

BCR 20

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol

Communities, Equality and Local Government Committee

Ymchwiliad i'r Adolygiad o Siarter y BBC

Inquiry into the BBC Charter Review

Ymateb gan: Richard Sambrook

Response from: Richard Sambrook

Submission to The Communities, Equality and Local Government Committee of the National Assembly for Wales inquiry into BBC Charter Renewal.

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I am currently Professor of Journalism in the School of Journalism, Media and Cultural Studies at Cardiff University. Previously, I worked for 30 years in the BBC in London as a producer and editor in News, and including ten years on the board of management as Director of Sport, Director of News and finally Director of Global News and the World Service. I began my career as a reporter on newspapers in South Wales in the 1970s including working on the Merthyr Express, the Pontypridd Observer and the South Wales Echo.

I have been invited to offer my views of the current BBC Charter renewal process as it affects Wales. Broadcasting in Wales is not a specialist area of mine or an area where I have conducted independent research so my comments are necessarily high-level and I do not repeat financial or output analysis which I know has been submitted by others.

The BBC cannot deliver fully to Wales and its communities unless it is properly funded, independent, transparent and accountable and allowed the space to be a bold and creative organisation. Arguments that the BBC should be reduced in scope and size, and concentrate on areas of market failure, will undermine the core of the BBC and diminish what it is able to offer to the Nations as well as to the UK as a whole. In this charter renewal debate there are two visions of the BBC competing with each other: one says the BBC has overreached itself and should be slimmer and do less and be more accountable to Parliament; the other says the BBC is the UK's most successful media organization in what is now a global market – and to compete it must continue to operate at scale and to be a strong, independent organisation (recognising that reform and better accountability are needed).

It will surprise no-one to know I am in the latter camp – and believe it is that vision which offers most for Wales.

1. Funding, Governance, and accountability

I believe it is of the utmost importance that this charter renewal better establishes the BBC's independence from government with clear processes for determining its future funding and an appropriate structure for governance and public accountability. There is much to do.

First, funding. The last two licence fee settlements have been agreed in a rush, with significant pressure from the government to the BBC's funding base and with no public transparency or opportunity for the public and other stakeholders to express a view.

In 2010 this saw the full costs of S4C and the BBC World Service transferred to the licence fee together with additional costs for broadband roll out and establishing local TV. This meant for the first time UK audiences no longer had a clear link between the licence fee and the BBC's UK programming. This situation was exacerbated in 2015 when the licence fee was again "top sliced" to pay for licence fees for the over 75s.

The result of these two poor deals has been to place significant pressure on the BBC's programming budgets, a lack of transparency over funding and a muddle over what the licence fee now pays for. In my view they were both bad deals for the BBC and for licence fee payers across the UK.

Furthermore, the ongoing scrutiny of the BBC's operations – whilst essential – has in my view overstepped what is healthy. My understanding is that BBC executives have given evidence at more select committee hearings than representatives of any other UK institution. In addition, as I have previously written¹, while supporting appropriate transparency and accountability, I believe greater access by the NAO to BBC operations risks political interference in editorial programming decisions.

Going forward, the Charter should set out a clear and public mechanism for determining future funding settlements – currently there is no clear process – in which a broad range of views should be sought. The BBC's funding defines the nature and scope of the organisation. I believe it is essential that the public have a voice in the debate. I also believe clear and appropriate levels of ongoing scrutiny should be publicly set out to avoid the risk of "political mission-creep". The strength and independence of the BBC and S4C in Wales depend on a more transparent and independent set of arrangements for funding and oversight being established.

Second, governance. The BBC Trust was introduced in 2004 as a response to the perceived failure of the previous arrangements with the BBC Governors. They were deemed to have confused their roles as both cheerleaders and regulators. The BBC Trust has similarly failed and there seems to be broad agreement it too needs reform. The BBC has proposed a unitary board with a non-executive chair and a separate regulator. I agree this is the most sensible, and clearest, structure going forward. There is discussion about whether regulation should sit under Ofcom or under a separate dedicated regulatory body commonly referred to as "Ofbeeb". The only argument against Ofcom in my view is that it does not currently have sufficient scale or resource to undertake the considerable task that would come its way (although it could acquire it), and many people believe we should avoid a giant regulator and seek plurality in media regulation as in other areas.

