



Advice Paper 15-21(A)

November 2015

Scottish Parliament Education and Culture Committee, Call for views on BBC Charter Renewal

The Royal Society of Edinburgh Response

Summary

1. The BBC must remain able to produce high-quality, marketable content and continue to be internationally relevant. It must ensure that it keeps up with technological advances and is not left behind by its commercial rivals.
2. Universality is a core pillar of the BBC and underpins the organisation's editorial approach. The BBC should continue to strive for excellence across all of its services and must ensure that all content is inclusive, taking into account the range of audiences across the United Kingdom.
3. While the next Charter period should last for 10-11 years, reform of the BBC, and in particular the way it is funded, cannot be delayed until after the next Review. The BBC should consider the options for a new funding model with a view to it being phased in before the end of the Charter period.
4. Whichever method of funding the BBC is decided upon, the principle of allocated public funds being used for the public good must remain. The BBC has a duty to ensure that any future funding models do not lessen its commitment to the development of less popular or more demanding content and to ensuring that low-income households are not denied access to the service.
5. The current governance arrangements of the BBC are not fit for purpose and are unsustainable. The Trust model has failed to keep pace with the changing devolutionary settlement across the UK and a new model, which provides stronger governance and a greater level of accountability, must be adopted. The new approach should strengthen arrangements in the different parts of the UK without reducing the organisation's scale, scope or relevance.
6. Greater accountability and transparency are needed surrounding the resources invested and creative content developed in Scotland. Furthermore, the Scottish Parliament maintains a clear interest in public service broadcasting and should be in a position to hold BBC Scotland and the BBC in Scotland to account and therefore the BBC should make itself available and accountable to Holyrood for its performance in Scotland.

7. The RSE is disappointed that the recommendations of the 2008 King Report addressing the weaknesses in the approach of the BBC's news programmes have not been fully implemented. The tone of the organisation continues to be too 'London-centric' and does not adequately cover the devolved administrations and regions. A culture change across the news directorate is required as is the development of a more textured approach to the coverage of domestic policy in order to report more effectively across the UK.
8. A stronger news service is required for Scotland. The provision of integrated international and national television news edited in Scotland is long overdue. Strengthening the news service for both Scotland and the UK must be a priority for the next Charter period, and greater synergy and better harnessing of the BBC's journalistic resources across the United Kingdom is essential.

Introduction

9. The Royal Society of Edinburgh (RSE) welcomes the opportunity to respond to the Education and Culture Committee's inquiry on the BBC charter renewal. We recognise the fundamental importance of the BBC both to Scotland and the United Kingdom as a whole, and fully support the organisation's stated public purposes.
10. The RSE notes that over the last several years we have also responded to two consultations by the BBC Trust regarding review of news and current affairs¹ and on guidelines for BBC coverage of the 2014 Scottish independence referendum.² We have also responded to the Department for Culture, Media and Sport's public consultation on the BBC Charter Review.³ All Advice Papers produced by the Royal Society of Edinburgh can be accessed on our website.
11. Advances in technology, increased competition and changes in the methods through which the public consume content mean the BBC faces more challenges than ever before in fulfilling its remit to inform, educate and entertain. As highlighted by the Culture Secretary, Fiona Hyslop, the BBC Charter Renewal process offers the possibility of change across a range of issues critical to Scotland's future.
12. Likewise, the constitutional arrangements of the UK have been far from stable. Greater powers have been devolved to each of the UK's devolved administrations with significantly more power expected to be transferred to Holyrood following the recommendations of the Smith Commission. This Charter Review gives the BBC a much needed opportunity to assess how best it can achieve its purpose in this changing environment.

Scale

13. Since it was founded in 1922 the BBC's purpose has been content creation, delivered currently on radio, television and online. The BBC must continue to be able to create high-quality and

¹ https://www.royalsoced.org.uk/cms/files/advice-papers/2013/AP13_13.pdf

² https://www.royalsoced.org.uk/cms/files/advice-papers/2014/AP14_01.pdf

³ https://www.royalsoced.org.uk/cms/files/advice-papers/2015/AP15_21.pdf

marketable content and it must remain globally relevant. The graphic in Box 2, page 22 of the consultation document shows the operating revenues of public sector broadcasters across Europe with the BBC ranked first with a revenue budget of nearly €5 billion.⁴ However, such comparisons do not take into account its true competitors. The BBC must be of a scale to be able to compete globally with companies such as Sky, Amazon and Netflix.

