

## BBC Trust response to the Education and Culture Committee's inquiry into BBC Charter Renewal

### About the Trust

The role of the BBC Trust is to challenge and scrutinise, as well as to regulate the BBC on behalf of the licence fee payer. Our work and decisions are based on strong evidence about what the licence fee payer expects. We hold the Executive to account for its performance of its functions, and for its compliance with the law, with regulatory requirements, and with the policies, guidelines and codes that we set. We are supported by the Audience Councils in each of the four nations of the UK which bring the diverse perspectives of licence fee payers from across the UK to bear on the work of the Trust. While all Trustees act in the interests of licence fee payers, there are four Trustees representing each of the four nations who have a specific role in doing this.

The Trust does not make the decisions on BBC expenditure in Scotland. It approves the BBC budget at a strategic level but detailed operational decisions beyond that are for the Executive. The Trust does however have a key role in setting quotas and ensuring that the BBC promotes its Public Purposes effectively in Scotland and this response focuses on that responsibility.

### Scale and scope

- **How should the charter reflect the BBC's priorities and output in Scotland?**

1. The Trust believes that a small number of core Public Purposes in the Charter are essential to set out the basis of the BBC's mission. In order to be effective, these should be clear and concise. One of the BBC's current purposes is to represent the UK, its nations, regions and communities. In response to the Government's Green Paper on BBC Charter review, the Trust has suggested a strengthening of the wording of this Public Purpose in order to make the duty to reflect the whole of the UK in the BBC's services a more explicit requirement under the next Royal Charter suggesting that it should read as follows:

*4. To reflect, represent and serve everyone in the UK*

*The BBC should reflect the full diversity of the UK in its content. In doing so, the BBC should accurately and authentically represent and portray the lives of the people of the UK today, and raise awareness of different cultures and alternative viewpoints. It should ensure that it provides content to meet the needs of the UK's nations, regions and communities. It should bring people together for shared experiences and help contribute to the social wellbeing of the UK. The BBC should use emerging communications technologies and reflect the UK in a digital age.*

2. We do not think that the Charter is the appropriate place for more detailed priorities for each of the nations, but that the revised purpose would build upon the major BBC initiatives which the Trust has instigated and supported during this Charter period to

improve the way in which the BBC portrays and serves Scotland and the other nations and regions of the UK.

3. In addition to the suggestion of a revised purpose to 'reflect, represent and serve everyone in the UK', the Trust has also suggested a purpose to provide distinctive, creative, original and entertaining content. This proposed purpose includes an obligation for the BBC to work with the UK creative industries, including those based in Scotland, to help to ensure the best British content is provided for audiences.
- **Should in-house production quotas and Terms of Trade allow greater competition and what impact could this have on the Scottish broadcasting industry?**
  4. The BBC Trust has set the BBC a target to ensure that 50% of network television production spend will come from outside London by 2016. Within this, the Trust also expects the BBC to source at least 17% of its network production spend from Scotland, Wales and Northern Ireland by 2016. There are no formal targets for the individual Nations but the Trust monitors delivery of supply from each of the Nations and the English region.
  5. These targets and the BBC's network supply strategy have been very important interventions. The BBC has already exceeded its target for 2016 by commissioning 52% of TV content outside of London, with 18% coming from the Nations in 2014 – almost half of which (9.2%) is from Scotland.
  6. In 2014/15 the Trust reviewed the BBC's content supply arrangements including an open consultation. The vast majority of respondents who provided us with their views on this subject commented that the interventions have made effective contributions to an increasing plurality of supply to the BBC and other broadcasters as well as to the growth of production skills outside London.
  7. As part of the network supply strategy, the BBC moved some long-running series from London to support the redistribution of production around the UK. As well as being a first step towards achieving sustainable supply in the Nations and regions, it also aimed to be a move towards providing content that more accurately represents the whole UK. While recognising that the decision to move these series has resulted in increased investment, many industry respondents commented that they felt the balance between this approach and the alternative approach of investing in indigenous production was weighted too much towards the former, creating something of an artificial market. Some respondents also commented that the lack of returning-series commissions from outside of London remained an issue.
  8. If the outputs of productions from the Nations and regions are to be successful in reflecting those audiences as well as ensuring sustainable local production, a number of respondents made the further point that this also depends on the BBC's approach to commissioning. There was some strength of feeling that BBC Commissioning needed to take on greater responsibility for delivering the BBC's network supply objectives, and any strategic approach should envisage a greater role for independent producers based in the Nations and regions.
  9. The Trust concluded that network supply in the Nations and English regions needs active intervention by the BBC which goes beyond the requirements of meeting quotas and towards the achievement of sustainable outcomes. On the balance of evidence, we believe the BBC's approach to redistribution of certain series across production centres in the UK has helped increase economic investment in Scotland and across the Nations and regions.

