



## DEBATE PACK

Number CDP-2017-0155, 6 September 2017

# Transparency of the BBC

## Westminster Hall, Thursday 7 September 2017, 1.30pm

A Westminster Hall debate on the transparency of the BBC is scheduled for Thursday 7 September 2017 at 1.30pm. The Member leading the debate is Gregory Campbell MP.

Compiler: Sarah Pepin  
Subject specialist: John  
Woodhouse  
(Broadcasting)

### Contents

<b>1.</b>	<b>Background</b>	<b>2</b>
<b>2.</b>	<b>Media</b>	<b>4</b>
2.1	Press releases	4
2.2	Articles and blogs	5
<b>3.</b>	<b>Parliamentary Business</b>	<b>8</b>
3.1	Oral Statements	8
3.2	Other Debates	20
3.3	Parliamentary Questions	21
<b>4.</b>	<b>Organisations and further reading</b>	<b>24</b>

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

# 1. Background

The BBC's [Royal Charter](#) requires BBC annual reports to include:

- the names of all senior executives of the BBC paid more than £150,000 from licence fee revenue in that financial year
- the names of all other staff of the BBC paid more than £150,000 from licence fee revenue in that financial year set out in pay bands<sup>1</sup>

This requirement was introduced during the Charter Review process in 2016.<sup>2</sup>

## **BBC Annual Report (July 2017)**

The BBC's [annual report](#) for 2016/17 was published on 19 July 2017.<sup>3</sup> An [annex](#) to the report lists staff paid more than £150,000.

The salaries disclosed in the annual report generated a large amount of comment, much of it on the gender pay gap at the BBC.<sup>4</sup>

During a [speech](#) launching the report, Tony Hall, Director-General of the BBC, said that he wanted the BBC to go "further and faster on issues of gender and diversity".

On 6 September 2017, Tony Hall [set out](#) the BBC's autumn priorities. On fairness and pay he said:

(...) we've got to continue to modernise - and a big priority as part of that is fairness and pay...

I want to make progress quickly, so let me tell you what we're doing right now:

- First, we've commissioned a report on our gender pay gap - and it'll be independently audited.

Our gap is primarily about the different balance of men and women at different levels. It's based on the whole picture across the organisation, and the causes tend to be structural, and societal.

That doesn't mean we should be complacent about it, and I'm determined to close the gap - a commitment I don't think any other organisation in the country has made.

- Secondly, we're doing an audit of equal pay covering our staff based in the UK. It's independent. It's being carried out by Eversheds and PwC, using tried and trusted methods from the Equality and Human Rights Commission.

---

<sup>1</sup> Cm 9365, December 2016, para 37(2)(j)

<sup>2</sup> "[BBC Charter to safeguard future while delivering transparency for licence fee payers](#)", DCMS News release, 15 September 2016; For further background see the Library Briefing Paper, [BBC Charter Renewal](#) (CBP 3416, 28 December 2016)

<sup>3</sup> "[BBC annual report published](#)", BBC News, 19 July 2017

<sup>4</sup> "[BBC facing backlash from female stars after gender pay gap revealed](#)", Guardian, 20 July 2017; There was also comment on the gap between the highest and lowest-paid employees at the BBC: "[Revealed: how hundreds of BBC employees earn 1% of Chris Evans's wages](#)", Guardian, 22 July 2017

And it's well underway - looking at job families, like-for-like work - across the organisation to make sure that, where there are differences in pay, they're justified. If it throws up issues, we'll deal with them immediately.

We'll publish both of these reports as soon as they're complete. And, to repeat, we'll take action wherever we need to.

- Thirdly, we're reviewing our approach to on-air presenters, editors and correspondents - particularly in News and Radio. Of course, we'll be looking at pay but also representation. As I hope you know, we've set really ambitious targets - not just on gender, but on diversity more broadly.

You'll see changes over the coming months.

- And fourthly, we want you to get involved. I promised a consultation before the summer - and it's underway. Please make your views heard - there'll be plenty more opportunities to do so.

