The BBC’s Role in the News Media Landscape: The Publishers’ View

The BBC Charter Review provides an opportunity for the government to look at the future of the BBC and its evolving role in the wider media landscape.

The green paper on Charter Review asks some important questions about the BBC’s scale and scope, funding and governance, and the impact of its ever-growing range of services on commercial media competitors:

- Does the BBC’s £3.7 billion per year of public funding give it an unfair advantage and distort audience share in a way that undermines commercial business models?
- Does its huge online presence and extensive free online content damage a wide range of players?
- Is the BBC able to continue to develop great content to audiences, efficiently and cost effectively while minimising any negative impact on the wider market and maximising any benefits?
- Is the expansion of the BBC’s services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified?
- How should the BBC’s commercial operations, including BBC Worldwide, be reformed?
- How should the current model of governance and regulation for the BBC be reformed?

The News Media Association (NMA), the voice of independent commercial news brands in the UK, believes that the system of BBC governance should place greater obligations on the BBC to work collaboratively – rather than in competition - with the wider news sector.

We commissioned Oliver and Ohlbaum Associates (O&O) to examine the changing market for news services and the BBC’s expanding role within that market. Based on the report’s findings, the NMA is calling on the government to implement 10 changes to the BBC’s objectives and governance.

The Future of News: The BBC’s Flawed Vision

In January 2015, the BBC set out its vision for The Future of News. The paper foresees an evolution of the UK news market in which commercially funded news models wither and die, with the BBC stepping in at a local, national and global level of news provision.

The NMA and its member publishers fundamentally disagree with the BBC’s vision of the future, and reject the BBC’s assertion that it must continually grow to deliver content and services that commercial news media brands already provide.
We believe that:

1. Commercially funded news provision remains remarkably durable and continues to underpin the vast majority of investment in original journalism in the UK today.

2. The BBC should not seek to build rival services to those already provided by other UK news providers, especially in online news where the UK’s rich and diverse range of newsbrands - newspapers in print and digital - are in the process of building their long-term futures.

O&O View of the UK News Market and the BBC

The O&O report, entitled *UK news provision at the crossroads: The news market in the 21st Century and the likely implications for the BBC’s role*, reviews the challenges and opportunities facing UK news providers in the coming decade, and sets out how the BBC’s online news service is bringing the Corporation into ever closer competition with the commercially funded news sector.

Their findings are summarised here under the four key areas of BBC reform identified by the government: mission, purpose and values; scale and scope; funding; and governance and regulation.

*The BBC’s mission, purpose and values*

- The BBC is not a substitute for market-driven plurality and should not risk pre-empting market failure by creating new, competing services in areas already served by the commercial sector.

- The BBC’s Future of News report misreads and overplays the imminent demise of other news media. The broader UK news sector remains vibrant and innovative, both in providing services to UK citizens and in leading the opportunity to expand UK news provision into international markets.

- Where there are any uncertainties in the UK news market, the BBC’s focus should be on support and co-operation, not the displacement of those services with BBC services funded by the licence fee.

- Building in principles of cooperation between the BBC and the wider news market has a number of advantages over a separated and increasingly directly competitive set of news market players and strategies.

- The O&O report proposes an alternative philosophy that the BBC could adopt in working in transparent partnerships with other news provider organisations that would enable all parts of the market to thrive. This could be via joint venture vehicles or by more open trading of news assets between the BBC and commercial news sector. In all instances the BBC should be under a specific obligation to review its options for partnership working before – and in explicit preference to – any expansion of its own online news services.

*BBC scale and scope*

- The BBC’s stated ambition to expand BBC online news provision threatens to crowd out commercial news providers at local, national and international levels.
• The BBC’s drive to create its own suite of local news services across the breadth of the UK’s communities is unnecessary and risks damaging the local press sector which is currently in transition to a sustainable digital world.

• The editorial scope of the BBC’s national online news services is rapidly expanding, drawing it further from its core broadcasting remit into traditionally commercial editorial areas such as ‘soft’ news articles, magazine ‘lifestyle’ content, and celebrity columnists. Such moves risk undermining the ability of the commercial sector to generate advertising and sponsorship revenues around softer content which has traditionally formed the basis for reinvestment in harder news areas such as investigative journalism.