10. However, long term sustainability of supply, as well as the provision of output that represents the whole of the UK, remain challenges. Therefore, some recalibration in the overall approach is required.
11. The Trust will also want to see how the BBC’s production centres across the UK intend to work more effectively together with the independent sector based in different parts of the UK to develop creative, sustainable local ecologies.
12. The Trust is clear that, under any new arrangements, the BBC should continue to commission content from a wide range of producers across the UK, including in Scotland.
  - **Is the BBC’s online presence damaging local and regional news outlets in Scotland? What could be done to ensure the BBC works more co-operatively with the local and regional news sector?**
13. As part of the Trust’s response to the Government’s Green Paper, we commissioned KPMG to conduct an analysis of whether BBC online activities have had a discernible impact on newspapers’ circulation and advertising revenues. KPMG’s work looked at the UK as a whole, rather than the specific implications in Scotland, however, the evidence KPMG collected acknowledges the difficult environment for the local press and suggests that the main driver for this is increased adoption of the internet, and the way we all share information across it. The work suggests that this wider development has had a larger effect on local newspapers’ performance than the growth of the BBC online in isolation. The econometric analysis, which attempts to discriminate between the two effects, appears to corroborate this view. However, it was not possible to conclusively rule out a contributory (albeit, on the evidence at best minor) impact from the BBC’s operations in this space. This is an area where plurality of news provision and fostering high-quality local journalism mean that the BBC must be very careful in its actions and the Trust and any successor regulatory body will need to ensure that the boundaries are effectively policed.

### **Serving the interests of the Scottish audience**

- **How well is the BBC serving the Scottish audience (English and Gaelic speaking) and representing Scottish issues to the wider UK audience?**
- **How well does the BBC support distinctive Scottish content and could it do more in this regard?**

14. The BBC’s headline performance in the Scotland remains solid but key appreciation measures are lower than average for the rest of the UK.

### **Reach (%) and appreciation (AI) of BBC TV and radio across the UK**

	UK	England	Wales	Scotland	N Ireland
All BBC TV Reach	82.5	82.2	85.4	83.4	81.6
All BBC TV AI	81.2	81.3	81.4	80.0	82.4
All BBC radio reach	65.6	65.6	75.8	57.3	63.1
All BBC radio AI	80.1	80.0	82.6	79.7	78.6

All figures for calendar year 2014; sources: BARB for TV reach, RAJAR for radio reach and BBC Pulse Survey for AIs.

15. The Trust's tracking of the BBC's performance in promoting its Public Purposes shows that large minorities of people across all four UK nations believe that they are not well represented in BBC drama, in particular, 49% in Scotland. (compared to 40% in England, 41% in Wales and 38% in Northern Ireland)<sup>1</sup>. Despite the BBC now siting half of its Network TV production outside London and establishing production bases elsewhere, adequate representation of the diversity of the whole UK does not occur. This is a view endorsed by the BBC Audience Council Scotland, which advises the BBC Trust on audience views in Scotland.