This is just the start. There are more things on the table - from the way we recruit, to the way we promote, to the way you can raise questions. And I'll have more to say in the coming weeks and months...<sup>5</sup>

### **Calls for further transparency**

The BBC's annual report only gives details of staff payments made from licence fee revenue. The figures therefore exclude, among other things, amounts from commercial investments into programmes, payments made by commercial entities such as BBC Worldwide, and payments made by independent producers.<sup>6</sup> People working for [BBC Studios](#) are on the list this year but they won't be next year.<sup>7</sup>

In August 2017, Damian Collins, Chair of the Culture, Media and Sport Committee, told the Edinburgh International Television Festival that the salaries of those working for BBC Studios should be disclosed by the BBC:

What would be unacceptable is if, next year, BBC Studios turned around and said, 'All these people being paid on Strictly, we are not going to disclose their salaries because we are now an indie and we don't have to.'<sup>8</sup>

A BBC spokesman responded:

BBC Studios is a fully commercial business and not underpinned by public money. Equally, independent production companies are private businesses. We are buying programmes from them, not talent.

All this was agreed as part of the BBC royal charter, which exists for the next 11 years.<sup>9</sup>

<sup>5</sup> ["Speech by Tony Hall about BBC priorities for autumn 2017"](#), BBC, 6 September 2017

<sup>6</sup> [Annex](#) to the BBC Annual Report 2016/17, p6; see also ["Tony Hall speech at the launch of the BBC's Annual Report and Accounts 2016/17"](#), BBC, 19 July 2017

<sup>7</sup> BBC Studios launched as a wholly-owned subsidiary of the BBC in April 2017

<sup>8</sup> Quoted in ["BBC stars must be forced to declare 'off the books' pay, says Tory MP"](#), Telegraph, 25 August 2017

<sup>9</sup> Ibid

## 2. Media

### 2.1 Press releases

BBC

[Speech by Tony Hall about BBC priorities for autumn 2017](#)

6 September 2017

City, University of London [comment from academics]

[BBC stars' salaries reveals huge gender pay gap](#)

24 July 2017

BBC

[Tony Hall speech at the launch of the BBC's annual report and accounts 2016/17](#)

19 July 2017

BBC

[BBC annual report](#)

19 July 2017

Department for Culture, Media and Sport

[Preferred BBC Chair candidate announced](#)

10 January 2017

Department for Culture, Media and Sport

[New BBC Charter and Framework Agreement published](#)

15 December 2016

Department for Culture, Media and Sport

[BBC Charter to safeguard future while delivering transparency for licence fee payers](#)

15 September 2016

Department for Culture, Media and Sport

[Plans to overhaul governance and secure the future of BBC](#)

12 May 2016

## 2.2 Articles and blogs

Guardian

[BBC launches independent pay review after equality row](#)

6 September 2017

Daily Express

['It's unacceptable' Fury as BBC salaries kept secret thanks to loophole](#)

26 August 2017

Telegraph

[BBC stars must be forced to declare 'off the books' pay, says Tory MP](#)

25 August 2017

Independent

[The 'concern trolls' who object to pay transparency for those at the top should be ignored](#)

6 August 2017

Charlie Mullins, Real Business

[BBC debacle shows wage transparency agenda must be pushed](#)

24 July 2017

Guardian

[Revealed: how hundreds of BBC employees earn 1% of Chris Evans's wages](#)

22 July 2017

Esther Smith, HR magazine

[The BBC pay report: you are now entering an era of transparency](#)

21 July 2017

Richard Murphy, Tax Research UK

[The BBC pay data provides evidence on the importance of transparency](#)

20 July 2017

BBC news

[Reality check: the gender pay gap](#)

20 July 2017

Guardian

[Why all women need to know what their colleagues earn](#)

20 July 2017

Guardian

[BBC facing backlash from female stars after gender pay gap revealed](#)

20 July 2017

Telegraph

[BBC pay list: the hidden names the corporation does not want you to see](#)

20 July 2017

Libby Plummer, Wired magazine

[Is it a good idea for companies to reveal how much they pay?](#)

19 July 2017

Independent

[Why are right-wing outlets acting outraged at BBC salaries? It's not because of gender equality](#)

19 July 2017

Guardian

[The Guardian view on BBC pay transparency: right thing, wrong reason](#)

19 July 2017

Independent

[This is how BBC top stars' pay compares to salaries at ITV and Sky](#)

19 July 2017

Independent

['How do you justify that?' Jeremy Vine challenges BBC boss over his own pay as stars react to salary publication](#)

19 July 2017

BBC news

[BBC pay: Chris Evans tops list of best-paid stars](#)

