BBC TO THE RESCUE!

DIGITAL SWITCHOVER AND THE REINVENTION OF PUBLIC SERVICE BROADCASTING IN BRITAIN

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Abstract

Britain is almost unique in giving its incumbent public service broadcaster, the BBC, a leading role in driving digital, thereby hoping to hasten digital take-up, and thus allowing analogue switch-off by 2012. This paper is divided into two parts. The first part investigates the recent historical past with respect to the making of policy, drawing on the analytical framework of policy cycles. Why has the British government given the BBC a lead role in the move towards digital transmission, and how does this decision link and interconnect with other interweaving policy debates surrounding the BBC licence fee and Charter renewal? In a media environment, increasingly driven by commercial considerations, what are the key policy motivations for entrusting a publicly funded institution with a lead role in the digital era, and what have been the main challenges and policy dilemmas in doing this? Part two considers how the BBC has responded to government policy initiatives. What are the key building blocks of its digital strategy and just how comfortably do these sit with its public service remit? For digital means much more than just broadcasting, demanding responses to changes in the way that audiences are likely to interact with content in future. Yet, in positioning itself as a content provider, whose content will be available on demand on myriad future platforms, the Corporation is increasingly impinging on what commercial operators believe is their future route to profitability. In the light of this analysis, the paper concludes by assessing the compatibility of government policy and BBC strategy given their at times diverging aims and objectives, and what this means for the continuance of a public service ethos into the digital age.

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Introduction

Britain is almost unique in giving its licence-fee funded public service broadcaster, the BBC, a leading role in driving the take up of digital television services. With the BBC's assistance, the UK government is planning to complete the process of digital switchover by the end of 2012. This paper examines how and why the BBC has found itself at the heart of the switchover process, and explores some of the implications of this position for both the BBC and the future of public service broadcasting in Britain more generally. Specifically, this paper is divided into two parts. The first part investigates the historical development of UK digital television policy. This section begins by detailing how the initial introduction of digital television in the UK was overshadowed by the presence of BSkyB. As a result, with disastrous consequences, digital terrestrial television (DTT) was first launched as a pay-TV service along the lines already provided by BSkyB. This part of the paper then moves on to consider how, from around late 2002, the BBC has breathed new life into UK digital television policy with the launch of Freeview, a free-to-air based DTT service. This section also examines why the BBC was so keen to promote Freeview and how the launch of Freeview interconnects with other policy debates surrounding BBC Charter renewal. The second part of the paper focuses more closely on the BBC itself. This part considers how the BBC has responded to government policy initiatives. What are the key building blocks of its digital strategy and just how comfortably do these sit with its public service remit? For digital means much more than just broadcasting, demanding responses to changes in the way that audiences are likely to interact with content in future. Yet, in positioning itself as a content provider, whose content will be available on demand on myriad future platforms, the Corporation is increasingly impinging on what commercial operators believe is their future route to profitability.

UK Digital Television Policy: From Pay-TV to BBC

Broadly speaking, the introduction of digital television in Britain can be divided into two distinct phases. During the first phase – from the early-1990s until the collapse of ITV Digital in early 2002 – the making of UK digital television policy was overshadowed by the presence of BSkyB. In response to BSkyB's planned digital satellite service, the UK government offered digital terrestrial television (DTT) licences on particularly favourable terms and backed the establishment of a DTT pay-TV service akin to that already offered by BSkyB. In the event, however, the DTT pay-TV service, launched towards the end of 1998, ONdigital, (previously named British Digital Broadcasting (BDB) and later renamed ITV Digital) attracted far fewer subscribers than BSkyB's rival satellite service and less than five years later was declared bankrupt. Consequently, by around mid-2002, BSkyB was firmly established as the UK's leading digital broadcaster and only minimal progress had been made towards the envisaged analogue "switch off."

To a large extent, this sequence of events can be traced back to the inability of the UK government to control market entry across the whole of UK digital television (satellite as well as DTT). During the late 1980s and 1990s, the development of satellite broadcasting technology and the European Community's Television Without Frontiers Directive (TVWF) combined to effectively end the UK government's sovereignty over who could or could not broadcast to UK viewers (Humphreys

1996, 276). This new regulatory situation was immediately exploited by Rupert Murdoch's satellite broadcaster, Sky. Uplinked from the UK, but broadcast from the Luxembourg registered Astra satellite, Sky was defined in UK law as a "non domestic" satellite service. Consequently, Sky remained exempt from the UK's cross-media ownership laws, and was effectively subsidised by News Corporation's highly profitable newspaper interests (News International), including *The Sun* and the *News of the World* (Franklin 1997, 200). Moreover, as a "non-domestic" service Sky also did not need to fulfill any of the "semi-public service" duties required of British Satellite Broadcasting (BSB), the officially licensed domestic satellite broadcaster (Wheeler 1997, 147). Combined with BSB's own poor management, these regulatory disadvantages proved fatal. After a short period of costly competition, BSB was forced to accept a merger with Sky on terms so unattractive that they amounted to a take-over. Essentially, Sky had managed to circumvent the UK's national broadcasting regulations and leave the UK without an officially licensed (domestic) satellite broadcaster. As noted by Collins, "for the first time an officially sponsored monopoly failed in competition with an unplanned, and officially unwelcome, new entrant to the market" (Collins 1998, 387). Over the next few years, largely on the back of acquiring the exclusive rights to broadcast live English Premiership football, BSkyB developed into the UK's dominant pay-TV broadcaster. By 1995, BSkyB had over 4 million subscribers and recorded annual profits of over £150 million (Horsman 1997, xiii).

