

THE BBC AND THE FUTURE OF PUBLIC SERVICE BROADCASTING

CREATIVE LECTURE BY WILL HUTTON MANCHESTER – MAY 15, 2008

Chaired by Kirsty Wark

QUESTION & ANSWER SESSION

The following is an edited version of the discussion following Will Hutton's speech on May 15, 2008. To hear the whole discussion please go to the audio recording of the event

Kirsty Wark (KW): You imagine the BBC primarily focused around what it does in news and current affairs and political coverage. An earlier Ofcom briefing paper talked about the decline in children's programming for the nations and regions; that's expensive programming. Is that something the BBC should be rewarded for separately or freed from its obligation, to do so much for nations and regions? What do you think should happen here because what you are laying out is hugely expensive under pressure of audience fragmentation, pressure of alternative media. All sorts of different pressures are coming with the digital switchover in 2011. You seem to suggest the BBC can go on doing everything. But a lot of people don't think it can, or nor should it.

Will Hutton (WH): Well, I think it certainly should, and I thought the licence fee settlement was too mean. *Newsnight* does well to still have a minimum audience at 11.15, but I would argue it's one of the crucial platforms of the BBC's public service broadcasting commitment. You've got to hold that. When I talked about truth-seeking and the citizen test, I think that has to apply not just to news and current affairs but to drama as well. When you commission a drama, what is this drama trying to do? Why is this person saying this in this juncture in the plot? What are we trying to get over? Is an adaptation of a 19th-century novel true to what that author intended? These are the kinds of questions asked in drama, which the BBC continues to ask and deliver. Then you say 'What about the regions?' Well, I think it is really important, really important that the BBC has beefed up its commitment to broadcasting out of Manchester, and I've always thought that the notion that talent pools are only essentially in the M25 area, commuting distance from White City, is outrageous. You say that costs too. You know roughly what it's cost to do it up to now. A lot of people in the independent production sector have benefited first from the quota and now from the window of creative competition, so that as much as half of the licence fee allocated to programme commissioning goes to independent TV producers. Britain has built up a really fantastic pool of trades in the independent production sector and

it's all offered back to this central actor in our creative economy. And you need it to fly the PSB flag regionally and in local radio. And if that costs, let's say, a round number, three billion pounds, it's no use saying 'I'm now going to take a 150 million off it for Channel 4 and I'm also going to make that income grow lower than the rate of inflation for the foreseeable future', because you kill it with a thousand cuts. The licence fee of £135, whatever the figure now is, is trivial – not small anyway but trivial. But small by comparison even with road tax, which used to be lower than the licence fee. In the end it was not done around 'let's have some kind of objective sense of what output we want the BBC to make', it was a tussle between DCMS and the Treasury, with Prime Minister Tony Blair absenting himself from discussion because he was politically weak, and thus we got that kind of structured increase.

KW: Aren't you always going to be open to the vagaries of the political climate? Isn't the BBC always going to have that as a problem? And it's going to be a problem because where are they going to be in 2011? Like the general election in 2010, who knows what will happen?

WH: If there was a Conservative government led by David Cameron, my hunch would be that whatever might happen in a second or third term, in the first term I am certain that he would give the BBC a reasonable settlement. Paradoxically maybe a better settlement than a Labour government. A Labour government back against the wall. But the BBC has made a better fist of it, and it will make a better fist of making its case if politicians feel there's a political price to be paid for cutting it. At the moment there is not – it seems hard to capture the enormous latent pull that the organisation has in the country.

KW: You talk about the way that because the Trust has got, in a sense, to police it and the director-general is in another position again, there aren't really people to support the BBC, except perhaps people like you. You said yourself that Sky managed to make a very good fist of news and in fact has won a whole skip load of awards doing it. And this idea that the BBC needs to be kept on its toes by competition. Has it just got to be Sky in your view or do you think that ITV and Five should still have a public service remit?