19 July 2017

BBC news

[What will the industry make of star pay?](#)

19 July 2017

Matthew Gwyther, Management Today

[Salary transparency is the final taboo - not just at the BBC](#)

15 September 2016

Telegraph

[BBC lacks 'openness and transparency', Culture Secretary Karen Bradley warns, as Government orders naming of stars paid more than £150,000](#)

14 September 2016

## 3. Parliamentary Business

### 3.1 Oral Statements

[BBC](#)

HC Deb 15 September 2016 c1055-65

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** [c1055-7]

With permission, Mr Speaker, I should like to make a statement. Today I am laying before Parliament a draft of the royal charter for the continuance of the BBC, together with the accompanying draft framework agreement between the Government and the BBC. The latter sets out the detail behind the charter, including out how the BBC will operate in the new charter period.

These drafts set out the policies contained in the White Paper, “A BBC for the future: a broadcaster of distinction”, which was published in May. This White Paper was the culmination of one of the largest public consultations ever. More than 190,000 members of the public, as well as industry stakeholders and experts, gave their views on how the Government could enable the BBC to continue to deliver world-class content and services over the next 11 years. The consultation served as a reminder that the BBC matters deeply to this country, as it does to people right across the world. Far from diminishing the BBC, our changes strengthen it.

I am very grateful to my predecessor, my right hon. Friend the Member for Maldon (Mr Whittingdale), for all his brilliant work on the BBC. My Department has worked very closely with both the BBC and Ofcom, which has taken on the job of being the BBC’s first independent regulator, to develop and agree these draft documents. I am a huge fan of the BBC. At its best, it is peerless. Our aim is to ensure that a strong, distinctive, independent BBC will continue to thrive for years to come—and also to improve the BBC where we can. I extend my personal thanks to Tony Hall and Rona Fairhead, and their teams, for their commitment to making this work.

The new charter and agreement will enable a number of improvements. They enhance the distinctiveness of BBC content, and the BBC’s mission and public purposes have been reformed to reflect this requirement. The governance and regulation of the BBC will also be reformed. The new BBC Board will be responsible for governing the BBC, and Ofcom will take on the regulation of the BBC. The charter and agreement sets out functions and obligations that the BBC and Ofcom must follow in order to deliver this. The charter explicitly recognises the need for the BBC to be independent, particularly in editorial matters, and the BBC will appoint a majority of the members of the new board, with strict rules to ensure all appointments are made fairly and openly. The charter also provides financial stability for the BBC by making it clear that the

licence fee will remain the key source of funding for the BBC for the next charter period.

Obligations for the BBC to consider both the negative and positive market impacts of its activities are set out in the charter. Ofcom must always keep these in mind when reviewing new and changed services. The BBC is obliged to work closely with others and to share its knowledge, research and expertise for wider public benefit. The Government want a BBC that is as open and transparent as possible. The charter sets out new obligations in this regard, including publishing the salaries of those employees and talent who earn more than £150,000.

The BBC serves all nations and regions. It needs to be more reflective of the whole of the United Kingdom, and the new charter requires this through the mission and public purposes. This will be supported by specific board representation, including the appointment of nation members, which, for the first time, will be agreed with the Administrations of Northern Ireland and Wales, as well as Scotland, as is currently the case. Provision for the nations will be regulated by Ofcom through a new operating licence regime, which will include continuing the approach of production targets for making programmes outside London. One of the BBC's many responsibilities is to bring people together, supporting and encouraging greater cohesion, not least among the nations of the United Kingdom.

We have made considerable progress since the publication of the White Paper and resolved a number of important areas with the BBC, allowing us to go further in the key areas of transparency, fairness, and securing independence for the BBC. In addition to the principle of a mix of public and BBC-made appointments, all made in line with best practice, I can confirm that the charter sets out that the BBC will appoint nine board members, including five non-executive directors, and that an additional five will be public appointments. This means that the BBC will appoint the majority of members to its new board, which will ensure that the BBC Board is independent and that each nation of the UK will have a voice. This will strengthen the BBC's independence, compared with when all the BBC trustees were appointed by the Government.

The National Audit Office will become the BBC's financial auditor. In addition, the charter will enhance the NAO's role and access, and allow it to conduct value-for-money studies of the BBC's commercial subsidiaries. Such money subsidises the licence fee, so the public has every right to expect value for money.