**BBC funding**

• The BBC is under pressure to commercialise its international news service after being given the responsibility of funding the BBC World Service through the licence fee. The further constraints on the licence fee already announced by the government are only likely to exacerbate pressure on the BBC to compete for advertising and sponsorship opportunities around the distribution of news in overseas markets.

• The BBC’s drive to grow its commercial revenues through its international commercial news operations is likely to impact on other UK news providers who are looking to international markets to sustain and grow their core UK businesses (eg, The Guardian, The Daily Mail).

• The O&O report questions whether there is sufficient transparency around the BBC’s use of its licence fee funded network of overseas journalists to underpin its international services, and whether this practice is consistent with principles of fair competition.

**BBC governance and regulation**

• The BBC’s future governance arrangements should be far more specific in outlining how the BBC should interact with the wider news sector to the mutual benefit of both parties.

**Universality and the Threat to a Plural News Market**

The Charter Review process allows the government and Parliament to consider whether the current system of broad public purposes and service licences is capable of properly defining specific limits on the scope of the BBC’s online news provision. Does the current system of governance place sufficient obligations on the BBC to work collaboratively - rather than in competition - with the wider news sector?

In an attempt to justify the licence fee and provide a ‘universal service’, the BBC appears to be seeking to become the default option across multiple platforms, subjects, genres and issues, often in direct competition with the commercial media.

From its traditional primary position on television EPGs, the BBC has become the first port of call in an online world. The popularity of the BBC’s news website and apps undoubtedly owes much to the trust that has accrued in the BBC brand over the years. But it is also in part due to the BBC’s ability to cross-promote its online news via its plethora of broadcast outlets, providing it with a level of exposure with UK citizens with which no commercial news brand can hope to compete.
The £201 million in public funding spent on the BBC’s online operation masks the huge advantages and the synergies that the BBC gains from the £254 million spent on BBC World Service, £653 million spent on BBC Radio, and £2,368 million spent on BBC television.

Clear Obligations for Interaction with Commercial News Publishers

The danger for the commercial news sector is that a lack of clear boundaries for the BBC’s online activities, an exceptionally broad sense of public purpose, and no clear obligation on the BBC to seek partnerships opportunities by default, combines with the vast resources of the BBC to muscle out innovation and excellence in the commercial sector. This would not only be bad for news brands who are trying to make news pay in a digital world, but would be bad for consumers too, with innovation lost, and a potential reduction in the genuine plurality of voices covering local, national and international news.

Through the Charter renewal process, the NMA is calling on the government to consider adding specific obligations and controls on how the BBC interacts with the wider UK news sector. This desire for specificity is borne out of the commercial news sector’s experience of failed promises of partnership by the BBC, and consistent BBC underperformance against BBC Trust targets in areas such as linking to external content.

Enshrine Collaboration at the Heart of the BBC

Traditionally, the BBC Trust has set goals as to how the BBC will fulfil its core public purposes through service licences. In the context of a fixed distribution channel such as BBC One or Radio 1, these service licences were coherent. Of a total output of 24 hours a day, 365 days a year, the Trust has the ability to define what proportion of the output should be current affairs, music or arts.

In a digital world, in which the potential for content creation and distribution is almost infinite, the Trust has sometimes struggled to define the limits of the BBC’s online news service, and to define the relationship which the BBC has with local and national news media brands.

It is perhaps understandable that, in an attempt to retain relevance with every demographic within the UK that pays for the licence fee, the BBC feels under an obligation to create a news product or service that is relevant for every licence fee payer.

The danger is that, in chasing relevance, the BBC seeks to emulate emerging commercial digital news brands such as Buzzfeed and Vice, while moving into the space of news media providers whose business model relies on advertising and sponsorship. In doing so, the BBC not only undermines the commercial news sector but risks diminishing its own reputation for world-leading, respected, authoritative and impartial journalism that has traditionally set it apart from other news providers.

At the Future of the Licence Fee seminar in July 2014, the BBC director general spoke of the BBC as “a great enabler for the creative industry in this country.” Lord Hall said the BBC should be just as open to new entrepreneurial ideas in its news provision as in other areas of output. The benefits of doing so – both in the cost of delivering news content and in gaining access to a wider pool of news content – could be substantial.

As the Charter Review process reflects on the significant contribution the BBC has made to the cultural life of Britain over almost a century, it should also look ahead to the role that a more collaborative BBC could play working with news media companies, many of whom have been rooted in their communities across the country for hundreds of years.
The NMA believes that a revised BBC Charter should include:

- **Guiding principles setting out how the BBC should work with the wider commercial UK news sector, both in the UK and where UK news providers explore or expand new international markets.**
- **Objectives and remit of the BBC’s news operations which have an emphasis on news partnerships, collaborative working and content sharing, sourcing and attribution.**
- **Clear targets, timetables and accountability measures for delivering on cross-sector working.**

**Genuine Partnerships Will Extend BBC Reach and Sustain Plurality**

Rather than seeking continually to grow its news production footprint across local, national and international markets, the BBC should be subject to far tighter scrutiny and control around the scope of its online news services and the nature of its market impact. The first priority for this Charter Review should be a stated commitment to partnership working.

The NMA believes that, by working as a partner with the commercial news sector, the BBC can benefit from extended reach and a deeper pool of available content than it can hope to fund as a standalone organisation - of great importance given increasing calls on limits to licence fee funding.

Working with other news providers can make the BBC’s investment go further and support UK citizens by helping to sustain genuine plurality of news provision from multiple commercial providers.

By managing its scope and taking full advantage of the wealth of high quality news content, well established global news network and widespread consumer reach of the commercial news media, the BBC can maintain its relevance and quality in a rapidly expanding news sector.

The BBC must recognise and respect the fact that, as traditional news media silos break down and all players are driven to compete for audiences in a single online news market, the impact of the continued expansion of licence fee funded online news services on commercial news providers will only increase. A revised Charter should therefore include:

- **Specific controls around the scope of BBC online as it pertain to news provision.**
- **A commitment to source news content from existing news providers rather than seeking to replicate their coverage, with annual monitoring of the BBC’s performance against this commitment.**
- **Significantly tightened definitions of the scope for the BBC’s online news services.**
- **A clearer process by which a market impact assessment can be triggered to review pre-existing and future initiatives.**
- **An extended BBC commitment to third-party content sourcing to include news content generated by other UK news providers, especially where the BBC would otherwise need to duplicate pre-existing reporting from other news organisations (eg, coverage of local institutions, sporting events.)**

**Transparency around BBC Competition in International Markets**

The BBC’s drive to grow its commercial revenues through its international commercial news operations is likely to impact on other UK news providers who are looking to international growth to sustain and grow their core UK businesses (eg, The Guardian, The Daily Mail). The NMA believes that a revised Charter should include:
Much greater transparency around the BBC’s use of its licence fee funded network of overseas journalists to underpin the BBC’s commercial international services, and whether this practice is consistent with the principles of fair competition.

A History of Good Intentions and Broken Promises

In order to create a more collaborative, partnership-focused BBC, the Charter Review must drive governance changes and clear commitments to partnership working against which the BBC can be measured and held to account.

The current combination of public purposes and service licences do not provide sufficient clarity on the limits of BBC activity in the online world, nor do they set explicit expectations around how the BBC will work as a partner with the commercial sector. Over the last Charter period, this led to frustration on the part of the commercial sector, when well-intentioned words on collaboration failed to live up to aspirations in the reality of delivery.

The NMA and its members know from experience that the BBC does not voluntarily set boundaries upon its ambitions, nor act with alacrity upon others’ recommendations. We have tried for many years to effect change through constructive dialogue and by procedural challenge.

We have put the industry’s case at many meetings with successive BBC Trust Chairs, BBC directors general and the senior executives of both. We have initiated dialogue between the BBC and the news media industry, instigated industry pilots with the BBC, and encouraged individual companies to explore partnerships with the BBC.

The NMA has, at the BBC’s invitation, suggested to it simple, practical, easily enforceable controls that would avert the risk of BBC undermining its competitors’ commercial and editorial services and enable constructive relationships.

Yet recommendations dating back to the Graf review of 2004 have still to be implemented. The BBC has yet to set and respect clear limits on its online activities, or to establish and meet quotas for purchasing online content from independent commercial media. Projects to improve website links are still being piloted. The BBC has spoken of partnership for many years, but maintains its pursuit of local and global ambitions more akin to colonisation than mutually beneficial co-operation.

BBC: ‘Never More Local’?

The BBC is not quick to heed warnings that its activities might cause detriment to commercial competitors, nor is it wary of disruption of nascent markets. The BBC embarked upon its hyper local news video project the year of the Graf report, and then pursued a pilot the next. It underplayed potential harm to competitors and overplayed potential benefit.

Thus the BBC initially suggested that its hyper local project, BBC Local, was not a new service requiring BBC Trust authorisation after a public value test- though Ofcom was to find the BBC’s proposal would have a negative market impact upon the local press.

The BBC’s optimistic depiction of successful experiments with new partnerships with regional and local media, were at odds with regional media feedback. Nor, it became clear, was the BBC prepared to enter into substantive commercial arrangements for regional media content.
Even in determining the PVT and rejecting the BBC Local proposal in 2008, the BBC Trust appeared to consider a broadband shortfall more significant than Ofcom’s findings of potential detriment to local commercial competitors.

Thereafter, the BBC Trust decided that the BBC’s launch of free news apps did not even merit a PVT test, as a new service, even though commercial news providers had just launched paid for apps for their publications.

The 2010 BBC strategy review did acknowledge criticism of the BBC’s local proposals, suggesting the BBC would respond to changes affecting other local news providers, leaving a clear space for commercial players. It declared that the right proposals for new boundaries and BBC behaviours could be drawn up. The BBC would be no more local in England on all platforms than it already was. A new contract for local could be developed, setting out the BBC’s role and the limits to its ambitions.

As the NMA pointed out at the time, such assurances provided little substantive comfort. The BBC was merely saying that it would not formally increase the number of new local services on television, radio or online. But it was actually proposing the framework for BBC development of core editorial areas, in direct competition with the regional and local independent media.

Some two years later, the BBC Trust and BBC director general were explicitly charging the BBC management to develop the BBC local services as a result of critical audience comment, rather than draw back from doing them.

The NMA’s prime concern is the way the BBC’s stated ‘local remit’ has steadily broadened beyond that of the nations and wider English regions to which it always assured us its ambitions were confined.

The BBC Trust’s consultation for the 2010 strategy review cited the BBC director general’s statement that the BBC was “not offering any more localised services than the BBC already does - for example new services for individual towns or cities.” But now BBC stated ambitions have shifted from general regional coverage to focus upon a city and now to a specific town. Even asides that the line might be drawn at individual street level are cast into doubt by the BBC’s pursuit of geotagging and menu offering local news on the home page of the BBC news website by location setting, postcode search, personalised and individual news services or development of hyperlocal networks.

**Change of Culture Must Start at the Top**

In order to seed a culture change within the organisation, a clear mandate and accountability needs to start from the top within the expected replacement for the BBC Trust with a credible independent body. The recent track record of unchecked BBC activity has seen the BBC expand its online portfolio to take it into more direct competition with other news outlets. Therefore governance and remit changes are required to ensure that the UK can continue to enjoy a high quality, market-driven plurality of news supply from the UK’s successful and globally respected news market.

Specifically, the NMA believes that a revised BBC Charter should include:

- **A fit for purpose system of accountability that enshrines within the BBC’s governance arrangements specific roles and responsibilities to define and execute meaningful and commercially impactful collaboration initiatives between the BBC and other UK news providers.**
Summary of NMA proposed changes to BBC objectives and governance

The BBC’s mission, purpose and values

- Guiding principles setting out how the BBC should work with the wider commercial UK news sector, both in the UK and where UK news providers explore or expand new international markets.
- Objectives and remit of the BBC’s news operations which have an emphasis on news partnerships, collaborative working and content sharing, sourcing and attribution.
- Clear targets, timetables and accountability measures for delivering on cross-sector working.

What the BBC does in terms of its scale and scope

- A specific control around the scope of BBC online as it pertains to news provision.
- A commitment to source news content from existing news providers rather than seeking to replicate their coverage, with annual monitoring of the BBC’s performance against this commitment.
- Significantly tightened definitions of the scope for the BBC’s online news services.
- A clearer process by which a market impact assessment can be triggered to review pre-existing and future initiatives.
- An extended BBC commitment to third-party content sourcing to include news content generated by other UK news providers, especially where the BBC would otherwise need to duplicate pre-existing reporting from other news organisations (e.g., coverage of local institutions, sporting events.)

BBC funding

- Much greater transparency around the BBC’s use of its licence fee funded network of overseas journalists to underpin the BBC’s commercial international services, and whether this practice is consistent with the principles of fair competition.

BBC governance and regulation

- A fit for purpose system of accountability that enshrines within the BBC’s governance arrangements specific roles and responsibilities to define and execute meaningful and commercially impactful collaboration initiatives between the BBC and other UK news providers.