

*“Working for quality
and diversity in
British broadcasting”*

Founded in 1983 by Jocelyn Hay CBE



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**RESPONSE BY THE VOICE OF THE LISTENER & VIEWER (VLV)
TO THE BBC TRUST'S PUBLIC VALUE TEST OF**

**THE BBC EXECUTIVE'S PROPOSALS FOR THE CLOSURE
OF BBC THREE AS A BROADCAST CHANNEL**

February 2015

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INFORMATION ABOUT THE VLV

Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

1. VLV values the contribution BBC Three makes to engaging younger audiences with a range of innovative content which broadens their understanding of the world, especially through its current affairs output which is distinctively different from any other current affairs programming available on television in the UK.
2. BBC Three's reach, and therefore its impact, would be significantly reduced if its content were moved online. There is evidence that the reach of online services is significantly less than that of television broadcasts on DTT. It is our view that if BBC Three content is moved to a platform which is not universally available via DTT it will not have adequate reach to provide impact and it will not represent good value for licence fee payers and therefore VLV opposes its closure as a broadcast channel.
3. The proposal to move content from a platform which is free at the point of use to one where the user has to pay extra for a broadband service undermines the fundamental principle of BBC broadcast services which are provided universally across the UK via DTT and radio. There are indications¹ that the public is looking for more innovation in broadcast content and BBC Three is the most innovative of the BBC television channels. Its scores for delivery of innovation have risen consistently in the Ofcom Annual PSB Reports since 2008.

¹ PSB Annual Report 2014

4. We do not believe there is a strong financial case for closing BBC Three. We understand that the changes proposed will not lead to less overall expenditure by the BBC because resources saved by the closure of BBC Three (£50m) will go to fund BBC Three Online, BBC One+1, iPlayer and the CBBC extension to 9pm. VLV would argue that the financial benefits which accrue to other BBC services from the closure of BBC Three as a broadcast platform are not significant enough to justify its closure.
5. BBC Three's innovative factual and current affairs programming has been one of its great successes. It is clear that this content would be significantly reduced if the proposals go ahead and from the Executive's proposals there is no guarantee of how much BBC Three content will be broadcast on BBC One or BBC Two.
6. VLV believes that BBC One already has significant reach and by far the largest budget of any BBC service. While BBC +1 is, in principle, a good idea in VLV's opinion, it should not be achieved by removing BBC Three from its broadcast platform. This will result in less diversity of content across the BBC portfolio which should aim to appeal to a range of tastes, audiences and ages.
7. While we welcome the proposals to be more innovative with the iPlayer, reflecting trends in the rest of the market, we do not believe that this should be at the cost of BBC Three remaining on a broadcast platform. We believe that the BBC's online platforms should play a complementary role to the BBC's broadcast services.
8. While VLV has argued in the past that it would be beneficial to extend the hours of CBBC until 9pm to provide viewing for older children, we do not believe that this should be a priority over BBC Three's continued existence on a broadcast platform.

INTRODUCTION

VLV welcomes the opportunity to respond to this BBC Trust consultation and looks forward to the BBC Trust's second period of consultation once it has conducted the public value and market impact assessments of the BBC Executive's proposals.

High quality, engaging content on television across a range of genres which appeals to a range of different ages and demographics is essential if we are to be a well-informed society and maintain our democratic engagement with the world around us.

VLV values the contribution BBC Three makes in engaging a younger adult audience (16-34 year olds) with issues which are important to all of us. It achieves its most important purposes through current affairs and factual output which are distinctively different from other programming available on television in the UK, and therefore we oppose its closure as a broadcast channel.

BACKGROUND

BBC Three has played a key role during the past 12 years in developing a new model of programming which both engages younger audiences with the world around them and provides us with a deeper understanding of other cultures and countries. It mostly fulfils this role through its factual and current affairs programming, but also provides news in a more accessible format with its *60 Seconds* news bulletins and commissions a limited amount of drama which is of a high quality.

