

*"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 REVIEW OF  
THE BBC'S ARRANGEMENTS FOR THE SUPPLY OF TELEVISION  
AND RADIO CONTENT AND ONLINE SERVICES**

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**INFORMATION ABOUT THE VLV**

1. 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**

2. Overall VLV believes that the principles laid out in the BBC Trust document are the correct principles to guide any future changes to the BBC's content supply arrangements.
3. While we endorse the principles set out in this consultation we understand they will be affected by the BBC Executive's plans to create an independent production unit to supply BBC content. We will wish to comment on those proposals once they are published in more detail.
4. It is VLV's view that news and a significant amount of current affairs content should be made in-house, along with a significant proportion of work in other key genres (Drama, Children's, Comedy and Entertainment).
5. We echo the Director-General's view that the BBC should not become a publisher broadcaster and that the principle of choosing the *best ideas regardless of their source*<sup>1</sup> is an important one and should be supported.
6. However, we do not believe that removing production guarantees for in-house productions will necessarily guarantee the delivery of more original content. In our view a BBC with strong in-house production departments is beneficial for licence fee payers and provides a vital seed bed for innovation.
7. We agree with the BBC Trust that the current supply arrangements appear to be working well, although VLV is concerned that the existing terms of trade should be reassessed in light of the growth of 'super-indies' and the trend of global media organisations to buy UK independent production companies. While we recognise the

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<sup>1</sup> BBC Trust Review of the BBC's arrangements for the supply of television and radio content and online services, January 2015, page 6

benefits of a healthy, diverse and competitive production sector, VLV does not believe the use of the licence fee effectively to build an independent production sector to compete with the BBC should be a primary objective in itself.

## INTRODUCTION

8. We welcome this opportunity to comment on the principles which should underpin the future delivery of content for the BBC.
9. We make these comments in the context of the BBC Executive's current work to design a new structure for the production of content. As we understand it from a recent speech by the BBC's Director-General, the BBC intends to remain a producer but is exploring the possibility of making content for other broadcasters alongside the content it produces for BBC platforms.
10. While we understand that this consultation is not intended to test the ideas of the BBC Executive which are being developed, we have a few introductory comments to make to put this submission into context.
11. We echo the Director-General's view that the BBC should not become a publisher broadcaster: "*Production is at the heart of the BBC. We have been, we are, and we always will be a great programme-maker. We will never simply be a publisher broadcaster – that would be to deny our essence.*"<sup>2</sup>
12. The principle of choosing the *best ideas regardless of their source*<sup>3</sup> is an important one and should be supported. In principle, we recognise and welcome the ambition by the BBC Executive to open up the BBC to greater competition. To quote Tony Hall:

*"I want a less regulated system that ensures that both our own BBC producers and those of the independent sector have creative freedom. I want a level playing-field between BBC producers and independent ones. I want both a BBC production powerhouse that is a beacon for creativity, risk-taking and quality; and an amazing, world-beating independent sector".*<sup>4</sup>
13. However, we do not believe that removing production guarantees for in-house productions will necessarily guarantee the delivery of more original content. It is certain to provide greater competition, but we believe there is a risk it could lead to insecurity among staff and ultimately lead to less originality of ideas. Currently BBC staff have the freedom to take risks and generate original ideas because their jobs are secure. In our view a BBC with strong in-house production departments is beneficial for licence fee payers and provides a vital seedbed for innovation.
14. We also think that those commissioning programmes, regardless of their source in-house or out-of-house, should avoid using ratings as the main measure of achievement.

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<sup>2</sup> Tony Hall, speech, March 2<sup>nd</sup> 2015

<sup>3</sup> *BBC Trust Review of the BBC's arrangements for the supply of television and radio content and online services*, January 2015, page 6

<sup>4</sup> Tony Hall Speech, July 10<sup>th</sup> 2014

In a competitive market, the BBC must ensure that it avoids 'safer' commissioning decisions and encourages originality. In this context we agree with an earlier definition of public service characteristics that guidelines should be "designed to liberate rather than restrict programme-makers."<sup>5</sup>

15. While we recognise that in order to be sustainable the BBC needs to explore other models of production and exploit other markets for its content, we would want BBC platforms to remain the BBC's primary production priority and any structure needs to ensure that this remains the case. The BBC's main task should be to produce content for the benefit of licence fee payers. This domestic production base may prove to be particularly important as more and more of the independent sector is acquired by large global corporations, with the risk that its output may become less focused on the interests of UK consumers.
16. We understand that this consultation is not intended to test the ideas of the BBC Executive and believe that the debate about the exact structure of this new production entity should be decided as an element of Charter Renewal.

#### **Question 1**

**Overall, are these the right principles to guide any future changes to the BBC's content supply arrangements?**

- Principle one: securing high quality creative content across all genres
  - Principle two: providing value for money to licence fee payers
  - Principle three: using a wide range and diversity of supply across all genres and from across the UK
  - Principle four: securing a sustainable production supply in terms of skills and capacity
  - Principle five: 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.
  - Principle six: maintaining appropriate separation between publicly funded BBC activity and its commercial services.
17. We agree with the BBC Trust that the current supply arrangements appear to have worked well up to now, although VLV is concerned that the current trend of global media organisations to buy up UK independent production companies may undermine the distinctiveness of content produced by independent production companies. We question whether such large international media companies should benefit from the current terms of trade which were originally designed to support a fledgling UK independent production sector.
  18. We largely agree with the high level principles as set out above. The goal should be that licence fee payers invest in content that explores and reflects cultural and social concerns in the UK, including the coverage of international issues. This should provide

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<sup>5</sup> Broadcasting Research Unit, *The Public Service Idea in British Broadcasting*, 1985: 4

value for money, a range of perspectives from across the UK and encourage sustainability in the British broadcasting production sector as a whole.

19. The BBC Trust highlights in its consultation document that more work could be done to ensure that the commissioning process is open and fair. We would suggest that this will always be a challenge when collaboration is so intrinsic to the production process. Those who are closer to commissioners, whether they are independent or in-house producers, will have a better chance of developing a successful idea for commission than those outside the 'system'. No system can be perfect and the BBC needs to ensure that it constantly works to engage new entrants in the production market to ensure that there is a constant refreshing of ideas.
20. It is clear from the data provided by the BBC Trust in its consultation document that the proportion of hours produced by independent producers across all genres has remained largely stable over the past two years. It is notable that independents dominate the commissioning via the Window of Creative Competition with the exception of sport and children's content.
21. The guarantee 25% of commissions for independent producers with a further potential 25% to be commissioned from the Window of Creative Competition work at present effectively to:
  - support the independent production sector
  - provide competition for BBC in-house production teams
  - provide a range of content from a plurality of suppliers.

However with the trends for concentration in the independent sector, predominantly under foreign ownership, this device needs to be kept under careful scrutiny to ensure it is meeting its objectives.

22. We understand from his recent speeches that the Director-General is considering whether to remove all production guarantees for in-house productions. We believe this would be a mistake. It is our view that the BBC should retain a strong in-house production team which will provide a vital seedbed for innovation and that therefore some form of guarantee of production levels for in-house teams is necessary.
23. Additionally, now we have a far more established independent production sector, VLV questions whether it is necessary to provide guarantees of quotas for larger independent producers. While we recognise the benefits of a healthy, diverse and competitive production sector, VLV does not believe the use of the licence fee effectively to build an independent production sector to compete with the BBC should be a primary objective in itself.
24. We agree that the target to ensure that 50% of network productions come from outside London and 17% of content is sourced from the nations should remain because these quotas fulfil two important goals:
  - to ensure growth of skills outside London
  - to ensure provision of more diverse, less London-focused content which more accurately reflects the nations and regions of the UK.

25. While we understand that the independent radio production market is smaller than that of television, we encourage the BBC to continue to build relationships with this sector to ensure it has as wide a range as possible of suppliers and content available.

## **Question 2**

**Taking each of the above five principles as they stand:**

**How far do you think the current content supply arrangements deliver on them?**

26. We believe that the current content supply arrangements broadly deliver the goals set out in the high level principles.
27. However, we question whether the current terms of trade and the recently revised Statutory Instrument defining independent production companies which qualify for these terms of trade are appropriate, given changes in the independent production sector. We believe that as part of its work on the PSB Review, Ofcom should reassess whether the terms of trade need to be renegotiated. As we stated in our recent submission to the Ofcom PSB Review,

*"It is our view that current interventions in relation to the independent production sector need to be reassessed in light of industry developments. When the terms of trade were first negotiated the UK independent production industry was in its infancy and needed financial and structural support.*

*Now, however, many of the UK's independent production companies have been bought by broadcasters or international media organisations and are no longer in need of the financial support they once needed when they were first formed. Under the current arrangements some very large independent companies benefit directly from revenue which is generated by the licence fee. In the case of the BBC we believe that the interests of licence fee payers – to enjoy the high quality and distinctive productions of a national broadcaster - must be paramount.*

*VLV believes that relations between PSBs and independent producers need to be rebalanced in favour of the PSBs. Wherever possible, Ofcom should allow the PSBs to negotiate in favour of their services to viewers. We believe that there should be new criteria to limit the size of independent production companies which receive preferable terms of trade. We would propose a sliding scale which would be transparent and apply to all companies based on turnover."*<sup>6</sup>

**Do you think it is likely to change in the future given the developments in the market in recent years?**

28. We believe the principles as set out by the BBC Trust should remain relevant in the future, however we understand that if the BBC Executive's proposals to remove all quotas and revolutionise the current production system are implemented, the principles may need to be revised. We look forward to the opportunity to respond to any detailed proposals the BBC Executive makes in due course.

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<sup>6</sup> VLV submission to Ofcom's Third PSB Review, February 2015

**How do you think the principles can best be fulfilled over the next ten years whether by regulatory changes or other means?**

29. As stated above, we look forward to being able to respond to any detailed proposals made by the BBC Executive when they are available.

**Question 3**

**Are there genres of programming or types of content that justify a different approach?**

30. We understand from his speech of 2 March 2015, that Tony Hall plans to keep the production of children's content, news and current affairs in-house.<sup>7</sup>
31. While we do not fully understand the reasoning for this proposal because it is not available in detail as yet, we agree that news should remain an in-house production. It is essential that the BBC fully 'owns' its news output in order for it to remain trustworthy - it needs to continue to be subject to the checks and balances which characterise the current news production system.
32. Until we have further detail from the BBC Executive on their proposals, we would not wish to comment further on this issue.

**Question 4**

**Please let us know whether you have any views on the relationship between the BBC's public services and its commercial activities in its content supply arrangements, and how the necessary separation can best be maintained in the future.**

33. VLV welcomes the added income which derives from the BBC's commercial activities and subsidises production budgets, however we would want the Corporation to ensure its focus remains on spending the income provided by licence fee payers for the benefit of licence fee payers.
34. We believe that the focus of all commissioning and editorial management within the BBC should be on providing content which delivers the BBC's public purposes effectively for licence fee payers. If there is a commercial benefit which accrues from overseas sales, for example, that is beneficial but should not be the criterion by which editorial decisions are made.
35. We believe that the best way to ensure the separation which is necessary between the commercial and commissioning arms of the BBC is to keep them as separate as possible from each other. They should be physically and editorially as separate as possible. The commercial operation of the BBC should act as a distributor, allowing free editorial reign for the commissioning teams.

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<sup>7</sup> Today we're announcing the first step by creating BBC Studios within the public service – separating out all network production, except for children's, sport and current affairs. In addition, I want to confirm what I said last year. Tony Hall speech, March 2<sup>nd</sup> 2015.