

“What is important about public service broadcasting and how should it be funded in the 21<sup>st</sup> century?”

Not for the first time in its history, the BBC has been having a difficult few months. The Jonathan Ross and Russell Brand affair – or ‘Sachsgate’ as the tabloids labelled it – and the resulting £150,000 fine from Ofcom sparked fresh calls for the licence fee to be scrapped.<sup>1</sup> At the very least, it prompted serious questions on how licence fee money is spent. Its contribution to substantial reparations on behalf of the corporation’s high earners did not sit well with many of the Beeb’s detractors.

Then, last week, the BBC’s commercial arm, BBC Worldwide – used to supplement the licence fee – was instructed to put a harness on its operations by the Commons Culture Committee.<sup>2</sup> It said that the acquisition of companies like the Lonely Planet travel guides were a step too far and ruled that any commercial activities must have a “clear link with core BBC programming,”<sup>3</sup> in order to avoid having an “adverse impact on its commercial competitors.”<sup>4</sup> Indeed, the Conservative Party leader David Cameron accused the corporation of “overreaching itself”<sup>5</sup> last year, claiming that it was jeopardising other industries, as well as its own. These activities allow the corporation to sell books, magazines and DVDs thanks largely to free television publicity.

With this in mind, it would seem that an Ofcom report on the future of public service broadcasting (PSB), which was published in January, has come at just the right time. We currently have a situation where public service broadcasting is at crossroads and needs to be given renewed direction in the 21<sup>st</sup> century. The BBC “symbolises public service broadcasting in Britain”<sup>6</sup> and has long been considered the epitome of PSB, both here and all over the world. But in a rapidly changing broadcast landscape, the concept and requirements of public service broadcasting have come under increased scrutiny and threat.

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<sup>1</sup> <http://www.telegraph.co.uk/comment/columnists/charlesmoore/3563170/Jonathan-Rosss-theatre-of-cruelty-must-be-stopped-with-BBC-licence-fee-boycott.html>

<sup>2</sup> <http://www.guardian.co.uk/media/2009/apr/07/bbc-worldwide-channel-4>

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> [http://www.broadcastnow.co.uk/news/terrestrial/2008/11/cameron\\_slams\\_bloated\\_bbc.html](http://www.broadcastnow.co.uk/news/terrestrial/2008/11/cameron_slams_bloated_bbc.html)

<sup>6</sup> *The BBC and Public Service Broadcasting*, page 48

When the public-funded BBC was created in 1927, its remit was a simple one: to inform, educate and entertain – the three fundamentals of PSB. Lord John Reith, the corporation's first chairman, wrote in his book *Broadcast over Britain* that its responsibility was to “carry into the greatest possible number of homes everything that is best in every department of human knowledge, endeavour or achievement.”<sup>7</sup> It is a thought which draws parallels with the 19<sup>th</sup> century philosopher Jeremy Bentham, and his utilitarian theory: “The greatest good for the greatest number.”<sup>8</sup> The licence fee allowed the BBC to be free from commercial pressures, providing the public with quality content at a cheap price.

However, it is not just the BBC that has public service broadcasting obligations. ITV launched in 1955 and was required to make local news, arts and religious programmes. In return, it got free access to the analogue airwaves. Over the years, with the further creation of Channel 4 in 1981 and finally Five in 1997, viewers were given several public service alternatives. According to Ofcom, this competition to the BBC – also known as plurality in PSB – is valued by audiences.<sup>9</sup> The balance that this created was vital in maintaining public service broadcasting responsibilities: public and commercial organisations co-existing in a regulated field. And although this period differed from the first fifty years of broadcasting, where the BBC had free reign over the airwaves, there was still a “token gesture to some notional agreement”<sup>10</sup> of what PSB was aiming for.

Even with the advent of Sky in the early nineties, British broadcasting remained mostly successful and the overall model was largely unthreatened: the BBC had the licence fee, ITV, Channel 4 and Five received income from advertising and Sky got its money through subscriptions. The importance of programming which “reflects our cultural identity, increases our understanding of the world, stimulates our knowledge and interests and which makes us aware of different cultures and viewpoints”<sup>11</sup> seems to be this token gesture. It was another former chairman of the BBC, Sir Arthur

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<sup>7</sup> *The Decline and Fall of Public Service Broadcasting*, page 100

<sup>8</sup> <http://en.wikipedia.org/wiki/Utilitarianism>

<sup>9</sup> [http://www.ofcom.org.uk/media/news/2008/04/nr\\_20080410](http://www.ofcom.org.uk/media/news/2008/04/nr_20080410)

<sup>10</sup> *The BBC and Public Service Broadcasting*, page vii

<sup>11</sup> [http://www.ofcom.org.uk/media/news/2008/04/nr\\_20080410](http://www.ofcom.org.uk/media/news/2008/04/nr_20080410)

fforde, who said in 1963: “By its nature, broadcasting must be in a constant and sensitive relationship with the moral condition of society.”<sup>12</sup>