BBC Three engages the younger audience in the democratic process, making an effort to engage it with politics and UK issues through its distinctive approach. In our view it is unlikely any other broadcaster would commission programmes such as *Young Voters' Question Time* because they would not consider them commercially viable.

It is important for the BBC to nurture the younger adult audience so they continue to watch television as they grow older. If the BBC neglects them by reducing the amount of content of live television which appeals to them, VLV fears that they may migrate to other platforms faster than they would otherwise.

VLV's views are echoed by the BBC Trust in its recent report on BBC News and Current Affairs, published in April 2014.

BBC Three has had some notable success in bringing current affairs to a wide audience. It reaches around 1.2 million adults per week – up by around 25% on the previous year, although relatively comparable with the 2011 figures. In 2013 three programmes (Oscar Pistorius: What Really Happened; Prince Harry: Frontline Afghanistan and Thailand's Drug Craze with Stacey Dooley) were watched by more than 900,000 people.²

Our research shows that BBC Three has found new ways to bring relevant current affairs to its younger audience. Some of the channel's output is seen to provide more pace, relevance and 'edge' than other current affairs and its output is generally felt to be more risky and challenging than that seen elsewhere on the BBC.³

² BBC Trust Review of News and Current Affairs, April 2014

³ Ibid.

VLV believes that BBC Three, providing distinctive PSB content especially in the current affairs and factual genres, needs to remain on a broadcast platform because it plays an important role in delivering the public purposes to a younger adult audience. It specifically helps younger UK citizens make sense of the world and to learn about the lives of people in other countries. Without this content being available on a platform with significant reach, there is a risk that the BBC will not fulfil its global purpose with young adult audiences.

VLV RESPONSE TO THE PROPOSALS

We note that only 14% of people surveyed supported moving the channel online. This is indicative of a significant lack of public support for the proposal. 29% said they would use the digital only service at least once a month. This compares to BBC Three's current monthly reach of 64%.⁴

VLV opposes this proposal because it runs counter to the fundamental principle of universal availability which is one of the pillars of public service broadcasting in the UK. The proposal to move content from a platform which is free at the point of use to one where the user has to pay for a broadband service to view content they have already paid for with the licence fee undermines the fundamental principle of BBC broadcast services which are provided free at the point of access, universally across the UK via Digital Terrestrial Television (DTT) and radio.

As outlined below, the reach of online services is significantly less than that of television broadcasts on DTT. It is our view that if BBC Three content is moved to a platform which is not universally available via DTT it will not have adequate reach to provide impact and it will not represent good value for licence fee payers.

Media usage and the role of BBC Three in the PSB landscape

The most recent usage trends from Ofcom indicate live and recorded television is still the most popular form of media consumption. VLV notes that on average 69% viewing of audio visual content in 2013 was to live TV and recorded television accounted for a further 16%. Viewing content online accounted for only 10% of consumption.⁵

While 82% of UK adults have access to fixed internet, nearly 20% do not and many of them are choosing to stay without it.⁶

Even among younger viewers, who are specifically referred to as a declining audience in the context of this Public Value Test, 16-24 year olds spent 66% of

⁴ *BBC Three PVT Summary of results from the quantitative research regarding proposed service changes*
October 2014, Communications Chambers

⁵ Ofcom Communications Market Report 2014

⁶ Ibid.

their time watching audio visual content viewing live and recorded TV and 25-34 year olds spent 79% of their watching time viewing live and recorded TV each week.⁷

The BBC has a weekly reach of 66.7% among 16-24 year olds, and 76.3% among 25-34 year olds. These age groups are the target audience for BBC Three and it is clear that the BBC still has a significant reach among them.⁸

In the 2014 Ofcom *Communications Market Report*, when asked if they watched television online, the public surveyed responded as follows: 35% never, 15% hardly ever, 37% sometimes and 13% always.⁹

We note that BBC Three is the most popular of all the BBC portfolio channels with a reach of 21.1%, compared with 14.2% for BBC Four, 11.4% for BBC News, 0.5% for BBC Parliament, 8.4% for CBeebies and 6.0% CBBC.¹⁰

BBC Three's performance is commendable with an AI of 83 which is higher than that of BBC One at 81.¹¹

BBC Three's delivery of the PSB characteristics have risen in all categories since 2008.¹²

We note that 82% of the public rank the most important purpose of broadcasting to inform ourselves and to increase our understanding of the world through news, information and analysis of current events and ideas.¹³ BBC Three fulfils this purpose effectively through its current affairs and factual content.

