

*Championing  
excellence and diversity  
in broadcasting*



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## **VLV RESPONSE TO THE HOUSE OF LORDS COMMUNICATIONS AND DIGITAL COMMITTEE INQUIRY INTO THE FUTURE FUNDING OF THE BBC**

**March 2022**

## INFORMATION ABOUT THE VLV

The Voice of the Listener & Viewer (VLV) is an independent, not for profit membership-based charity, free from political and sectarian affiliations. VLV supports high quality broadcasting which maintains the democratic and cultural traditions of the UK. We support the independence and integrity of the BBC and encourage work which demonstrates commitment to the principles of Public Service Broadcasting (PSB). VLV is a charitable company limited by guarantee (registered in England and Wales No 4407712 - Charity No 1152136).

## EXECUTIVE SUMMARY

1. VLV believes that the foundation of the funding model for the BBC should be universality of access for all citizens regardless of where they live in the UK and it should be equitable. This is essential if, as the national broadcaster, the BBC's reach is to be maintained and it can continue to bring the nation together. Such an approach would preclude any form of subscription as the basis of its funding.
2. The BBC's funding model should safeguard the independence of the BBC from political and economic interference. VLV does not believe that the BBC's independence is secure under the current Charter and Agreement model. Its independence has effectively been undermined since 2010 when TV Licence income was 'top sliced' for purposes other than services for UK audiences.
3. The process for setting BBC funding should be reformed. VLV's calls for reform have been echoed by both the DCMS Select Committee and the Lords Communications Committee. Negotiations should not be conducted behind closed doors without any parliamentary or public scrutiny. An independent body should be established to recommend a level of funding for the BBC and no decision should be reached until there has been Parliamentary debate. This would provide greater transparency and reinforce the independence of the BBC, including protection from political decisions by the Government of the day. Such a change in process is needed especially now it is clear that public trust in media is declining.
4. VLV opposes further pressure on the BBC to become more commercial as its public funding declines. VLV research shows that the BBC's real terms income has declined by 25% since 2010<sup>1</sup>. In order to make up the shortfall, the BBC is increasingly being forced to become more commercial, selling its content around the world.
5. In order to ensure the legitimacy of a universal fee to fund the BBC and to maintain trust in the corporation, any funding system should be fair and justifiable and the governance of the BBC should be designed so that its operations are transparent and it is accountable to the public who fund it.
6. While live TV and radio remain very important to audiences, it is clear that the consumption of non-linear digital content has exponentially increased in recent years<sup>2</sup>. Consumers now expect to be able to access content anywhere on a range of devices. The BBC needs to ensure that it provides content for audiences on as wide as possible a range of platforms so that its reach is maintained.

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<sup>1</sup> <https://www.vlv.org.uk/news/bbc-real-terms-public-funding-in-2020-21-25-lower-than-it-was-in-2010-11/>

<sup>2</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0023/222890/media-nations-report-2021.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0023/222890/media-nations-report-2021.pdf)