WH: Well, I don't really get it. I know that Michael Grade's back is against the wall in year two of his 10 years as executive chair of ITV. I don't buy the argument that being released from public service obligations, you get a media uplift and share growth. Year one you don't have to do expensive regional news say. But my view is that in years three, four and five, two things start to happen. One, viewers smell the fact that you've retreated from those obligations and actually your reach and access starts to weaken, and, two, I absolutely repudiate with every kind of fibre of my being, the notion that public service broadcasting is a kind of voodoo and not generating creativity. Just look at BBC comedy, done within a public service

broadcasting envelope, compared to the lack of success of it outside the PSB broadcasters. And I think it's very, very tricky. If I was Michael Grade I'd want to hold on. I wouldn't want to say I want to shed my expensive PSB obligations. He's trying to get through to 2009 before he hands over to someone else, you know. I think it's ultra short-termism and that it would be far better to hang on in there, but that's just my view.

Simon Evans (Managing Director, Creative Clusters Ltd): I want to ask about the creative economy, the BBC's role and impact in the creative economy. I know that you did a lot of research for the Government's Creative Britain report. It was astonishing to me that the BBC hardly merits a mention in this. You do a Google search of the document and the BBC is mentioned in the list of supporting organisations for some projects. It seems to me that a lot of the commercial argument against the BBC is that it distorts the economy, the broadcasting economy. My view would be that on the contrary it provides a benchmark for high quality and that the BBC is at the very centre of the creative economy, but I invite your response both to that and to the extraordinary absence of the BBC from the Government's strategy.

WH: If you read *Staying Ahead* – for those who don't know this, I'm going to take 10 seconds to explain. We, the Work Foundation, were asked by the DCMS in January 2007 to write what was going to be the first half of the green paper on Creative Britain. In the event the green paper got published not as a green paper but as a kind of discussion document, I guess in February of this year. Eight months later. And our piece of work was published as a self-standing report to Government in June of last year called *Staying Ahead*. UNESCO says that Britain is the biggest exporter of creative exports in the world, bigger than the United States of America, incredibly. If you look at the growth of creative exports, the size of the British creative economy, it's the largest in the EU absolutely and relatively. And you try to explain that, when a lot of other European countries, the French, the Germans, spend an awful lot of money, a lot more than we do, on grants and subsidies and tax breaks for their creative industries. What you get to very fast is that we have this institution, the BBC, and piggy-backing off the licence fee, which is a form of grant or investment in the creative economy, and has spun off an incredible array of creative industries with multiplying effects in the wider economy. And I've been urging the British and English redevelopment agencies, and the BBC, to really do some serious work to capture this. No one does it. And I find it really quite surprising as actually this is a headline thing. We know that EMI as was, Sony EMI when it was a plc, said the strength of the British music industry was because of the diversity of the play links that are put on Radio 1, and the strength of our independent music producers. You can get faster national coverage of new bands on Radio 1 than you can on a private radio commercial station in a large state in America. And that gives our music

industry a real leg-up. Look at the size of the independent production sector. Look at the classical music industry. And so it goes on.

I think that the arrival of the BBC in Salford will – if you look at a map where the knowledge industries are in the United Kingdom, you will find they are densely concentrated in London and the home counties and then amazingly –but it shouldn't really surprise this audience – there is nearly equal density and as rapid a growth in two other parts of the country. One is Manchester, south Manchester, and north Cheshire, and the other is Leeds, Harrogate and York. And you can't tell the story in both those parts of the country without talking about the creative economy in both those parts. So, if I was trying to build a coalition to the BBC Trust, and thinking ahead to 2011, 2012, there's a big coalition to be built in support of the BBC just at the level of the business community. It shouldn't be the case that Murdoch and ITV dictate the terms of trade here. There's a whole bunch of other people who are doing very well courtesy of this licence fee and the way that it's been structured. The legislation has helped this – the Peacock recommendation that there should be a quota of programmes made by independent producers, Blair's 2003 Communications Act, and more recently as part of the BBC's Charter – intellectual property rights have remained with independent television producers, and then the WOCC (Window of Creative Competition – see *note 1 below*) provides them with another guaranteed opportunity. And so we have designed slightly haphazardly a creative marketplace which is world beating. And to knock out the principle 'capital ship' in it will weaken it. It is so self-defeating.

KW: But you also said go to Channel 4. You talk about it rediscovering a sense of purpose. How do you keep Channel 4? What do you do about it? It needs money.

WH: In my piece I say I think Channel 4 lost the plot. I think the leadership of Channel 4 think they lost the plot as well. It became evident in 2007 and Next on 4 is the response and there is some important reconnecting with the public service tradition, and it's good to read actually. There will be different views in the room but I think it's been important for the independent production sector that there are at least two markets in which to sell. But you want a third and a fourth actually. It's been very healthy and some competition for ideas takes place because if you are a BBC commissioning editor and you don't build up a relationship with production company X and they are good, they might take it to Channel 4 and you need that competition. You need that tension in the system. Channel 4 has got to have the money to pay it to play.

Robin Foster (member of the Government's convergence think tank looking at communications policy regulation and an occasional adviser to the BBC): Will, I was very interested in your proposal for new public metrics and I have a question about that. First of all, I think the BBC has been at the forefront of developing the concept of public value along with the Work Foundation, so the so-called public

value tests are already applied quite rigorously to new service proposals. I'd be interested to hear how you think your new metrics develop from that base. Are they an extension of that approach? And secondly, if Channel 4 as you suggest in some sense gets more public help in future, do you think a similar sort of framework would need to be applied to Channel 4 as well?

WH: Absolutely, I don't think Ofcom or the BBC Trust have got to take their foot off the pedal. I think there's – if you like – and I should perhaps have said this more clearly, there are two parts of this public value architecture and I'm arguing for a third. Part one are all the well-developed metrics that Ofcom has used. Numbers of factual programming and all the rest of it. I think that's right. Secondly there is the public-value test. The public-value test that the Trust uses is slightly different from what was proposed by both the DCMS and ultimately the Charter. The BBC Trust is required to look at, tot up, if it can, the public benefit of producing XYZ in the services and then a market impact assessment; what the costs are. And if the thing is positive, the thing gets the green light, broadly. That's fine but it's for new services and of course when there is a renewal of a contractual commitment it also kicks in. I'm running for a third platform really. A third leg, not third platform, a third leg of this platform. Which is these three qualitative tests. A citizen test, a kind of truth of the matter test, and a public-value, a public-round test. And they are qualitative. I think we could quite easily tweak some of the BBC day-by-day surveys of reactions of audiences to what it does. It requires some pro-activity also – and it's a systematic check back into what the public value is. For me, the sweet spot for the BBC is to be delivering programmes, broadcasting programmes that have big, substantive audiences, where the audiences also recommends the high public value content in the sense that they are answering my qualitative tests. And if you've got lots of hours of it you are in a very, very, sweet area indeed.

Philip Reel (City Broadcasting): I just want to ask a little bit more about this question of feedback from licence fee payers, viewers, however you want to describe it. My company makes *Feedback* for Radio 4 so we provide with Roger Bolton that service to one network. One of the interesting things about that is the extent to which listeners love and engage and criticise that network through that programme. And we know from doing that, that it's best to have an independent voice dealing with that process. I'm not surprised that you are suggesting there's been some sort of inertia or slow movement on feedback, but I wonder how you think possibly that whole area of engagement with licence fee payers and viewers and listeners could be accelerated?

WH: I think I tried to set it out. I agree with you. I talked about flash grabs – even this evening we could go out in two hours' time and just get a group of people in a supermarket in central Manchester, and we could ask them what they thought of last night's shows. Then you've got a more systematic way of doing it and the way that

you are doing it and I enjoy *Feedback* and I think that – I am slightly walking on thin ice here because I am not quite certain how extensive the plans are to do something on the various television networks.

KW: I don't know about that but where the BBC has all this feedback of course is online and that's where it gets a lot of comment. But there would be a much greater impact if there was a kind of prime time show once a week where people could just air their opinions about the BBC. You are saying that's in the offing?

WH: Well, other people in this audience know a great deal more about what's in the offing than I do. But would they like to speak up quickly! My understanding was that something big was going to happen a couple of years back on this and as far as I know if something is going to happen then it's not very imminent, but I could be wrong. I also think that the qualitative ways of moving a public-value test forward have also been talked about, but actually not much has happened. And I think it's really quite urgent to push on these areas.

Will Hutton is a former BBC correspondent, former editor-in-chief of The Observer and, currently, chief executive of The Work Foundation.

Note 1: The Window of Creative Competition (WOCC) is a process in which BBC in-house and independent production companies compete for commissions on a level playing field. Commissions won through WOCC are in addition to the guarantee of 25% to the independent sector and the 50% to BBC in-house productions. For further information visit: <http://www.bbc.co.uk/commissioning>