It was against this background that UK policy makers began to consider the potential of digital broadcasting technology. The chief architect of UK digital TV policy was the ITC, the former regulator of UK commercial television and the body most scared by the failure of BSB. In May 1993, the ITC gave its first large scale public demonstration of a digital television broadcast (Culf 1993). A couple of months later it published *A Discussion Document on Digital Television*, which proved to be the blueprint for UK digital television policy (ITC 1993). To begin with, the ITC set out the case for the replacement of analogue with digital TV. Given the efficiency gains made possible by the adoption of digital broadcasting technology, the ITC concluded that, "it is hard to see how the continuation of PAL [analogue] transmissions could be justified in the longer term" (para. 8). Just as, if not more significantly, the ITC also argued for the wholesale adoption of DTT, in preference to cable or satellite technology. According to the ITC, to leave all digital advances to cable and satellite would amount to leaving UK analogue broadcasting to "slowly wither on the vine." The ITC argued that only DTT would ensure the benefits of the transition to digital could be shared by all. Most notably, ITC pointed out that DTT could provide universal service and continued use of portable TV sets (para. 29-31). However, the shadow of BSkyB loomed large. The ITC noted that digital satellite services could be launched as early as 1995 and, no doubt with the BSB experience fresh in its mind, stressed the need for speedy legislation to enable the launch of UK DTT services and avoid BSkyB getting a serious "first mover" advantage (para. 31). On this basis, the ITC advocated a "strategic approach" to the launch of DTT services, whereby currently unused spectrum would be used for the simulcasting of existing services and any spare spectrum would be used for new services to attract viewers to DTT (para. 26-7).

Over the next few years, the UK government looked to put meat on the bones of the digital television policy sketched out by the ITC. First, in 1994, the Department of National Heritage (DNH) (since renamed the Department for Culture, Media and Sport) published a White Paper on the BBC which made clear the government's support for the launch of DTT services. Here, the DNH echoed many of the ITC's arguments for the introduction of DTT, not least the fact that the successful transition from analogue to digital could free up spectrum worth about £5bn a year to the UK economy (DNH 1994, para. 4.24). A year later the DNH published a White Paper dedicated to the introduction of Digital Terrestrial Broadcasting, which in turn, provided the basis for much of the 1996 Broadcasting Act. Under the terms of the 1996 Act, the available spectrum for DTT would be divided into six multiplexes, each providing enough spectrum for four or five channels; free spectrum would be allocated for the existing terrestrial broadcasters, including an entire multiplex for use by the BBC; and, the remaining multiplexes would be allocated by the ITC via a DTT "beauty contest," with competing bids being assessed for their ability to promote the take up of DTT, and specifically as to whether they would "promote the development of digital television broadcasting in the United Kingdom otherwise than by satellite" (Broadcasting Act 1996, Part I, Section 8). Clearly, the UK government was just as concerned as the ITC to avoid the translation of BSkyB's domination of analogue pay-TV into the domination of digital television.

In January 1997, the ITC received two rival bids to operate the three multiplexes (a total of about 12 channels) that were made wholly available for use by commercial broadcasters, one from a consortium made up of Carlton, Granada and BSkyB - British Digital Broadcasting (BDB), and another from Digital Television Network (DTN), a company wholly owned by the US based cable company International CableTel, which controlled around a dozen UK cable television franchises. Initially, BDB was the clear favourite to be awarded all three multiplex licences (Shelton 1997). BDB was, in the words of one commentator, "a powerful integrated operating and programming company" (Snoddy 1997a). However, the notion that a successful BDB bid would put pay to fears of BSkyB's domination of UK digital television was clearly absurd. BDB planned to offer a range of existing satellite channels and new channels very similar to existing satellite channels. Put simply, BDB was offering BSkyB's pay-TV service via a new distribution system. In the words of the then BSkyB chief executive, Sam Chisholm: "whichever way it goes, everyone ends up being a customer of Sky" (Elmann 1997). For this very reason, in private submissions to the ITC, Oftel, the OFT and the European Commission's Competition directorate each voiced concern over BSkyB's involvement in the BDB bid (Oftel 1997; Buckley and Snoddy 1997). In contrast, the DTN bid offered opportunities for a wider range of programme makers, but was reliant upon its parent company raising further debt. Consequently, the ITC concluded that DTN offered a less secure financial backing for DTT than BDB (ITC 1997).