7. VLV considers it is likely that audio content will increasingly be put behind paywalls as commercial organisations find ways to monetise such content. We suggest that the BBC should be instrumental in setting up an aggregation platform for UK PSB audio content so that free of charge access to high quality, societally beneficial audio content is maintained for citizens.
8. As the national broadcaster, the BBC should be a 'merit good' that contributes to the creation of a stable, democratic and peaceful society. It should provide a universal service which is free at the point of access. It should comprise a wide range of content for all age groups, for all the nations and regions of the UK, reflecting the interests and identities of British citizens. It should provide training for staff and conduct research and development, especially in new technology.
9. VLV would continue to support a household-based fee as the model to fund the BBC, but it should not be related to consumption so that every household contributes to the funding regardless of whether they use BBC services. Enforcement of such a fee would be cheaper and evasion would be reduced. VLV would support measures to make the BBC funding more progressive, so that those on lower incomes pay less than those with high incomes.
10. As stated above, VLV opposes any model of funding which results in BBC services being behind a paywall. We also oppose advertising as a funding model because this would not be popular with audiences and would undermine the UK's public service broadcasting ecology because it would put the BBC in direct competition for revenue with the commercial PSBs. We would not support the BBC being funded by a direct grant from the government because this will undermine its independence further.
11. VLV proposes that a cross-party parliamentary commission should be established to examine the issue of BBC funding and to scrutinise government proposals. We make this recommendation because we are concerned that there are very limited means for citizens and Parliamentarians to prevent the government from changing the funding model for the BBC since the Charter and Agreement are not governed by statutory legislation.
12. If the government does propose to change the funding model of the BBC it should ensure that the public are fully consulted and the outcome reflects their wishes. The government should not prejudge the outcome of these consultations, as they appear to have done in the recent DCMS Channel 4 privatisation consultation when the consultation clearly stated the government's preferred course of action.
13. Reform of the Communications Act 2003 is urgently required to support the UK's Public Service Broadcasters in face of competition from global online and streaming services. New legislation needs to ensure, among other things, that the visibility of PSB content is improved, that branding is clear when PSB content is viewed on other platforms and to ensure that the PSBs are not disadvantaged when negotiating with the large global platforms. Overall there is a need to address the power of these platforms.
14. While the BBC remains popular, the Licence Fee appears to be less so. VLV considers that the government has a responsibility to promote and highlight the benefits the PSB system and the BBC bring to the UK – societally, economically and culturally. Instead in recent years, the government has appeared to be more focused on holding the BBC to account. This antagonistic approach does not serve the BBC, the government or citizens of the UK well because it undermines public trust in the legitimacy of a universal fee for a

broadcasting system which we should be proud of and is acknowledged to be one of the best in the world.

## INTRODUCTION

15. VLV works to represent citizens' interests in broadcasting. It is primarily concerned with the impact which any changes to the BBC funding model will have on audiences and, more widely, on citizens in the UK.
16. The BBC is a national institution which brings the UK significant public and societal value and is one of the UK's most important institutions. However, especially in recent years, VLV notes a certain antagonism in the relationship between the government and the BBC which it does not believe is helpful to the BBC or UK citizens.
17. While VLV welcomes the increased choice provided by streaming and online services, we believe that the commercialisation of broadcasting should be tempered. VLV opposes further pressure on the BBC to become more commercial as its public funding declines. VLV research shows that the BBC's real terms income has declined by 25% since 2010<sup>3</sup>. In order to make up the shortfall, the BBC is increasingly being forced to become more commercial, selling its content around the world. If the BBC becomes increasingly commercial in this way and favours programmes which are globally appealing, this will subvert its motivation to provide content which is societally valuable for UK audiences in favour of content which is commercially successful globally.
18. The streaming services supply content which is designed to have global, rather than local, appeal. The majority of the content on their platforms is drama and entertainment. They do not supply news nor do they focus on supplying UK culturally specific content. The BBC, along with the other PSBs, should be supported to do this by updated legislation and adequate funding to ensure that UK citizens continue to enjoy a range of UK culturally specific content which is relevant to their lives.
19. VLV holds that the foundation of any funding model for the BBC should be universality of access for all citizens regardless of where they live in the UK and it should be equitable, affordable and paid for by all according to their means. This is essential if, as the national broadcaster, the BBC's reach is to be maintained and it can continue to bring the nation together.
20. Digital Terrestrial Television, available via Freeview, should be supported and maintained until the government can provide an incontrovertible guarantee that broadband is available to all households and is affordable, practicable and secure. VLV opposes the introduction of IPTV as a means to deliver public service broadcasting on the basis that it will introduce an additional cost to citizens who may not want to pay for or be able to afford broadband provision to watch television.
21. Any new model introduced to fund the BBC should safeguard BBC independence from political and financial interference. While many have argued that the BBC Charter and Agreement protect the BBC's independence from government, VLV does not believe that the BBC's independence is secure under the current model. Its independence has effectively been undermined ever since TV Licence income was 'top-sliced' to support other

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<sup>3</sup> <https://www.vlv.org.uk/news/bbc-real-terms-public-funding-in-2020-21-25-lower-than-it-was-in-2010-11/>

government projects in 2010. While the threat of reduced income is not explicit most of the time, it is implicit and this undermines the BBC's independence.

