THE FUTURE OF THE BBC

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Introduction: The Threat and the Opportunity

Across the world public service broadcasters are seeking a new role for a new era. This tendency is particularly marked in Europe where public service broadcasting was first established (see, inter alia, Blumler 1992, Perez 1983, Wangermeek 1984). In Britain, from where the BBC model has been pervasively exported to underpin public service institutions and mandates in a host of countries, the Government has published a White Paper (that is, a set of firm policy proposals) on The Future of the BBC (Department of National Heritage 1994) which rethinks the role and mandate of public service broadcasting in changed circumstances.

The BBC and other public service broadcasters — particularly in Europe — face similar challenges (see, inter alia, McKinsey 1993). It and they are now faced with unprecedented levels of unaccustomed competition. Hodgson observed how rapid has been the transformation experienced by European public service broadcasters. In 1982 Europe had four commercial broadcasters (half of which were in the UK) in 1992 it had fifty eight (Hodgson 1992, vii). In 1995 there are certainly more than one hundred television channels in Europe and probably more than one hundred and fifty. Broadcasting, which was formerly considered a non-traded service, is now a significant economic sector (BIEC 1988, 13; Commission of the European Communities 1993; see also Myerscough 1988, Masse 1985). Viewers and listeners, who were once considered in need of protection and improvement by benevolent broadcasting guardians, (Pilkington 1962, 12-20 and 121-129) are demanding of broadcasters (or having demanded for them) new levels of responsiveness and accountability (see, inter alia, the growing importance of the UK pressure group Voice of the Listener and Viewer).
The 1994 White Paper on *The Future of the BBC* recommended the status quo with an expanded economic remit for the BBC. It reaffirmed the BBC’s public ownership and licence-fee funding, and sanctioned the Corporation’s internal reorganisation and international expansion. A broad consensus greeted the renewal of current arrangements. The Government’s proposals, which notably strengthened the BBC’s ability to compete world-wide (as the White Paper’s subtitle put it) neither diverted the BBC from its chosen strategy nor threatened other broadcasters. But two problems remain. First, many believe that these goals contradict each other, and that the BBC’s staff is struggling with a confused amalgam of missions. Second, the BBC’s relationships with government and with viewers and listeners need to be rethought if the BBC is both to serve its publics and to contribute to the development of a vital sector of the UK economy. To solve these problems new structures of management and accountability are required.

**Can the Licence Fee Survive?**

Is public funding untenable? Must the BBC be privatised? The privatisers point out that in satellite households the BBC’s audience share is already below 30 per cent: its share of the total UK market will continue to fall as satellite and cable spread and the quality of their offer improves. They forecast that the BBC’s share will hit a legitimacy barrier, below which public-funding will no longer be defensible. Those who can opt out of the BBC, i.e. subscribers, will have to be allowed to do so. Better to take the positive decision to privatise the BBC now, than be forced to do so in defeat later, when the corporation’s brand name and market share have suffered.

But there are two confusions here. First, audience share is different from audience reach. Even if the BBC 1 takes up barely a fifth of viewing time (that is, when its share has fallen to around 20 per cent), it is still likely to be used regularly by four fifths of viewers (its reach will still be 80 per cent).\(^2\) As *The Times* said in its editorial on the White Paper: "The BBC’s task is to make sure it offers something for everyone each week." The legitimacy barrier will only be breached if sizeable numbers of people stop using the BBC altogether. That has not so far happened in satellite/cable households, where the BBC reaches nine in ten viewers each week. Given the diversity of the BBC’s services, including radio, reach is likely to remain nearly universal.

The second confusion is to think the licence fee is a subscription fee. It is not: the licence fee is a hypothecated tax, paid by individuals for the BBC to be available, whether or not they watch it. That is why it is wrong to argue that viewers should be allowed to opt out of the BBC if they no longer watch it. Just as parents of children in fee-paying schools are required to pay for state education and patients in private hospitals to fund the National Health Service so those who opt-out of the BBC still have a duty to pay for it. But we recognise that there are serious problems with the licence fee: it is regressive and, as Wall and Bradshaw (1994, 1198-9) have shown, it is "the cause of considerable injustice." Moreover the government’s ability to set its level makes the BBC vulnerable to political pressure. But, on balance, we agree with the National Heritage Select Committee’s description of the licence fee: it remains the "least worst" method of funding the BBC.
Quango3 or Public Service?