The latest Ofcom research also indicates that 74% of people consider that broadcast television has a societal value beyond simply entertainment, such as watching important events 'as a nation', connecting with the world outside their own experience and discovering content (particularly factual content) that they might otherwise not choose to watch. BBC contributes significantly to this societal value through attracting a younger audience to content which they might not otherwise choose to watch.¹⁴

⁷ Ofcom Communications Market Report, 2014, Page 64

⁸ BBC Trust Review of BBC One, Two, Three and Four, July 2014

⁹ Ofcom Communications Market Report 2014, p39

¹⁰ Ofcom PSB Report 2014, pg 39

¹¹ Ofcom PSB Report 2014

¹² Ofcom PSB Report 2014 fig 3.44 pg 61

¹³ Ofcom PSB Report 2014

¹⁴ Ofcom PSB Report 2014

In the past the BBC Trust has highlighted that the BBC doesn't serve younger audiences as well as it serves older audiences¹⁵. Engaging a younger audience to live broadcast television is a challenge in the current media environment but BBC Three performs better than all the other BBC television services in attracting this audience. It reaches 26% of 16-34 year old viewers, including around one million viewers who do not watch other BBC television channels.¹⁶

We note that the PSB portfolio channels generally attract a younger profile of viewers and that BBC Three attracts a younger profile of viewers than BBC Four, BBC News and BBC Parliament, with around two-fifths of viewers to these channels in 2013 aged 65 or over.¹⁷ In this way it plays a very important role in attracting younger adults to the BBC.

In recent reviews of the BBC's performance, including the BBC Trust *Review of BBC One, Two, Three and Four* and Ofcom's 2014 PSB Report there are indications that the public wants more innovation in broadcasting content. The public appear to have an appetite for the BBC to be more original in its content offering and to be more distinctive.

In the 2014 PSB Report research it can be seen that appreciation of BBC Three's innovation has risen since 2008 for 'programmes with new ideas and different approaches' (59% in 2013 vs. 52% in 2008).¹⁸ BBC Three clearly fulfils this role to be innovative more effectively than any of the other BBC channels and for this reason it should not be taken off a broadcast platform, where it will have the greatest potential reach and impact. It provides content which other broadcasters would not commission because it is not commercially viable. This is where BBC Three's value lies: in its preparedness to take risks and be innovative and provide a diversity of content and voices. Of all the BBC's television channels, BBC Three enshrines these characteristics the most.

In light of this analysis of the public's usage of different platforms to access content and BBC Three's performance in providing innovative, alternative content VLV believes it would constitute a great error to move BBC Three content to a mostly online platform which provides less reach and potential impact.

¹⁵ The BBC Trust in its review of BBC 1,2,3 and 4 recognised that *BBC television serves younger viewers less well than it does older viewers*,

¹⁶ *Ibid* page 15

¹⁷ Ofcom PSB Report 2014, p43

¹⁸ PSB Report 2014 p 64

The BBC Executive's Proposals

We understand that the motivation for these proposals from the BBC Executive has been due to financial constraints. We understand that the amount of funding available for the BBC's UK public services will be 26% less in real terms than it would have been by 2016-17 as a result of the licence fee freeze and extra obligations placed on the BBC in 2010.

We note that the proposals are:

- the reinvention of BBC Three as an online-only offer
- the evolution of BBC iPlayer from primarily a catch-up service to one that offers online-first BBC content and selected third-party content
- the launch of a +1 channel for BBC One
- extended hours for CBBC; and
- increased investment in drama on BBC One.