22. VLV has long argued that the process for setting BBC funding should be reformed. These calls for reform have been echoed by both the DCMS Select Committee and the Lords Communications Committee. VLV believes that these negotiations should not be conducted behind closed doors without any parliamentary or public scrutiny. VLV proposes that an independent body should be established to recommend a level of funding for the BBC and that no decision should be reached until there has been Parliamentary debate. This would provide greater transparency and reinforce the independence of the BBC, including protection from political decisions by the Government of the day. Such a change in process is needed especially now it is clear that public trust in media is declining<sup>4</sup>.
23. VLV notes the unintended consequences in a number of European countries when they moved away from the model of a licence fee. The DCMS Select Committee report on the Future of Public Service Broadcasting in 2021<sup>5</sup> highlighted that this shift led to significant and often unforeseen disruption which has resulted in less stable funding for broadcasters and an erosion of their independence from politicians. The report also highlighted that simply debating the funding model of national broadcasters led to a de-legitimisation of universal fees.

## Questions

### **Question 1: How will new technologies and consumer habits change the future broadcasting landscape?**

24. It is clear that the consumption of non-linear digital content has exponentially increased in recent years<sup>6</sup>. Consumer habits have changed as it has become easier to consume content anywhere on a range of devices and audience expectations have changed accordingly. At the same time consumption of live TV and radio has declined and VLV considers it is likely it will continue to do so, however both remain important in the current ecosystem. It is likely that these trends will continue as technology, fast broadband rollout and mobile data provision improve.
25. The growth of online and streamed content has led to greater fragmentation of viewing among audiences. This has reduced the reach of traditional broadcasters. VLV believes that this trend is likely to continue, although it should be noted that there is a value in the public service broadcasters' main linear channels because they still attract the largest audiences of any platform domestically.
26. As the reach of traditional broadcasters decreases, it is likely that the power of online platforms and global players will increase in the audio/visual market. Their deficit-funding model means they have relatively unlimited financial resources, whereas traditional UK broadcasters, whether publicly funded or funded through advertising, have limited resources. This unlimited access to funds is allowing global platforms to inflate production costs which is putting additional pressures on traditional broadcasters.

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<sup>4</sup> <https://www.edelman.com/trust/2022-trust-barometer>

<sup>5</sup> <https://publications.parliament.uk/pa/cm5801/cmselect/cmcomeds/156/15609.htm>

<sup>6</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0023/222890/media-nations-report-2021.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0023/222890/media-nations-report-2021.pdf)

27. It can be seen that trust in the media, government and large institutions has declined significantly<sup>7</sup> since Edelman began measuring public trust 22 years ago but it has been exacerbated by misinformation and concerns about the integrity of government. It is notable that according to Ofcom and the Reuters Institute UK TV news remains the most trusted source of news<sup>8</sup>. It is crucial therefore that the public service broadcasters, including the BBC, are supported so that they are able to continue to adequately fund reliable and accurate local, national and international news.
28. During a period in which inflation is likely to be a challenge and citizens will be faced with rising costs of living, it is possible that the growth in the number of customers to subscription services may plateau or decline.
29. VLV predicts that citizens will become increasingly wary of allowing their data to be used for profit by commercial platforms as they understand better the technology they are using.
30. As has been the case with television, it is likely that audio content will increasingly be put behind paywalls as commercial organisations find new ways to monetise such content. Currently online audio platforms are not regulated for accuracy or impartiality. This increases the need to ensure that citizens have access to high quality, regulated audio content which is free at the point of consumption.
31. As the market continues to grow, providing distinctive content will be crucial for platforms and channels to attract audiences. For this reason owning IP will become even more important than it has been in the past.
32. Dilution of the PSB brands has been exacerbated by the reluctance of streaming platforms to adequately ensure clear attribution for their content. Audiences often watch PSB content on streaming platforms but are unaware that it has been made by a UK PSB. This trend is likely to increase unless the government takes action to prevent it through updated regulation of VOD platforms.
33. VLV predicts that unless the BBC and other PSBs are supported through reformed legislation and adequate funding, we will see an increase in the cultural homogenisation of content available to British audiences. The global streaming platforms focus their commissioning and acquisition strategies on globally attractive content which appeals to audiences in as many territories as possible. Such a strategy generally precludes the provision of culturally-specific content for national or local audiences. If UK broadcasters, including the BBC, do not have access to adequate funds, they will be forced to produce more globally attractive content in order to increase commercial income through international sales. In this way, UK culturally-specific content will decline and content which is produced in the UK will no longer be as relevant to British citizens' lives or inform them about the country in which they live.

## **Question 2: What is the purpose of a national broadcaster?**

34. UK citizens are fortunate in having access to a broadcasting system which, it could be argued, has a plurality of national broadcasters supported by both commercial and public funding – the BBC, ITV, Channel 4 and Channel 5. Different incentives for these

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<sup>7</sup> <https://www.edelman.com/trust/2022-trust-barometer>

<sup>8</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0024/165075/critical-understanding-msom-presentation.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0024/165075/critical-understanding-msom-presentation.pdf) and <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>

broadcasters and healthy competition between them have led to audiences being provided with a wider range of high quality content than they would otherwise have had access to.

35. Clearly the BBC is the 'cornerstone' of the national broadcasting system in the UK and in response to this question, VLV will set out what it considers the purpose of the BBC should be, as the UK's leading national broadcaster.
36. The national broadcaster should be a 'merit good' that contributes to the creation of a stable, democratic and peaceful society. Merit goods are goods and services that create positive benefits for social welfare and which ought to be provided free at the point of use so that consumption does not depend on ability to pay.
37. The national broadcaster should provide live and time-shiftable radio, television and online services for all ages and audiences across the UK from different ethnic and socio-economic backgrounds, gender identities and with different tastes and interests. This content should be universally available and free at the point of consumption.
38. VLV holds that the national broadcaster should provide a range of content which improves citizens' lives. As the BBC has said it should '*enrich individuals with knowledge, culture and information about their world, to build more cohesive communities, to engage the people of the UK and the whole globe in a new conversation about who we are and where we are going ...put to work to the sole benefit of the public*'<sup>9</sup>.
39. The responsibilities of the national broadcaster should include:
  - To provide a universal service for all citizens of the UK, which should comprise content for all age groups, for all the nations and regions of the UK across a wide range of genres and subject areas.
  - To provide trustworthy local, national and international content to inform citizens about the world – news, current affairs and investigations which hold the powerful to account.
  - To promote and protect UK democracy and democratic processes by encouraging debate based on facts, judgement and reason.
  - To train staff so that the UK has a workforce able to provide for the needs of the UK's creative industries.
  - To conduct research and development, especially in new technology.
  - To provide content which positively enforces global perceptions and understanding of the UK, its population and culture.
  - To maintain and promote high standards in broadcast content.
  - To bring the nation together for key moments and events.
  - To reflect the lives, interests and identities of all citizens in the UK.
  - To provide a range of content which should include entertainment and should not only focus on 'market failure' genres.
  - To provide both radio and television/audio-visual content.
  - To provide educational content – broadening citizens' horizons as well as more formal educational content.
  - To innovate and take risks with content which will encourage innovation in the wider market.

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<sup>9</sup> *Building Public Value*, BBC 2003

### **Question 3: What principles and priorities should inform the choice of the BBC's funding model? And how would any alternative funding models affect what the BBC can provide?**

#### **Principles & Priorities**

40. **Universality:** The primary principle underpinning the BBC's provision is that it should be universally available and free at the point of consumption. The UK's universal broadcasting system ensures equality whereby all citizens have access to high quality PSB content, regardless of where they live or their income. The social value of universality is that it provides content which helps build a shared national conversation. The civic value of universality is that it empowers citizens to actively participate in the wider democratic process. If the BBC is no longer universally available this will undermine many of the key societal and civic benefits it provides.
41. An additional benefit of universality is that if everyone contributes towards the costs of the BBC, this keeps the cost as low as possible for each household and requiring all citizens to pay reduces the problem of evasion.
42. **Remit:** The BBC needs to retain a comprehensive remit and ensure that its output reflects the identities, interests and concerns of all citizens in the UK to ensure the legitimacy of a universal system.
43. **Independence from political influence:** As stated above, it is crucial that whatever funding model is adopted, BBC independence from political and financial influence should be safeguarded. This is essential if trust in its output is to be maintained. VLV proposes that an independent body should have the authority to set the level of BBC funding and the fee citizens have to pay. In order that income keeps up with inflation, this fee, for example, could rise annually by a specific percentage as it does in Sweden where it rises by 2% per year<sup>10</sup> or track CPI. These decisions would need to be agreed with the BBC, scrutinised by Parliament and informed by consultation with citizens to ensure their interests are being met.
44. **Role to serve UK citizens:** The BBC's funding model should ensure it is primarily focused on serving the UK population through its domestic services. However, it is worth noting that programming created for UK audiences contributes to the UK's reputation when it is sold and distributed around the world, enhancing the BBC's 'soft power'. Other purposes, such as World Service provision or social policy (such as providing free licences to the over 75's), should be funded separately.
45. **Fair, justifiable, transparent and accountable:** In order to ensure the legitimacy of a universal fee to fund the BBC and to maintain trust in the corporation any funding system should be fair and justifiable and the governance of the BBC should be designed so that its operations are transparent and it is accountable to the public who fund it.
46. **Adequate funding:** It is important that adequate funding is provided to the BBC so that it can provide a wide range of services which appeal to citizens across the UK from different regions, socio-economic backgrounds and age groups. Without adequate funding its legitimacy will decline. There is a strong correlation between the operating revenues of

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<sup>10</sup> *The Funding of Public Service Broadcasting in Europe – Funding Systems and Decriminalisation - Selected Territories*, Jeanette Steemers (King's College London) with the assistance of members of the Euromedia Research Group, March 2020



broadcasters and their market share<sup>11</sup>. Without adequate funding the BBC's relevance to audiences and its reach will decline.

47. **Multi-year settlements:** In order to provide financial certainty and stability which lead to long term investment and innovation multi-year settlements (5 year minimum terms) need to be ensured.
48. **Collection costs:** VLV would continue to support a funding model based on all households paying, but it shouldn't be based on their consumption of broadcast content. This would reduce the cost of collection and the rate of evasion.

### **Alternative funding models**

49. VLV believes that the funding model for the BBC could be improved by being more progressive, possibly linked to household income, so that those on low incomes pay less. It should be universal and not related to the use of specific devices.
50. Below we set out our views on some of the potential existing models seen elsewhere to fund broadcasting content.

### **Subscription**

51. VLV opposes subscription as a method for funding the BBC because this will undermine its universality. The UK's universal broadcasting system ensures equality whereby all citizens have access to high quality BBC content, regardless of where they live or their income. A subscription system would favour the better-off in society and thus would undermine many of the key societal benefits of the existing system which is universal.
52. In examining subscription as a possible funding model for the BBC, it is necessary to distinguish between the needs of the citizen and the needs of the consumer. There has been consensus since the 1920s that UK broadcasting benefits society as a whole rather than being purely driven by consumer forces. Consumer interests are based on individual benefit, whereas citizen interests are based on societal benefit. The BBC exists for societal benefit. The BBC is not provided only to people who can afford it; it goes beyond the choices of private individual by providing broader benefits to democracy, culture, identity, learning, participation and engagement; and it benefits those who do not even make direct use of it, in much the same way as schools help create an educated society. This could be the reason why subscription has not been adopted by any other country in the EBU as a mechanism to fund PSB services.
53. Subscription services are based on the needs of consumers. They are necessarily driven by strategies which prioritise popular content in order to sustain their subscriber base. This means there will always be gaps in provision of less popular content. This contrasts with the current BBC funding model whereby a balance of popular and quality content is delivered to mass audiences, alongside public service content which has societal value. If the BBC became a subscription service, this would distort its public service motivation.
54. Additionally, as evidenced by Mediatique<sup>12</sup>, if the BBC were to be funded by voluntary subscriptions either the cost to individual users would have to rise significantly or the BBC would have to provide fewer services because its income is likely to be reduced by at least a third.

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<sup>11</sup> <https://www.ebu.ch/publications/research/membersonly/report/funding-of-public-service-media>

<sup>12</sup> *Future models for the delivery of public service broadcasting*, Mediatique, December 2020, paragraph 5.79

### **Hybrid Subscription model**

55. VLV notes the suggestion made by John Whittingdale MP<sup>13</sup>, former Secretary of State for the DCMS, that BBC funding should be provided by a hybrid subscription model whereby the more 'public service' elements of BBC output are publicly funded and the remainder is funded by subscription. VLV opposes these proposals on the basis that they undermine the universality of the BBC and would be iniquitous. They would force the BBC into a position where it focuses on market failure genres and it would reduce its reach, as has been seen in the case of PBS in America. Any degree of subscription funding would also restrict access to the full benefits of the BBC on the basis of the ability to pay which VLV would oppose.

### **Advertising**

56. If the BBC were funded by advertising this would put it in direct competition with the commercial public service broadcasters and other commercial broadcasters in the UK. If the BBC were funded by advertising this would reduce the income of commercial broadcasters and undermine the creative industries as a whole.

57. Advertising funding models orient broadcasters towards the consumer market and lead to a de-emphasis of content which is not commercially viable, such as children's, investigative journalism, arts and minority language content. This would make the funding of such content, which lies at the heart of the current BBC offering, commercially unviable.

58. VLV members have always opposed funding the BBC through advertising.

### **Linking fees to income**

59. A number of European countries have shifted from licence fee funding to fees based on household income. VLV would support such a move because it would make the fee more progressive.

### **Household levy**

60. A household levy, similar to Germany's 'rundfunkbeitrag' introduced in 2013, would remove the need for a physical licence enforcement regime, although VLV notes that the German system imposes a flat tax which VLV would oppose because, as stated above, we would prefer to see a more progressive income-related tax. The advantage of a household levy, if it could be progressive, is that it is likely to reduce evasion and could be collected at the same time as council tax, for example, as is done in France.

### **State Budget**

61. VLV would oppose the BBC being funded directly by the government because there would be no safeguards adequate enough to protect the BBC's independence. It has been widely noted that after the Netherlands and Iceland moved from a licence fee to a state budget model there was perceived politically motivated interference in the funding of public service broadcasting and cuts to the provision of original programming. A similar shift this year in Denmark has been interpreted as an attempt to reduce the independence of the Danish Broadcasting Corporation and limit its ability to hold the government to account.<sup>14</sup>

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<sup>13</sup> <https://inews.co.uk/news/media/bbc-licence-fee-will-be-axed-and-replaced-by-government-grant-and-subscription-john-whittingdale-predicts-1371762>

<sup>14</sup> <https://publications.parliament.uk/pa/cm5801/cmselect/cmcomeds/156/15609.htm>

**Question 4: How should the BBC change over the next five years to adapt to evolving consumer habits and needs - and what does the Corporation need to do to prepare for the future in the longer term?**

**Priorities**

62. The BBC's future depends on it being agile and ensuring its content is available free of charge in an easily accessible way on the most appropriate platforms to reach as many citizens as possible.
63. VLV believes that the BBC's priorities in the coming five to ten years should focus on the following:
- It should ensure training and development are maintained to keep up with technological changes.
  - It should improve its BVOD/radio streaming platforms so they are easier to use, promote public service content and compare better with the more user-friendly interfaces of the global streaming platforms. This is essential if the BBC is to ensure engagement with all audiences and compete more effectively with the global SVODs.
  - It should also ensure that it is providing content on platforms which are most popular among citizens, such as providing access to reliable news and information on social media platforms.
  - It should continue to work hard to improve representation of the UK population on screen because there are still significant sectors of the population which feel underserved by the BBC<sup>15</sup>. All citizens need to value its services if the legitimacy of a universal funding model is to be maintained.
64. In the longer term VLV believes that the BBC's future will be dependent on it collaborating and partnering with both British and global broadcasters to maintain its reach and scale. While previous attempts to aggregate UK PSB content have been frustrated, the BBC appears pleased with the development and performance of Britbox in other territories.
65. With reference to radio, VLV would like the BBC to explore the possibility of the BBC leading the way in creating an aggregation platform for UK PSB radio content.

**Question 5: What actions and consultations are needed from the government to inform its future BBC funding plans?**

**Cross Party Parliamentary Commission**

66. VLV is concerned that because the Charter and Agreement are not governed by statutory legislation, there are limited means for citizens and Parliamentarians to prevent government from changing the funding model for the BBC if they are unhappy with the new approach.
67. The process for charter renewal is not tightly prescribed. It is not a statutory requirement for the Agreement, which governs the BBC's funding model, to be approved by both Houses of Parliament. Since royal charters are a matter for the Privy Council, they do not require parliamentary approval. While governments tend to respond to feedback during the Charter Renewal process, they are not required by law to do so. VLV assumes that the final agreement which will govern any change to the existing BBC funding model will ultimately be a matter for negotiation between the BBC and the Government. However, in our view,

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<sup>15</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0022/124078/report-bbc-representation-portrayal.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0022/124078/report-bbc-representation-portrayal.pdf)

new methods should be devised for fuller public and parliamentary participation in this process.

68. In this context, since the decision about the future funding model of the BBC will have such a significant influence on the future of broadcasting in the UK, VLV proposes that a cross-party parliamentary commission should be established to examine the issue of BBC funding and to scrutinise government proposals. Such a commission should ensure that there is full public consultation as part of its work (see below).

### **Public Consultation**

69. If the government proposes to change the funding model of the BBC it should ensure that the public are fully consulted. VLV would expect a suitable amount of time to be allocated to Charter Renewal to allow debate of such significant changes to occur. VLV notes that the last Charter Renewal process was shorter than previous recent Charter Renewal processes.
70. The government should not prejudge the outcome of these consultations, as they appear to have done in the recent DCMS Channel 4 privatisation consultation where the consultation clearly stated the government's preferred course of action.

### **Impact analysis**

71. The government should carry out rigorous impact studies on any proposed change in the funding model of the BBC in advance of public consultation. These need to evaluate how changes will impact on citizens and the wider broadcasting environment as well the BBC's ability to compete in providing a wide range of content. This research must be made public.

### **Communications Act 2003**

72. VLV understands that the DCMS is planning a Media Bill during this Parliament to reform the Communications Act 2003. The reform of this legislation is urgently required to support the UK's Public Service Broadcasters in face of competition from global online and streaming services. New legislation needs to ensure, among other things, that the visibility of PSB content is improved, that branding is clear when PSB content is viewed on other platforms and to ensure that the PSBs are not disadvantaged when negotiating with the large global platforms. Overall there is a need to address power of platform economics.

### **Public Opinion**

73. While the BBC remains popular, the Licence Fee appears to be less so<sup>16</sup>. VLV considers that the government has a responsibility to promote and highlight the significant benefits the PSB system and the BBC bring to the UK – societally, economically and culturally. Of course, regulation of the PSBs should be robust and they should be held to account, but that is Ofcom's role as the regulator of broadcasting and should not be a role adopted by government.
74. In recent years, instead of promoting the value of our broadcasting system which is envied for being one of the best in the world, the government has appeared to be more focused on the BBC's perceived weaknesses than its strengths. This antagonistic approach does not serve the BBC, the government or citizens of the UK well because it undermines public trust in the legitimacy of a universal fee for a broadcasting system which we should be proud of and is acknowledged to be one of the best in the world.

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<sup>16</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-8101/CBP-8101.pdf> and [https://yougov.co.uk/topics/media/explore/topic/Television\\_licences](https://yougov.co.uk/topics/media/explore/topic/Television_licences)