There will also be greater transparency, with be a full, fair and open competition for the post of chair of the new BBC Board. This is in line with the Culture, Media and Sport Committee's recommendation. It is a significant new post, and transparency and fairness in making the appointment is vital, not least so that the industry and the public have confidence in it. I am grateful to Rona Fairhead, who has decided not to be a candidate for this new post, for the work she has done as chair of

the BBC Trust, and in particular for her help in reforming the governance of the BBC.

The fundamental reforms set out in the draft charter will take time to implement, given the complexity of the changes, the need for a smooth transition and the importance of consulting on some elements of the new regulatory structure. There will be a short period of transition before the BBC Board and Ofcom take on their new governance and regulatory roles on 3 April next year. The BBC will continue to operate under current arrangements during the transitional period. Further details about the transition will be confirmed in the coming months, as we work closely with the BBC and Ofcom to ensure that all the elements of transition are managed as smoothly as possible, including the process by which the new BBC Board will be established.

Members of both Houses will now have a chance to consider the proposals in detail. To aid them in that endeavour, I have today deposited a series of information sheets in the Libraries of both Houses. I have also sent the draft documents to the devolved Administrations so that the devolved legislatures can debate them over the coming weeks. My Culture, Media and Sport ministerial colleagues and I look forward to parliamentary debates on the draft charter and agreement in due course. Following those debates, the Government will present the charter to the Privy Council in order that the new charter is in place by the end of the year.

The BBC is one of this country's greatest achievements and greatest treasures. These reforms ensure that it will continue to be cherished at home and abroad for many years to come. I commend this statement to the House.

## [BBC](#)

HC Deb 12 May 2016 c729-56

### **The Secretary of State for Culture, Media and Sport (John Whittingdale): [c729-34]**

With permission, Mr Speaker, I should like to make a statement. The Government are today laying before Parliament and depositing in the Libraries of both Houses a White Paper on the BBC charter review. The royal charter is the constitutional basis for the BBC. It is the framework for the way in which the BBC is governed and guarantees its independence. The current royal charter will expire at the end of 2016; today we lay out our plans for the next one.

The White Paper represents the culmination of 10 months' work. I thank everyone who contributed to the Green Paper consultation process, not least 190,000 members of the public. I am also very grateful to Sir David Clementi and his team for their independent review of the governance and regulation of the BBC, to the Committees in both Houses that made recommendations and to all the stakeholders, BBC representatives and others who helped inform our deliberations.

The BBC is one of the country's greatest institutions, and 80% of those who responded to our Green Paper said the BBC serves audiences very well or well. Every week the BBC reaches 97% of the UK population and 348 million people across the globe, informing, educating and entertaining them and promoting Britain around the world.

It is our overriding aim to ensure that the BBC continues to thrive in a media landscape that has changed beyond recognition since the last charter review 10 years ago and that it continues to deliver the best possible service for licence fee payers. So today we are setting out a framework for the BBC that allows it to focus on high-quality, distinctive content that informs, educates and entertains while serving all audiences; enhances its independence while making it much more effective and accountable in its governance and regulation; makes support for the UK's creative industries central to the BBC's operations while minimising any undue negative market impacts; increases the BBC's efficiency and transparency; and supports the BBC with a modern, sustainable and fair system of funding.

The BBC's special public service ethos and funding allow it to take creative risks, to be innovative, and to produce high-quality content. That means more choice for listeners and viewers. The BBC delivers a huge amount of outstanding programming, including in drama, news and current affairs, sport, science and the arts. Many programmes have received awards, not least at the BAFTAs on Sunday, and they demonstrate that, at its best, the BBC is still the finest broadcaster in the world. However, as the BBC Trust itself has recognised, in some areas the BBC needs to be more ambitious, particularly in its more mainstream television, radio and online services.

The BBC director-general has called for a BBC that is

"more distinctive than ever—and clearly distinguishable from the market".

The Government are emphatically not saying that the BBC should not be popular. Indeed, some of its most distinctive programmes, such as "Life on Earth", "Wonders of the Universe" and "Strictly Come Dancing" on TV, or the "Newsbeat" programme or Jeremy Vine show on Radio 1 and 2 respectively, have very wide audiences because they are so good.

