisations highlighted specific areas of concern with regard to crowding out commercial competitors.

The majority of responses also indicated their view that the BBC had a positive **wider impact on the market**, including raising broadcasting standards across the industry. Negative market impacts referenced included the digital content sector, the radio market and local news, in addition to the BBC's impact on the commercial TV broadcasters.

A number of organisations supported the view that the BBC has had a positive impact on the development of broadcasting **technology** from which the whole industry has benefited. However it was also noted by some respondents that the BBC can also have a negative impact, particularly in areas where other organisations were already operating. Overall, there were relatively few responses on this issue, with the most popular view indicating the BBC should continue to play a leading role.

A majority of responses suggested that the **BBC was serving its audiences well**. However, a number of groups were identified as less well served, including young people, people from Black or other minority ethnic communities and those that are less well off. The UK's nations and regions were also acknowledged as areas where improvement was needed.

Less than a quarter of those who responded to the consultation provided a view as to whether the **genre mix** was right. Of those that did, most indicated that this mix was mostly or generally right on the BBC. Many organisations believed that the BBC should continue to commission a broad selection of programmes across the full genre range, and some said that the BBC could go even further and improve its programming mix on both TV and radio.

The majority of responses indicated that the BBC's content was of **high quality**, and **distinctive** from that of other broadcasters. Specific reforms were suggested that could increase quality and distinctiveness, particularly of content across the schedule, and specifically on the BBC's most popular services.

Many organisations agreed there was a rationale for reviewing the regulatory framework around the **system of content production**; however, overall there were very few responses addressing this issue.

Funding

In terms of **how we should pay for the BBC** and **whether the licence fee should be modernised**, three-fifths of the responses to the consultation indicated that no change was needed to the current system.

However, 15 per cent indicated that there should be some form of licence fee reform, such as closing the iPlayer "loophole". The majority of organisations agreed that an update of the licence fee was needed, due to changes in technology and in the viewing behaviours of audiences.

The large majority (92 per cent) provided no view on protected funding. Of those that did, a small number of responses indicated that funding for some services should be protected, with a range of services suggested, including the BBC World Service. Many organisations argued against the idea of **protecting funding** through ring-fencing money for certain types of content or 'top-slicing' funds from the licence fee, and believed that it should be up to the BBC to decide the relative funding of each of its services.

The majority of responses suggested that the BBC has been doing enough to deliver **value for money**, although many responses also said that the BBC must continue to improve in this area.

A little more than 6 per cent of the consultation responses commented on whether the **BBC's commercial operations, including BBC Worldwide**, should be reformed. In general there was a sense, from those organisations that thought they

were impacted by BBC Worldwide's operations, that the current fair trading arrangements need further clarity and improvement.

Governance and regulation

Around 85 per cent did not express a view on how **current models of governance and regulation** for the BBC should be reformed. Just over 5 per cent indicated that a standalone regulator was the most popular option, with Ofcom the second most popular. Ofcom was the preferred choice of many organisations for this role. Arguments were made in favour of the need for clear independent governance, and accountability to licence fee payers and industry partners.

Only a very small proportion of responses (2 per cent) provided any views about how **public value tests and service licences** should be reformed, and who should have responsibility for making these decisions, with no clear view emerging from the public responses. Most organisations were supportive of public value tests and service licences as useful regulatory and governance mechanisms, but would like to see some reform.

Of those that expressed a view (6 per cent), a majority felt the BBC could improve **engagement with licence fee payers and the industry**, including through research, transparency and the handling of complaints. A number of organisations noted that the engagement of the BBC with organisations and audiences currently worked well, but nevertheless called for improvements with regard to industry partnerships, audience engagement, complaints handling and transparency.

A large majority of responses indicated that the BBC should remain independent from one or more of **government, Parliament and Ofcom**. A number of organisations argued for reform to provide greater accountability.

Only a very small proportion (2 per cent) of responses commented on whether the BBC's existing framework of a 10-year **Royal Charter and Framework Agreement** between the BBC and the Secretary of State should remain in place, with its continuation being the most popular preference among those who offered a view. Other views included taking Charter Review out of the electoral cycle and making sure the Charter could adapt and reflect developments in the rapidly changing media sector.

Introduction

Background

The BBC is established by Royal Charter. The current Charter, the eighth, sets out the public purposes of the BBC and outlines the respective duties of the BBC Trust and the Executive Board. It came into full effect on 1 January 2007 and expires on 31 December 2016. The government is responsible for reviewing, and seeking the renewal of, the BBC's Royal Charter.

The publication of the Charter Review Public Consultation launched the Charter Review process. The consultation was open for 12 weeks from 16 July 2015 to 8 October 2015.

What we asked

The consultation asked 19 questions, covering:

- Mission, purpose and values – what the BBC is for, examining the overall rationale for the BBC and the case for reform of its public purposes;
- Scale and scope – what the BBC therefore should do, examining the services it should deliver and the audiences it should be seeking to serve;
- Funding – how the BBC should be paid for, examining not just future potential funding models but related issues such as efficiency and value for money; and
- Governance – how the BBC should be overseen, examining options for the reform of the current Trust model alongside other matters of governance.

A list of consultation questions is at Annex A.

The responses

On closure of the consultation, the government had received over 192,000 emails, letters and online survey responses. This does not include petition signatures. Over 64,000 responses were submitted in the final 48 hours of the consultation period.

| | |
|----------------|--|
| 192,564 | Total number of emails, letters and online survey responses received by closing date |
| This included: | |
| 7,666 | Online survey responses |
| 184,898 | Emails and letters |
| Of which: | |
| 7,304 | Duplicate responses, blank responses, and non-consultation responses such as spam and general queries identified during the analysis process |

A number of groups organised and encouraged responses to the consultation. In particular, the social campaigning organisation 38 Degrees encouraged a large number of its members to respond, reporting on their website that 177,000 of their members wrote into the consultation, and this undoubtedly contributed to what was one of the largest ever public consultations. We have not categorised responses in any way other than how the responses were received, and all responses have been treated equally.

The government does not intend to publish all of the consultation responses it received. Many organisations who responded have independently published their respective responses.

Other feedback

We also received other feedback to the consultation, including 8,500 responses to a set of questions published in the Radio Times and a number of petitions, including:

- [BacktheBBC](#): 10,333 signatures;
- [Save BBC3](#): 303,246 signatures.

BBC consultations

In July 2015, the BBC Trust issued its initial response to the government's consultation document and launched its own public consultation, receiving over 40,000 responses. This was followed by the publication of 'British, Bold, Creative' by the BBC Executive in September 2015, setting out plans for the BBC in the next Charter period. The BBC Trust launched a second phase of BBC consultation seeking views on the proposals set out in 'British, Bold, Creative', which attracted over 11,000 responses. Towards the end of 2015, the Trust also ran a series of public seminars which debated a range of issues. Further information can be found here: www.bbc.co.uk/bbctrust/governance/charter_review.

This response

This document describes the views expressed in response to the questions contained within the government's consultation and is structured around the four themes in the consultation document. Where quotes from individuals are used it is to provide a view indicative of the statistical data.

The figures in this report refer to those that responded to the consultation. They should not be treated as statistically representative of the public at large. All percentages referenced in the report refer to the percentage of the valid responses received for that question.

As set out in the consultation document, this mass public engagement is a central part of the wider programme of evidence gathering for Charter Review. The government has also undertaken and commissioned a range of further reviews, studies and research; including qualitative focus groups and statistically representative polling. The results of these studies will complement the evidence provided by the responses to the public consultation – summarised in this document. The government will publish its proposals for the future of the BBC in Spring 2016.

Chapter 1: Why the BBC? Mission, purpose and values

The first chapter of the public consultation explored what the significant changes in the social, demographic and media landscape over the past decade means for the role of the BBC in the future. The consultation considered:

- What the BBC is for, examining the case for reform of its six public purposes;
- The idea of ‘universality’ and if the BBC should focus on providing programmes and services for all audiences, and on an equal basis, across every platform, or whether it should instead focus more on particular or underserved audiences; and
- Whether the BBC would benefit from having a clearly defined set of values, establishing through the Charter a set of unique features of the BBC, including its independence and impartiality.

Public purposes

A very small proportion (5 per cent) of the responses to the consultation indicated a view on whether the **BBC’s public purposes could be improved** (consultation question 1¹). Of those that did, slightly more of the responses suggesting a view on this issue indicated that no change was required to the purposes (3 per cent) compared to those indicating that change was required (2 per cent). Views ranged from those who argued that ‘the BBC already has strong public purposes’² to suggestions for potential changes to the existing public purposes, such as ‘remove or drastically reduce in scope purposes 3 and 6. Merge purposes 1 and 5.’³

The majority of organisations that responded to the consultation said that the current approach of high-level public purposes, together with more-specific purpose remits, provided a helpful framework for the BBC to operate within. The **BBC Trust** argued for a clarification and simplification of the current purposes and the development of a framework to measure the BBC’s performance against these. The **BBC Executive** broadly agreed with this view, but suggested an update of the current digital purpose, as well as recognising in the purposes the BBC’s role in supporting the creative industries and the importance of partnerships to delivery. Many organisations noted that the existing purposes, and purpose remits, should be updated to make them more specific and more relevant for today and for the next decade:

‘The BBC’s six main “purposes” serve the public well and remain as valid today as when cast, we see no reason to change, expand or contract them as part of this review. However, the “remit definitions” underpinning each would be well served by being made more specific, with clearer outcomes, and brought up-to-date for the coming digital decade to better focus the BBC’s limited funding.’ **BT**

¹ Q1: How can the BBC’s public purposes be improved so there is more clarity about what the BBC should achieve?