The ITC's solution was to award all three licences to BDB, but only after "competition concerns" had led it to force BSkyB to drop its equity stake in the consortium (ITC 1997). At the same time, however, the ITC insisted that BSkyB should continue to make available to BDB its premium programming. As explained by the ITC chairman, Sir Robin Biggam: "the history of the last ten years had shown that exclusive sport and movies were what TV audiences were prepared to pay for" (Snoddy 1997b). The ITC feared that, if excluded altogether, BSkyB's premium content channels would be used to promote the take-up of digital satellite and cable services at the expense of DTT. In a sense, the ITC had concluded that BSkyB was too powerful to be one of the owners of BDB, but also too powerful to be left out of the winning consortium altogether.

As a result, of the ITC's decision, the early years of digital television in Britain were dominated by a pay-TV war between ONdigital (the renamed BDB) and BSkyB. Towards the end of 1998, both broadcasters successfully launched their respective digital services, but BSkyB soon outflanked ONdigital on a number of different fronts. First, BSkyB remained ONdigital's chief supplier of premium programming and, according to industry analysts, this meant that BSkyB received up to 70 per cent of ONdigital's programme revenues (Boshoff 1997; Culf 1997; Atkinson 1997). Unsurprisingly, given this position, ONdigital was unable to break BSkyB's stranglehold over the supply of premium programming, most notably Premier League football. Second, ONdigital's financial position was placed under severe pressure by BSkyB's decision to offer free digital set-top boxes to existing BSkyB analogue subscribers and all new *Sky Digital* subscribers. (BSkyB 1999; MacAndrew 1999a). ONdigital was obliged to respond with a similar offer, at an estimated cost of £200m (ONdigital 1999; MacAndrew 1999b). Lastly, ONdigital was dogged by continuous technical difficulties. To prevent interference with analogue broadcasts and adhere to long standing international agreements, DTT transmissions had to be kept relatively weak. Inevitably, this led to widespread reception problems, which were a major cause of ONdigital's consistently high 25-30 per cent "churn rate" (Elstein 2002).

Faced with these and other difficulties, in early 2002, ONdigital (by now renamed ITV Digital) was declared bankrupt and the UK government's digital television policy was left in tatters. Back in the mid 1990s, the UK government had had two main policy objectives: first, to make progress towards analogue "switch off" via the speedy take up of DTT; and, secondly, to prevent BSkyB extending its domination of analogue pay-TV into digital television. At this stage, the UK government appeared to have failed on both counts. In the words of Barry Cox, the newly appointed UK government digital tsar, by early 2002, digital television in the UK had, "become a pay television phenomenon heavily dominated by Sky" (O'Connor 2002).

Building Digital Britain: BBC to the Rescue!

The second phase in the introduction of digital television in Britain – from around mid-2002 to the present - has been dominated by the relaunch of DTT as a free-to-air service offering around 30 channels under the banner of Freeview, a joint venture led by the BBC, but also including BSkyB and Crown Castle (now National Grid Wireless). With the success of Freeview, the BBC has become the focal point of UK digital television policy. Put simply, from around 2002, the BBC has been increasingly seen by the UK government as the chief policy instrument through which it can still achieve its digital TV policy objectives.

Launched in October 2002, the establishment of Freeview was instigated by the BBC for a number of reasons. First, the BBC was obliged to ensure that its digital channels (see below) were available to the maximum number of households and its own research indicated that "many millions of consumers" were keen to go digital but were resistant to pay-TV (BBC 2004a, para. 28). Second, given that BBC channels received a much lower audience share in BSkyB homes than in DTT or analogue only households, it was very much in the BBC's interest to ensure UK viewers went digital via DTT, rather than satellite (Dyke 2004, 186-7). And thirdly, the BBC was minded to act to preserve itself against neo-liberal inspired calls for the BBC to be funded by subscription. As the then director general, Greg Dyke, has since explained:

> *Freeview makes it very hard for any government to try to make the BBC a pay-television service. The more Freeview boxes out there, the harder it will be to switch the BBC to a subscription service since most of the boxes can't be adapted for pay-TV. I suspect Freeview will ensure the future of the licence fee for another decade at least, and probably longer* (Dyke 2004, 87).

The BBC's plan to use Freeview to help preserve its own long term future worked as well as could ever have been expected. In April 2004, in a report on digital switchover commissioned by the DCMS, the BBC took the opportunity to detail the success of Freeview (BBC 2004a). According to the BBC, only 18 months after its launch, around 3.4 million UK households were receiving digital television via Freeview. In fact, Freeview had set a new benchmark as the fastest new consumer technology to reach 1 million homes – outstripping both Playstation2 and DVD players. Moreover, with the rapid take-up of Freeview, the BBC also argued that it was making a distinct contribution towards the government's plan for digital switchover. First, initial market research indicated that around 80 per cent of Freeview households had not considered getting any other multi-channel TV package. Second, Freeview households were also skewed towards the over 45s, compared to satellite pay-TV take up which was skewed heavily towards the under 45s. And thirdly, around 10 per cent of Freeview boxes had been purchased to convert second or third TV sets to digital, a key digital switchover prerequisite not easily catered for by digital satellite television (para. 38-41). On this basis, the BBC concluded that digital switchover within the government's preferred timeframe was still an 'achievable objective' (p. 1). Or, put another way, the BBC had rescued the UK government's digital television policy.