While recognising the risk of an over-large single media regulator, I believe there is also a risk in "Ofbeeb" suffering from some of the weaknesses that previous

¹ <http://www.theguardian.com/media/media-blog/2013/sep/15/bbc-politicised-budgets-editorial-content>

arrangements have experienced including a duplication of roles and resource. There may be a half way option of placing “Ofbeeb”, with its own board and chair, physically within Ofcom and sharing some support staff, access to research etc, but with an independent identity and constitution. If possible, that might satisfy both sets of concerns.

Third, accountability. For the devolved nations, it is essential their voice is represented both within the non-executive directors on the BBC unitary board and on the regulatory board. The national assemblies should be formally consulted by the DCMS and have a role in making such appointments.

In addition, whatever the governance arrangements, I believe the current audience councils need to be significantly strengthened and revert to the kind of role the Broadcasting Councils had under the Board of Governors until 2004. These had a more formal status and a stronger voice than the current advisory role of the audience councils.

Finally, I believe, as for the World Service, S4C needs to have its funding sustained and its independence properly defined and protected within the Charter. The temptation may be to blur such arrangements to allow greater efficiency in production and support areas. I believe this risks undermining its distinct identity and culture.

2. Programme Commissioning and Production

There has been comment on the decline in budgets for Wales since 2010 (or earlier) – including the English programming budget. While this is obviously regrettable, it should not be interpreted entirely literally. As an independent report from PwC² has made clear, the BBC has done well in efficiency in recent years, bringing down overheads, increasing productivity and thus enabling significant savings to be made on behalf of licence fee payers. This efficiency and productivity gain needs to be taken into account in forming any view about declining budgets.

We should also note the major success of the BBC devolving a significant amount of drama production to Wales. This brings credit to BBC Wales and more broadly to the creative sector in Wales who support such major successes as Casualty, Dr Who and Sherlock. However, there is lingering concern that this has not led to a consequent strengthening in the portrayal of Wales across BBC programmes. My personal view is that the issue of portrayal can be overstated, whilst not denying that further improvement is desirable.

²http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc_report_pwc_update_overheads_efficiency_review.pdf

One means of achieving this would be for the Nations to have a stronger voice in commissioning programmes – as well as in devolved production. Currently commissioning for network programmes is heavily centralised. This may be complex for the BBC to introduce but it is appropriate as national identities strengthen across the UK and it would produce greater diversity in tone and output. The success of the BBC's centre in Salford – and the impact on the North of England and on the output which is commissioned and produced there – is a useful example and precedent alongside the successes within BBC Wales, BBC Scotland and BBC Northern Ireland.

As the BBC's internal production is regrouped into a separate company – BBC Studios – it seems likely that the commissioning function in the BBC will further strengthen – and it is therefore essential that it is structured to fully deliver perspectives – and appropriate portrayal – of the UK beyond London and Manchester.

Finally, the charter has to be sufficiently flexible to take into account the major shifts in consumption habits towards digital platforms. For this reason, the BBC's proposal to have a dedicated OTT Player (or section within iPlayer) for Wales is to be welcomed. Aggregating content for Wales in one place – especially if it is open and includes the content of other broadcasters – will make a major contribution to consolidating audiences. BBC Wales will need to have a coherent presence on mobiles as well given the current exponential rise in mobile devices to access media content.³

Further than this however, I believe it could be considered whether the digital operations and expertise on which future services will depend might also be further devolved beyond London. Much of the BBC's interactive operations moved to Salford under the last charter with considerable success. It is important for Wales to be recognised as a creative base for some digital and interactive technology in the next ten years – so much of the media will rest upon those skills. It is a fast developing sector which with the right incentives could grow in Wales and the South West and make an important contribution to the creative economy.

One example: the BBC has floated the idea of a national centre for data journalism to be located outside London. I believe Cardiff would make an excellent location – with proximity to the Office of National Statistics in Newport, major hubs for local newspaper groups including Trinity Mirror/Local World and Newsquest in South Wales and Cardiff University's commitment to a Data Innovation Institute as one of its major initiatives for the next five years.⁴ Such an investment could make a significant contribution to encouraging and developing the data and technology sector in Wales and the South West.

Finally, DAB radio coverage should be properly assessed in Wales before any switch off of FM. The geography of Wales has particular challenges for radio transmission –

³ <http://www.digitalnewsreport.org/survey/2015/the-growth-of-screens-and-new-platforms-2015/>

⁴ <http://www.cardiff.ac.uk/data-innovation-research-institute>

but radio remains a vital medium for audiences in Wales (and beyond) and any loss of service for those audiences through radio digital switchover would be very serious.