² Response from individual to public consultation.

³ Response from individual to public consultation.

Many responses suggested that supporting the wider creative economy and partnerships should be included in the purposes. A number of responses also flagged other specific interests that could be considered. These included: supporting the music industry, emphasising adult education, sports, health, children's services, and reflecting and promoting the UK's nations and regions.

There were very few calls for a significant overhaul of the public purposes and, overall, there was no consensus on whether the purposes should serve as guidelines only or be used for performance management. However a number of organisations argued that the current purposes were too broad, leaving the BBC unconstrained:

'RIG (Radio Independence Group) agrees with the idea of public purposes and believes that most of the current six purposes are relevant, but are broad and require greater definition. For example the purpose requiring it to support the creative industries could be more clearly defined, measured and regulated.' **RIG**

'...the BBC's current public purposes could certainly be improved. In particular they should provide greater clarity on what the BBC must deliver and prioritise (its output) and how this is delivered and executed in practice (its impact).'

Radiocentre

Universality

In response to the question about **which elements of universality⁴ are most important to the BBC** (consultation question 2⁵), a little more than a third of respondents (35 per cent) indicated that all three elements of universality were important for the BBC.

Of the three different aspects of universality, more than two-fifths (41 per cent) indicated that providing all types of content and meeting the needs of everyone was the most important element of universality: 'It is extremely important to me that the BBC retains its scope and diversity in programming to serve the widest possible audience - from CBeebies to Question Time.'⁶

A little fewer than 12 per cent indicated that the BBC should be accessible on all platforms ('It is vital for the BBC to have a presence on all platforms, in order to reach the widest possible audience.'⁷) while a slightly smaller proportion (10 per cent) highlighted covering single unifying events, such as the Proms, royal weddings, major sporting events and elections, as being an important element of the BBC's

⁴ In the Green Paper we sought to define universality in three ways – providing all types of content that meets the needs of all audiences; bringing the country together for unifying events; and providing content and services on all available platforms and devices.

⁵ Q2: Which elements of universality are most important for the BBC?

⁶ Response from individual to public consultation.

⁷ Response from individual to public consultation.

universality: 'A national event isn't a national event if half of the country doesn't get to see it.'⁸

Fewer than 3 per cent felt that the BBC should not seek to be universal.

There was no clear consensus on how universality should be defined. The **BBC Trust** argued that universality was an even broader concept than defined in the consultation document and should cover 'audience reach, range of content and ensuring that the BBC contributes to the intellectual health of the UK'.

A number of organisations indicated that the BBC must provide a service that is available to all and therefore one which is free at the point of access. **Channel 4** suggested: 'In an increasingly fragmented world the provision of high quality, easy to find Public Service Broadcasting (PSB) content is actually more important than ever.'

Many organisations supported the idea that everyone should be able to find something on the BBC which is for them, but a number of organisations that supported this view, including the **BBC Trust** and **BBC Executive**, also made clear that 'something for everyone' is not the same as doing everything. The BBC Executive argued that 'universality is not about reaching all audiences per se but about reaching all audiences with high quality and relevant public services'. The **Commercial Broadcasters Association (COBA)** went further, suggesting:

'The BBC must provide a service that is available to all, free at the point of use. This does not necessarily mean providing all types of content (though we believe the BBC has a role in providing popular entertainment). Nor does it necessarily mean being available (or prominent) on all platforms or devices, although the BBC should be able to evolve with audience demand where appropriate. Rather it should provide a service that any licence fee payer can reasonably access if they choose without further payment.'⁹ **Commercial Broadcasters' Association.**

The **Guardian Media Group** was one of a number of organisations that felt the most important parts of universality were those that complement rather than duplicate what is available in the wider market, with **ITV** also making the case for 'a BBC which thinks and acts differently to the commercial market – taking risks, bringing on new talent, innovating constantly with new programmes and formats in everything it does'.

Values

A very small proportion (3 per cent) of the responses to the consultation indicated any view regarding **whether Charter Review should formally establish a set of values for the BBC** (consultation question 3⁹). A little fewer than 2 per cent indicated that it should not ('Not necessary. I feel the BBC already has a great set of values.'¹⁰)

⁸ Response from individual to public consultation.

⁹ Q3: Should Charter Review formally establish a set of values for the BBC?

¹⁰ Response from individual to public consultation.

while fewer than 1 per cent felt that it should ('Yes but they need to be clearly enforced.'¹¹)

A number of organisations agreed that the creation of a set of values explicitly stated in the Charter could help the BBC's regulator to assess whether the BBC is performing as it should, give clearer guidance to BBC staff about the behaviours expected of them and reinforce the principle of BBC independence.

'There are a set of values that most people would associate with the BBC and it would be helpful for Charter Review to establish these in support of the public purposes. For example impartiality, trust, value for money, transparent governance, financial accountability and independence.' **The Open University**

Several organisations thought that values were important but that it was more appropriate for the BBC to set these for itself. Others gave tacit support for the concept of values but did not make detailed comments on proposals for a specific set of values or how they should be enshrined.

'This [setting values] is common practice in the public and private sectors, as much to help an organisation's own employees understand its values as anything else. However, it is not enough to simply establish these values formally, they must also be enforced.' **The Commercial Broadcasters Association (COBA)**

The **BBC Executive** said that the values set out in the consultation document aligned with their ambitions for the BBC: being independent, impartial, high quality, efficient, value for money, transparent, distinctive, diverse and representative. The values of independence, impartiality, value for money, and high editorial and creative standards were the most important among the other respondents that expressed a view, including the **BBC Trust**, who added that subjective qualities such as 'distinctive' and 'high quality' would need to be defined. Examples of other values mentioned included: diversity, nations and regions, accessibility, transparency and distinctiveness, creativity, public service partnerships, integrity and training.

¹¹ Response from individual to public consultation.

Chapter 2: What the BBC does: Scale and scope

The second chapter of the public consultation examined whether the present scale and scope of the BBC is right for the current and future media environment, and whether it delivers services that audiences want, are willing to pay for and are in the public interest, particularly in the context of the development of digital services. The consultation considered four main aspects of scale and scope:

- Services: whether the BBC is offering the right range of services, taking into account market impact;
- Audiences: how well the BBC is serving different audiences;
- Content: whether the BBC is providing the right content mix, quality and distinctiveness; and
- Production: how the BBC's content should be produced.

Expansion of services

In relation to **BBC expansion** (consultation question 4¹²), approximately two-thirds (68 per cent) of responses indicated that this was justified: 'increased choice justifies expansion in a multi-platform and multi-channel era'.¹³ Several organisations agreed that the expansion of the BBC was justified for reasons including increased choice for audiences, higher levels of audience expectations and the fast-changing media and technology landscape.

Fewer than 6 per cent indicated that it was not justified: 'I would be happy if the BBC set out to do less but do it better than any other media provider.'¹⁴

Fewer than 4 per cent gave a view on whether such expansion was crowding out the competition and whether this was justified. While a little over 15 per cent of responses argued that the BBC was not crowding out competitors:

'I love the iplayer and the BBC content online as well as the high quality dramas and documentaries especially on Radio 4. I think it's vital to have that range of choice and alternatives to commercial media. The BBC adds positively to the mix of choices available to the consumer and is in no way at all in danger of crowding out any commercial competition.'¹⁵

Just over 3 per cent felt that the BBC was crowding out competitors but that this was justified: 'If commercial stations aren't able to compete with the BBC it's because they're not good enough.'¹⁶), while fewer than half a per cent indicated that it was crowding out competitors and this was not justified.

¹² Q4: Is the expansion of the BBC's services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified?

¹³ Response from individual to public consultation.

¹⁴ Response from individual to public consultation.

¹⁵ Response from individual to public consultation.

¹⁶ Response from individual to public consultation.

However, a number of organisations highlighted specific areas of concern with regard to crowding out of commercial competitors – radio and platform distribution being the most prominent, as well as some concerns about the BBC’s role in local and international news provision, and in areas such as food recipes and magazine-style news content. The **News Media Association**, for example, argued that:

‘[The BBC is] not quick to heed warnings that its activities might cause detriment to commercial competitors, nor is it wary of disruption of nascent markets. For example its expansion into local news has broadened to now focus on geotagging and towns rather than regions, which it always assured NMA wouldn’t be the case.’

The **Guardian Media Group** offered suggestions that might guard against what it perceives to be negative market impacts such as: ‘A BBC syndication strategy that would allow the commercial news sector to access the BBC’s news feeds with proper attribution, with world-leading BBC content embedded within the platforms, products and services or a whole host of 3rd party providers.’

