

BBC Trust response to Ofcom's third review of public service broadcasting

Background

- 1 The BBC Trust is the governing body of the BBC and our job is to promote and protect licence fee payers interests. To do that, we need to know what audiences themselves think. As part of Charter Review we are determined that the public's voice will be heard and we will be undertaking more in-depth research and audience engagement to test what audiences really want from the BBC.
- 2 We welcome Ofcom's third review of public service broadcasting. The report highlights a number of important issues for the future of public service broadcasting against the backdrop of fast-paced technological change and changing audience viewing patterns.
- 3 Our response is limited to a short commentary on the BBC's role within the PSB ecology and the four options Ofcom's report identifies for maintaining and strengthening the PSB system.

The PSB ecology and the role of the BBC

- 4 We welcome Ofcom's finding that the public service broadcasting ecology has stayed strong, and that the BBC remains the cornerstone of PSB. The BBC reaches around 96 per cent of the UK public each week across TV, radio and online and audiences continue to value BBC content highly.
- 5 Ofcom's findings that the PSBs as a whole continue to provide programming that is highly valued by audiences chimes with our own long-term research on the BBC. Our role is to represent licence fee payers and one of the ways we understand their perspectives of the BBC is by conducting an annual survey each year since 2007 of how well people think the BBC has been delivering its public purposes. We have published the findings of each wave of research on our website and they show a broad picture of satisfaction with the BBC, albeit with some important areas for improvement¹.
- 6 In addition, some of our work and research over the past year shows:
 - BBC television's performance is very strong on the basis of its high audience reach, high-quality output, effectiveness in delivering the BBC's public purposes and its value for money. *[Review of Television services]*²
 - Every week four out of five adults get news from the BBC. They rate its journalism as more trustworthy and better informed than any other provider. *[Review of network news and current affairs]*³
 - There remains strong support for the BBC's mission to "inform, educate and entertain". An overwhelming majority of people believe the BBC delivers well on

¹ http://www.bbc.co.uk/bbctrust/our_work/audiences/previous_prs_reports.html

² http://www.bbc.co.uk/bbctrust/our_work/services/television/service_reviews/television_services.html

³ http://www.bbc.co.uk/bbctrust/our_work/services/television/service_reviews/news_current_affairs.html

this core mission, and should retain it. *[Future priorities for the BBC: an audience view]*⁴

- 7 It is also worth noting that this performance has been achieved in spite of:
- the continuing expansion of choice for viewers, both the very wide range of choices available through linear television facilitated by digital switchover, and the growth of catch-up services and other online competition. As Ofcom's report notes, for some people the ability to access content whenever, wherever and on every device is increasingly an expectation rather than a desire. And despite the resilience of linear TV viewing over the past few years, we are starting to see signs that new viewing patterns are becoming more normal and broadcasters are having to find new ways to remain as relevant as now. Audiences can now get their 'news' in many more ways and from a much wider array of organisations than ever before, and our review of the BBC's network news and current affairs highlighted the importance of the BBC experimenting to deliver its news content to audiences in new and innovative ways through digital methods⁵.
 - the funding pressure facing all BBC services. Ofcom notes that the BBC's licence fee income has fallen by around six per cent in real terms over its review period from 2008 to 2013. While the BBC has responded well through delivering very significant efficiency savings over this time, some savings have had to come from actual cuts to content. We believe the BBC must continue to push itself to be more efficient and will be testing in detail the BBC's future efficiency plans and what the public is willing to pay for the BBC, as part of our preparation for the Government's review of the BBC's Charter.
- 8 We also welcome Ofcom's recognition of the role of PSBs in supporting investment in the UK's creative economy. With the Trust's encouragement, the BBC has taken very big steps in recent years to be a more outwards facing organisation and we have seen the success of partnerships between the BBC and some of the UK's major cultural institutions, for instance Your Paintings. As we prepare for debates around Charter Review, we will consider what more the BBC can do to act as a 'multiplier' for the UK's creative sector.