Establishing a theoretical case for public service broadcasting does not solve practical problems of implementation. How, without the discipline of advertising or subscription, is public service broadcasting to be accountable to users and to society as a whole? How is it to ensure that it serves real audiences’ needs and desires and not just a public of its own management’s imagining? How is the BBC to balance potentially conflicting commercial and public service aims? Organisational change is needed if public service broadcasting is both to meet the threat and opportunity posed by changed circumstances and to address the problems of implementation indicated above. We propose two changes: to the relationships between the BBC’s constituent businesses and to the role and selection of the governors.

Reconciling the BBC’s pre-eminent status as the UK’s principal public service broadcaster with its development as a major international player and stimulator of the UK’s audio-visual sector is an exacting challenge. In contrast to the improved performance of the UK film industry, the receipts from overseas sales of the UK television industry declined in 1993 (CSO 1994). To exploit these opportunities, the BBC must develop as an international provider of programmes and services and thus contribute to the development of the UK’s audio-visual industries. Its developing relationships with UK media companies, notably Pearson, are welcome. However it is necessary to ensure that the public interest does not go by default in these arrangements and that the BBC’s effectiveness is not undermined by the potential conflict between commercial and public service goals.

Until now the BBC has been organised as a vertically integrated, end-to-end programme producer, scheduler, and transmitter of television and radio services. That structure is already being challenged. The introduction of an independent programme producers’ quota following a recommendation in the Peacock Report (Peacock 1986, 142) shows how the BBC’s institutional arrangements can stimulate the audio-visual sector. The establishment of internal markets within the BBC via “Producer Choice” (the BBC claimed a saving of £100m in 1994/5 [BBC 1995, 7]) shows how the BBC can use its own resources more effectively and contribute to the development of efficient service providers outside the Corporation.

The move away from traditional structures should be completed. The BBC should be given a dual mandate: to continue to provide public service broadcasting in the UK and to increase the revenues it generates through international sales and services. This dual mandate can best be implemented by an internal disaggregation of the BBC. However, we are convinced by the Peacock Committee’s finding that the BBC must remain large so that it is better able to preserve its independence of government. We therefore recommend building on the reorganisation of the BBC now being undertaken by the Director General and the Board of Management.

We propose the creation of arms-length entities each of which would trade with other elements of the BBC and with service providers, clients and partners outside the BBC. For television (radio would follow a similar model), we propose to separate: scheduling and channel control; programme production; transmission and engineering; commercial exploitation. These four distinct, semi-autonomous entities would report to the Board of Management. The individual units would be given line-management responsibility to minimise the paperwork and bureaucracy that have dogged
the introduction of internal markets under Producer Choice.

Each unit would enjoy substantial autonomy to pursue its mandate. For example, 
BBC Channels and Programmes would focus on providing public service broadcasting 
in the UK, unencumbered by commercial imperatives. BBC Commercial would 
exploit commercial opportunities in all other relevant markets. The greater freedom 
should deliver greater efficiency and effectiveness throughout the BBC’s activities. 
The Board of Management would be responsible for managing the relationship among 
the four units, whose respective mandates would be:

- **BBC Channels**: to deliver public service television across the range of media that 
  would be available in the future (including satellite channels such as UK Gold, 
  or video-on-demand ventures). A difficult issue remains over the relationship 
  between subscription funded and free to air services. But the overriding principle 
  must be free access for all viewers and listeners to all BBC programmes.

- **BBC Programmes**: to trade with BBC Channels, BBC Commercial and non-BBC 
broadcasters whether in co-ventures or as single clients.

- **Engineering/transmission services**: to compete against rivals such as BT, Na-
tional Transcommunications and cable companies for the provision of distribution 
services both to the BBC and to non BBC clients. BBC Engineering would be 
encouraged to seek commercial partners and profitable exploitation of its innov-
ations.4

- **BBC Commercial**: to exploit the BBC’s expertise, rights and brand name in all 
  areas other than the UK radio and television markets. In line with the aim of 
developing the whole broadcasting sector, the BBC should be encouraged to sell 
its training services to outsiders, both domestic and international, while increas-
ing its links with training institutions such as the film schools and universities.

The increased premium that the BBC’s brand and programmes could secure in the 
multi-channel environment could top up licence fee revenue, as long as the Govern-
ment does not claw back new revenue by reducing the licence fee. Doing so would 
negate any incentive to commercial activity created by the White Paper reforms. Re-
venue from existing ventures, such as World Service TV, or future ones (for example, a 
BBC-on-demand in the US, or a BBC-Open University for Asia or further develop-
ment of BBC Worldwide in the Asia Pacific region where it enjoys considerable pres-
tige) should flow back to the originating BBC service, at a fair price relative to the 
value of the rights. To maximise these revenues, BBC Commercial should be allowed 
to borrow money and take commercial risks.

