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## Chairman's speech to the Voice of the Listener and Viewer's Autumn 2015 Conference

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**There is next-to-no public appetite for radical change in the BBC. They want us to build an even better BBC, not to tear it down. They want us to build on the BBC's strong foundations, not dig them up.**

**Date: 01.12.2015** Last updated: 01.12.2015 at 10.58

*Check against delivery*

I know you shouldn't believe everything you read in the papers but they do tend to write an awful lot about the BBC. What is written can be divided – and I mean divided – into two distinct parts – what is written about the BBC itself and what is written about the programmes the BBC broadcasts.

I think it's fair to say they strike a startlingly different tone. News and comment about the BBC itself largely tells a shocking story of chronic waste and ingrained bias in an organisation persistently mired in scandal and incompetence. Coverage of the BBC's output, however, is mostly of wonderful programmes adored by the public at home and the world over.

There is apparently not one BBC but two. And these two BBCs exist in parallel worlds. There is the world of intense media rivalry. And then there is the world where the public live. To some of its opponents, it's helpful to portray the BBC as locked in a perpetual crisis stumbling chaotically from one problem to the next. But the press is not the public. A staggering 97% of people in this country use the BBC. On average, they spend 18 hours a week with their BBC. They tell us a very different story.

How do we know? Because the Trust has asked them. We've had an unprecedented response to our public consultation on the Government's green paper. Tens of thousands of people have taken the time to tell us what they think.

It's the job of the Trust to represent the views of licence fee payers and to make sure their views are heard. When it comes to the BBC, it is the licence fee payers who pay the bills and it should be them who call the shots. We must make sure their views are heard loud and clear in the current debate over Charter Renewal and not drowned out by the press, politicians and the industry at large.

## Argument

So, what are they telling us? Bluntly, there is next-to-no public appetite for radical change in the BBC. They want us to build an even better BBC, not to tear it down. They want us to build on the BBC's strong foundations, not dig them up. Of course they want to see some changes, but people want tomorrow's BBC to be protected but reformed. So, yes to intelligent, targeted improvements. No to total transformation. They want evolution, not revolution.

Contrary to what the critics say, the BBC is not a series of problems that need fixing. For the most part, it works brilliantly well, and that's the message we've heard back from the public. Only 7% want the BBC to do less, while 56% actually want the BBC to do more.

If anything, people are slightly anxious about changes to the BBC they know – they don't want to lose any services they love and they worry about it being spread too thin. But to retain its relevance, the BBC needs to continue to evolve and update itself. It can't be frozen in aspic and its supporters shouldn't want it to be. It's not a relic of a bygone era. It needs to be as much a part of our future as it is part of our past.

The BBC can and should reform to improve. The Trust will continue to push the management for a proper workable partnership with local newspapers. For a BBC that continues to be bold and innovative – trying new things and developing new technology. For BBC news services which are more responsive to the realities of devolution. For a BBC with a strategy to better serve young people and those from ethnic minority backgrounds. We want to see a simpler, more agile and more efficient organisation. None of those things are dependent on Charter Review. The BBC should be doing them anyway.

With constrained resources, there will need to be some tough choices made about how to best adapt the BBC for the future. The reinvention of BBC Three is an example of that. I know it will not have been a popular decision with many people in this room. And I know that many of you feel the Trust hasn't listened enough to the voices of the viewers.

All I can say is that we listened more carefully to the arguments on this - both for and against - than on any other issue that has come to the Trust in my time. And we have said no before to proposals which fail the public value test. But after almost a year of work, considering all the evidence and Ofcom's views on the market impact, in this case, we judged the test to have been passed. I know some of you will disagree, so all I can do is assure you that it was not a decision taken lightly but we believe it was the right one. We think it will deliver public value from the outset, as the move online responds to the clear shift in the viewing habits of young adults, and that value will continue to grow over the medium term.

In the past ten years, the BBC has shown that it can change for the better. In the next ten years, it will need to extend and accelerate those changes. Some of this is down to the BBC itself but some of it is about the Charter Review and today I want to talk about how that is an opportunity to build an even better BBC in three areas – remit, regulation, and revenue. In other words – what is the BBC for; how should it be held to account; and how should it be paid for?

These are three fundamental questions but that doesn't mean they should be met with fundamentalist answers. In each of these three areas, the Trust believes tomorrow's BBC can be protected through intelligent reform rather than policy revolution.