The **BBC Trust** argued that the BBC has in fact contracted rather than expanded during the current Charter period and the **BBC Executive** said that, as the market fragments, there is even more need for the BBC. They argue that it has remained successful despite becoming much smaller relative to the market: ‘We went from being two of 11 TV channels in 1984, to two out of 61 TV channels in 1994, to nine out of 536 in 2014.’ A number of organisations echoed this view. For example **Arqiva** wrote:

‘There are over 300 TV channels available across free-to-air and pay platforms in the UK, of which the BBC provides nine. Against the background of the choice provided by others those nine channels are not excessive.’

Market impact

A little fewer than two-thirds of responses (66 per cent) indicated that the BBC had a positive **wider impact on the market** (consultation question 5¹⁷): ‘[The] BBC creates a high threshold for quality, which causes other broadcasters to raise their game, provides opportunities for new talent and presents news that comes without adverts.’¹⁸ ‘The BBC sets high standards and demonstrates real impartiality.’¹⁹

Many organisations said that, overall, the BBC has a positive impact on the media market, agreeing that the BBC raises broadcasting standards and it pioneers and kick-starts services that commercial providers would find it difficult to lead, such as the development of the iPlayer. A number of organisations also highlighted that the BBC greatly contributes to creative industries in the UK, and that it supports and promotes new British talent. This was particularly so for the music industry.

¹⁷ Q5: Where does the evidence suggest the BBC has a positive or negative wider impact on the market?

¹⁸ Response from individual to public consultation.

¹⁹ Response from individual to public consultation.

'The BBC has a crucial impact across the wider creative industries of the UK. The creative industries is currently the fastest-growing sector of the economy, contributing £77 billion of direct GVA (gross value added) in 2012-2013, and provides high-quality jobs that will not – in the main – be replaced by automation in the future.' **Creative Industries Federation**

'These areas [in which the BBC has a positive impact on the market] include talent schemes, like BBC Introducing, which is of great merit in terms of showcasing unsigned talent. More than 130,000 artists have uploaded music to the BBC Introducing website and 120 have performed at festival stages.'

UK Music

The **BBC Executive** presented the findings of a report that identified a number of ways in which the BBC supports private sector growth and further views covered the BBC's positive influence on: the creative industries, skills and talent, and job-creation in rural areas. Others highlighted that the BBC is crucial for the continued success of the unique broadcasting system in the UK, of independent producers and of the creative industries in the UK.

Three per cent of respondents said that the BBC had a negative impact on the market, for example: 'At regional and local level, BBC services may have some negative impact by reducing the viability of community services which could offer better models for local ownership, accountability and content delivery.'²⁰

The **BBC Trust** argued that the BBC has an overall positive market impact but recognised that 'it is very important to guard against the risk of future negative impacts and stifling of innovation and creativity in the market'.

Negative market impacts referenced in the consultation responses included the BBC's impacts on the commercial TV broadcasters, the digital content sector, the radio market, distribution platform markets and local news.

Commercial TV broadcasters commented on the impact BBC has on their commercial operations. **Viacom International Media Networks (VIMN)** previously made clear its misgivings about Radio 1's launch of a live music video service, which 'competes directly with our MTV channels, and the proposed additional two hours of CBBC which will compete with our Nickelodeon channels.'

ITV shared this concern: 'However, we are becoming increasingly concerned about the overall impact of the BBC on the ecology of broadcasting in the UK, particularly as it concentrates more and more of its spend on the less distinctive, mainstream TV services, particularly BBC One.'

In relation to the distribution of content, **Virgin Media** highlighted the impacts of the BBC's decision not to offer its content for inclusion on platforms, and said:

²⁰ Response from individual to public consultation.

‘The BBC is the only Public Service Broadcaster (PSB) missing from Virgin Media’s multiscreen linear line-up on our TV Anywhere service. This means that Virgin Media customers cannot watch BBC linear content on their PC or mobile or tablet devices. This not only denies Virgin Media customers the most popular BBC content, but also weakens Virgin Media’s multi-screen viewing proposition and its competitiveness in the market.’ **Virgin Media**

Radiocentre argued that the BBC’s share of the overall radio market (54 per cent) is unsurprising given the advantage it has in broadcast spectrum (owning four out of five national FM stations, including the only two national FM pop services Radio 1 and Radio 2):

‘Currently too much of the public service content featured on BBC music radio is broadcast in off-peak hours and has little impact on most of the audience’...
‘This structural and legacy advantage has also been re-enforced by the mass market proposition provided by its main music radio services at peak times.’

Global also commented on the BBC’s cross-promotion activities, arguing that the BBC mostly trailed its most popular programmes, rather than those with a high public service value, and thereby bolstering its dominant position in the radio market. Global’s own research on this valued the BBC’s cross-promotion activities by comparing what advertising space would cost and suggested that over the period of a week:

‘87 per cent of Radio 1 programme trails and promotions on Radio 1 itself were for its own peak hour programmes. For example, Radio 1 ‘spent’ nearly £74k advertising its own Breakfast Show, compared with less than £5k for The Surgery, a programme with significantly more public value potential.’

With regard to local news, the **News Media Association** felt that the BBC’s activities create negative market impacts: ‘The BBC’s drive to create its own suite of local news services across the breadth of the UK’s communities risks damaging the local press sector which is currently in transition to a sustainable digital world.’

Future technology

Fewer than 3 per cent of responses to the consultation addressed the question of **what the BBC’s role should be in influencing the future technological landscape, including future radio switchover** (consultation question 6²¹). Several organisations did say, however, that the BBC should continue to play what they describe as a pioneering and leading role in the development of both broadcasting and other new technologies, arguing that the whole industry has benefited, with **Fujitsu** noting that ‘without these [tech] developments [by the BBC], the UK media sector would not be in the position it is today and seen as a global leader’, and **Cisco** commenting: ‘The BBC is the centre of the media ecosystem of the UK providing a rallying and unifying force in media technology initiatives.’ Smaller organisations,

²¹ Q6: What role should the BBC have in influencing future technological landscape including in future radio switchover?

such as **MoSys**, expect the BBC research and development department to continue to drive and spearhead the development of technologies that will enable tomorrow's broadcasting.

A number of organisations that supported this view added that, despite the positive impact, the BBC's role can also have some negative consequences, and it should take greater care to avoid negatively impacting the market. **Tech UK** felt that the BBC should not be seeking to overly control the marketplace of receiving devices designed to receive BBC services or set unrealistic thresholds and controls related to digital devices. **Samsung** felt that the BBC should have a role in preparing for future technology, but not on taking a controlling role in platforms such as Freeview. Some organisations also argued that the BBC should not be undertaking expensive research activities which are already being undertaken by the market.

The **BBC Trust** felt that the BBC should not be pioneering in technology, but said that they should be making use of developments to support easy access and keep pace with developments.

The **Creative Industries Federation** argued that the BBC had addressed earlier criticism and improved engagement with the digital market, and **BECTU** (The Broadcasting, Entertainment, Cinematograph and Theatre Union) suggested that 'given the BBC's close connection with radio audiences, it should be a partner in the switchover process, not just in decisions about technology, but also in the crucial decision about timing.'

Overall a little more than 97 per cent of responses did not express a view on this issue. Fewer than 2 per cent indicated that the BBC should have a very big or leading role: 'It should be a leader in new standards to help raise adoption for the wider industry.'²² Under half a per cent indicated that it should have little or no role and even fewer suggested that it should have a partnership or moderate role.

Audiences

Over four-fifths of responses (81 per cent) indicated that the **BBC is serving its audiences well** (consultation question 7²³):

'The BBC provides not only a very high quality standard of broadcasting for the home audience in the UK, but also an unrivalled World Service programme which is highly regarded worldwide.'²⁴

'It provides a broad range of programming making both popular programs and those more niche programmes that other broadcasters do not.'²⁵

²² Response from individual to public consultation.

²³ Q7: How well is the BBC serving its national and international audiences?

²⁴ Response from individual to public consultation.

²⁵ Response from individual to public consultation.

[The BBC] Projects vital 'soft power' internationally via the World Service, with its reputation for impartial, comprehensive, factually accurate news.²⁶

In contrast, 6 per cent indicated that the BBC was not serving its audiences well or could improve in this regard. For example: 'Undoubtedly still issues around representation of areas such as Scotland, Northern Ireland, regions of England. Answer to this has to lie in quality, not tokenism'²⁷.

A number of organisations underlined the BBC's strong performance in serving national and international audiences.

'The BBC is freely chosen by UK consumers, in highly competitive markets, with well-informed customers and zero switching costs, roughly 160 million times a day – far more than any other brand. At least 97% of individuals consume its services each week (the figure for households is unknown, but even higher) for an average of 18 hours a week. If the BBC were not serving its UK audiences well, why would they consume its products on this staggering scale, given the amount of choice now available?' **Patrick Barwise, Emeritus Professor of Management and Marketing, London Business School**

'The BBC's commitment to women's football is to be applauded and has undoubtedly had a positive impact, bringing the sport to new audiences and helping to 'normalise' football as a game for women and girls, not just men and boys.' **The Football Association (FA)**

Also the **BBC Trust** said that, in general, the BBC serves audiences very well but that 'the greater diversity in the UK's population has created challenges with gaps growing between those who are well served and those who are not so well served.' It challenged the BBC Executive to rebalance the BBC's TV, radio and online services to serve different audience groups in particular younger, less well off and Black, Asian, and other minority ethnic groups. The Trust also felt that the BBC World Service provided 'an internationally renowned service to international audiences'.