**Serving the Public**

Properly, there is great sensitivity about the relationship between public service 
broadcasters and government. In June 1994 there was a cautionary tale. The new Prime 
Minister of Italy, Signor Silvio Berlusconi, claimed that the Italian public service broad-
caster, the RAI, was out of line in its criticism of his government. Other public service 
broadcasters, Berlusconi claimed, did not raise their "voice against the majority which 
sustains the government." Berlusconi’s claim was promptly rebutted by the President 
of the European Broadcasting Union, Albert Scharf, who stated that "public service 
broadcasting as it exists in Europe today is, by definition, independent of government 
and parliament" (Scharf 1994). This rebuttal did not stop Berlusconi removing the RAI’s 
governors and requiring the RAI to carry government-funded advertisements for his
economic reforms.

It is in the spirit of Scharf's definition that we propose changes to the role and selection of the BBC's governors. With its governors and funding chosen by government, the BBC risks being the country's largest quango. We cannot rely on the benevolence of our governments to guarantee the BBC's independence. The BBC's institutions must be reformed to pass the Berlusconi test: that is, would they survive a British equivalent of the Italian Prime Minister?

**Accountable to the Public**

Broadcasting and broadcasters must be accountable: to ensure that the character and content of broadcasting services reflect the needs and desires of users, to ensure that broadcasting performs its important social and political role and to ensure that there are means for independent adjudication of and redress for users' complaints. Our suggestions for improving accountability draw on those made by the consumer movement, whose involvement across the range of public services has grown sharply in recent years (Consumers' Association 1993). We support the Broadcasting Consumer Council proposal put forward by the Consumer Broadcasting Liaison Group convened by Voice of the Listener and Viewer, rejected in the White Paper (Voice of the Listener and Viewer 1994).

But we believe that further changes are necessary, notably to the role of the BBC governors. In 1993, the governors themselves published *An Accountable BBC* (BBC 1993), a laudable attempt to clarify their role and streamline the structure of advisory boards within the BBC. But their reflections on the BBC's accountability did not consider the question of their own accountability. The governors, as is widely recognised, are unrepresentative, unaccountable and endowed with no clear mandate. They are, at best, "sound chaps" appointed by the Prime Minister, who can be relied upon to use their safe hands with discretion. At worst, they are placemen and women who have genuflected to political masters by censoring the "Secret Lives" series, and ignored the wishes of viewers and listeners.

The BBC aims to be accountable to the public, but takes its decisions behind closed doors, through little-known government appointees. These mechanisms of accountability are deeply inward-looking — they need to be opened up to public scrutiny and influence.

**Representing the Public**

The role of the governors and their relationship to the management of the BBC has been contested since the inception of the BBC. Under Lord Reith, with the Director General ascendant, the governors were weak (Boyle 1972, 215-246; Reith 1949, 14-134). Latterly, with a dominant Chair of Governors, the pendulum has swung the other way and the Governors have shown their power to fire and hire the Director General of the BBC. Paradoxically, the Government's White Paper *The Future of the BBC* vests effective power in the BBC's management by defining the Governors' role as one of approving "objectives for the BBC's services and programmes" (Department of National Heritage 1994, 3) rather than the Governors setting objectives.

However, the role intended for the governors has been clear from the start. The 1926 Crawford Committee meant the Board of Governors to be a supervisory board, of the type that evolved in continental businesses (Crawford 1925). Although tradi-
tionally such dual structures were not favoured by British business, the corporate scandals of the 1980s have caused them to be championed again, most notably by the Cadbury Report on the Financial Aspects of Corporate Governance. *An Accountable BBC* (BBC 1993) is inspired by these trends in corporate governance, but does not fully translate that inspiration into implementation even though the Governors claim to have complied with the Cadbury Code (see BBC 1994, 63).

For the principles of the Cadbury Report to be truly extended to the BBC the first step should be to recognise that the governors are essentially non-executive directors. They are not there to be regulators — they will always be too close to be impartial, although they do play a regulatory role, representing the interests of the BBC’s various stakeholders. The Governors should represent stakeholders by setting and monitoring the general direction of the BBC. The Board of Governors should be charged with establishing a rolling three year "mandate" for the BBC, which specified performance indicators (PIs) in respect of the range of programmes, the economic performance of the Corporation, and the level of achievement required in respect of audience reach, share and satisfaction. These PIs are to refer to the economic and public service roles of the BBC and, when they conflict, will define the balance to be struck between them. Thus far our proposals are readily compatible with established practice; the PIs set by the Governors are reported in the *BBC Report and Accounts* (BBC 1994, 15).