14. While the RSE recognises that it may not always be possible for the BBC to be at the forefront of technological change as it was with the introduction of iPlayer, the organisation must ensure that it keeps up with advances and is not left behind by its commercial rivals. Currently the BBC spends £201m on BBC Online and Red Button services, compared to £653m on radio and £2.4bn on television.⁵ Over the next Charter period it is inevitable that the resources deployed to each method of delivery will change.
15. There are overlapping services in radio, television and online. The BBC should be encouraged to undertake a radical review of its portfolio of services across the board. This is an opportunity for streamlining and for the BBC to restate its priority for each service and define their public and social purposes. At the same time, it should be allowed the flexibility to ensure that it is able to respond quickly and effectively to the opportunities presented by the inevitable technological advances.
16. The RSE would strongly oppose any move to reduce the scale of the BBC. The organisation's role must remain greater than simply acting to compensate for market failure by producing programming that commercial broadcasters fail to. The UK has a wide and diverse audience and the BBC must meet the demand of this audience for education, entertainment and information. The BBC also currently serves to raise the standard of programming across the commercial sector by allowing other broadcasters to justify the levels of investment in their own shows in order to compete. It is a strength of the current system that commercial broadcasters and the BBC compete for the audience's attention but not for the same source of funding.
17. The importance of the BBC is further highlighted by the uncertainty that surrounds other public sector broadcasters in the UK. The challenges of new technology and greater competition affect all of public sector broadcasting and there is a risk that changes to the ownership of Channel 4 or ITV could vastly alter the current system. The RSE is of the view that this underlines the importance of the UK continuing to have a public service broadcaster working in the public interest.
18. Narrowing the scope of the BBC would be a mistake. Universality is a vital tenet of the BBC, underpinning its editorial approach across information, education and entertainment. It is important, however, that the tone of all content should be inclusive, taking audiences across the UK into account. The BBC should continue to strive for excellence across all of its services. We note that the research and development costs of the BBC in 2014/15 were £83m⁶ and believe that investment in risk taking is necessary to continue to produce that excellence.

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf

⁵ Ibid.

⁶ Ibid.

19. The increase in US content consumed by UK audiences through various media providers is a concern. The production of British drama is one of the biggest risks taken on by the BBC and must continue to be so. If a laissez faire attitude is adopted then high-quality British drama will be in danger of disappearing from our screens and being permanently replaced by American imports.
20. We are also concerned by the signal sent out by BBC Worldwide in closing its global iPlayer app and moving back toward web-based activity. Potential existed for this platform to provide both over-the-top streaming content as well as on-demand and paid-for downloads which could have allowed the BBC to become a global competitor to companies such as Netflix and Amazon outside of the UK. The web-based BBC online store, which is due to be unveiled in Autumn 2015 and will allow the purchase of downloadable content, feels dated even before its launch.
21. Recent evidence suggests that 65 million people regularly access BBC iPlayer from outwith the UK using virtual private networks to evade web controls, with around 38.5 million users from China alone.⁷ This strongly suggests that there is significant international demand for BBC content which the organisation must work to exploit much more effectively. The responsibility for the BBC to pursue greater commercial avenues outside of the UK does not lie solely with the organisation, however. The Government must also play a role by encouraging the BBC to follow this route and provide it with the freedom and power to do so.

Funding

22. The RSE considers that the next Charter period should last for 10-11 years in order to allow the subsequent Review to fall after the 2025 UK General Election. However, reform of the BBC, and in particular the way it is funded, must not be delayed until after the next Review. Rather, this 10-11 year period will allow this necessary reform to be phased in before the end of the Charter term.
23. It is important that the BBC recognises the inevitable change in how it is funded and begins to discuss and experiment with different models in order to test the most effective way forward. Any alternative to the licence fee model must be tested against the ability to maintain the British system of content creation associated with commissioning risk and editorial protection, and separated from commercial and political interest. Simply waiting for support for the licence fee to disappear before addressing the issue would be a considerable error.
24. We anticipate that this new funding approach is likely to include an element of subscription, perhaps linked to a household levy for the provision of a core service. The core service might include radio stations and television channels, including access to BBC News, with the option of purchasing additional programmes or 'bundles' according to taste. The recent success of media companies such as Spotify, Deezer and Netflix has shown a general willingness from the public to pay for content, provided it is reasonably priced and convenient to access.

⁷ <http://www.bbc.co.uk/news/entertainment-arts-33620341>

25. While the RSE accepts that the model of funding through the licence fee is unsustainable in the long-term, the principle of earmarked public funding being used for the public good must still be at the core of how the BBC is paid for. It is important that there remains public support for public money being spent on broadcasting and media for the public good. However, for this public support to continue the BBC must consider, and more precisely define, what genuinely constitutes the public good and public service. The RSE believes there is a strong case for the BBC to publish its social purposes in addition to its public purposes.
26. There would rightly be concern with any subscription system that some less popular programming would 'fall through the cracks' and disappear from the BBC altogether. Popular shows with a large audience would thrive as the public would likely be happy to pay for such content. However, shows which the audience might also enjoy, but were viewed less frequently or sporadically, could struggle to continue. The BBC's editorial strategy would have to sustain its commitment to the development and delivery of less popular and more demanding content.
27. A facility that ensured that low-income households were not priced out of accessing the core service would also need to be adopted. The RSE recognises the argument that a subscription model could potentially deny some of the poorest in society access to BBC services and would strongly endorse measures to ensure this does not happen. We note that currently, while free or discounted licences are offered to those aged over 75, registered blind or in residential care, no such reduced rate is available to those on low-incomes.
28. Whatever model is introduced the RSE believes that it should be a priority to protect BBC radio as a non-commercial public service.
29. It is the responsibility of government to make formal judgements on areas it considers to be of public value. For example, if indigenous languages other than English are to be prioritised by government, the government has a responsibility to fund their promotion through the BBC.