The **BBC Executive** stressed that audience appreciation and performance figures have improved during the current Charter, pointing out that the BBC serves almost everyone in the UK and arguing that it has already taken positive steps in terms of diversity and representation and put forward proposals to enhance the World Service.

Many organisations broadly agreed with the view that, while the BBC was in general serving its national and international audiences well, that there were growing disparities between its levels of service to different audience groups. Many of these responses also identified those less well-served groups as young people, less well-off people and those from Black or other minority ethnic communities.

²⁶ Response from individual to public consultation.

²⁷ Response from individual to public consultation.

The Campaign for Broadcasting Equality believes there should be specific diversity obligations for the BBC and suggest that any disparities in levels of service could be addressed through more representative employment: 'In relation to employment, including BAME employment, the departments in BBC business and production units should be required to reflect the demographics of the population where they are based'.

Organisations also highlighted challenges facing the BBC in meeting audience expectation in the devolved nations and across the English regions.

'In respect of children's services, the BBC's reach and audience share suggest that it is serving the domestic children's audience well. That is not to argue that there is no room for continuous improvement, among certain sections of the audience, and as audience preferences change.' **Jeanette Steemers, Professor of Media and Communications, University of Westminster**

'While broadcasters, including the BBC, often respond that older children and young teens are well served with music radio and their engagement with the broad range of "family", 16-24, or general factual content, this is not sufficient. We believe that all audiences deserve some public service content aimed at their specific needs. In which case the 10+ group should be recognised as having life-stage issues and perspectives which need to be addressed. They deserve specific, relevant, challenging content which in some cases, given the stage of life they are in, should mean little to the family audience and should not constitute "joint-viewing" experiences. This is as much their right as is programming for other minority interest groups.' **Children's Media Foundation**

With regard to people with disabilities or mental illness, the **Communications Consumer Panel and ACOD** (the Advisory Committee on Older and Disabled People) said: 'The status of the BBC in mainstream broadcasting means it is also in a prime position to raise awareness of issues facing parts of its audience and challenge stigma. But we believe the BBC could do still more.' They added that the BBC continues to provide excellent levels of accessibility:

'The BBC's provision of access services allows disabled people to enjoy mainstream programming and provides programming via a range of platforms, so that people can watch, listen and participate in high quality entertainment of their choice, regardless of their household income. The number of people in the UK aged 65 and over is growing. PSB remains very important to older consumers, who often use PSB channels as background content or as company. Older people watch more TV than any other group.'

A large number of organisations based in the nations and regions asked for improved representation and more tailored services as well as increased funding. The **Welsh Government** stated '[t]he BBC must take a more representative approach to

commissioning and production from and for the nations and regions.’ **Northern Film and Media** stated: ‘Productions which include North East characters are currently commissioned and often produced outside the region, and tend to lead to results which many find unconvincing and unsatisfying.’ Organisations based in the nations and regions also mentioned strengthening the arrangements for accountability to, and scrutiny by, the nations and regions. For example, the **Northern Ireland Executive** stated: ‘Funding decisions that ... relate to the Devolved Administrations should be made locally.’

A specific issue highlighted by a number of organisations was the concern over provision for minority language broadcasting. Frequently, organisations from the devolved nations called for more resources, responsibility and partnerships (with local partners) to deliver nation-specific content. There were also specific concerns, particularly from organisations in Scotland and Northern Ireland, that there is a lack of consistency in minority language provision by the BBC. **MG Alba** said ‘the time is right for the BBC to articulate a consistent philosophy on supporting investment in autochthonous language programming’.

The responses highlighted that the service provided by the BBC to international audiences is high quality and well regarded, but some organisations were concerned about international excellence being provided at the expense of UK audiences and licence fee payers. Others, such as the **Guardian Media Group**, expressed concern about the relationship between the BBC’s national and international activities, particularly international activities undertaken by the BBC’s commercial subsidiaries.

A number of specific ideas were offered to ensure that the BBC is serving its national and international audiences better in the future, such as the improvement of commissioning models and calls for increased resources.

Genre mix

Relatively few (20 per cent) consultation responses gave views on **whether the BBC has the right genre mix across its services** (consultation question 8²⁸).

More than 15 per cent of respondents indicated that the genre mix was right. This includes those who said it was mostly or generally right, such as ‘[y]es, but more sci-fi’²⁹ and ‘[t]he only area in which I find current services inadequate is comedy’.³⁰ Nearly 4 per cent indicated that the BBC did not have the right mix – ‘[n]o, too many reality shows, not enough arts, documentaries (which the BBC excels in) good comedy, satire, drama, sport, news’.³¹

Many organisations believed that the BBC should continue to commission a broad selection of programmes across the full genre range, thereby serving licence fee payers as fully as possible. Many also highlighted that the BBC should not be limited to addressing ‘market failure’ in content provision, or as **Arqiva** put it: the ‘new

²⁸ Q8: Does the BBC have the right genre mix across its services?

²⁹ Response from individual to public consultation.

³⁰ Response from individual to public consultation.

³¹ Response from individual to public consultation.

Charter should require the BBC to make the good popular and the popular good'. The **BBC Trust** agreed that a range of genres is important and is one of the key ways of ensuring the BBC fulfils its public purposes.

In contrast, several organisations argued that the BBC could even go further and improve its programming mix. **ITV** was critical of the genre mix and the BBC's approach to scheduling on BBC One, stating that 'the BBC has progressively marginalized any content at any time of day that will not maximize share in the particular schedule slot'.

On radio, both **Global** and **Radiocentre** argued that the BBC fails to be sufficiently distinctive in its genre mix. Radiocentre suggested that 'while it is indisputable that BBC radio plays a wide range of music genres and tracks throughout the week, it does not do this to such an extent during daytime when the vast majority of listeners tune-in'. It provided data that it believes illustrates an insufficient range.

Many of the other responses provided comments on more-specific issues, including: children's and young people's content, regional programming and the BBC's coverage of technology and science, sport and music.

Quality and distinctiveness

Almost three-quarters of responses (74 per cent) indicated that the **BBC's content is sufficiently high quality and distinctive from that of other broadcasters** (consultation question 9³²): 'It is always high quality and can be relied upon to set the bar for standards of impartiality, innovation and creativity.'³³ 'The BBC is of the highest quality. It becomes less distinct from other broadcasters because where the BBC leads, others follow/copy.'³⁴

Eight per cent suggested that it was not sufficiently high quality or distinctive.

'Distinctiveness could be improved by channelling more funding into innovative content making and programmes, particularly for factual programming and the arts, to promote and support best of British thinking and creativity in a way that couldn't be achieved by a commercial operator focussed on profit.'³⁵

The **BBC Trust** strongly recommended that the future Charter sets out a distinctiveness requirement more clearly and that the requirement for each BBC service to be distinctive should be included in its service licence. In its response, the **BBC Executive** also noted that distinctiveness was important and set out proposals for how BBC content could become more distinctive in the future. They highlighted some of the ways that distinctiveness can be measured and said they would

³² Q9: Is the BBC's content sufficiently high quality and distinctive from that of other broadcasters? What reforms could improve it?

³³ Response from individual to public consultation.

³⁴ Response from individual to public consultation.

³⁵ Response from individual to public consultation.

‘welcome a dialogue with the government on how to best define and assess distinctiveness’.

Many other organisations believed that the BBC’s content is sufficiently high quality and distinctive from that of other broadcasters, particularly when looking at some of the BBC’s more specialist and niche services such as BBC Three and Radio 3.

Voice of the Listener and Viewer (VLV) argued that the BBC should not be ‘beholden primarily to ratings and that it should always assess the success of its output using a range of measures’.

‘The BBC’s approach to encouraging more people to play more sport is distinctive from other mainstream broadcasters, with the BBC focusing specifically on the links between watching and playing sport, and providing audiences with tailored resources and information to get more people playing sport.’ **Sport England**

‘We welcome BBC Arts’ focus on raising the profile of artists working across the UK, working in partnership with key UK cultural organisations and working to ensure that high quality, thoughtful and engaging arts content is developed across the BBC’s platforms from BBC 4 to Radio 1 that works to support arts and culture across the network and nations and regions.’ **Creative Scotland**

Other specific reforms were suggested that could increase quality and distinctiveness. Some organisations, particularly commercial competitors, noted that the BBC should do more to ensure that its largest services can demonstrate distinctiveness of content across the schedule, not just on individual landmark productions. Many suggested reforms such as more-specific remits and service licences for TV and radio stations.

ITV highlighted concerns over the BBC’s distinctiveness record on its most popular television services (BBC One and Two). **Sky** also sees a need for the BBC to be more distinctive and face more stringent tests on this, and the **Guardian Media Group** puts forward the argument that:

‘BBC’s online’s increasing focus on ‘soft news’ or magazine content ... is duplicating content already produced by the commercial sector, which is critical to enabling commercial brands such as the Guardian to attract advertising and sponsorship to their digital propositions’.

VIMN added ‘we do not believe the BBC should move into areas already well covered by existing providers unless it can offer something new and distinctive.’