However, our proposals in respect of the relationship between Governors and BBC Management and Governors and viewers and listeners do diverge from current practice. We propose that the responsibility for meeting these PI targets should rest with the Board of Management and with the Director General in particular. Governors would have the power to secure whatever information they may reasonably require from the Corporation but they would not have the power to view programmes before transmission. They would have the responsibility to support and encourage the broadcaster in the production and transmission of a proper proportion of innovative, iconoclastic and investigative programming. To make sure the Governors carry out these duties in the interests of the public, they must be accountable to the public. We now need informal and formal methods of public influence to guarantee accountability.

**Informal Public Influence**

For the governors to be accountable, they must be subject to open scrutiny, the public’s informal influence. For scrutiny to be effective, relevant information needs to be made clear and available. First, the specific Performance Indicators set by the Governors should be made public, as should the BBC’s success in meeting them. The raw data on audience behaviour, and other data on levels of audience satisfaction, should be in the public domain. Secondly, the Governors should make clear why they have reached particular decisions. The minutes of meetings should be made public, after a suitable delay to allow for commercial confidence. Matters of commercial or national confidence could be kept confidential if the House of Commons National Heritage Select Committee, to whom the Governors must report in such circumstances, so sanctions.

**Formal Public Influence**

The BBC’s accountability could also be bolstered by formal mechanisms of public
influence. To ensure that Governors are more representative of the public than of the
government of the day, we propose devolving the power to appoint the Governors.
We therefore need to find new ways of devolving power and propose appointment of
the Governors by an electoral college appointed by three complementary methods.

An electoral college. An electoral college would devolve and separate power —
devolve it to the public to increase responsiveness to users and buttress indepen-
dence from government; separate it into different constituencies to reduce the risk of
domination by any one group. These constituencies could be:

1. Duly constituted regional advisory boards providing, say, 20 members of the elec-
toral college. These members would be appointed by national and regional advisory
boards established in Scotland, Wales, Northern Ireland and the English re-
gions.

2. A further 20 members of the electoral college would be appointed by the relevant
House of Commons Select Committee (currently the National Heritage Commit-
tee).

3. A final 20 members would be appointed by new broadcasting societies described
below.

The sixty members of the electoral college would appoint a suitable number of
Governors, say twelve, and would have regard to the representativeness of its ap-
pointees. It might seek, as do those appointing the present BBC Board of Governors,
to ensure that there is a representative from education, each national region, from the
trade unions, from the diplomatic service and from finance. It might also seek to go
beyond this rather dated concept of representativeness to include individuals who
can speak authoritatively for other social categories, such as age (younger and older
people), ethnic minorities, people with disabilities and those who do not go out to
work. The Governors appointed by the electoral college would elect their chair from
among their number. Governors would be appointed for a fixed term of office (be-
tween three and five years seems appropriate), would retire in rotation and would be
eligible for one term of reappointment.

The regional broadcasting advisory boards would have a special responsibility for
regional broadcasting issues. They could be directly elected by viewers and listeners
in the relevant regions. Or they could be made up of nominees from relevant local
bodies, such as the churches, political parties, trade unions, employers’, arts and sports
associations and others elected by and from the elected regional authorities. Each board
would represent a regional population of around 2.5 million people. However some
regions (such as Wales and Northern Ireland) would be "over-represented," since it
would be undesirable for these national regions to have no regional board that could
be called their own. This model draws on and modifies German precedents (Collins

The Select Committee of the House of Commons would appoint a number of
members to the electoral college so that the composition of the governors of the BBC
would be influenced by the composition of the House of Commons but would not be
directly subject to the patronage and values of the Government of the day. The effec-
tiveness of these arrangements would depend on the calibre of the Heritage Select
Committee. This greater executive responsibility, and its authority over the release of
commercially sensitive information, should encourage high calibre appointments to
the Committee.
Individuals and interest groups would establish new broadcasting societies to advocate their vision of broadcasting. The broadcasting society's number of representatives in the electoral college would be proportional to its membership. In this way active groups, such as the National Viewers and Listeners Association, would be able to demonstrate the extent to which they command popular support and would be able to influence broadcasting policy in proportion to the size of their membership. This initiative, new to the UK, is based on long established Dutch precedents (Bouwman and Stappers 1984; Wigbold 1979).