With a 33% share in television, 53% share in radio and the third most popular UK website, and with only 27% of people believing that the BBC makes lots of programmes that are more daring and innovative than those of other broadcasters, commissioning editors should ask consistently of new programming, "Is this idea sufficiently innovative and high quality?" rather than simply, "How will it do in the ratings?" So we will place a requirement to provide distinctive content and services at the heart of the BBC's overall core mission of informing, educating and entertaining in the public interest, and we will also affirm the need for impartiality in its news and current affairs broadcasts.

The BBC's existing minimum content requirements will be replaced with a new licensing regime that will ensure its services are clearly

differentiated from the rest of the market, enhancing choice for licence fee payers and backed up by robust incentive structures. The BBC will also be required to give greater focus to under-served audiences, in particular those from black, Asian and ethnic minority backgrounds and from the nations and regions, who are currently less well served. That will involve the BBC building on its new diversity strategy, maintaining out-of-London production quotas, and ensuring that it continues to provide for minority languages in its partnerships with S4C and MG Alba.

Over the next charter period, we want the BBC to be the leading broadcaster in addressing issues of diversity. For the first time, diversity will be enshrined in the new charter's public purposes. This, along with a commitment to serve all audiences in the BBC's mission, will help hold the BBC to account for delivering for everyone in the UK.

Looking beyond these shores, the BBC World Service is rightly considered across the globe to be a beacon of impartial and objective news. It is a vital corrective to the state-run propaganda of certain other countries. So we will protect its annual funding of £254 million for five years and also make available £289 million of additional Government funding over the spending review period, as announced by the Chancellor last year, so that the World Service can represent the UK and its values around the globe.

All organisations need a governance and regulatory structure that is fit for purpose. The BBC's is not, and it is no longer supportable for the BBC to regulate itself. Governance failures, including excessive severance payments and the costly digital media initiative, have illustrated that the division of responsibilities between the BBC executive and the BBC Trust is confusing and ineffective. As the independent review led by Sir David Clementi made clear, there is widespread agreement that reform is vital. I can announce today that we are accepting the review's recommendations.

The new charter will create a unitary board for the BBC that has a much clearer separation of governance and regulation. The board will be responsible for ensuring that the BBC's strategy, activity and output are in the public interest and accord with the missions and purposes set out in the charter. Editorial decisions will remain the responsibility of the director-general and his editorial independence will be explicitly enshrined in the Charter, while the unitary board will consider any issues or complaints that arise post-transmission. For the first time, the BBC will have the ability to appoint a majority of its board independently of Government. This is a major change, as previously the BBC governors, and then the members of the BBC Trust, were all appointed by Government.

Ofcom has a proven track record as a regulator of media and telecoms. It is the right body to take on external regulation of the BBC. We will require Ofcom to establish new operating licences for the BBC, with powers to ensure that its findings are acted upon. Ofcom will also take charge of regulating the distribution framework and fair trading

arrangements for the BBC. It will be a strong regulator to match a strong BBC.

The Government will introduce four further changes to make the BBC more accountable to those it serves. The charter review process will be separated from the political cycle by establishing an 11-year charter to 2027, with an opportunity to check that the reforms are working as we intend at the mid-term. This will be the third longest charter in the BBC's history, and allows for an orderly transition to the new arrangements. The BBC will become more accountable to the devolved nations; the complaints system will undergo long overdue reform; and new expectations will be set for public engagement and responsiveness. These are major changes to the way that in which the BBC is governed. They will take time to effect and it is important that this process runs smoothly, so the current BBC chair, Rona Fairhead, will remain in post for the duration of her current term, which ends in October 2018.

The creative sector is one of this country's great success stories, growing at twice the rate of the rest of the economy since 2008 and accounting for £84 billion of gross value added and nearly 9% of service exports. The BBC should be at the core of the creative sector, supporting everyone from established players to SMEs. It is already a major purchaser, spending more than £1 billion on the services of around 2,700 suppliers involved in making programmes for the BBC.

The BBC already allows up to 50% of its content to be competed for by the independent sector. The Government now intend that the remaining 50% in-house guarantee for television should be removed for all BBC content except news and related current affairs output. Unless there is clear evidence that it would not provide value for money, all productions will be tendered. There will be a phased introduction of this requirement, which will open up hundreds of millions of pounds of production expenditure to competition. Not only will this benefit the creative industries, but it is fundamentally a good thing for viewers and listeners, with BBC commissioning editors given greater freedom to pick the most creative ideas and broadcast the highest quality programmes.