VIMN, Channel 5

Content production

More than 98 per cent of the consultation responses did not express a view on whether **the system of content production should be improved through reform**

of quotas or more radical options (consultation question 10³⁶). Fewer than 1 per cent indicated that the system should not be changed and even fewer responses indicated that it should be changed.

A number of organisations were opposed to reforming the current system and to any changes affecting the production sector, arguing that the current mix has worked well and that the quota system should be maintained. **BECTU** disagreed with proposals for the removal of a guaranteed level of in-house production and the **Producers Alliance for Cinema and Television (Pact)** strongly welcomed Ofcom's findings in its recent review of public service broadcasting³⁷ that there is not a strong enough case at this stage for reform of either the 25 per cent independent production quota.

'The 25% independent production quota for PSBs ... ensures that there is a diversity of supply in the UK's public service broadcasters. Pact believes that ... it continues to be appropriate for the public service broadcasters, who receive privileged PSB benefits such as EPG prominence in return for their PSB obligations, should be required to commission content from a larger pool of suppliers than their non-PSB commercial rivals (who are subject to the 10% independent production quota as per the European Directive).' - **Pact**

Channel 4 also did 'not support radical reforms such as the BBC reducing its in-house production base entirely'.

The **BBC Trust** agreed with the view that the existing quotas had been generally positive and facilitated creative competition but argued that there was 'a strong case for change by at least reducing or potentially removing the in-house [TV] guarantee' to reflect changes in the market and in the BBC.

The **BBC Executive** argued that there was value in retaining a number sources, or 'mixed ecology' of BBC content supply but did propose a number of reforms to its current content supply framework. This included increasing competition for content spend across television, radio and online, whilst also retaining significant in-house capability across these services, as well as creating a new commercial production subsidiary called "BBC Studios".

Many organisations agreed with the rationale for reviewing this regulatory framework and with a number of the proposed options for reform, but questioned the merit of any proposals that might lead to a significant loss of in-house expertise within the BBC. Others considered the current system increasingly unworkable given the number of suppliers that no longer qualify as statutory independent producers and which, under the current "Window of Creative Competition" rules, can only compete for 25 per cent of BBC commissions.

³⁶ Q10: How should the system of content production be improved through reform of quotas or more radical options?

³⁷ <http://organisations.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting/psb-review-3>

COBA said its members would welcome the BBC opening up a greater degree of commissioning to competition from external suppliers. **Channel 4** also recognised 'that removing in-house guarantees and opening up BBC Productions will stimulate additional competition in the sector and ensure that viewers get the best ideas'.

Many organisations shared concerns about the potential long-term impacts of the BBC Studios proposal with a number going as far as saying it should not be taken forward at all. **VLV** asked for caution when considering the possibility of BBC Studios buying other independent production companies as part of its approach. **Channel 4** indicated that it found the BBC Studios proposal interesting but wanted to ensure that BBC Productions were not able to unfairly offer lower prices than independent producers, and that any new arrangements must undergo careful regulatory scrutiny to ensure fair and transparent competition with other producers. **ITV** argued for a broader review of the BBC's fair trading regime originating from the conclusions of the recently published BBC Trust commissioned report on the BBC's fair trading arrangements³⁸.

³⁸ Fair Trading Policy Review, April 2015, http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/fair_trading/fair_trading_fingleton_jul15.pdf

Chapter 3: BBC funding

The BBC currently receives over £3.7 billion of public investment each year from the TV licence fee. This public money is supplemented by commercial revenues generated by the BBC, giving the BBC Group an overall income of £4.8 billion a year. This third chapter of the consultation document looks at four funding issues:

- The funding model (options for future funding models for the BBC including a modernised licence fee, an alternative household levy and elements of subscription, and the issue of decriminalisation of TV licence evasion);
- Protected uses of licence fee funds (what the licence fee can and must be used for, including the option of contestable funding);
- Value for money and efficiency (how the BBC spends its money and the mechanisms for making sure it makes savings where possible);
- The BBC's commercial activities (how the BBC generates its own income).

Licence fee modernisation

In terms of **how we should pay for the BBC and whether the licence fee should be modernised** (consultation question 11³⁹), three-fifths of responses felt that no changes to the current system were required.

'I believe the BBC should continue to be funded the way it is, ensuring that an advertising free, non-biased service is available to all at a fair cost.'⁴⁰

A further 15 per cent indicated that there should be some sort of licence fee reform, such as closing the 'iPlayer loophole'.⁴¹ 'The iPlayer loophole does not make sense, particularly as more people use the internet and mobile phones.'⁴²

A far smaller proportion of responses indicated preferences for other options. A little more than 4 per cent suggested that there should be a Universal Household Levy: 'a household levy would ensure that everyone continues to pay for what is a national service.'⁴³ Just over 3 per cent favoured full subscription funding: 'The BBC should be required to compete for subscription or advertising custom, as with its commercial competitors.'⁴⁴ A little more than 2 per cent favoured a mixture of subscription and public funding: 'consider a subscription service for some, but not all, aspects, ie the more specialised stations/services.'⁴⁵ While not an option put forward in the consultation document, 1 per cent suggested that the BBC should be funded through advertising.

³⁹ Q11: How should we pay for the BBC and how should the licence fee be modernised?

⁴⁰ Response from individual to public consultation.

⁴¹ iPlayer loophole refers to where a TV licence is currently only required to watch television services that are broadcast live. This means a licence is not required to watch on demand or catch-up services.

⁴² Response from individual to public consultation.

⁴³ Response from individual to public consultation.

⁴⁴ Response from individual to public consultation.

⁴⁵ Response from individual to public consultation.

The majority of organisations agreed that an update of the licence fee was necessary for a number of reasons, including the 'iPlayer loophole' as well as changes in technology and in the viewing behaviours of audiences. Most organisations were supportive of a modernised licence fee in the short-term and some provided ideas on how it could be reformed. The need to close the 'iPlayer loophole' was widely recognised; however, **Channel 4** and **ITV** strongly disagreed that all PSB catch-up services should be included in any change. **VIMN** stated that it 'cannot see why use of all Public Service Broadcasters' catch-up services should require payment of the licence fee'.

A number of organisations indicated that a move to any new model should not mean loss of funding for the BBC and that achieving universality is an important consideration for any reform to the BBC's funding model. In addition, security of funding, as well as independence, were both seen as very important and of value to UK broadcasting sector.

Many organisations were interested in the idea of a universal levy, including the **BBC Executive** which stated: 'Medium-term reform of the licence fee by universally levying it on all households, as happens in Germany, merits consideration.' Most underlined that more research should be done in order to understand the consequences of such a levy. **Professor Freedman, Goldsmiths, University of London**, argued that: 'A flat-rate and platform-neutral household payment is a logical way of moving away from what is easily characterised as an outdated television licence fee', but that 'there is nevertheless a need to answer critics who argue that both the licence fee and a flat household levy are regressive as they fail to take account of income differences'. Many others also underlined that they have general concerns about the regressive nature of the licence fee and levy, which they felt should be addressed during the Charter Review.

There was little support from organisations for the subscription model. Many strongly argued against the idea of subscription, suggesting it was impractical, could damage the market and was not in line with the philosophy of the BBC. **BT** stated that: 'the BBC would find itself allocating a non-trivial portion of its budget towards acquisition, retention and renewal of 'subscription customers' which would mean less money spent on content creation.'

A number of organisations also noted that the funding of the BBC should be independent from political decisions:

'The National Union of Journalists (NUJ) believes there must be a mechanism which protects decisions on the BBC's funding from political interference.'

NUJ

Protected funding

Considering **whether funding for certain services or programmes should be protected** (consultation question 12),⁴⁶ the **BBC Trust** and **BBC Executive** did not support the idea of protected funding and the Trust argued that ‘ring-fencing parts of the licence fee for certain activities undermines the BBC’s independence, and contestable funding [made available to other providers] would put at risk the level of BBC investment and reduce accountability to the licence fee payer.’

Many organisations opposed the idea of protecting funding through ring-fencing money for certain types of content or ‘top-slicing’ funds from the licence fee, and stressed that it should be up to the BBC to decide the relative funding of its services. However, a number of responses from organisations did suggest areas where funding should be protected or ring-fenced. The most frequent calls were for ring-fencing children’s TV, minority languages generally and S4C specifically. The **Ofcom Advisory Committee for Wales** said there was ‘a strong justification for protecting the funding of S4C from further reductions’. Other areas mentioned included: in-house programming, programming for devolved nations, training for the media industry, UK film, sport (particularly in relation to health/participation and major events), radio and music (particularly music TV programming), religious programming, arts programming, education and learning, and access services for disabled viewers. Many organisations with regional and national interests call for an increase in funding in the nations and regions.

Most of the organisations responding to the consultation that answered this question did not support contestable funding. **Enders Analysis** suggested that contestable funding has major drawbacks in terms of budget assessment and coordination, financial and regulatory accountability, regulation of competitive tenders and separation of public funding into silos.

However, some organisations told us that they might approve of contestable funding in certain situations, for example where it enabled partnership working, or created services which were particularly distinct from BBC services. **Creative England** said: ‘The BBC should develop regionally ring-fenced pots of funding which individuals and companies in the regions could bid for on a competitive basis’ to help develop ‘clusters of specialist skills and businesses [in the regions]’.