The proposal to close BBC Three as a broadcast channel has been presented as the only possible option in order to make the necessary savings required by the *Delivering Quality First* process and we regret this approach. It is stated that *'salami slicing' or the closure of other services would have a greater impact on overall audience performance given the lack of commensurate mitigation options.*¹⁹

The BBC Executive has said that the closure is *in the long term strategic interests of the BBC*. We would argue it is *not* in the long term strategic interests of the viewer.²⁰

It is unfortunate that much of the detail in the Executive's submission to the BBC Trust for this Public Value Test relating to expenditure and scheduling has been redacted, so it is impossible to assess the potential public value of the proposed BBC Three offering or its potential reach. The Executive's proposals do not provide enough detail to convince us that the distinctive content currently being broadcast by BBC Three will continue to be provided on a mainstream platform where it will have equivalent reach.

¹⁹ *Public Value Assessment of the re-invention of BBC Three online and related proposals Submission to the BBC Trust, BBC Executive, January 2014*

²⁰ *Public Value Assessment of the re-invention of BBC Three online and related proposals Submission to the BBC Trust, BBC Executive, January 2014*

Value for Money

We understand that the changes proposed will not reduce the BBC's expenditure overall because resources saved by the closure of BBC Three (£50m) will go to fund BBC Three Online, BBC One+1, iPlayer and the CBBC extension. VLV would argue that the financial benefits which accrue to other BBC services from the closure of BBC Three as a broadcast platform are not significant enough to justify its closure.

We question whether they provide significant extra public value for consumers, citizens and society as a whole. We note that the new BBC Three online service will cost 23p per user per hour, up from 6.9p/hour in 2013/4. We question whether this provides value for money when BBC One costs 6p, 8.2 for BBC Two, 6.7p for BBC 4 and 15.4p per user per hour for CBBC in 2013/4.

BBC Three

As stated above, due to the redaction of much of the detail in the Executive's proposal to the BBC Trust, it is impossible to assess the public value which will be delivered by the proposals under consultation for the future of BBC Three but there is no doubt that there will be a significant reduction in its fulfilment of the global purpose as a result of the proposals.

BBC Three's delivery of the BBC's public purposes, especially through its current affairs and factual output, has been one of its great successes. It currently broadcasts 42 hours of new UK originated current affairs content a year. This would be significantly reduced, although it is not clear in the Executive's proposals to what degree. The Executive's proposal is to have five hours of long form content available online each month (60 hours/year), but this includes comedy, comedy entertainment, long form factual and authored documentaries. There is no indication what proportion of this would be current affairs/serious factual and what proportion of this content would be broadcast on BBC One or BBC Two.

The wording of the proposal from the Executive to the BBC Trust relating to the transmission of content on BBC One and BBC Two is very weak and provides no guarantee of this content being broadcast on a mainstream channel.

We would like BBC Three long form programmes (approximately one to two hours a week, at least initially), to continue to have a transmission on BBC One and BBC Two. This will help to address any concerns about lack of universality and will also help to bring BBC Three content to a wider audience. We would like to show all BBC Three long form commissions on either BBC One (potentially in a branded BBC Three time zone after the 10 O'Clock news) or BBC Two (again late night)²¹.

²¹ Public Value Assessment of the re-invention of BBC Three online and related proposals

We echo the concerns of those who were involved in the deliberative audience research commissioned by the BBC, that ‘they were losing access to a lot of content that they liked and this would not be replaced by the content going online which they felt they would need to seek out’.²²

While we welcome the ambitions set out in the editorial priorities under the main pillars of Make me Laugh/Make me Think and welcome the goal *To meet these objectives BBC Three will focus on telling stories that open minds, bringing a global perspective to a diverse British audience*²³ we do not believe the proposals will provide enough reach to ensure impact.

BBC One +1

The notions of a BBC One +1 channel and putting more funding into drama on BBC One may be attractive in order to increase the reach of BBC One, but we do not believe the BBC should be putting any more funding into BBC One or trying to increase its reach when it is already dominant in the market place and is the best funded by far of all the BBC channels.