3. Democratic Deficit

The Institute for Welsh Affairs (IWA) has described the media position in Wales as one of “market failure” and suggested that Wales needs a formal, ongoing monitoring of Wales media and its impact.

I broadly agree with their view. In 2013 I made two half hour documentaries for Radio Wales looking at the decline of newspapers in Wales and the growth of the hyperlocal/community journalism sector.⁵ These concluded that there is a significant “democratic deficit” emerging in Wales with many aspects of local democracy under-reported leading to a commensurate disengagement from politics by sections of the community.

As in other parts of the country, newspapers in Wales have seen major cost cutting and a reduction in editorial resources which means levels of coverage have significantly diminished in some areas. I do not accept the arguments of some politicians and local newspaper groups that the BBC has hastened their decline by being over-competitive in local markets. Indeed, in many cases if it wasn't for the BBC local communities would have precious little news or local media at all. Where the BBC has pulled back in the past, the market has not stepped in.

I note the Enders Analysis report which found that *“UK newspaper publishers have been damaged by the internet. They face inherent challenges in monetising online audiences, in common with other news publishers. To be blunt, the BBC plays no role in exacerbating these challenges.”*⁶

However, I welcome the readiness of the BBC to be more open to partnerships with local commercial media and believe the BBC, as a national investment, should play a stronger role in supporting democratic engagement across the country – including working as partners in the reporting of courts, councils, and other local institutions with other media.

Cardiff University has a Centre for Community Journalism which works with hyper-local sites throughout Wales, offering training, guidance, and support and undertakes research into this new sector.⁷ Our experience suggests there is

⁵ <http://www.bbc.co.uk/programmes/b03bv2h1>

⁶ <http://www.endersanalysis.com/content/publication/bbc-press-and-online-news>

⁷ <https://www.communityjournalism.co.uk/blog/2015/09/09/community-journalism-in-the-uk-the-emerging-evidence-base/>

considerable potential in this area – but as yet it is unclear how sustainable many new sites may be. The business model is not straightforward – and there is a major hurdle in moving from “hobby or passion” to “business”.

I am opposed to arguments for ongoing public funding of hyperlocal media. I believe it is neither desirable nor sustainable in the long term. However, start-up grants have made a considerable difference for some operations – notably the Caerphilly Observer which has gone from one man and a website to a regular print edition with staff. Further, content partnerships of the kind now being discussed with the BBC could also help build a sustainable community media sector.⁸

As part of the jigsaw of measures to address the democratic deficit, the BBC’s co-operation with both commercial media and – potentially more significantly – the hyperlocal sector will be important.

Conclusion

Some suggest the BBC is declining in importance as the digital media sector grows and that the organisation needs to restrict itself to areas of market failure. I could not disagree more. The BBC’s success is built on a broad definition of public service and, with the obligations stemming from universal funding, providing programming of value to all parts of society and all areas of the UK.

In the digital era, with fragile economics, unequal access to services and a surplus of foreign and sometimes poor quality content, the BBC’s role is still to provide high quality programmes across all genres which will raise standards across the media sector, deliver to all parts of society and support national identities and national debates. It also has a strong future role to play in optimising the opportunities of digital media in the UK and the UK’s media profile internationally.

The strength and independence of the BBC and S4C in Wales depend on a strong, well funded, open, and accountable BBC to lead the further transition into digital platforms with high quality content.

To do this, reform is needed including:

- A transparent mechanism and process for future funding settlements in which the public has a voice.
- A clear and appropriate process for establishing public accountability to parliament.
- A new set of governance arrangements which establish a unitary board, led by a non-executive chairman with a majority of non-executive directors, overseen by a separate regulatory body – possibly within Ofcom.

⁸ <http://www.bbc.co.uk/mediacentre/latestnews/2015/hyperlocal>

- National Assemblies to be consulted on non-executive and regulatory appointments relevant to each of the nations.
- Stronger Audience councils with a more formal voice akin to the former broadcasting councils.
- Defined and constitutionally protected funding and remit for S4C
- A greater voice for the Nations in programme commissioning – to match the devolution of production in key genre.
- A dedicated OTT “iPlayer” page or site for programming for Wales and stronger presence on mobiles.
- Investment in digital and interactive technology development in Wales – potentially around data.
- A review of DAB coverage before FM switch off.
- Partnership in collaborating with both commercial and hyperlocal media with the specific aim of closing the “democratic deficit”.

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16.11.15