Fujitsu said: ‘Funding should be made available to other providers to deliver public service content, as long as it is distinct from what is already offered by the BBC, Channel 4 and “S4C”.’

A very small proportion (8 per cent) of the consultation responses from individuals indicated a view regarding whether funding for certain services or programmes should be protected.

⁴⁶ Q12: Should the level of funding for certain services or programmes be protected? Should some funding be made available to other providers to deliver public service content?

A little fewer than 5 per cent of responses from individuals indicated that the funding for some services should be protected, with a range of services suggested, for example: 'The BBC World Service should be protected, as it is invaluable in spreading British values overseas'.⁴⁷ One per cent indicated that no services should have their funding protected.

An even smaller proportion expressed a view on whether funding should be made available to other providers to deliver public service content. More than 1 per cent of responses felt funding should not be made available to other providers: 'The licence fee should only pay for BBC services'.⁴⁸ Fewer than 1 per cent felt that funding should be made available to other providers usually with some sort of conditions attached: 'Funding should not be given to other providers unless they are delivering unbiased, public service content'.⁴⁹

Value for money

Findings of research published by the **BBC Trust** in February 2015 on what should be the focus of the BBC during the next Charter period found that, from a total of twenty-six suggested areas of focus, 87 per cent of respondents thought that 'making sure it provides value for money' should be an important area of focus for the BBC.⁵⁰

Three-quarters of responses (76 per cent) to the government consultation suggested that the **BBC has been doing enough to deliver value for money** (consultation question 13⁵¹), for example: 'The range and quality of the content it provides is remarkable for the price of the licence fee'.⁵² 'Given the innovations such as iplayer, the superb range of TV and radio, and the website I believe the BBC delivers excellent value for money'.⁵³

A little above one in ten responses (11 per cent) indicated that the BBC had not done enough to deliver value for money: '[What] the BBC needs to do is to prune its layers of management structure so more funds are available for producing and commissioning what it does so well'.⁵⁴

Not all organisations answered this question in great detail, with many citing that it was not a matter for them to comment on the BBC's value-for-money record.

The **BBC Trust** reported that 'independent reviews of the National Audit Office and PwC have recognised the progress the BBC has made in becoming more efficient

⁴⁷ Response from individual to public consultation.

⁴⁸ Response from individual to public consultation.

⁴⁹ Response from individual to public consultation.

⁵⁰ Future Priorities for the BBC: 'An Audience View', February 2015:

http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/news/2015/audience_research.pdf

⁵¹ Q13: Has the BBC been doing enough to deliver value for money? How could it go further?

⁵² Response from individual to public consultation.

⁵³ Response from individual to public consultation.

⁵⁴ Response from individual to public consultation.

over this Charter period' and the **BBC Executive** argued that it has transformed its efficiency record but recognised that it must 'continue to improve [its] efficiency over the next Charter period'.

Many of the responses from organisations in the nations and regions stated that the BBC provides good value for money but also underlined that the BBC could go even further to improve this. A number of organisations referenced senior management salaries as a value-for-money concern as well as the BBC's plans to launch other services while closing existing services or significantly scaling them back.

'This year the number of senior managers being paid over £160,000 has increased by 66 to 74, the salary bills of talent have increased, and the corporation has outlined a number of new initiatives in the past year since announcing the closure of BBC Three.' **Save the BBC**

The **Open University** suggested that the BBC could deliver more 'by making better use of its established partnerships and in the way that it appeals to and develops new, key partners', and argued in favour of allowing it to deliver a cohesive and consistent service and not merely to provide or to fund content.

Commercial operations

Many organisations highlighted the role BBC Worldwide has in 'bringing the UK to the World' and in providing a dividend stream to the BBC. However, in general, there was a sense from those organisations who felt that they were impacted by BBC Worldwide's operations that the current fair trading arrangements between the BBC and BBC Worldwide and BBC Global News needed further clarity and improvement. A number of organisations suggested areas in which reforms were needed, primarily highlighting that transparency and competition should be increased. For example, **COBA** stressed: 'It is important there is clear separation between [the BBC's] public service and commercial activities. To this end BBC Worldwide should be more transparent.' The **Guardian Media Group** raised concerns that 'there should be greater transparency in its interactions with news services'.

NBCUniversal suggested that BBC Worldwide should 'be encouraged to pursue growth through greater partnerships and joint ventures, across all their activities, rather than through a privatisation route'. NBCUniversal also 'sympathise with the view that BBC Worldwide and Studios be able to pursue activities beyond their respective "walled gardens", but suggest that this could be more appropriately achieved through increased collaboration and business dealings with other players in the creative industries'.

ITV called for 'a genuinely open and independent review of the BBC's actual implementation of the fair trading rules, particularly around transfer pricing'.

Of those organisations that suggested more significant reform, **Fujitsu** said that BBC Worldwide needed to have greater commercial flexibility, that could be achieved

through full or partial privatisation, and that such a move would benefit licence fee payers.

The **BBC Trust** did not believe that ‘the privatisation or sale of BBC Worldwide would be in the interests of the licence fee payer’ but does note that ‘further consideration of ways to build its value for licence fee payers is sensible’.

The **BBC Executive** argued that BBC Worldwide is a well-run commercial venture and stated: ‘BBC Worldwide is materially important to the BBC’s overall financial model and its ability to fund content.’

Overall, just over 6 per cent of the consultation responses provided any view in relation to **whether the BBC’s commercial operations, including BBC Worldwide, should be reformed** (consultation question 14⁵⁵). More than 4 per cent indicated that no reform was necessary, while fewer than 2 per cent indicated that reform was required.

⁵⁵ Q14: How should the BBC's commercial operations, including BBC Worldwide, be reformed?

Chapter 4: BBC governance and regulation

Good governance and regulation are vital to a successful BBC, and the last chapter of the consultation explored the impact of the introduction of the BBC Trust as a result of the last Charter. The consultation looked at:

- Options for reform of the BBC's Governance and Regulatory arrangements;
- Public engagement (how the BBC is transparent with, listens to, and engages effectively with the public);
- Government and Parliament (the independence of the BBC, the appropriate relationship between the BBC and the UK's democratic structures);
- Royal Charter (whether a ten-year Charter continues to strike the right balance)).

Models of governance and regulation

A relatively small proportion (15 per cent) of the consultation responses from individuals indicated a view about **how current models of governance and regulation for the BBC should be reformed** (consultation question 15⁵⁶). The views expressed indicate that reform resulting in the regulation of the BBC going to a single external regulator is the most popular of the other options (a little over 5 per cent of responses). For example: 'The Trust should be replaced by a more efficient and independent regulator, that can deal with complaints more effectively and hold the BBC to account more readily.'⁵⁷

Just under 4 per cent suggested Ofcom for this role, and 3 per cent mentioned other reform. Just over 1 per cent indicated that the BBC Trust should be reformed but retained, and just under 2 per cent indicated that governance and regulation do not need changing.

The majority of organisations were supportive of reforming the BBC's current model of governance and regulation, but there were a variety of views as to how this would be best achieved. The most common view was that there should be a unitary board with some form of independent regulation, although there were different views as to which regulatory model would be preferable.

The **BBC Trust** believed that 'reform of the current structure is necessary to give greater clarity of responsibilities and accountabilities and to improve the efficiency and effectiveness of oversight and scrutiny'. The Trust proposed the creation of a unitary board with a majority of independently appointed non-executive directors and a non-executive Chairman. The Trust also argued that an external regulator is likely to be the best model for regulating the BBC.

The **BBC Executive** also said that the future model for the governance and regulation of the BBC should include a single, unitary BBC Board independent of government, with regulation by a single body outside of the Corporation.

⁵⁶ Q15: How should the current model of governance and regulation for the BBC be reformed?

⁵⁷ Response from individual to public consultation.

Many other organisations saw the need for reform to address perceived confusion about responsibilities of governance and regulation. Some recognised the positive steps forward in the last Charter period. **VIMN** was of the opinion that the BBC Trust was an improvement which allowed greater transparency and scrutiny: ‘We would be opposed to any new arrangement that diminished visibility of the BBC’s actions – indeed we would prefer a structure in which there was greater transparency.’

Of the options available for external regulation, Ofcom was the body that organisations generally preferred. **Rondo Media** argued that Ofcom should be the regulator as they suggested that they ‘...are confident that Ofcom would be a fair regulator of the BBC, not least due to its understanding of the BBC’s importance in the wider UK Public Service Broadcasting ecology as demonstrated in the conclusions of its third report on PSB’.

Likewise, **Sky** support this model because:

‘In the first instance such a move would bring all media regulation within a single body with the necessary expertise and understanding of the sector as a whole. Ofcom has wide information gathering powers, which would give it access to the information needed for it to discharge its regulatory functions. Both transitional and ongoing costs would likely be lower under this option than alternatives, given Ofcom’s existing resources. As the consultation notes, this model clearly divides governance and regulation, removing a conflict of interest. Meanwhile, content regulation need in no way compromise the BBC’s impartiality or independence, just as it does not for rival broadcasters.’