We understand why audiences might welcome a BBC One + 1 channel and we might support this proposal if it weren’t at the expense of BBC Three content moving online.

Drama on BBC One

We understand that the Executive plans to strengthen drama on BBC One with an additional investment of c.£30m, of which one third would be funded by cost savings resulting from the closure of BBC Three as a broadcast channel. We question this extra investment in drama at a time when most other areas of expenditure are subject to cuts.

iPlayer

While VLV welcomes the proposals to innovate with the iPlayer, reflecting trends in the rest of the market, such as premiering new content online, we do not believe at this time that the BBC should focus its **primary** efforts online. It should continue to work on its development of the iPlayer but not at the expense of its broadcast offering.

Submission to the BBC Trust, BBC Executive, January 2014, p31

²² Deliberative audience research into the proposed changes to BBC Three, BBC iPlayer, CBBC and BBC One + 1, PAPA, September 2014, p 73

²³ *Public Value Assessment of the re-invention of BBC Three online and related proposals*
Submission to the BBC Trust, BBC Executive, January 2014

We note the BBC iPlayer is now used by 14% of adults each week in the UK and watching programmes on it accounts for 3% of all viewing of BBC television.²⁴ It is clear that the BBC's primary reach is achieved through its broadcast platforms.

While we acknowledge that the online world is playing an increasingly dominant role in our lives, live and recorded TV viewing is still by far the most popular media activity. As can be seen from the research commissioned for this Public Value Test, online behaviour is a very different process from linear television viewing.

We note the hypothesis testing in the Communications Chambers research:

- *Online TV services are most commonly used for seeking out specific, familiar content rather than for browsing for something new. True.*
- *We found that only a quarter of users of online TV and video services (25%) reported browsing behaviour at all. 'Seek' behaviour was far more prevalent and was used by 90% of online TV and video service users²⁵.*
- *If a linear, broadcast channel is unavailable, viewers are more likely to watch another (second-choice) TV channel than to seek out that channel online.²⁶*

Thus when people go online to view programmes, they search for a specific item rather than browse for content. There is less 'serendipity' involved in this process than there is when viewers look at a linear schedule and choose to watch a programme of which they may have no knowledge but which interests them. Often viewers watch programmes which follow on from other programmes in the linear schedule and they become engaged by something they would not have searched for if they went specifically to find it online.

This is a fundamental principle in scheduling public service content: to provide a mixed schedule which often attracts audiences to content which is unfamiliar to them.

Additionally, because the nature of online search engines means users' choices are self-selective, users' horizons are not expanded but remain limited by their interests, browsing history and tastes. VLV would argue that in order to constantly ensure that viewers' horizons are expanded, less populist, mainstream content

²⁴ BBC Trust Review of BBC One, Two, Three and Four, 2014, p 9

²⁵ *Communications Chambers Summary of results from the quantitative research regarding proposed service changes BBC Three PVT*. October 2014, p7.

²⁶ *ibid*

needs to be embedded within a linear broadcast schedule so that viewers 'come across' content which they would not necessarily search for in a specific online environment.

The Executive's proposal includes more insertion of BBC content onto other platforms such as Twitter, Tumblr, Instagram, Facebook and YouTube. It is VLV's view that the BBC should already be using all available online platforms to promote its content.

We question the wisdom of the proposal to include content from partner organisations on the iPlayer. We believe this will dilute the clear branding of the iPlayer as a BBC service which provides content produced by and for the BBC. If the iPlayer expands to allow more content from outside sources, there will be issues of quality control and effective curating. Additionally there is a risk that key BBC public service content will become less easy to find if the platform becomes increasingly complex to incorporate other streams of content.

CBBC Extended Hours

While VLV has argued in the past that it would be beneficial to extend the hours of CBBC until 9pm to provide viewing for older children, who are currently underserved by any public service broadcaster in the UK, we do not believe that this should be a priority over BBC Three's continued existence on a broadcast platform.