If the state of broadcasting is a reflection of the society it works in, then maybe fforde has a point. Fast-forward to 2009, and the last few years have seen a dramatic change in how British broadcasting operates. The proliferation of cable television, digital channels and internet broadcasting has on the one hand reduced the need for diversity and innovation in PSB, undermining public service broadcaster’s claims for public funding, and on the other hand diluted the broadcasting environment, vastly increasing competition for audience share. These unregulated channels can screen cheap American imports and other entertainment programmes which appeal to a mass audience. They have power without responsibility, and this has put an ever-growing strain on PSB providers to remain competitive while still fulfilling their public service obligations. ITV has already said to Ofcom that “the rising cost of PSB programming is starting to outweigh the benefits.”<sup>13</sup> Therefore, when the BBC was told by the Government in 2006 that entertainment was a “vital part” of its mission,<sup>14</sup> it faced a backlash from its commercial rivals, who accused the corporation of “aping their programmes to obtain high viewing figures.”<sup>15</sup>

Since Ofcom launched its first report into public service broadcasting five years ago, digital viewing has risen significantly. Back then, digital television was “in a minority of homes and broadband was rare.”<sup>16</sup> Now, we have a situation where “almost 90 per cent of homes have digital television and the majority have broadband.”<sup>17</sup> Consequently, public service providers’ audience share has dropped. So while the commercial channels lose their subsidy to make PSB programmes – the free access to the analogue airwaves, equivalent to around £400 million a year<sup>18</sup> – as all of British television becomes fully digitalised, resentment towards the BBC, and how it competes in this arena, continues to build.

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<sup>12</sup> *The Decline and Fall of Public Service Broadcasting*, page 19

<sup>13</sup> <http://www.ofcom.org.uk/media/features/PSBmain>

<sup>14</sup> <http://www.guardian.co.uk/media/2006/mar/14/bbc.broadcasting>

<sup>15</sup> Ibid

<sup>16</sup> [http://www.ofcom.org.uk/media/news/2008/04/nr\\_20080410](http://www.ofcom.org.uk/media/news/2008/04/nr_20080410)

<sup>17</sup> Ibid

<sup>18</sup> [http://news.bbc.co.uk/1/hi/entertainment/tv\\_and\\_radio/3704280.stm](http://news.bbc.co.uk/1/hi/entertainment/tv_and_radio/3704280.stm)

Several competitors accused the corporation of being handed “an unfair advantage in the digital revolution”<sup>19</sup> following the Government’s 2006 report, saying that it would be able to use the licence fee to subsidise its digital growth. And this frustration has seemingly spread to the viewing public, who accuse the Beeb of being too expansionist and mass market in one breath, and then with another criticise it when its programmes are specifically aimed at a small minority of licence fee-payers. All this is of course exacerbated by the country’s worst economic period in 80 years. Reports suggest that the television advertising market will fall by 12 per cent this year,<sup>20</sup> and as the recession pinches harder, anger over the licence fee rises. A group of nearly 500,000 people on the social networking site Facebook are campaigning for the fee’s abolition, likening it to the Poll Tax and branding it a “legally-enforced extortion racket.”<sup>21</sup> It is little wonder then that the BBC – the face of public service broadcasting – is the target for so much criticism.

In its report and in reaction to this, Ofcom recognises the need for big change in public service broadcasting, in order to sustain it in the 21<sup>st</sup> century. Critically, the industry regulator sets out various ways in which PSB can be funded. When considering the options available, Ofcom spelt out the importance of having content which is “widely available, free at the point of use and which serves all communities within the UK.”<sup>22</sup> The necessity to maintain strong local and regional news programming – an often-neglected cornerstone of public service broadcasting – was also highlighted.

The first consideration is an evolution of the current system; where all PSB providers would continue to make public service programmes as per their current obligations, but with extra public funding, or a reduced remit for the struggling commercial channels. This extra money could come through an increase to the licence fee, additional government funding or a tax on the industry.<sup>23</sup> However, several of broadcasting’s key decision makers have been quick to criticise this idea. In the BBC’s official response to the Ofcom report, the corporation’s current chairman, Sir

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<sup>19</sup> <http://www.guardian.co.uk/media/2006/may/18/broadcasting.digitalmedia>

<sup>20</sup> <http://www.guardian.co.uk/media/2009/apr/14/zenith-ad-forecast-2009-tv-down>

<sup>21</sup> <http://www.facebook.com/group.php?gid=28406901260>

<sup>22</sup> [http://www.ofcom.org.uk/media/news/2008/04/nr\\_20080410](http://www.ofcom.org.uk/media/news/2008/04/nr_20080410)

<sup>23</sup> [http://www.ofcom.org.uk/media/news/2009/01/nr\\_20090121](http://www.ofcom.org.uk/media/news/2009/01/nr_20090121)

Michael Lyons, said that any new taxation would not be a viable option given the current economic circumstances.<sup>24</sup> Others believe that the future of PSB relies on innovation and risk-taking. Speaking at the Oxford Media Convention in January last year, the then culture secretary James Purnell said: “The greatest unwitting enemies of public service broadcasting are those who say we should leave it be.”<sup>25</sup>