The principle of election is clearly right. The BBC was recently described as the second most important institution in the country. Such power cannot be wielded without accountability. The principle of election would be a clear improvement on direct patronage. An electoral college could be the most impartial and practical way of implementing that principle and of guaranteeing that the BBC would pass the Berlusconi test.

Citizens' juries. Once chosen by the electoral college, the BBC Governors could keep in touch with — and be guided by — the views of the public through the use of citizens' juries, held at regular intervals in each region of the country. These are small groups of people chosen at random from the electoral register who meet together to discuss specific issues and draw conclusions. They hear evidence from witnesses and cross-examine them, and have time for a full discussion of the issues at stake. This model of decision-making has been tested in Germany and the United States and is examined in detail in a report from the Institute for Public Policy Research, IPPR (Stewart, Kendall and Coote 1994). It is suggested here that citizens' juries would allow the BBC to be more responsive to the demands and tastes of the public at large. Unlike consumer groups or the proposed broadcasting societies, citizens' juries do not represent particular interests but are made up of ordinary citizens with no special axe to grind. Unlike opinion polls or surveys, they provide an opportunity for deliberation and informed decision-making.

Conclusion

Broadcasting is changing and the BBC must change with it. The Government's recognition of the economic importance of the media is manifest in its White Paper, The Future of the BBC (Department of National Heritage 1994). But the changes to the BBC foreshadowed in the White Paper are insufficient to meet the challenge of reconciling public service with successful commercial performance. The White Paper's proposals fail to reconcile the BBC's public service role with its important commercial role, nor do they ensure that the balance to be struck between these different imperatives reflects the preferences of the BBC's users and public. Moreover, they leave the governance of the BBC vulnerable to capture by Government.

We therefore propose a new pluralistic structure of representative democratic accountability for the BBC able to reconcile economic and public service goals in broadcasting within the United Kingdom and overseas. These structures would help the BBC develop and exploit commercial opportunities — with all the benefits in jobs and wealth creation that entails. They would ensure that the benefits of the BBC's commercial endeavours accrue to UK viewers and listeners to whom the BBC must be accountable. The new mechanisms for appointing the governors and consulting the public would reshape the BBC as a genuinely independent and democratic institution.
Notes:

* At the time this article was written Richard Collins was Research Director of the IPPR Media and Communication Policy Project, James Purnell was researcher on the IPPR Media and Communication Policy Project. IPPR (Institute for Public Policy Research) is a charity and is best known as a highly reputed independent centre left "think tank". James Purnell is now employed by the BBC and the views expressed in this paper written before his employment by the BBC were those of the IPPR and not the BBC. Before working at IPPR James Purnell was a consultant for Hydra Associates and as a researcher for Tony Blair MP. Richard Collins is a lecturer in media and communication studies at the London School of Economics and Political Science. He is the author of several studies of broadcasting policy in the UK and overseas and has contributed widely to academic and trade journals on broadcasting. An earlier version of this article was published as The Future of the BBC. Commerce, Consumers and Governance. Institute of Public Policy Research. London. 1995. Publication was supported by 3 Com.

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1. The conference sponsored by the Canadian Broadcasting Corporation/Radio Canada (CBC/RC) in Toronto on October 19th and 20th provides a convenient example in the North American context. Public broadcasters, policy makers and academics from Australia, Canada, the Czech Republic, Denmark, France, India, Ireland, Japan, Korea, New Zealand, South Africa, Sweden, the United States and the United Kingdom participated.

1. Source: BBC research.


4. Terrestrial broadcasting in the UK is performed by the BBC, through its engineering division, and National Transcommunications Limited (NTL), formerly — before privatisation — the engineering arm of the Independent Broadcasting Authority. The two public sector organisations co-operated, sharing facilities and costs, in building a national transmission infrastructure. This co-operation has, in part of necessity, continued after privatisation of the engineering arm of the Independent Broadcasting Authority as National Transcommunications. In some sense it would therefore be rational for National Transcommunications to acquire BBC Engineering, if the separation of BBC Engineering as a trading entity and cost centre were to be done through privatisation as seems likely under a Conservative administration. However, we believe that the public interest would be better served by promoting competition between the two organisations and therefore propose that NTL should be prohibited from acquiring BBC Engineering were it to be privatised.

References:


