

## Polis and British Government @LSE public lecture

### A 21st Century BBC

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Good evening. Thanks to Charlie and to you. I'd like to start with some very 20<sup>th</sup> century BBC.

#### **[Clip: Brian Redhead Home Ground]**

I grew up in an even funnier sounding Lancashire mill town, a place called Ramsbottom. Many people will know of Brian Redhead as one of the famous voices of the Today programme but he was an even bigger authority on his home ground. His northern English voice was to us one of the key voices of the BBC.

For me, and I'm sure for many people of my age, the BBC brought many voices into our lives, in a whole range of amazing programmes on radio and TV. It brought us a world of inspiration and opportunity. It shaped us into who we are. I could never have imagined then, though, that I would have this huge privilege of taking on the role of Chairing the BBC Trust. And while I'm doing this job the awareness of what the BBC has meant to me will be my guide. Because I want to make sure as many people as possible, across the whole UK, have the same access to inspiration and opportunity.

#### **A kaleidoscopic BBC**

One of the important things about the BBC is its universal reach. 96% of the population use BBC services each week. Not to mention the 191 million people the World Service reached last year.

Given all the changes in technology and the media in the past 20 years, this figure is pretty astounding. Universality gives the BBC real strength. It allows it to deliver its public purposes and its evergreen mission to inform, educate and entertain. Because it can give everyone, no matter who or where they are, access to ideas and information, as well as laughter or tears, inspiration or excitement – sometimes irritation, too, but then that's also something to talk about.

The story of the BBC was in many ways the story of Britain in the 20<sup>th</sup> century: a blossoming of creative and cultural expression; expanding opportunities for large segments of the population, with far greater access to news, information and education; and an international reputation for free speech and pluralism.

It has been an economic story. The BBC is a cornerstone of our thriving creative industries, delivering a large economic impact for every licence fee pound.

It is also a technology story, with superb BBC research and development contributing for example to digital broadcasting, to the computer games industry through the impact of the BBC Micro, and increasingly to online technologies. The public service contribution of the BBC's engineers through the decades receives too little recognition. It has been outstanding.

The result is that BBC is part of the fabric of our everyday lives, in some obvious ways and some much less obvious. It is a great public enterprise that we all own. It must speak to all of us.

To maintain its relevance and to justify its funding long into the 21<sup>st</sup> century, the BBC needs to keep evolving.

One way to meet that challenge is by continuing to develop new technology and respond to changing audience demands and markets. The BBC must stay attuned to all the ways people increasingly expect to use their media. It will need to provide services online, on-demand, on smartphones – wherever people want and expect to find the BBC. And it will continue to have an important role in helping people discover new ways of engaging with ideas and creativity too.

But the BBC can't only worry about technological change. Because the fabric of our society and our population is also changing.

Devolution has already brought significant shifts to the political map of the UK. There is obviously the question facing Scotland. But whatever the outcome of the referendum, the conversation about our political geography will continue.

The last census showed some significant shifts in the make-up of the population, too. It is continuing to grow. There are more old people and the birth rate has also increased. Immigration over the decades has changed many places, especially the big cities.

The gap between rich and poor has widened. As a result, the UK is a far more kaleidoscopic place than it was when I was listening to Brian Redhead. And the BBC needs to try to reflect that. So that today's teenagers, whether they're in Cardiff or Cornwall, Davenport or Dalston, all find someone or something that speaks to their identity.

I know this matters to people across the UK.

Earlier this year, our Audience Council for England gave a presentation to the Trust which compared the population of Walthamstow in East London with Walford - the fictional home of *Eastenders*.

The cast of *EastEnders* is one of the most diverse on British television. So it was interesting to see that even so it differs from the real East End population. The Audience Council figures suggested that there are almost twice as many white people living in fictional E20 as in real life E17, while the population of *EastEnders* tends to be younger than their real life counterparts and more likely to have been born in the UK.

Of course, it would be daft to suggest that TV drama should reproduce contemporary society in perfect replica.

*EastEnders* does reflect the presence of different groups in our society but it isn't a documentary and has to appeal to audiences throughout the UK, which are very different from those in East London. However, it's still important to ask whether the BBC can do more in its popular output to provide an authentic portrayal of life in modern Britain.

The Trust reviews each BBC service at least every five years, and when we reviewed the BBC's network news services recently, our audience research showed up a significant concern that BBC News could sometimes feel 'distant' from people's everyday lives. James Harding shares that concern.

So we've agreed that BBC News should broaden their agenda and their tone, to make more use of regional and local reporters on national network news, and push for further, faster progress in creating a more diverse workforce in BBC News, both on and off air.

This is an issue that goes beyond news, though.

So the Trust has now set the Director-General a priority, over the coming year, to make measurable progress in reflecting better the diversity of the UK population – both in the BBC's workforce and its programmes. And we were very pleased that last week he made a personal commitment to doing just that for people from black, Asian and minority ethnic backgrounds, announcing new targets for on-screen representation, a senior leadership programme, and funding for commissioning.

I'll come back to say more, later on, about the other priorities we've set and how we expect the BBC to respond.

### **A more independent BBC**

As well as the imperative of universality and reflecting Britain in all its rich variety, I also want to talk today about the other key principle for a successful BBC in the 21<sup>st</sup> Century – its independence.

The BBC is a national but not a State broadcaster. This distinction has been critical to the relationship it has with licence fee payers – the extent to which they trust it and feel a sense of ownership towards it.

It has certainly helped build and cement the BBC's reputation overseas and the contribution this makes, in turn, to the UK's reputation and its position as a country others want to do business with.

The Trust has tried to sustain that relationship with the public by making the BBC more open and more accountable. All of our work on the performance of services, on impartiality and on market impact has been conducted in a wholly transparent fashion, and has been grounded in the evidence from extensive public consultation and audience research. We exist to provide independent scrutiny of the BBC on behalf of everyone who pays for it.

But I worry that the BBC's independence is not as secure as it might seem.

I think there is a real risk to the future of the BBC without a clearer definition of its relationship with Government, Parliament and the State. Politicians from all sides will, at times, inevitably nurse various grievances against the BBC on editorial grounds. If they didn't, I would worry about whether the BBC was doing its journalistic job properly.

However, politicians generally understand that the public don't want BBC programmes to be made under any kind of political pressure.

Maybe that's because research tends to show people trust the BBC. And at the time of the last Charter Review, the Government's own research showed that only nine per cent of people thought that the Government should hold the BBC to account when things go wrong.

Happily, in my time as a Trustee, I've been aware of hardly any occasions where politicians have actively tried to interfere in the BBC's editorial judgements.

However, over the last decade or so the BBC has become more and more entangled with parts of the machinery of government, Parliament and the State in all sorts of other, more or less obvious ways. For example:

- The fact that the licence fee is now classified as a tax and the BBC is termed an 'arm's length body' of DCMS has brought the BBC into what are called the 'Whole of Government Accounts'
- The licence fee now funds Government initiatives like broadband roll-out and local television, as well as BBC services
- The BBC's borrowings and those of BBC Worldwide contribute to the public sector net cash requirement
- The NAO, which answers to Parliament, has almost unlimited access to review and investigate the BBC
- The BBC Trust and Executive were called to 14 Select Committees in 2013 – more than one a month – compared with six in 2003.

My concern is that, through this range of small changes, many rather technical and in themselves either understandable or seemingly unremarkable, the BBC is less independent than it used to be and than it needs to be. I wonder whether this blurring of boundaries in part explains the fact that the last licence fee settlement was conducted in a week, under intense pressure and behind closed doors, as part of the Government's Spending Review.

Some of the changes I just listed are mainly bureaucratic but still wasteful. Because it is now part of the Whole of Government Accounts, for example, the BBC had to re-value its entire property estate in a different way to fit with the NAO's accounting requirements for the DCMS – with no benefit from doing so.

Others seem minor but have a significant strategic impact. For instance, the fact that BBC Worldwide has a very limited borrowing facility, by normal commercial standards, significantly restricts its pace of investment and growth.

Of course the BBC needs to be open to proper scrutiny by Parliament, including by Select Committees, the NAO and the PAC.

But, in a rather British way, as things stand there are no clear rules about quite how far that scrutiny should extend, or how it should be conducted in a way that safeguards the BBC's editorial independence. So it was that the Director-General found himself questioned in a Select Committee about specific editorial judgements made over a single edition of Panorama.

And the European Scrutiny Committee has wanted to ask the Trust about the BBC's editorial coverage of the EU, when our role clearly requires us not to determine editorial judgements, but rather to uphold the principles of impartiality and accuracy through editorial guidelines and adjudicating on complaints.

I don't have an immediate answer here. But I think we need clearer terms of engagement, to establish when and how Parliamentary scrutiny should take place, and what it should involve. Otherwise, there is a real risk that the BBC could in the future end up looking over its shoulder trying to please politicians rather than focusing on licence fee payers.

For our part, we have to ensure that the kind of failures such as severance payments that contributed to the push for greater Parliamentary oversight, do not recur. Our recent governance review addressed this, clarifying roles and responsibilities at the top of the BBC so that its internal affairs are now better run and the BBC Executive is more openly held to account by the Trust.

## **The Charter Review process**

The next Charter Review ought to grapple with this issue to provide proper clarity about what it means for the BBC to be independent of political interference.

We are very glad that the current Government has allowed the BBC the space to sort its own recent problems out and has resisted what must have at times been a considerable temptation to intervene.

We welcome the fact that they are doing everything they can to avoid politicising the Charter Review process, and the decision about future funding, by deferring that work until after the General Election.

Following the same logic, we think the Charter Review itself needs to be a proper, robust, open and consultative process – very different, in other words, from the last licence fee settlement. Then the BBC, under extremely heavy pressure, was required to take on the funding of a number of new obligations from Government. In some cases, like the World Service, these made some sense. In others – like local television and broadband roll-out – we find ourselves funding Government policy initiatives in a way that doesn't feel independent. This principle of 'top-slicing' the licence fee must not be baked into the next licence fee settlement before the process even starts.

The licence fee is designed to make the BBC independent of the cycle of annual Government spending decisions and hence political interference, while sustaining it as a universal public service.

It's right that there should be a debate about decriminalisation, including the potential impact of any such change on the BBC's income. We will also want to put forward some ideas about how to incorporate on-demand viewing to the iPlayer into any future licence fee system.

But public support for the licence fee has actually risen over the past 10 years and is significantly higher than support for any of the alternatives, such as subscription or advertising.

There is every reason to think the licence fee, which pays for the creation of new programmes no matter how they're viewed, is the best model and a sustainable model for at least another Charter period.

Once the Charter Review process starts, the Trust will want to make sure that it includes a full, open public debate about the right level of funding for the BBC.

That means discussing the sort of BBC we all want, its role in our culture and the creative industries, its contribution to the growth of an increasingly globalised digital society and economy.

The structure and cost base of the organisation obviously need to be examined. And that's why the DG and Anne Bulford are pursuing benchmarking so thoroughly.

The Trust will want to make an informed and public contribution to the process of settling the BBC's funding.

So in advance of any Government decision, in the course of the next Charter and funding Review, the Trust will do some work of its own. We will consult the public and scrutinise the costs of the plans and proposals that the BBC Executive put forward.

## **BBC Governance**

Charter Review will also be the time to review the role and remit of the Trust itself. I'm confident that there's an enduring role for an independent body dedicated to upholding the public purposes of the BBC and holding its management to account. After all, the BBC does not belong to its

management any more than it belongs to the Government or any agency of government. It belongs to the public who pay for it and they need to know that someone is standing up for them and for the public interest.

My colleague David Liddiment has expressed this very well. He said that:

“...the idea that a public body spending £4bn a year of other people’s money can be run entirely by its board of management – on-the-ball non-execs and a hawkish NAO and PAC notwithstanding - with no separate body to protect the public interest and public value, is frankly insane. The BBC matters too much, and the public investment in it is too great.”

The changes we have made to the existing structures should help us to do an even better job of protecting the public interest and public value.

In the course of Charter Review there will be plenty of suggestions for major structural change at the top of the BBC. I’m suspicious, though, of over-simplistic prescriptions.

A lot of nonsense is talked about the Trust not being able to be both ‘cheerleader’ and ‘regulator’. In practice a constructive tension of this sort exists for Directors on any Board, or for that matter for hundreds of thousands of school governors up and down the country. And – as the BBC Executive would no doubt confirm – the Trust rarely does much that you could call cheerleading – except of course to recognise the BBC’s role as a vital national civic and cultural institution serving its public purposes.

We won’t ourselves be proposing major structural change, not least because the existing structures are only eight years old. Frequent governance change can itself be a route for exerting political pressure on the BBC. But that doesn’t mean we want to defend every detail of the current set-up.