Governance and Accountability

30. The current governance arrangements cannot be sustained; they are not fit for purpose. The Trust model has failed to keep pace with the changing devolutionary settlement across the UK. A stronger governance model with a greater level of accountability to the people of Scotland (as well as Wales and Northern Ireland) is necessary.
31. The Scottish Government has proposed a more federal approach to the structure of the BBC with greater autonomy for the devolved nations. We are broadly supportive of this proposal but care must be taken with its implementation. Federalisation would have to take account of the asymmetry of the UK. Any new approach must be designed to strengthen the arrangements in different parts of the BBC, but it must not be at the expense of reducing its scale or scope and its social relevance across the UK. It is important that the BBC's position as a global broadcaster should be underpinned by the new organisational arrangements and not weakened.
32. A unitary BBC Board of executive and non-executive directors, responsible to an external regulator, is one possible model the RSE believes could strengthen the governance of the

organisation. Under this structure, the Chair would be a non-executive and one of the other non-executives would Chair a separate Board for Scotland. This body would have oversight of the services provided for the people of Scotland. The RSE notes that the BBC categorises the current Audience Council for Scotland as part of its accountability structure rather than its governance. This is unacceptable.

33. There must be greater accountability (and much greater transparency) about the resources invested and the creative content developed in Scotland. This has been lacking up until now. The BBC should be required to produce the detailed data necessary for an informed view to be taken about the impact of investments in Scotland.
34. The Scottish Parliament should be in a position to hold BBC Scotland and the BBC in Scotland to account. It is appropriate that the BBC should make itself available and accountable to Holyrood despite public service broadcasting remaining a reserved matter.
35. Whatever settlement is introduced for the next Charter period, whether more federal or otherwise, this should not undermine the BBC's independence from governments and politicians. The unique position of the BBC as an independent public service broadcaster should be restated for the next Charter period.
36. It is widely accepted that the Trust model of regulation cannot be sustained. While it should be considered as to whether it is feasible for Ofcom to perform this role for a reformed BBC, the RSE notes that due to its unique status as a non-commercial, public service, global broadcaster, the establishment of a separate regulator to deal with the complexities of the BBC may be more appropriate.

News and Information

37. The RSE notes the serious weaknesses in the approach of the BBC's UK news programmes identified by Professor Anthony King in the Report published in 2008. It was clear that BBC News had failed to respond appropriately to the changing constitutional arrangements of the UK. It is regrettable that seven years later the recommendations of the King Report have not been fully implemented.
38. The King Report stressed that reform of BBC News was a priority and suggested a different approach to reporting the United Kingdom to the public in every part of the UK. We consider that change is required across the board. With the passage of the Cities and Local Government Bill in 2016 some 55% of the UK population will be experiencing a form of decentralised decision-making. Unfortunately, the BBC approach and tone continues to be too 'London-centric' with inadequate coverage of the devolved administrations and regions. It requires a culture change across the news directorate.
39. The BBC has largely failed to report adequately on the major devolved issues. For example, a health or education issue will be described as relating to England or Scotland, but that is usually as far as it goes. BBC network news has not met the challenge of covering these areas in a more textured and sophisticated way that would be meaningful, and enlightening, for audiences

across the UK. The different approaches taken in different parts of the UK provide a rich source for a journalism that is more holistic, nuanced and better informed, relating the experiences of people in different parts of the UK to each other. Sadly, it is rarely done. BBC network news must develop a less simplistic approach to the coverage of domestic policy.

40. In parallel with strengthening its UK coverage the BBC must provide a stronger news service for Scotland. On radio, listeners have long had a choice of news programmes, covering international and national issues, edited from Glasgow or London. The RSE is of the view that such a choice should exist on television, with the provision of an integrated international and national news service edited in Scotland. It is long overdue.
41. Strengthening the news service for Scotland and the UK must be a priority for the next Charter period. Harnessing the BBC's journalistic resources across the UK to better effect and working more effectively together should result in a much improved news service at every level.

Additional Information

Consultation responses are produced on behalf of RSE Council by an appropriately diverse working group in whose expertise and judgement the Council has confidence. This Advice Paper has been signed off by the General Secretary.

Any enquiries about this response should be addressed to cdenham@royalsoced.org.uk

All responses are published on the RSE website (www.royalsoced.org.uk).