16. We welcome the commitment made by the BBC Executive in its submission to the Charter review process to portray the full diversity of life in the UK throughout our programmes and services. In the submission it says:

*"The UK is changing and it is not straightforward to represent or portray every aspect of British life across all of our services.*

*However, the BBC has a major role to play here, and in the next Charter we will evolve our programmes and services to meet these changing audience demands. We now spend the same proportion on network television in each Nation as their share of the population. But we recognise that spend is not everything—we need to do more, and better, to reflect the lives and experiences of all licence fee payers. During the next Charter, we will remain committed to investing in programming across the UK and ensure that the drama and comedy we produce for BBC One and BBC Two better reflect the diversity of the UK's Nations and regions. As we said in the BBC Strategy Paper, strengthening BBC news provision in Northern Ireland, Scotland and Wales is central to our plans for improving how we serve the Nations in the next Charter. We want to consult audiences across the country on whether we currently have the right balance between UK-wide and Nations news bulletins on television."*

17. It has also said that it will strengthen its services for Scotland by creating "an interactive digital service for each of the Nations of the UK. By creating curated 'channels' on our existing digital services – such as iPlayer – we will be able to deliver a unique offer, allowing the BBC to showcase existing content as well as new digital-first content from ourselves and a range of partners."

18. In News and Current Affairs the Trust has been particularly concerned that the BBC should reflect the way in which public policy and politics is becoming more distinct across the different nations of the UK as devolution continues to develop. One of its earliest interventions in the current Charter period, on the advice from its Audience Councils, was to commission an Impartiality Review of the BBC Network news reporting of devolved matters and this led to major improvements in reporting of issues which are devolved across the UK. However, as devolution continues to develop across the UK, the task for network news to capture the diverging social and domestic agendas of all four nations and their people has become more and more challenging. The BBC will need to continue to respond to this and there remains work to do.

19. We welcome the BBC Executive's commitment in its response to the Green Paper to strengthen its commitment to reflecting a devolved UK in its news and current affairs coverage. It says:

*"As the pace of devolution quickens – and as the UK changes more quickly than in recent history – we will need to adapt our services to ensure they fully reflect and report the increasingly divergent politics of the UK. The BBC, in principle, should*

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<sup>1</sup> Source: BBC Trust Purpose Remit Survey 2015

*neither lead nor lag behind constitutional change in the United Kingdom. Our priority is to ensure we arm citizens in all four Nations of the UK with the information they need to make sense of their world and help hold those in power to account.*

*In a more devolved UK, news in some parts of the country simply does not apply in others. The politics and economics of the country is becoming more varied, the business of reporting it more complicated. The BBC has a responsibility to ensure it is informing the audience in the most effective and relevant way. We believe the time has come for us to strike a better balance between the delivery of pan-UK news and news tailored to the distinctive needs and agenda of the devolved nations of the UK.*

*As a start, we will deliver a different BBC News homepage in each Nation. We will personalise our news services to reflect personal passions and interests in every part of the UK. But we may need to go further. We want to consult audiences across the country on whether we currently have the right balance between UK-wide and Nations news bulletins on television. Our News services today are very popular and widely used by audiences, including the much-debated Six O Clock News.*

*But after devolution, the Scottish referendum and in a world where large aspects of public policy are devolved in the Nations, there is now a much stronger case for providing a different balance in how we serve audiences with the most relevant BBC News and current affairs.”*

20. The Trust is currently analysing the responses to our consultation on these initial ideas from the BBC.
  21. The BBC's support for indigenous language services has grown significantly during this Charter, with the launch of BBC Alba alongside Radio nan Gàidheal. The Trust believes that these services are an important part of how the BBC serves its audiences in Scotland and that they should continue.
- **What would be the impact of any further cuts to BBC spending in Scotland?**
  - **Could Scotland receive a fairer share of BBC spending?**
22. As a result of decisions in 2010, with the licence fee remaining fixed and the BBC being required to meet additional costs, such as rural broadband roll-out and funding for S4C and the World Service, the BBC has had to make substantial savings across all of its operations in order to work within the funding available. The BBC is on track to deliver £1.6 billion cumulative annual savings by the end of the current charter period in 2016/17 and so far has delivered £1.25 billion towards this target. As with other areas of the BBC, BBC Scotland has therefore had to make efficiency savings.
  23. The funding set out by the Chancellor of the Exchequer and the Secretary of State for Culture, Media and Sport in July 2015 will require the BBC to make further, significant efficiencies and savings over the next Charter period.
  24. The role of the Trust is to approve the BBC budget at a strategic level and decisions beyond that are for the Executive, therefore precise budgeting allocations and areas where efficiencies are sought are matters for the Executive. The Trust notes that the Executive says in its response to the Green Paper that its “*will protect funding for the Nations, ensuring they are cut less than others areas*”. It is essential therefore that the accountability of the BBC Executive to the nations in future is sufficiently robust to hold it to account for implementing this undertaking.