Other groups gave support to the idea of a standalone regulator separate to Ofcom. For example the **VLV** recommended: ‘the BBC should have an external public interest body. This public interest body would engage with licence fee payers, conduct public value tests of proposed new services, conduct research to measure whether the BBC has fulfilled its public purposes, represent the interests of licence fee payers and hold the BBC Board to account.’

However, some other organisations criticised this approach. **BECTU**, for example argued:

‘[We] have reservations about Ofcom being appointed as the final regulator. Its roots are in the commercial broadcasting sector, although there has long been an overlap with public sector broadcasting, and we would be concerned about its ability to properly reflect the views of Licence payers, and the national and regional interests of UK citizens who use BBC services.’

A number of organisations noted the need to ensure any new governance and regulatory arrangements adequately represented the different regions and Nations of the UK. There were varied views as to how far such representation should go.

Public value tests and service licences

Just fewer than 2 per cent of responses offered any views on **how public value tests and service licences should be reformed, and who should have responsibility for making these decisions** (consultation question 16⁵⁸), likely reflecting the technical nature of these issues. A little over 1 per cent indicated that no reform was needed while under 1 per cent felt that it was.

Most organisations were supportive of public value tests and service licences and said that they were useful tools, but suggested reform was needed. The **BBC Trust** itself took this position, suggesting that public value tests and service licences worked well and should be developed further (e.g. to be more flexible in some areas or more focused in others) but that they should be maintained, even if changes are made to the governance structure.

While a small number of organisations believed that no reform was needed, many proposed changes to the service licence regime. **Channel 4** argued that there should be a formal integration of market impact assessments in the service review process, and suggested that service licences and market impact assessments should apply to both the BBC's linear (e.g. traditional TV or radio broadcasting) and non-linear (e.g. online) services. Others emphasised that the reviews of service licences need to take account of the market in which the services operate, and suggested that stricter service licences would make the BBC more distinctive as well as innovative. Some highlighted that service licences should contain more detailed and measurable objectives for the BBC's services with clear consequences for non-delivery. **Global Radio**, for example, made a clear recommendation that 'The Service Licences that determine the remit for each station need to be independently set by the regulator (Ofcom), much more tightly defined, monitored and enforced'.

A number of organisations provided detailed input with regard to ideas for the reform of the public value tests. Some thought that public value tests represented a marked improvement in the way BBC proposals are assessed, but noted that the process can be lengthy and cumbersome. Further, the **Guardian Media Group** expressed concerns about the power of the BBC Trust to decide when a Public Value Test is triggered, irrespective of Ofcom's findings. It suggested that 'this type of circular governance is unfair, ineffective, and undermined trust in the system of governance in which the BBC operates'.

Sky suggested that the current division of responsibilities between the BBC Trust and Ofcom results in a lack of clarity and certainty for market operators. **COBA** noted that 'currently the Trust must balance public value with market impact, but where the overall outcome is unclear or marginal, the Trust approves proposals despite the overall risk of a negative impact on the market'.

⁵⁸ Q16: How should Public Value Tests and Service Licences be reformed and who should have the responsibility for making these decisions?

Engagement

A little more than 94 per cent of responses did not indicate any views over **how the BBC could improve engagement with licence fee payers and the industry, including through research, transparency and complaints handling** (consultation question 17⁵⁹). Over 4 per cent of responses suggested more engagement was required. For example: Complaint processes should be made much simpler and much more accessible. At present they are not accessible and are made complicated which serves to deter feedback and complaints from the public.⁶⁰ While just over 1 per cent felt no change was needed: 'The BBC website is an excellent means of engagement and is very accessible.'⁶¹

The **BBC Trust** suggested that the Charter should include high-level requirements about engagement with audiences, but that it should not be too prescriptive about how this is done. The **BBC Executive** stressed that the BBC will do more to engage with licence fee payers and be accountable to them in the next Charter. On complaints, the Executive stated that it was open to options on how to simplify and streamline editorial complaints handling without reducing accountability to audiences, and underlined the strong track record of the BBC in transparency.

A number of organisations noted that the engagement of the BBC with organisations and audiences currently works well. However, many responses called for improvements with regard to industry partnerships, audience engagement, complaints handling and transparency. For example, **Fujitsu** argues that the BBC has embraced social media platforms, but is concerned that this is alienating the upper age groups and disadvantaged sections of the UK population.

A number of organisations referenced the importance of the need for the BBC to work better in partnership. **Virgin Media** said: 'Overall, the BBC needs to adopt a different mind-set. It should seek to become a partner with the wider industry.' **Arts Council England** stated: 'The BBC has acknowledged challenges in its ability to work in partnership. It should review its progress continually in trying to become a more open and collaborative organisation.'

The BBC's transparency was a prominent issue for a number of organisations. Some were of the opinion that there was a good degree of transparency in many areas, but less so around commissioning information and production costs. **Sky** underlined that an 'an increase in transparency would help the BBC to be more accountable to licence fee payers, and ensure that the decisions it makes deliver greater value for money and distinctiveness.' The **British Film Institute** highlighted that 'the BBC should work on the basis that all its data is made available on an 'open data' basis except where it can justify non-disclosure on grounds of commercial sensitivity', and that all audience research should be made public. **Pact** noted a concern that proposals for governance and regulation must include a method through which

⁵⁹ Q17: How could the BBC improve engagement with licence fee payers and the industry, including through research, transparency and complaints handling?

⁶⁰ Response from individual to public consultation.

⁶¹ Response from individual to public consultation.

organisations and suppliers to the BBC can complain about an issue and receive a fair, quick response, and that decisions of the regulator should be binding on the BBC.

Relationship between Parliament, government, Ofcom, the National Audit Office and the BBC

With regard to **how the relationship between Parliament, government, Ofcom, the National Audit Office and the BBC should work, and what accountability structures and expectations, including financial transparency and spending controls should apply** (consultation question 18⁶²), just three-quarters (73 per cent) of responses highlighted that the BBC should remain independent from one or more of government, Parliament and Ofcom. In addition, nearly 21 per cent of responses separately highlighted that the BBC should remain independent.

‘At the present we have an independent service provided by the BBC which we trust.’⁶³

‘I want a BBC which is independent of party politics but is accountable to a body representative of the people of the UK.’⁶⁴

‘It is essential to the objective journalism provided by the BBC remain free from government intervention.’⁶⁵

Slightly fewer than one in ten indicated that the relationship between the various bodies or accountability structures should be changed, while only 4 per cent indicated that no change was necessary.

The **BBC Trust** underlined its view that independence and accountability are fundamental principles of the BBC. It noted that the UK Parliament, as well as the Scottish Parliament and the Welsh and Northern Ireland Assemblies, should have the right to ask questions of the BBC but that setting out these relationships in the Charter would increase the understanding and protection of the BBC’s independence.

Most organisations asserted that it was important for the BBC to be independent from government. **VIMN** said that ‘the independence of the BBC is central to its role and purpose. As such, it should not be treated as if it was a government department.’ Some put forward the idea that the licence fee should be set by an independent body, while others argued that the BBC needs independence from the political cycle. **ITV** argued that the BBC’s board should be more accountable to Parliament and suggested that the National Audit Office (NAO) should have more powers and

⁶² Q18: How should the relationship between Parliament, government, Ofcom, the National Audit Office and the BBC work? What accountability structures and expectations, including financial transparency and spending controls, should apply?

⁶³ Response from individual to public consultation.

⁶⁴ Response from individual to public consultation.

⁶⁵ Response from individual to public consultation.

resources to carry out value-for-money assessments. **COBA** agreed that the NAO should have greater oversight of the BBC's costs.

Some organisations argued for the devolved administrations' institutions to be involved in this relationship, suggesting that the BBC should be accountable to each in the respective nations.

Royal Charter

Fewer than 2 per cent of responses commented on **whether the BBC's existing framework of a 10-year Royal Charter and Framework Agreement between the BBC and the Secretary of State should remain in place** (consultation question 19⁶⁶). Just over 1 per cent of responses indicated it should continue: 'The current approach gives the BBC the certainty of funding it requires in order to best fulfil its public service role.'⁶⁷ Under half a per cent felt the Charter period should be shorter or have a break point. Even fewer indicated that the Charter period should be longer.

The **BBC Trust's** response stated that the current Royal Charter model should continue as it guarantees independence of the BBC. However, the Trust highlighted the value of an 11-year Charter, so that the next renewal period allows sufficient time for government and public consultation following the 2025 general election. Further, the Trust felt that it was essential that the next Charter and Framework Agreement clearly set out the timing and process for the next Charter renewal.

The **BBC Executive** argued that a long-term Charter underpins the BBC's independence and that the debate about the BBC's scale and funding should be taken out of the political cycle in the future, and this view was also supported by a number of other organisations.

A small number of organisations supported the idea of a shorter Charter due to the pace of development in the media sector. Many more argued that the Charter length should, as a minimum, be 10 years, with many preferring 11 or 12 years. There were concerns that a short Charter period would create a risk of 'almost perpetual Charter Review' (**VIMN**). A great number of organisations saw the benefits of decoupling the Charter cycle from the electoral cycle, as proposed by the BBC Trust, agreeing that it would remove the risk of electoral uncertainty impacting on the Charter Review process.