BBC Trust comments on the options Ofcom identifies to maintain the PSB system

- 9 We broadly agree with Ofcom's analysis of the risks to the future of the PSB system, and the consequent threats to delivering for UK audiences. We note in particular the significantly more competitive environment that the UK PSBs face, including the BBC, from consolidated production companies and globalised technology companies and from growing competition for audiences, particularly younger audiences.
- 10 We also endorse the four options Ofcom identifies as possible ways to maintain and enhance the success of the PSB system.

Modernising availability and discoverability rules

- 11 The BBC has wide ranging commitments to serve audiences across the UK, and to bring the benefits of emerging communications technologies to everyone.

⁴ http://www.bbc.co.uk/bbctrust/our_work/services/television/service_reviews/news_current_affairs.html

⁵ http://www.bbc.co.uk/bbctrust/our_work/services/television/service_reviews/news_current_affairs.html

- 12 We set the overall strategic direction of the BBC and, in relation to the BBC's distribution arrangements, have determined that the BBC should provide every household in the UK with convenient access to relevant BBC services, free at the point of use. We expect the BBC to meet this objective in a manner best designed to secure value for money, and in a way that makes efficient use of the broadcast spectrum available to it.
- 13 Clearly, as Ofcom highlights, issues of availability and prominence have become more complex with the advent of the internet and the growth of multiple means of distributing content to audiences. On all relevant TV platforms, the BBC is assured an "appropriately" prominent position on electronic programme guides ("EPGs"), under current broadcasting regulation, although we note it is not always consistently applied.
- 14 There is no such protection for online or on-demand services, but clearly it is in the interests of licence fee payers that the BBC continues to produce high-quality content and continues to make it widely available. Given the growth of IPTV and new platforms and means of content distribution, we believe Ofcom is right to look at this further, including the possibility of legislative steps to ensure the prominence of BBC iPlayer and on-demand programmes so that the current protections for BBC content – and for the content of other PSBs – are transferred to new platforms.

Providing greater institutional flexibility

- 15 It is not appropriate for the Trust to comment on whether Ofcom should apply a more flexible regulatory system in this regard. For the BBC we have set service licences for all BBC services which outline how it should deliver the BBC's public purposes and make regular assessments of its performance in doing so. For editorial content, the Trust applies the BBC's Editorial Guidelines which set the BBC's editorial standards for all content on TV, radio, online, or distributed through third-party means like social media.

Rebalancing the relationship between PSBs and the production sector

- 16 Given the significant changes to the UK production market since the current regulatory framework was established, we welcome a further look at this area. How the BBC secures its content for the future, how BBC production supply arrangements are regulated and what balance between BBC and independent production is likely deliver the best results for licence fee payers and for the UK creative sector will be key issues for the Charter Review process over the next year (the current Charter period finishes at the end of 2016).
- 17 In January we opened a consultation on the future of BBC content supply and have developed six principles we consider fundamental to any BBC content supply framework to serve the interests of licence fee payers over the longer term.
 - Securing high-quality and creative content across all genres
 - Providing value for money to licence fee payers
 - Using a wide range and diversity of supply across all genres and from across the UK
 - Securing a sustainable production supply in terms of skills and capacity

- Retaining sufficient value and control over the BBC's IP and content rights beyond the public service window to secure a fair return on investment for licence fee payers
- Maintaining appropriate separation between publicly funded BBC activity and its commercial services

18 We intend to use the consultation to refine these principles and use them to test changes any proposed by the Executive to current content supply arrangements before we take a view and make recommendations to Government on the best way forward as part of the BBC Charter review process.

Considering additional sources of funding

- 19 As noted above, the BBC's income has decreased significantly in real terms over recent years, and the BBC has taken on a number of new funding obligations. We note Ofcom's comments that the PSB system and the volume, range or quality of UK output could be at risk if TV advertising were to enter structural decline or if there were a future reduction in BBC Licence Fee income.
- 20 Clearly the nature of BBC funding and its level will be significant parts of the upcoming review of the BBC's Charter and we look forward to representing the interests of licence fee payers in that debate. Based on the evidence we have seen about what people think, we believe a universal licence fee remains the best way to fund the BBC during the next Charter period. As things stand, none of the technological change of the past few years would seem to have undermined the existing funding mechanism, although we will need to look at this very carefully in the coming year.

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