The BBC's rescue act could not have been better timed. In December 2003, in a speech to the Royal Television Society in London, the DCMS secretary, Tessa Jowell, officially launched the UK government's review of the BBC's Royal Charter and Licence, what she described as, "the biggest ever public debate on the future of the BBC" (DCMS 2003a).[1] The BBC was soon under fire from a number of different directions. First, the damning, if much disputed, judgement of the Hutton Report on the BBC's coverage of the Iraq war led to an unprecedented situation in the history of the Corporation: the resignation of its Chairman, Gavyn Davies, and its director general, Greg Dyke (Wring 2006). Critics of the BBC, including leading figures within government circles, argued that the Hutton Report had exposed a central flaw in the BBC system of governance: the governors could not be both cheerleader and regulator of the BBC (Wells 2003; Davies 2003). Secondly, the BBC faced criticism from those who argued that in the digital era of "spectrum plenty" there was little, or no need, for a publicly owned broadcaster funded by a regressive tax, like the licence fee (Cox 2004; BPG 2004). However, there was clearly no great desire within the Labour government, and certainly not within the DCMS, to oversee a wholesale dismantling and restructuring of the BBC. First, at the time of its publication, the conclusions of the Hutton Report were widely derided and there was much public support for the BBC (Wring 2006, 244). Against this background, there was little to be gained for the government from anything that could be interpreted as further reprisals against the BBC. Second, despite the conflicts highlighted by Hutton, there remained within the Labour government a residue of ideological support for the BBC and the principles of public service broadcasting. For instance, in December 2003, when the DCMS launched the BBC's Charter review, it described the BBC as a "quintessentially British institution" and likened it to the National Health Service, arguably the greatest achievement of any Labour government (BBC 2003b). The third more pragmatic reason for the government's pro-BBC stance was that the success of Freeview had made it increasingly apparent that the BBC would have a major role to play in any plan for digital switchover. Of course, the BBC was only too keen to reinforce this impression when it came to its own contribution to the Charter review debate.

In June 2004, the Corporation published *Building Public Value*, which, as is discussed more below, set out the BBC's vision for its own future (BBC 2004b). Given the BBC's earlier report on digital switchover, it came as no great surprise when the BBC proposed that a key part of its future should be to play "a leadership role" during the transition period from analogue to digital television (p. 55). The BBC pledged that, over the next decade, it would "invest in digital infrastructure, content services and promotion to help bring the benefits of the new digital technologies to everyone" (p. 61). Most significantly, the Corporation declared that it would help co-ordinate DTT build-out to ensure that everyone in the UK has access to digital public service television and radio without subscription. In addition, the BBC also offered to take the lead in the development, marketing and promotion of a free digital satellite service; to increase support for the roll-out and take up of digital radio; to support the less digitally confident to understand, use and enjoy digital technologies; to launch a Creative Archive providing free access to BBC content; to make its services available when and where people want them with a new generation of on-demand services; to work with partners, such as libraries, to make online and broadband affordable and accessible; and, finally, to develop navigational tools based on open standards to ensure that people can easily find the content they want. In short, if the government renewed its Charter, the BBC would "help to build a fully digital Britain" (p. 61-4).

The BBC's commitment to "building digital Britain" was welcomed by the DCMS. Following the collapse of ITV Digital and the success of Freeview, the government was well aware that "the BBC and commercial public service broadcasters" would have to play the "lead role" in achieving digital switchover (DCMS and DTI 2004). In April 2004, the government had written to UK commercial terrestrial broadcasters and the BBC to invite them to work with Ofcom to establish an appropriate timetable for digital switchover. Ofcom itself was also in no doubt about the strategic importance of the BBC to achieving digital switchover. In its April 2004 report *Driving Digital Switchover*, Ofcom recommended that, as part of the BBC's Royal Charter review, the BBC should have special obligations on "rolling out digital transmission nationwide, providing public information, continuing to provide its channels on the free-to-view satellite platform, and providing on-air marketing of digital TV on a platform-neutral basis" (Ofcom 2004, 11). Clearly, if for no other reason than to lead Britain towards digital switchover, the BBC's Charter was likely to be renewed, and on reasonably favourable terms.