- **How could the BBC enhance support and development of talent and skills in Scotland?**

25. Under the Trust's proposed revisions to the BBC's Public Purposes as part of the BBC's mission to provide distinctive, creative, original and entertaining content includes the obligation for the BBC to "*find, train and develop the finest on and off-air talent from across the UK. It should work with the UK creative industries to help to ensure the best British content is provided for audiences. It should provide some opportunities to showcase the best content from around the world to audiences in the UK.*"
26. We also propose that the positive role in contributing to the UK's creative economy that the BBC can play should be recognised explicitly, for the first time, in a new Public Purpose – ensuring training and skills development, partnership with cultural organisations and others, and commissioning from the independent sector to add to this growing and exciting sector.

*6. To contribute to the UK's creative economy*

*The BBC should play a key role in the UK's creative industries in pursuit of developing the finest content for its audiences, for example through commissioning content from independent production companies, embracing digital technology, providing training that benefits the industry and working in partnership with cultural organisations across the UK and others.*

## **Governance arrangements**

- **How could BBC governance be improved to enhance the Scottish voice?**

27. How the future governance structure of the BBC reflects the need for engagement with and representation of the devolved nations is a key issue that needs to be resolved as part of Charter Review. There is already a debate about how the BBC's structure might be adapted. The Trust agrees that the BBC will need to be more accountable to audiences in Scotland, Wales and Northern Ireland. We think it will be very important that the Clementi review considers this closely, and we will want to play a full part in the debate. There is a separate issue about exactly how the BBC reports on its activities and offer in each nation and this is a question that will follow on from new structures of governance and accountability.
28. The next Charter and Framework Agreement should provide the vehicle for better codification of the relationship with the Westminster Parliament, including Select Committees and this can be extended to the Scottish Parliament. For example, the recently-agreed Memorandum of Understanding (MoU) between the BBC, UK Government, Scottish Government and Scottish Parliament provides for the BBC to lay its annual report before the Scottish Parliament and for the BBC to appear before Scottish Committees on Scottish issues "*on the same basis as it does in the UK Parliament*". Currently the Trust receives regular advice from its network of Audiences

Councils and their Annual Reviews provide an additional performance assessment of the BBC in each of the nations, alongside the Trust's work.

29. In our response to the Green Paper we have said that the BBC must, as the Trust does now, have in place the mechanisms for the public to have their say when developing strategy. It must consider these views before making decisions about future direction, be that about individual services or the overall shape of the BBC.
30. The ways in which the BBC is accountable to audiences:
  - Must be the ones which audiences themselves want to use.
  - Should reflect the relationship which members of the public want to have with the BBC, as relatively passive consumers or as more active stakeholders.
  - Should ensure that the widest possible range of voices is heard in order to represent fully the UK, particularly in light of devolution, and ethnic and social diversity.
  - Must reach not only those the BBC wants to hear from but also those who feel alienated or under-served by the BBC.
  - Should be flexible and evolving, finding new ways to use technology as a way of enabling accountability, though not at the expense of those who wish to engage in more traditional ways.
31. These criteria should also be used when considering any formal accountability structures.
32. There has been a formal structure of Broadcasting or Audience Councils since the late 1940s and they have played a key role during this time. However, ways of engagement have evolved particularly quickly in recent years, and the beginning of a new governance system for the BBC is an appropriate time to consider the future of any formal accountability network.
33. Again, we do not feel that the Charter should be prescriptive. It should be the responsibility of whichever body has the duty to represent licence fee payers' interests to decide how it wishes to use audience bodies around the UK and how the work which is currently done with and by Audience Councils can be developed in new ways for the digital age (although reaching all segments of Audiences, including those who do not have access to digital technology should remain an important consideration).
34. It is vital that the duty to represent licence fee payers' interests and, in particular, to do so across the UK, be embedded in the next Charter, though allowing the BBC and its regulator the freedom to use the appropriate methods. We look forward to engaging with the Government on these issues.