We are also already trying to build on the work we do with our four Audience Councils, and our programme of public consultation and research. We would also expect a debate about how to update our tools such as Service Licences and Public Value Tests. The regulatory system is not as effective as it could be in scrutinising smaller and more evolutionary changes to digital services, or closures and reductions in services. Yet that has tended to be nature of change to BBC services in the last few years.

### **Trust priorities for the BBC**

All that debate is for later. The main point is that the twin principles of independence and accountability to licence fee payers need to underpin how the BBC is governed.

Meanwhile, we need to show that the recent changes to how we work with the BBC Executive are allowing us to be more focused, more rigorous and more transparent in the work that we do, so that licence fee payers can get a better BBC.

With that in mind, we have set four immediate priorities for the management. These are the specific areas where we want to see progress within the two years before Charter Review.

They are:

1. To improve the quality, variety and originality of new drama on BBC One (particularly in peak time)
2. To ensure firm control of overall headcount, including continued reductions in the number of senior managers.
3. To make tangible progress in reflecting better the diversity of the UK population in the BBC’s workforce and its output, in particular increasing the number of women on air.

4. To pursue more partnerships with other cultural and creative organisations across the UK.

These priorities are ultimately about keeping the BBC focused on creating the best possible programmes for the people who pay for it. Through the way it organises itself as well as through the creative decisions it makes.

I should stress the obvious point that we are starting from a very high level of performance, in terms of quality and audience appreciation. Take BBC One drama, for example. The past years has seen some superb new dramas shown at 9pm. They include some of the best programmes that any broadcaster can offer – including *Sherlock* and *Happy Valley*. We know from our research that these and others are stand-out programmes for viewers.

Even so, there is a shared ambition between the Trust and the BBC Executive for the BBC to get even better. £200m or so of BBC One's budget each year goes on drama. BBC One scores strongly on audience measures of quality and distinctiveness, but not always quite as well as ITV or BBC Two. So we are challenging the management to stretch themselves and be as ambitious as possible. To see whether it can use the money even better in what is a very competitive market. And I'm delighted that Tony Hall has signalled that high-quality British drama is a major editorial priority for him, one he plans to invest in.

The Trust has spent the best part of a year reviewing the BBC's four main television channels and we will publish the results next month. The findings are overwhelmingly positive and show that there is a lot for the BBC to be very proud of.

However, there are also some big challenges, one of which is how to extend the range of new and innovative ideas at the heart of the peak schedule on BBC One.

BBC One reaches three quarters of the population each week with high quality programmes that audiences love. It is of central importance to the BBC's mission as a universal broadcaster. That's why in the last financial year over £1bn was spent on BBC One programmes.

The channel has a particular responsibility to get the best possible programmes to the widest possible range of people.

At present, though, and despite its achievements, our research shows an audience concern that BBC One plays it too safe in parts of its peak-time schedule. This covers factual and entertainment programmes, not just drama. The industry experts we've spoken to echo that view.

BBC One is greatly appreciated. But it can sometimes feel too predictable. Its viewers expect still more from it. So we will use our report on the TV services next month to set out in more detail what we want the management to do to respond.

The BBC Executive has already started to address the four overall priorities that we have set, as the Director-General's recent announcement on diversity shows. These areas will now be the focus of our discussions with them over the next year, so that we understand their plan of action and can report on progress in 12 months.

Some things – like the proportion of women we see and hear on the airwaves – can and should change quickly.

So the challenge that I talked about at the beginning of this speech - responding to the greater diversity of our country in all its dimensions – is translated into some systematic action on the diversity of people the BBC employs.

There isn't a quick and easy fix on diversity – or on independence. But these challenges are fundamental to the long-term future of the BBC. It must remain independent, universal, and accountable to the public so that the 21<sup>st</sup> century BBC is an integral part of 21<sup>st</sup> century Britain.

I want to end with an item from Radio Merseyside that I found as part of the amazingly rich BBC Online coverage of the World War One centenary.

***[Clip - Women's football in St. Helens in World War I]***

It's a great story. The BBC's coverage of the Great War, and of the recent D-Day anniversary, reminds us of the role of TV and radio, and now online services too, play as a vital part of our shared cultural heritage as well as our personal memories. This lovely story of working class Merseyside women playing football in 1920 is also a reminder of the rich variety of our country in the past – and how important it is for the BBC to continue to speak to all of us, in all our present variety, in future.

**END**