## Remit

Firstly, remit. What is the BBC for and what should it do? The people who responded to our consultation couldn't have been clearer – they want to see the BBC they know, love and support protected. They want it to remain strong, universal and independent. They want it to continue to deliver on its guiding principles – to continue to inform, to educate and to entertain.

The task for Charter Review should be not just to sustain those things that people like about the BBC but also to find ways to make it even better. To that end, the BBC Trust is proposing that the 'public purposes' set out in the Charter should be reformed to make them clearer and better understood.

We're suggesting six new public purposes to give those who pay for the BBC a better idea of what it exists to achieve. The first three deal with the BBC's historic mission:

- To inform: Providing news and information which helps everyone understand the world around them;
- To educate: Supporting learning and education for people of all ages;
- To entertain: Providing distinctive, creative, original and entertaining content.

But this is not just about the BBC's broad mission; its public purposes should remind the Corporation that it is there for everyone in the UK regardless of geography, background or income. And that it is a global ambassador for British values of accuracy, impartiality and fairness. And, finally, that it has a pivotal role to play in supporting the creative industries – a recent success story of our economy. So the last three public purposes would be:

- Reflecting, representing and serving everyone in the UK;
- Reflecting the UK to the world, and;
- Contributing to the UK's creative economy.

On the creative industries, the BBC has made a pivotal contribution to one of the UK's recent economic success stories. I made a speech last week detailing how much the BBC is a key contributor to one of the UK's highest growth sectors – the UK music industry – by finding, introducing and providing a showcase for the likes of Jake Bugg and Sam Smith. But the BBC can and should do more to be a better partner for the rest of the creative and cultural sector, which is why we are proposing it be explicitly written into the new public purposes.

The BBC has always been about purpose not profits. Just because it doesn't count its profits, doesn't mean its purpose can't be measured. The BBC can then be judged against these new public purposes by us, by you, and by the public at large.

We believe that a clearer, sharper remit for the BBC, which is then properly measured and for which the management of the BBC are held to account, can help us build a better BBC, rather than tearing it down.

## Governance/Regulation

The second subject I want to talk about is governance and regulation. Don't worry - this is not going to be five minutes of special pleading. This is not about self-interest. This is about what is in the best interests of the BBC's licence fee payers. It is clear to me, having done the job, that the governance and regulation of the BBC has to be reformed. But this must be intelligent reform.

We've taken some significant steps forward in the last decade and we shouldn't throw the baby out with the bathwater. I would particularly highlight the greater levels of transparency; the editorial standards; and complaints processes and the success of the service licences we have introduced, where every channel and station has its scope, purpose, and budget set out.

These licences have brought a valuable clarity to both BBC Commissioners and to the BBC's competitors. Their effect, and that of the accompanying service reviews, has been to make many of the BBC's services more distinctive.

These enhancements should be protected but can also be reformed and improved with a more overt requirement to being distinctive written into each service licence. Whatever happens in the future, we believe it would be a huge step backwards if this system of service licences were to be swept aside under any new broom.

But, make no mistake, there needs to be intelligent reform here too and we welcome the appointment by the Government of Sir David Clementi to carry out his in-depth review. The Trust is working closely with him and the Government to making sure the necessary reform properly separates those regulating the BBC from those running the Corporation.

The Trust has suggested to Sir David that a unitary Board should in future be given a clear mandate to run the organisation – with full responsibility for all creative judgements; financial decisions; and the development and delivery of strategy. What that Board cannot do, however, is regulate the BBC as well. That needs to be done by a robust, independent body with real teeth – with its own Charter, powers and responsibilities.

That kind of intelligent reform to create a bespoke system is needed because the BBC is a broadcaster like no other and it will help build a better BBC, not tear it down.

## **Funding**

The final, often thorny, issue I want to talk about is that of funding. People might like what the BBC does but they pay for it too and, although they want it to operate the highest editorial and creative standards, they also want it to provide value for money. In our public consultation, over 90% of people said this was important.

But how best to ensure that licence fee payers get the BBC they want at the price they are happy to pay? This is often the subject of the fiercest debate during a Charter Review period. And I suspect it will be again.

Our research, however, was clear on what the public broadly supports – the principle of universality – the idea that everyone pays for the BBC. Well over half – 60% – of people support a universal form of public funding for the BBC – either through the licence fee or some form of household levy.

