



Consultation response:

HOW OFCOM REGULATES THE BBC

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No part of this response is confidential.

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ABOUT THE CAMPAIGN FOR REGIONAL BROADCASTING MIDLANDS:

The Campaign for Regional Broadcasting Midlands is a community grassroots campaign that aims to promote the Midlands as a place to create and make television, radio & film. There has been a gradual migration away from the region by the major broadcasters and as a result, this important, diverse and most highly populated UK region is now virtually absent from the airwaves.

The Campaign is voluntarily run & funded, with a Committee of 8 and a mailing list of 2,500 people, a website and social media feeds. We conduct research regarding the income, expenditure and production records of all the Public Service Broadcasters, especially focussing on and comparing their activities and investment in the Region. We liaise with all interested parties, sharing our research. Our main aim is for equity and parity for the Midlands & East with all other parts of UK with regards to production, spending and representation.

OUR POSITIONING STATEMENT:

We acknowledge the immense cultural contribution of the BBC to the United Kingdom. The quality and breadth of British broadcasting is known throughout the world, making a substantial contribution to the influence of the UK, its positive reputation and soft power, whilst also generating substantial export earnings. Domestically, the BBC's influence ripples across production sectors, affecting also the high programme making standards and diversity of British commercial broadcasting. We cannot be sure that such exacting standards could be maintained across the industry, if it were not for the competition faced from a publicly funded BBC.

It is precisely because we appreciate the BBC that we are concerned by its spending policies in the Midlands & East, over the last 16 to 20 years. Previous BBC management regimes came to regard their biggest English region simply as a source of income. Home to 25% of all licence fee payers, the region is the largest of the 7 Nations & English regions referenced by Ofcom in reporting metrics. Whilst it contributes one quarter of all licence fee revenue, the Midlands & East has received the lowest BBC spend on network radio and television programme making for many years in a row.

The BBC has increased its Nations and regions spending, yet it has also been able to protect expenditure in London and the south-east to a great degree. This financial achievement is no miracle, it has been possible by making constant and massive spending reductions in the Midlands & East, sacrificing jobs, facilities and production. As the Region's share of BBC spending has gone down, likewise has its contribution to BBC network outputs. It is now absent for weeks and months on end in BBC network radio or primetime television schedules. This is hardly a fair use of public funds and tests the support of what should be loyal licence fee payers.

The Midlands & East pays the most licence fee, yet it receives the lowest BBC spend. Further, the region contributes the highest share and absolute amount of its licence fee of any Nation or English region to BBC spending in London.

We argue that current BBC spending policy is not safe, nor is it judicious for an organisation that competes against free-to-choose subscription services. In an environment where public money is increasingly being allocated proportionately, with the aim to level up the disparity of wealth amongst the regions, the BBC has well and truly fallen behind the public mood.

Despite years of campaigning, the BBC has either not listened, or it has chosen to continue on the path it set for itself. Even the *Across the UK* proposals (published March 2021) do not suggest by any means, that the gap that already exists between BBC production outputs or commissions from the Midlands & East and any other Nation & region will narrow. In fact, *Across the UK* promises little production in the region, in which case, that gap is set to get even wider.

We live in hope: the BBC has seen an almost complete change in its senior management team within the last 18 months. We believe it is in the long-term interest of the BBC itself, as well for the economy of the Midlands & East, for this new senior management team to reverse the damaging spending and production cutbacks that their predecessors have made in the region over so many years, and to return the Midlands & East to an equal standing in spending, production and representation as the north or south of England.

We have written to three senior BBC managers, including the Director General to express our concern, asking for the issues addressed above to be resolved.

QUESTIONS

- 1: Do you agree with the proposed scope of the review of BBC Regulation?
- 2: Do you agree with the proposed approach to reviewing the BBC Operating Licence?
- 3: Do you have any views on how to measure the BBC's performance?
- 4: Do you agree with our proposed scope of the review in relation to content standards?

As this Campaign is concerned about BBC spending and production in the Midlands & East of England, we can answer all these consultation questions, simultaneously.

Firstly, we welcome Ofcom's assertion that the BBC be held to account for its delivery across all services, including its online services.

We are however cautious about allowing the BBC scope to determine how best to fulfil its Licence obligations across its platform and services. The reason for our caution is illustrated in the whole of our response, but in short, we do not believe that the BBC is fulfilling its regional representation Charter requirement – at least not to the Midlands & East.

We wholeheartedly support Ofcom in holding the BBC more effectively to account by requiring more transparency and more effective reporting from the BBC.

BBC spending across the UK could politely be described as uneven. In our response to your consultation, we will make some suggestions that surround transparency and accountability, which might assist the BBC to transform itself into a more representative public service broadcaster, more accountable to regional licence fee payers.

Response A: Regional Transparency

We call upon Ofcom to monitor BBC spending across England, with more detail.