Another option is potential mergers between either the BBC (with licence fee intact) and Channel 4, or Channel 4 and Five. According to the report, these could create “new value through cost savings, synergies and new opportunities for growth.”<sup>26</sup> This means that funds would effectively be generated through the efficiencies of scale. As a consequence, ITV’s public service commitments would be substantially reduced – especially in view of its already declining regional news output, which Ofcom believes is unsustainable. A merger between BBC Worldwide and Channel 4 is the regulator’s preferred choice, and that of the Government and the Conservative Party. Ofcom says that this option would keep the BBC “at the heart of public service broadcasting,”<sup>27</sup> while Channel 4 would be a “strong, alternative public service voice to the BBC,”<sup>28</sup> therefore reinforcing plurality in PSB. But again, the corporation is not keen on this proposal. It maintains that all three (ITV, Channel 4 and Five) have a role to play in “securing the range of PSB content the public love.”<sup>29</sup> This view has been echoed by the Commons Culture Committee and the House of Lords, who said that “corporate engineering [...] does nothing to solve the wider problems in the commercial sector.”<sup>30</sup>

The final solution, and the one that has attracted the most controversy, is the so-called ‘top-slicing’ of the licence fee: a redistribution of funds to other PSB providers, notably Channel 4. This could either come directly from the core fee, or from the leftover funds that were allocated to the BBC in order to help with the digital switchover, thought to be around £130 million per year.<sup>31</sup> This would go a long way

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<sup>24</sup> [http://www.bbc.co.uk/thefuture/pdf/phase2/psb\\_response.pdf](http://www.bbc.co.uk/thefuture/pdf/phase2/psb_response.pdf)

<sup>25</sup> [http://www.broadcastnow.co.uk/ratings/news/2008/01/purnell\\_psb\\_needs\\_to\\_radically\\_change.html](http://www.broadcastnow.co.uk/ratings/news/2008/01/purnell_psb_needs_to_radically_change.html)

<sup>26</sup> [http://www.ofcom.org.uk/media/news/2009/01/nr\\_20090121](http://www.ofcom.org.uk/media/news/2009/01/nr_20090121)

<sup>27</sup> Ibid

<sup>28</sup> Ibid

<sup>29</sup> Ibid

<sup>30</sup> <http://www.guardian.co.uk/media/2009/apr/08/bbc-licence-fee-lords-regional-programming>

<sup>31</sup> [http://www.ofcom.org.uk/media/news/2009/01/nr\\_20090121](http://www.ofcom.org.uk/media/news/2009/01/nr_20090121)

to help the ailing Channel 4, whom Ofcom estimates would need £30 to £50 million pounds if it were to provide local news.<sup>32</sup> Naturally, this option has drawn many critics, who say that the BBC will be “cut back.”<sup>33</sup> The Conservative Party has warned that it could lead to a “potential distortion in the commercial marketplace,”<sup>34</sup> especially where news is concerned. Perhaps a safer choice would be ‘broad competitive funding,’ where PSB providers contest monies from the surplus. The House of Lords says that this represents a “more flexible solution,” and in fact recommends ITV as the obvious beneficiary, in order to aid its regional news output.<sup>35</sup>

Writing in *The BBC and Public Service Broadcasting*, Brenda Maddox quotes Abraham Lincoln, who once said: “No nation can exist half slave and half free.”<sup>36</sup> In other words, regulated and unregulated broadcasting cannot work together. For some, the easiest solution would be to let ITV et al. become purely commercial, and leave public service broadcasting to the BBC; thus, the corporation’s competition is solely market-driven. However, one of the basic principles of PSB is that it provides what the commercial sector doesn’t. Left on its own, it would likely replicate the market, and in my eyes, this would spell the beginning of the end for public service broadcasting in Britain.

The BBC is the pillar of PSB, and along with the licence fee, is central to its future. But success is furthered by competition, and this is why plurality is so important. Apparently the corporation will only consider proposals that do not “compromise its ability to deliver its public services for licence fee-payers.”<sup>37</sup> It might be a contradiction, but in this case, it is fundamentally necessary for the monolith to be the source of plurality. Whatever the decision on funding, the BBC – in a privileged and comparatively strong financial position – needs to work with its struggling rivals, not against them.

(1,973 words)

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<sup>32</sup> [http://www.ofcom.org.uk/media/news/2009/01/nr\\_20090121](http://www.ofcom.org.uk/media/news/2009/01/nr_20090121)

<sup>33</sup> <http://www.guardian.co.uk/commentisfree/2008/jan/22/media.politicalcolumnists>

<sup>34</sup> <http://www.guardian.co.uk/media/2008/nov/03/interview-jeremy-hunt>

<sup>35</sup> <http://www.guardian.co.uk/media/2009/apr/08/bbc-licence-fee-lords-regional-programming>

<sup>36</sup> *The BBC and Public Service Broadcasting*, page 73

<sup>37</sup> <http://www.guardian.co.uk/media/2009/apr/08/bbc-licence-fee-lords-regional-programming>

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