Few respondents commented on the idea of a mid-term review, however some industry bodies did see the merit in undertaking such a review given the pace of change in the media industry. **ITV** said:

'...we do recognize the case for a mid-term review of the Charter and Agreement if a 10 year agreement is reached. This is important given the pace of change in the industry and the fact that the outcome of the current

⁶⁶ Q19: Should the existing approach of a 10-year Royal Charter and Framework Agreement continue?

⁶⁷ Response from individual to public consultation.

process is likely to be a changed approach to the regulation and governance of the BBC. There is clearly some logic, therefore, in a review of the new approach after the first few years of operation'.

Annex A: Consultation questions

Why the BBC? Mission, purpose and values

- Q1 How can the BBC's public purposes be improved so there is more clarity about what the BBC should achieve?
- Q2 Which elements of universality are most important for the BBC?
- Q3 Should Charter Review formally establish a set of values for the BBC?

What the BBC does: Scale and scope

- Q4 Is the expansion of the BBC's services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified?
- Q5 Where does the evidence suggest the BBC has a positive or negative wider impact on the market?
- Q6 What role should the BBC have in influencing future technological landscape including in future radio switchover?
- Q7 How well is the BBC serving its national and international audiences?
- Q8 Does the BBC have the right genre mix across its services?
- Q9 Is the BBC's content sufficiently high quality and distinctive from that of other broadcasters? What reforms could improve it?
- Q10 How should the system of content production be improved through reform of quotas or more radical options?

BBC funding

- Q11 How should we pay for the BBC and how should the licence fee be modernised?
- Q12 Should the level of funding for certain services or programmes be protected? Should some funding be made available to other providers to deliver public service content?
- Q13 Has the BBC been doing enough to deliver value for money? How could it go further?
- Q14 How should the BBC's commercial operations, including BBC Worldwide, be reformed?

BBC governance and regulation

- Q15 How should the current model of governance and regulation for the BBC be reformed?
- Q16 How should Public Value Tests and Service Licences be reformed and who should have the responsibility for making these decisions?
- Q17 How could the BBC improve engagement with licence fee payers and the industry, including through research, transparency and complaints handling?
- Q18 How should the relationship between Parliament, government, Ofcom, the National Audit Office and the BBC work? What accountability structures and expectations, including financial transparency and spending controls, should apply?
- Q19 Should the existing approach of a 10-year Royal Charter and Framework Agreement continue?

Annex B: Analysis of responses

The consultation was published on the GOV.UK website. A simple way for the public to respond to this consultation was created via an online survey, which allowed respondents to answer each question in turn. Contact details were also provided for respondents who wished to send email or written responses.

Safeguards were put in place to reduce multiple responses to the online survey by allowing only one response to be submitted per computer. While restricting multiple responses from an individual computer was a reasonable precaution to limit the number of duplicate responses received to the online survey, it was not reasonably possible to stop individual people responding multiple times by email. Where possible, duplicate email responses were identified and removed. Online survey and email responses were stored electronically.

Analysing responses

Responses were analysed by a dedicated team of coders. All team members completed training on: the Charter Review, the public consultation, how to analyse responses and unconscious bias.

Responses were analysed against a 60-code framework, specifically designed to allow analysis of a large volume of material. This framework was developed by analysing a sample of responses to identify substantive points raised, pertinent to each question in the consultation, which were then developed into codes.

Each consultation response was then read and allocated the respective codes that it reflected. A single code could only be used once for each response, preventing undue weight being given to specific responses. A sample of responses was checked to ensure that the coding was accurate.

Response results

| Question | Coding Framework | Total | % of valid consultation responses |
|--|--|--------------|--|
| General | Don't like or understand the consultation/question | 11,182 | 6% |
| | BBC to remain independent | 38,398 | 20.7% |
| | Anti BBC/BBC Bias/abolish the BBC | 4,261 | 2.3% |
| Q1: How can the BBC's public purposes be improved so there is more clarity about what the BBC should achieve? | No change needed | 5,215 | 2.8% |
| | Change needed | 3,526 | 1.9% |

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| Q2. Which elements of universality are most important for the BBC? | All elements of universality | 64,068 | 34.6% |
| | Provide all types of content and meet the needs of everyone | 75,961 | 41% |
| | Covering single unifying events such as the Proms, Royal Weddings, Major sporting events, Elections | 18,414 | 9.9% |
| | Available and accessible on all platforms | 21,413 | 11.6% |
| | Should not seek to be universal | 4,521 | 2.4% |
| Q3 Should Charter Review formally establish a set of values for the BBC? | No – should not establish set of values | 3,104 | 1.7% |
| | Yes should establish a set of values | 1,489 | 0.8% |
| Q4 Is the expansion of the BBC's services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified? | Yes – expansion justified | 126,826 | 68.5% |
| | No – expansion not justified | 10,243 | 5.5% |
| | Yes – BBC is crowding out competitors but this is justified | 6,054 | 3.3% |
| | Yes – BBC is crowding out competitors and this is not justified | 1,009 | 0.5% |
| | No – BBC is not crowding out competitors | 28,187 | 15.2% |
| Q5 Where does the evidence suggest the BBC has a positive or negative wider impact on the market? | Positive | 122,092 | 65.9% |
| | Negative | 6,101 | 3.3% |
| Q6 What role should the BBC have in influencing future technological landscape including in future radio switchover? | Role: no role/very little | 581 | 0.3% |
| | Role: leading/very big | 2,844 | 1.5% |
| | Role: partnership role/moderate | 365 | 0.2% |
| | Positive role: radio switchover | 668 | 0.4% |

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| Q7 How well is the BBC serving its national and international audiences? | Well or very well | 150,744 | 81.4% |
| | Not very well or could improve | 11,608 | 6.3% |
| Q8 Does the BBC have the right genre mix across its services? | Yes (including generally/mostly) / probably / think so | 29,223 | 15.8% |
| | No | 6,819 | 3.7% |
| Q9 Is the BBC's content sufficiently high quality and distinctive from that of other broadcasters? What reforms could improve it? | Sufficiently quality and distinctive | 137,371 | 74.2% |
| | Not sufficiently quality and distinctive | 15,093 | 8.2% |
| Q10 How should the system of content production be improved through reform of quotas or more radical options? | Change system | 1,039 | 0.6% |
| | Don't change system | 1,360 | 0.7% |
| Q11: How should we pay for the BBC and how should the licence fee be modernised? | No change needed | 110,863 | 59.8% |
| | Licence fee – reform (see consultation doc definitions) including close iPlayer loophole | 27,951 | 15.1% |
| | Universal Household Levy (see consultation doc definitions) | 7,144 | 3.9% |
| | Mixed public funding and subscription (see consultation doc definitions) | 4,284 | 2.3% |
| | Full subscription | 5,800 | 3.1% |
| | Advertising | 2,676 | 1.4% |

| | | | |
|--|--|---------|-------|
| Q12: Should the level of funding for certain services or programmes be protected? Should some funding be made available to other providers to deliver public service content? | Yes – protect | 8,671 | 4.7% |
| | No – don't protect | 1,829 | 0.9% |
| | Yes – funding can be offered to others with conditions | 1,561 | 0.8% |
| | No – funding should not be made available to others broadcasters | 2,424 | 1.3% |
| Q13: Has the BBC been doing enough to deliver value for money? How could it go further? | Yes – BBC has done enough to deliver value for money | 140,236 | 75.7% |
| | No – the BBC has not done enough to deliver value for money | 19,738 | 10.7% |
| Q14: How should the BBC's commercial operations, including BBC Worldwide, be reformed? | No reform to commercial operations needed | 8,248 | 4.5% |
| | Reform | 2,912 | 1.6% |
| Q15 How should the current model of governance and regulation for the BBC be reformed? | Don't change governance | 3,484 | 1.9% |
| | Reform Trust | 2,373 | 1.3% |
| | Standalone regulator | 9,899 | 5.3% |
| | Ofcom | 6,511 | 3.5% |
| | Other reform | 5,708 | 3.1% |
| Q16 How should Public Value Tests and Service Licences be reformed and who should have the responsibility for making these decisions? | Don't change/stay the same/no problems | 2,047 | 1.1% |
| | Reform | 1,285 | 0.7% |

| | | | |
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| Q17 How could the BBC improve engagement with licence fee payers and the industry, including through research, transparency and complaints handling? | Engagement to improve | 8,184 | 4.4% |
| | No change needed | 2,267 | 1.2% |
| Q18 How should the relationship between Parliament, government, Ofcom, the National Audit Office and the BBC work? What accountability structures and expectations, including financial transparency and spending controls, should apply? | Don't change relationship with government/Parliament/Ofcom | 8,099 | 4.4% |
| | Change relationship and accountability structures | 17,910 | 9.7% |
| | BBC to remain independent from government/Parliament/Ofcom | 134,778 | 72.8% |
| Q19 Should the existing approach of a 10-year Royal Charter and Framework Agreement continue? | Yes – Same Charter | 2,207 | 1.2% |
| | No – Longer Charter | 575 | 0.3% |
| | No – Shorter Charter or break point | 787 | 0.4% |

Responses from organisations and industry experts

The responses received from organisations and industry experts generally contained a great deal of detail, as they were received from organisations with a large amount of expertise in their area. These responses were analysed against the consultation areas they covered and the specific points raised.

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