While the licence fee remains, though, there is widespread support for modernising it to cover BBC iPlayer and catch-up services. This move towards an 'i-licence fee' for the digital age is, in our view, long overdue. The widely supported method of funding the BBC should be protected but reformed for the 21st Century.

We welcome the Government's commitment to closing this loophole by extending the licence fee to cover public service catch-up television. It was part of what was agreed back in July and we look forward to this being resolved by July 2016, as the Government committed.

This month, the BBC announced cuts of £150 million partly to deal with revenue lost from changing patterns of media consumption. In this case, time literally is money and the Government should waste no time in coming forward with a timetable and a plan to close this loophole by next summer and drive the licence fee system into the digital age.

We would also like them to rule out a subscription or part-subscription model for funding the BBC's public services. There is little public support – less than a quarter of people – for a system that charges a basic fee for a basic BBC service and then more for top-ups or extras.

In our view, this won't build a better BBC; it would start to tear it apart. Aside from the obvious controversies over what and how and by whom a 'basic' service would be determined, a subscription model would endanger both universality and distinctiveness by creating for the

first time a profit motive for programme makers and a financial pressure to cater, not to everyone, but to the tastes of those who subscribe.

When it comes to funding, stability is essential. That's why the BBC must not be treated like a government piggy bank to be raided when times are tough. If we want to build a better BBC, even in these still straightened days, there can be no more top-slicing.

In that spirit, we very much welcome the additional funding provided last week to extend the global reach of the World Service. We hope that these new services can continue to thrive beyond 2020, although clearly that will depend on whether this new government spending continues to be protected.

If the BBC as a whole is to have financial stability, it needs to be able to reinvest the returns it gains from the BBC's commercial arm – BBC Worldwide – of around £230 million a year – worth nearly £10 to every licence fee payer. It should not be privatised. It is licence fee payers who benefit most from Worldwide. Their risk shouldn't become someone else's reward. Far from providing the BBC with sustainable funding, privatising BBC Worldwide would be perverse in the creative industries and damaging to the long term interests of the UK public.

## **Independence**

After our experience back in July, there's one more issue we feel very strongly about. The 2001 agreement on free licences for the over 75s and the last two funding settlements have been unduly speedy and secretive and have short-changed the public as a result.

There is an acute need for intelligent reform here. If the BBC's independence is to be protected, we want to see a more formal role for the regulator in proposing future funding levels for the BBC and for the Charter to set out this process, which must include proper public engagement.

Independence isn't just about funding though. It is the foundations on which the BBC is built. And it must be resolutely protected. As Tony Hall said last week, over the last twenty years its foundations have been gradually chipped away by government interference, regardless of political persuasion.

The Trust has commissioned some work from the Policy Institute at King's College to examine how that crucial independence can be better protected in the future and we'll be publishing the results later this month.

But what I can say with certainty now, is that, in our view, a shorter Charter period of five years would massively erode these foundations of independence and leave the BBC as the perpetual play thing of the political classes. Far better to have a one-off eleven year Charter to break the link with fixed-term parliaments before returning to the ten year cycle that would give tomorrow's BBC the stability and independence it needs to thrive.

The BBC's independence should be better protected by explicitly defining it in the new Charter, alongside the other core principle of the BBC – universality. They both enjoy overwhelming public support.

In our consultation, fewer than one in ten people disagreed with the idea of universality – of the BBC providing something of quality and relevance for everyone who pays the licence fee. And more than eight out of ten people insist that it must continue to act independently of government and politicians. Protecting independence and universality must be at the heart of any intelligent reform of the BBC.

## **Conclusion**

In conclusion, it's clear that Charter Review will keep us all on our toes over the next few months. It's a huge job to ensure all the public responses to the Government's green paper are properly looked at but we were a bit concerned to hear recently that the timing for the White Paper may have slipped to early summer.

That's a very tight timetable to get everything done by the end of next year. And this process does need to have a clear end date – if the BBC is to remain independent, the Government should not prolong the period of existential angst and uncertainty.

But what it does mean is that there is more time for you to keep making your voice heard. The VLV is a long-standing, passionate supporter of public service broadcasting. Your voice is a hugely important one in this debate and in deciding the future of the BBC. Together, we can help deliver what licence fee payers have told us what they want. For us to build an even better BBC, not to tear it down. They want tomorrow's BBC to be reformed but sustained. For this Charter Review, the public call for evolution, not revolution – targeted, intelligent changes to allow a strong, confident, universal, and independent BBC to thrive long into the future.