By the end of 2006, the position of the BBC at the very heart of UK government digital television policy had become even more apparent. First, in March 2005, with the publication of a Green Paper on the future of the BBC, the government confirmed its intention to renew the BBC's Charter for a further ten years and also took the opportunity to formally accept the BBC's offer to "play a leading role in the process of digital switchover" (DCMS 2005, 47). Second, the continued success of Freeview has made digital switchover an increasingly realistic policy objective. By mid 2006, digital television penetration was over 70% with Freeview accounting for 7.1m of 18.6m digital homes (Ofcom 2006, 4). In fact, before long, Freeview is likely to over take Sky Digital as the most popular form of digital television in the UK (Sweney 2006). On the back of these developments, towards the end of 2005, the DCMS announced that the government planned to oversee the process of digital switchover in the UK on a (ITV) region by region basis, beginning with Border in 2008 and ending with London in 2012 (DCMS 2005). Finally, in early 2006, almost exactly a year after the publication of its Green Paper, the government published a White Paper on the BBC, which, as is discussed in much more detail below, looked to outline the role of the BBC in the digital age, and particularly during the crucial switchover period (DCMS 2006). With the success of Freeview and a brand new Charter, the BBC had become the focal point for UK digital television policy. The next part of this paper considers the implications of this situation for both the BBC and the future of public service broadcasting in Britain.

BBC Responses to the Digital Challenge

> *I accept the premise that if the BBC remains nothing more than a traditional TV and radio broadcaster then we probably won't deserve or get licence fee funding beyond 2016 (Thompson 2005).*

Although the level of the licence fee had yet to be set, the Government's White Paper did resolve some questions about the BBC's future role in an era of multiplatform devices and on-demand media. Licence fee funding is assured until 2016, based on the Corporation's contribution to the cultural and creative life of the nation, and there was crucial ministerial backing for the BBC's role in providing entertainment provided it was distinctive rather than "copy-cat programming" (Jowell 2006). It did not sound as if the BBC was being marginalised into a niche role, with the government committed to a "vision of a BBC of scale and scope" (DCMS 2006, 40). The government recognised that the BBC "must have the flexibility to adapt to a constantly changing media landscape," where it would not "only react to changing audience expectations, but also anticipate and help shape them" (p. 12).

This places the BBC in a substantially better position than its commercially funded terrestrial broadcasting rivals, ITV, C4 and Five, who also have public service obligations, but whose advertising income and funding models are under threat from further audience fragmentation and changes in media consumption habits. According to research by Google, the average Briton now spends 164 minutes a day online compared to 148 minutes watching television (cit. in Smith and O'Keeffe 2006, 24), with online advertising spend forecast to pass television advertising spend by 2010 (Andrews 2006). Yet backed by the licence fee for now, the BBC does not have to concern itself with how users are going to pay for new services, and it remains unaffected by the downturn in advertising revenues, placing it in a better position to take risks.

With regulatory authority Ofcom increasingly unwilling to hold ITV, in particular, to its public service obligations in the light of digital switchover, the BBC could be left as the only significant provider of public service broadcasting in key areas such as children's and regional programming. According to the Government, the BBC remains then "at the heart of public service broadcasting" (DCMS 2006, 2). Echoing the BBC's own commitments, "Building Digital Britain" has been added to the Corporation's core purposes used to measure its contribution to the UK's quality of life – namely sustaining citizenship and civil society; promoting education and learning; stimulating creativity and cultural excellence; representing the UK, its nations and regions; and bringing the UK to the world and the world to the UK (p. 3; BBC 2004). The government's acceptance of the BBC as "a trusted guide" (DCMS 2006, 4) to the new technologies, contributing to media literacy seemed to underline that the BBC is "more important now than it has ever been" (p. 9).

There are however, clouds on the horizon. First, to satisfy the Corporation's critics and rein in any desire to instigate its own form of cultural imperialism, every BBC service will now require a detailed service license setting out its remit, objectives and budget. New or substantially altered services will have to undergo a Public Value Test, administered by the BBC's new form of governance, the BBC Trust. New services will also have to undergo a market impact assessment by Ofcom. These changes echo proposals that the BBC had made itself in 2004 (BBC 2004), but also constitute a risk that its plans for evolution may be halted or slowed down in the face of a strong commercial lobby. Second, the licence fee is unlikely to survive beyond 2016. By then digital switchover will have been achieved, with no need for the BBC to extend the digital network, inform the public or provide targeted help for vulnerable television viewers (Barwise 2006, 8). The Government has already confirmed that it will review alternative funding mechanisms after 2016 (DCMS 2006, 62), and that most probably includes subscription and even advertising (see DCMS 2004, 15-16). For this reason alone the BBC needs to ensure that it is not left on the back foot. According to one former BBC executive, any reforms it undertakes now will be the "the most important in the BBC's history" (Docherty 2006, 16). Bearing the uncertainties of future funding in mind the BBC needs to take care to carve out a future strategy, which not only convinces politicians, but also takes account of changing audience behaviour and by extension a changing relationship with that audience. Third, in January 2007 the BBC was not awarded the 1.8% above inflation licence fee increase totalling £5.5bn that it had asked for. Instead in a six-year deal until 2012 it was awarded a 3% increase in the first two years, followed by a 2% rise in the years leading to 2012, with money ringfenced by the government to fund digital switchover for the elderly and disabled (£600m) and £200m for a public communications campaign (Jowell 2007).