We note that in the last 3 years, the BBC has provided more detail in its Annual Report concerning spending in Scotland, Wales, Northern Ireland and England as a whole. It provides no such granular detail for the 4 separate English Ofcom reporting regions.

We strongly believe that the *Performance Packs* that the BBC publishes in the annual report for the Nations, should be supplemented by the same packs of information for the 4 English reporting regions already referenced by Ofcom: the north of England; the south of England; the Midlands & East and London.

The Performance Packs currently provide the following information:

- Licence fee generated within each Nation
- Expenditure by service
- Local opt-out hours
- Headcount
- Performance by service

The Ofcom English regions outside of London are similar in size, as this table reveals:

Table 1. Ofcom English reporting regions, population & UK population share

Ofcom reporting region	Population (ONS Mid-year 2020)	UK population share
North of England	15,574,569	23.22%
Midlands & East	17,096,673	25.49%
South (ex.London)	14,876,408	22.18%
London	8,002,488	13.42%

Note: The UK population shares provided above, can also be read as the share of UK Licence Fee payers. Whilst the number of licence fee payers in a Nation or English region may be affected by household size and other regional demographics, it seems reasonable to assume that such affects would only have a marginal effect on the percentages above.

Therefore, *Performance Packs* for the English regions would enable a useful comparison to be made amongst groups of licence fee payers that are similar in size. With English licence fee payers representing some 84.3% of the total, the current *Performance Pack* for England as a whole is not as informative as the other 3, which cover a combined total of some 15.7% of licence fee payers. More transparency is needed for the spending of such large sums of public money.

For instance, we can estimate that some £956 million is raised in licence fee revenue from the Midlands & East each year, if it represents some 25.49% of the total licence fee raised in 2020/21 (£3.750 billion), but we are not aware of how much of that is spent in the region, nor are we aware of expenditure by service in the region, headcount or performance by service.

To put this into an even greater perspective, the Midlands & East is contributing £9.56 billion in licence fee over a 10-year Charter period, but we cannot be sure how much of this is being spent in the region, nor can we be sure what contribution that the region is making to individual BBC services. The sums of public money are immense, and therefore it seems perfectly reasonable for English regions to enjoy the same transparency as Welsh, Scottish or Northern Irish licence fee payers.

Response B: Regional Production Outputs

We call upon Ofcom to monitor BBC production outputs across England, with more detail.

This Campaign has been concerned for several years, at the declining role that the Midlands & East makes in BBC production. Anecdotal reviews of the *Radio Times* over any given period, reveal that extraordinarily little (or nothing) is produced in the region for the national radio and television networks, either by BBC Studios or through independent commissions. This is especially true for the main BBC radio networks, and primetime BBC television.

Radio: On Radio 1, Radio 2, Radio 3 and Radio 5, we are not aware of any programmes that are produced by the BBC or any independent radio programme maker, in the entire region. This has not always been the case. Up until 2012, there was some network radio production still being made at the BBC Mailbox studios in Birmingham, but most was transferred to Bristol and Manchester. Only *The Archers* (commissioned way back in 1951) and some production for the BBC Asian Network remained. The continued and complete absence of the region on the main BBC radio networks is truly appalling, and it is an understatement to say it represents poor value for the Midlands & East licence fee.

Television: BBC Studios maintains a small facility in Selly Oak that produces some 120 hours of daytime television per year. It might be added this operates on an exceedingly small budget, yet the unit successfully generates millions of dollars in television sales (e.g., *Father Brown*). There is little else to report, for any programmes that are filmed in the region for prime-time television are actually produced in London. Indeed, some programmes that are notionally set in the region, are entirely produced and filmed outside of it (e.g., *Line of Duty* or *Peaky Blinders*). This is the region that dare not speak its name in BBC television prime time, despite being home to one quarter and the largest number of licence fee payers. The lack of representation for the Midlands & East in BBC television output represents an outstandingly poor return for the regional licence fee payer.

At this point we again draw attention to the amounts of money that the Midlands & East must contribute to the BBC: £956 million per annum, or £9.56 billion over a 10-year Charter period. Compared to these sums of money, the small volume and spend of BBC network production or commissions from the region for radio and television is shameful.

Truly, no other part of the United Kingdom is so under-represented by the BBC.