The lobby against public service broadcasting is broad and largely self-interested, hoping to restrict PSB to a narrow range of selected services and platforms that offer little or no threat to its commercial interests (see Jakubowicz 2006). But the BBC refuses to be marginalised insisting that it grow with the new technical possibilities and offer new forms of public provision in line with its public service objectives (BBC 2004a). It clearly recognises that sticking to traditional broadcast activities and/or only seeking to address market failure by commercial broadcasters represents a sure recipe for terminal decline. However, in pursuing this path it is relying on political willingness to further endow public service broadcasting with a social purpose, which, while reflecting changes in society, still accepts some forms of media provision as universally available public goods which fulfil specific objectives that are noticeably different from the profit-orientated objectives of commercial media and contribute to the well-being of culture, society and the political system (see Steemers 1997, 62). The problem lies in determining which activities are covered by public service media, and the extent to which they merit public funding. This may require a redefinition of what is meant by universality of access and content. According to Jakubowicz, it means universality across a full portfolio of services, which are targeted at specific as well as general audiences. Rather than availability on terrestrial channels, universal access also means being present on all relevant media and platforms so that individuals can actively fashion their own "personalised public service" from a variety of traditional and new media extensions such as archive material, online communities, and alert services (2006, 12-13). This is the approach adopted by the BBC as it transforms itself from a public service broadcaster to a public service medium.

Mapping the BBC's Digital Strategies: The First Phase

The first phase of the BBC's digital strategy began in 1996 with the publication of *Extending Choice in the Digital Age*. This outlined the need to respond to technological change at the risk of becoming obsolete, and heralded a number of plans for extended publicly funded services. By 1997 these included the television repeats channel BBC Choice, BBC Knowledge[2], BBC News 24, BBC Parliament, and a range of subscription based thematic channels, run by the Corporation's commercial arm, BBC Worldwide with commercial partners under the UKTV banner.

This first phase was focused primarily on linear niche TV channels, digital radio, and a largely text-based website, bbc.co.uk with limited opportunities for interactivity or user participation. From 2001 onwards, the BBC concentrated on creating a family of publicly funded niche television channels (BBC 3, BBC 4, CBeebies, CBBC, BBC News 24, BBC Parliament), in order to maintain BBC share and squeeze value out of content. The new television channels were primarily a response to the challenge posed by satellite operator, BSkyB and its multichannel offerings. A DCMS review of the BBC's digital television channels in 2004, concluded that these channels had made a small contribution to digital take-up, but raised questions about the limited impact of BBC 3 for young adults and cultural channel BBC 4, in particular, speculating about whether they provided value for money, and whether they were too narrowly targeted (DCMS 2004b).

As detailed above, in the wake of the collapse of ITV's digital terrestrial pay-tv platform, ITV Digital in 2002, the BBC's involvement in digital television became more pronounced. However, the BBC's true innovation in the first phase of its digital strategy has been BBC.co.uk, its advertising and sponsorship free website. Launched in 1997 as a trial service, bbc.co.uk is the sixth most popular site in the UK with a monthly reach of 53% of the online audience (BBC 2006, 42). Early on the BBC under Director General John Birt, and later Greg Dyke, recognised that online was a precursor to convergence between broadcasting and the internet, and a powerful "third medium" to reach licence fee payers with sites that functioned as "destinations in their own right," rather than simply as extensions of programme-related content (BBC 2005a, 38). Having convinced the government that bbc.co.uk was a core service, the Corporation has deliberately positioned it as a mainstream service alongside its mainstream television channels BBC 1 and BBC2. Its involvement is justified as a "trusted" guide, and alternative to the online "walled gardens" of commercial operators who pre-determine online choices, and treat the public as consumers rather than citizens (BBC 2005a, 39; Steemers 2003, 312; Shooshan and Cave, 71-83).

However, commercial rivals grouped under British Internet Publishers Alliance (BIPA) and rival broadcasters have repeatedly complained about the extent of the BBC's online activities, its burgeoning budget, and the commercial impact on advertising revenues and paid for sites (see Day 2003). A report commissioned in 2004 by the DCMS from Philip Graf, the former CEO of Trinity Mirror, represented an attempt to outline a more focused and transparent strategy for the BBC's online activities. Graf criticised the broad interpretation of BBC Online's remit, and instances where there was "little real difference between BBC Online and its commercial rivals, apart from advertising content" (DCMS 2004, 9). He disputed the BBC's role in driving digital take-up as "largely self-appointed" and something which had "yet to be sufficiently tested for delivery or appropriateness as a legitimate role for a single public service broadcaster" (p. 9). He found no evidence of a detrimental market impact, but competition may have been affected by deterring investment by commercial operators (pp. 14-15). The report called for more focus around the BBC's public purposes, prioritising news, current affairs, information of value to the citizen and education as well as "innovative rich interactive content" (p. 11). It proposed Market Impact Assessments for new projects, with the BBC taking a deliberate "precautionary approach" to new ventures (p. 13).

Following the publication of the report, the BBC announced clearer and tighter boundaries for its online activities, aligning them more closely with its public purposes and promising to submit all new investment decisions to a public value test (BBC 2004c). A small number of sites were closed in July 2004 – including football, listings and soap sites, surfing and games portals, which represented 1-2% of BBC traffic. (Revoir 2004, 6), but its online activities are too important for the second phase of digital development to bring about any significant scaling back of its plans.

Mapping the BBC's Digital Strategies: The Second Phase

The next phase of the BBC's digital strategy is rather different, and reflects developments in Web 2.0, a second generation of internet services that focus on an active participatory world of online collaboration and sharing, where users actively fashion their own consumption, reusing material, making their own content and communicating with each other through social networking sites such as MySpace.com and YouTube. This second wave of digital services is characterised by on demand services, which are available any time on a multitude of devices including portable terminals. It also involves more audience interaction, as users distribute their own content, interact, and share content such as pictures, video clips and testimonies across communities (see Thompson 2006, 4). In contrast to the past when the production of content was largely the preserve of broadcasters and professional producers, it can now be produced by anyone with quality rather less important than accessibility. Under these circumstances, one might well ask why audiences need the BBC as a "trusted guide" and intermediary when anyone can offer and receive information and original creations. This is why the BBC like many broadcasters needs to think carefully about its relationship with the public at the risk of becoming redundant. High quality content will still require professional producers and broadcasters, but digital is nevertheless heralding significant change. According to BBC Director General, Mark Thompson this second digital wave will be: "far more disruptive than the first, that it will be fundamentally disruptive, and that the foundations on which much of traditional media is built may be swept away entirely" (Thompson 2006, 4).

Content Considerations – Creative Future. In April 2006 the BBC announced the findings of its Creative Future content strategy, aimed at turning the vision it had outlined in Building Public Value in 2004 into editorial strategy. Central to the findings were interconnected assumptions about changing audience expectations and on-demand delivery with implications for how content is created and distributed. In a world of personalised media where users are potentially freed from the tyranny of schedules, taking what they want, the BBC can no longer afford to see itself as simply a broadcaster, offering a digital television package. Outlining the findings of Creative Future, Mark Thompson, Director General, emphasised this need for a change in thinking, which also acknowledges the active participation of the public:

> *The BBC should no longer think of itself as a broadcaster of TV and radio with some new media on the side. We should aim to deliver public service content to our audiences in whatever media and on whatever device makes sense for them whether they're at home or on the move. We can deliver much more public value when we think in a 360 degree way, rather than focusing separately on different platforms or channels. … And we need a new relationship with our audiences. They won't just be audiences anymore, but participants and partners. We need to get to know them as individuals and communities and let them configure our services in ways that work best for them* (Thompson 2006, 8).

New cross-platform content strategies have been put forward for journalism sport, music, children's and teens, entertainment, drama, knowledge-building, comedy and music, which allow for more audience participation and different forms of access. The BBC's website will be re-launched to allow for more personalisation and user generated content, with better search tools (BBC 2006b). In outlining the strategy, Thompson emphasised the informative function, which would focus on continuous services across different platforms. In education the BBC promises to open up its archive and put more content online, focusing on landmark projects such as *Supervolcano* and *Planet Earth* (Thompson 2006). In entertainment the BBC's contribution will be to continue to invest in "distinctive British entertainment" and in the creative communities that support it.

Technological Considerations – Access. If media consumption patterns are assumed to be changing, one key aspect is how the public will access content on-demand. Taking a lead the BBC is looking to deliver content from the BBC archive and the previous seven days' schedules to the BBC iPlayer, an integrated media player, that was trialled in 2005. The iPlayer allows users to download content including television programmes up to 7 days after broadcast. This will be the first service to undergo a Public Value Test and a Market Impact Assessment before a full launch.

The Corporation has also been working on trials for the Creative Archive, which opens up free access to selected BBC archives and archives of other rights holders (Channel Four, the British Film Institute and the Open University) to create a common resource for free non-commercial use by licence fee payers. Announced by former Director-General, Greg Dyke, at the Edinburgh Television festival in August 2003, and subject to a Public Value test, the system will eventually allow users to download BBC content for personal use, which they can then edit to create new work for non-commercial use or sharing.