This is all the result of the spending cutbacks - previously noted - that have affected this region more than any other. The following table details the share of BBC network television spending across all UK regions since 2007 (the first year that this metric was reported) to 2020:

Table 2. BBC network television spending, by nation & region 2007 to 2020 (%)

BBC Network Supply								
"Network TV programming spend" as a percentage for the nations & English regions.								
Calendar year	London	Midlands & East	South	North	Scotland	Wales	N.Ireland	Multi Region
2007	67.4	4.1	11.9	10.2	3.3	2.7	0.4	n/a
2008	65.1	3.9	14.2	8.9	3.7	3.6	0.6	n/a
2009	62.3	3.8	14	8.2	6.1	4.4	1.2	n/a
2010	62.2	3.9	13	7.7	7.4	5	0.8	n/a
2011	59	3.7	11.1	9.4	9	5.3	2	0.5
2012	54.2	3.7	7.4	16.7	7.6	6.8	1.3	2.3
2013	47.5	2.7	8.5	17.2	10.9	6.8	2.2	4.1
2014	46.7	1.7	7.6	23.1	9.2	6.5	2.5	2.8
2015	51.9	1.8	9.3	17.4	7.7	7.1	1.8	3
2016	49.4	1.5	7.6	19.7	10.3	5.8	3.1	2.6
2017	48.9	1.9	8.7	18.4	9.1	6.7	2.4	3.9
2018	49.3	2.2	8.6	17.6	10.4	6.3	3.1	2.5
2019	49.2	2.8	9.8	14	9.1	8.2	3.5	3.3
2020	52.1%	2.5%	10.1%	17.4%	6.5%	8.2%	1.7%	1.5%
Population	13.42%	25.49%	22.18%	23.22%	8.15%	4.72%	2.83%	n/a

Figures in Red = lowest BBC spend share in each year.
 Source 1: Spending shares above as reported by the BBC (in %), published in BBC Annual Reports, 2008/09 to 2020/21.
 Source 2: Population for regions calculated (as %) using latest Mid-Year Estimate 2020, Office for National Statistics.
 Research: Campaign for Regional Broadcasting Midlands (September 2021).

Note: The Midlands & East had already reached a low ebb in 2007, following the closure of facilities at Pebble Mill in 2000 and 2004, and the transfer of some network radio and television programme making to other parts of the country. More cutbacks were made, especially during DQF (see 2012 to 2014 above). This BBC region is a shadow of what it once was.

Some parts of the United Kingdom are far more favoured. This is reflected in the Corporation's drama or news output, in the voices that we hear and the places that we see. The country's second largest city and environs are ignored, with prime-time drama notionally set in Birmingham or the "Midlands" filmed and produced elsewhere. Factual productions from the city for the national networks do not exist, and news coverage is thin. The region also contains the highest number of medium sized cities in the UK. These too are absent in network output.

All of this is entirely contrary to this key BBC Charter requirement:

To reflect, represent and serve the diverse communities of all of the United Kingdom's Nations and regions and, in doing so, support the creative economy across the United Kingdom.

With little representation in BBC production output or commissions, we do not believe that the BBC fulfils its Charter requirements for the Midlands & East of England. The time has come to restore the BBC in the Midlands & East, to reverse the damaging cutbacks that have been made by previous senior BBC managers over many years, and to elevate the region so that it takes an *equal* place in BBC spending and output as any other part of the United Kingdom. This is by no means an unreasonable expectation for licence fee payers in the region.

We believe that much greater detail is required from the BBC about how many hours of programmes it produces across *each* of the 7 of the Ofcom reporting regions. This information should be reported to Ofcom and published in the BBC Annual Report. We suggest the following:

For each Ofcom reporting region

- **Number of annual network radio broadcast hours produced by channel**
- **Number of annual network television broadcast hours produced by channel**
- **Breakdown of primetime versus daytime hours**

Ofcom might also want to consider a breakdown of broadcast hours by genre.

With this level of detail, we might expect the BBC to make informed and sensible business decisions, to level up its production across all parts of the United Kingdom, thereby providing a level of representation that is fairer and more equitable to all licence fee payers. At the very least, more information such as this will require the BBC to be more accountable to licence fee payers.

Indeed, without more information about production and spend in each Ofcom reporting region, then a future compulsory licence fee is surely untenable.

Production output parity for the Midlands & East with the north and south of England, in terms of spending and programme hours is fair and equitable. That is why we call upon Ofcom to monitor production outputs across England, in more detail, and to require the BBC to publish more quantitative data for useful comparisons to be made.

ACROSS THE UK – A MIDLANDS & EAST PERSPECTIVE

Across the UK is mentioned several times in the review that accompanies this Consultation.

However, we are not at all confident with the statement in 3.7 that states *Across the UK* will 'strengthen the BBC's presence across the whole of the UK and get closer to audiences across the Nations and regions, helping it to better deliver for these audiences'.

We are encouraged that Ofcom asserts the desirability of a strong BBC across the whole UK and we also welcome the *Across the UK* initiatives. We agree with its aims to build a stronger BBC in the Nations & regions, but the proposals do not go far enough for the Midlands & East...

Across the UK does not indicate that this Region will be an equal recipient of BBC spending compared to elsewhere, neither will it see an uptick in radio & television production, and certainly nothing is proposed that is commensurate with its size and licence fee contribution.

In summary: the Newsbeat team will move to Birmingham (some 25 people); a "primetime" local radio station will open in Wolverhampton (with two in the north of England); an apprenticeship scheme will be run from Birmingham to support up to 1,000 young people across the UK; the Asian radio network will return to the region; "part" of the news data team will relocate.

***Across the UK* does not propose to move BBC production to the Midlands & East. It makes no mention of network programmes production for the main radio networks, nor any expansion of network television or facilities. Without addressing its paucity of production in the Region, the BBC is not going to resolve its Midlands & East deficit.**

The proposed expansion of BBC Studio bases does not include the Midlands & East – which has no network television studio facilities. As expansion elsewhere indicates a demand for more space, so it is perplexing that the region is being left out, again.

It is highly curious that there is no mention whatsoever of the Drama Village at Selly Oak - the smallest BBC Studios facility. Conspicuous by its absence in *Across the UK*, it would make good economic sense to expand its ultra-low-cost production capacity.

Radios 3 and 6 will move to Salford/Manchester, already home to 5 Live and part of Radio 2. A new continuous drama will be produced in the north of England and another in the Nations. It is also proposed to double network commissions from the Nations. A tailored BBC1 service will serve the north of England. Salford/Manchester will host digital and technology teams, etc., etc.

Meanwhile, if BBC network television spend suddenly quadrupled in the Midlands & East, it would still be the lowest in England!

In things considered, the gap that exists between BBC activity in the Midlands and other regional centres is likely to get even wider, especially for radio and television production: these are the core BBC activities, entailing most spending and investment.

We note that "value" is raised in *Across the UK*, as a key licence fee payer metric, but with most of the Midlands & East licence fee being spent in London and with our absence on the airwaves, a sense of value - or worse of being valued - is a long way off.

If Across the UK is designed to transform the BBC into an organisation that is more relevant and vital to all parts of the UK, prepared and ready for its Charter renewal, then we fear that at this stage, the Midlands & East requires far more BBC attention, if parity for the largest number of licence fee payers is to be achieved.

QUESTION

5. Do you agree with the issues we have identified with the processes for assessing the competitive impact of changes to the BBC's UK Public Services?

Whilst the subject matter that this question relates to is outside of the scope of this Campaign, we would agree with point 3.50 in which Ofcom states that more clarity on the initial materiality process could be beneficial. There is the potential for a loophole, without greater clarity

QUESTION

6. Do you have any concerns about the regulatory framework for the BBC's commercial activities that are not being considered in the review of BBC Studios?

Again, somewhat outside of the scope of this Campaign, we can offer what might be taken as an outside view. We appreciate that the best interest of Licence Fee payers is served when the BBC exploits the assets that it owns, operates and which it has created – using the vast sums of capital provided by the Licence fee payers – by reinvesting the profits made from those assets back into the BBC. In a private organisation, such profits would be referred to as shareholder funds, and such shareholders would rightly expect profits to be reinvested in the business.

The issue of accountability for those profits is one that we do not have any information for, but we would hope that all profits generated are ploughed back into revenue generating activities, such as network radio and television production rather than administration or day to day operating costs. We would also hope that the costs of regional news, programming and local radio are funded entirely by the licence fee – for accountability and better transparency. There might also be a case for clear accountability for reinvested profit, where it goes, and what is spent on.

We do not have any major concerns in this regard; however, we believe the example given in 3.57 (whether the BBC as PSB should have significant oversight of commercial activities and be responsible for setting strategic direction versus being limited to ensuring commercial activities fit with Mission & Purpose) is certainly a dilemma that is worthy of closer scrutiny. We can see the arguments for and against both positions for this example.

CONCLUSION

We are particularly interested and supportive of the Ofcom position, highlighted in 3.21 that states '*...Ofcom to hold the BBC more effectively to account by requiring greater transparency and more effective reporting from the BBC*'.

We believe that if Nations *Performance Packs* were extended to the 4 English regions (rather than only for England as a whole) – it would be much easier for Ofcom, licence fee payers and even the BBC itself, to determine where its production and spending deficits might be.

We would also recommend that Ofcom closely monitors BBC production outputs across the 7 Ofcom reporting areas it uses for Nations & regions metrics, for network radio and television production hours in each, broken down by daytime and prime time, and possibly by genre.

Both sets of information would be most useful to all parties, to help determine whether the Charter requirement that relates to regional representation, is being met by the BBC.

Indeed, if such information had been available for the last 16 to 20 years, we doubt that there would have been any need for this Campaign to exist (at least, not regarding the BBC).

Finally, we draw attention to *Across the UK – A Midlands & East Perspective* on page 7, in which we clearly outline why we believe that the proposals do not go far enough regarding BBC production in the Midlands & East.