This pledge to make many of its recordings freely available digitally to all is regarded by Murdock as "a powerful ethical alternative to the pay-per-view regime of marketisation and a potential basis for the global cultural commons" (Murdock 2004, 35), where the public does not just share in culture, but actively participates in it. This undertaking also meets concerns about digital exclusion, and places the BBC firmly on the side of universal provision, and open, free access in a media landscape, increasingly dominated by commercial companies who may "take a different view about public value and social and cultural priorities in the UK" (BBC 2004a, 10). Some, however, suggest that the emphasis on giving access, is more about "keeping" audiences within the confines of the BBC through public service versions of MySpace, which go beyond the functions and capabilities of a "trusted, publicly-funded organisation" (Lilley 2006). Notwithstanding the vexed issue of rights issues in making content available across platforms, giving content away free may also leave less space for the commercial market to develop, and would also devalue the rights of independent producers, on whom the BBC is increasingly reliant. These suspicions are reflected in the comments of Andy Duncan, Chief Executive of Channel 4: "This is, above all, a question of good governance, of making sure the BBC does not indiscriminately park a publicly funded tank on every lawn or an icon on every home page, but acts responsibly to let commercial markets develop in parallel with its own activities" (Duncan 2006).

Organisational Considerations. The new cross platform strategy for content, which goes beyond linear broadcast channels, has implications for the way that that content is sourced and organised, extending as it does to other platforms such as the web and mobile phones. In July 2006, the Corporation announced organisational changes, to realise the vision of Creative Future (Thomson 2006b). With the growing emphasis on audience participation, Marketing, Communications and Audiences has been placed at the centre as a "creative division" shaping future relationships with audiences, surrounded by three cross-media content groups – Journalism (including sport), Audio and Music, and BBC Vision. BBC Vision, the largest division, brings together drama, entertainment, children's, factual and learning and television, and reunites audiovisual commissioning and production under one roof, following ten years of separation. A further division, Future, Media and Technology, working closely with the content groups, is tasked with developing new ways for audiences to find and use content across myriad platforms.

The reorganisation is an attempt to place new media at the heart of content development, with commissioning occurring across genres and platforms. For independent producers there may be a risk that the BBC will seek to favour its in-house producers, but the BBC is likely to point to the Window of Creative Competition (WOCC), which opens up a further 25% of BBC commissions to competition between independent and in-house suppliers, in addition to the 25% independent quota (see Hewlett 2006; Holmwood 2006).

Conclusion

The first part of this paper traced the historical development of UK digital television policy. Most significantly, this section highlighted how, with the collapse of ITV Digital and the rise of Freeview, the BBC has increasingly been seen by UK policy makers as the chief means through which to achieve digital switchover. At least partly as a result, with relative ease, the BBC's has secured a new Charter and continued funding via the licence fee. However, as the second part of the paper discussed, the challenge for the BBC is to maintain this relatively healthy position as it seeks to transform itself from a public service broadcaster to a public service medium. Fast forward 10 years to 2016 and the BBC's Charter will be up for renewal again. At this point it will certainly be more difficult to justify public funding through the licence fee when people are accessing and even producing content on many different devices. If the licence fee is replaced by something more akin to voluntary subscription, then the BBC needs to ensure that it continues to have public support, by acknowledging and promoting the increased democratisation of media participation. By placing the audience at the heart of its endeavours, something which has not always been easy for top-down public service broadcasters in the past, the BBC's response constitutes both a risk and a necessity. It needs to connect with audiences as technology changes the nature of media consumption to allow more personalised media, but it must also try not to antagonise those for whom the new media world represents a daunting challenge. It could be argued that availability on all platforms constitutes a new definition of universality, but it could also be argued that the BBC's participation in online and digital media is not equitable because all licence fee payers including those who do not have access to these services (often the older generation) will be subsidising media that are dominated by younger users (See Docherty 2006).

Although uncertainty remains about the level of the licence fee increase, the battle seems to be more about establishing boundaries, rather than changing the BBC's mission or paring the BBC back. The Corporation has clearly heard criticism and has tried to articulate why public service broadcasting will be more important rather than less with the move to digital. In positioning itself as a content provider, whose content will be available on demand on myriad future platforms, the Corporation is impinging on what commercial operators believe is their future route to profitability. These tensions are unlikely to recede. But just as there is a case for placing limits on the BBC's involvement in new digital media to protect the business interests of commercial operators, there is a more compelling argument for extending public service principles relating to range and diversity in order to safeguard the marketplace of ideas, including the ideas of users (Steemers 2004). This emphasis on responsiveness to public concerns and needs is therefore the right approach that strengthens the traditional tenets of public service media such as diversity, breadth of content, the representation of a wide range of opinions and universal public access.

Notes:

1. The BBC's Charter is a formal document granted under the Royal prerogative establishing the BBC and defining its general objectives and functions. It is supported by an Agreement between the BBC and the government, which sets out how the BBC will meet its general obligations, the services it will provide, and the standards it will meet. The first Charter Review was in 1927. Since then reviews have been carried out about every ten years.

2. BBC Knowledge was replaced by BBC 4 in 2001 and BBC Choice by BBC 3 in 2002.

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