The BBC plans to make its in-house production unit a commercial subsidiary. We support these plans in principle, provided they meet the necessary regulatory approvals. However, the BBC can, by virtue of its size and scale, have a negative impact on the media market, crowding out investment and deterring new entrants, so Ofcom will be given the power to assess all aspects of BBC services to see how they impact on the market, with proportionate powers to sanction. Rather than seeing other players as rivals, the BBC should proactively seek to enhance, bolster and work in partnership with the wider broadcasting and creative industries. There will be a focus on that in the new charter. In particular, the BBC will support and invigorate local democracy across the UK, working with local news outlets.

The Government will also consult in the autumn on a new contestable public service content fund that will allow other broadcasters and producers to make more public service content in areas that are currently underserved, such as programmes for children and for black,

Asian and minority ethnic audiences. It will be worth £20 million a year, and it will be paid for from unallocated funding from the 2010 licence fee agreement. There will be more transparency in the way the BBC promotes its own services, and a requirement to steer such activity towards areas of high public value. The BBC will be expected to share its content as widely as possible, and it will also be encouraged further to open up its archive so that other organisations and the public can enjoy its many treasures.

The BBC belongs to all of us. Making its archive more widely available is just one part of a broader opening up process. We want the BBC to be much more transparent, in particular about efficiency improvements. The BBC already plans to make £1.5 billion of savings by the end of this charter period, and the BBC Trust has driven some improvements in transparency, but the BBC needs to become more accountable to those it serves. Only 23% of the public believe that the BBC is efficient. Licence fee payers need the BBC to spend the nearly £4 billion they give it every year more wisely. The National Audit Office, which has an outstanding track record, will therefore become the financial auditor of the BBC and will have the power to conduct value for money investigations of the BBC's activities, with appropriate safeguards for editorial matters. The BBC will also be required to ensure that it is transparent and efficient in its spending by reporting expenditure by genre.

The BBC already publishes data on the salaries of its staff by broad bands, and the names and detailed remuneration packages of those in management earning more than £150,000. The public have a right to know what the highest earners the BBC employs are paid out of their licence fee. The new charter will therefore require the BBC to go further regarding the transparency of what it pays its talent and publish the names of all its employees and freelancers who earn above £450,000—the current director-general's salary—in broad bands. The Government also expect the new BBC board to consider other ways in which it can improve transparency of talent pay. The BBC will also be required to undertake a root-and-branch review of its research and development activity, laying out its objectives for the future.

Finally, the BBC needs a fair, accountable and sustainable funding system that is fit for the future. There is no perfect model for funding the BBC but, given the stability it provides and the lack of clear public support for any alternative model, the licence fee remains the most appropriate funding model for the next charter period. The licence fee has been frozen at £145.50 since 2010. We will end the freeze and increase the licence fee in line with inflation to 2021-22, at which point there will be a new settlement. In line with the other reforms to funding announced last July, this means that the BBC will have a flat cash settlement to 2021-22. This gives it the certainty and funding levels it needs to deliver its updated mission and purposes, and it will ensure that the BBC remains one of the best-funded public service broadcasters in the world, receiving more than £18 billion from 2017-18 to 2021-22.

Future funding settlements will be made using a new regularised process every five years, giving the BBC greater independence from Government. The licence fee concession for the over-75s will be protected during this Parliament, although voluntary payments will be allowed. We will give the BBC more freedom to manage its budgets. Protected funding of £150 million a year for broadband and £5 million a year for local television will be phased out. The World Service will be an exception to this, given its enormously important role.

The current licence fee system needs to be fairer, so we will close the iPlayer loophole, meaning that those who watch BBC programmes on demand will now need a TV licence like everyone else. There will be pilots of a more flexible payment system to benefit those on lower incomes and make it fairer for everyone. At the moment, people have to pay for the first year in only six months, meaning six much higher monthly payments. We will take forward many of the recommendations from David Perry QC's review to make the process of investigating and prosecuting licence fee evasion more effective and fair.

Although the licence fee remains the best way of funding the BBC for this charter period, it is likely to become less sustainable as the media landscape continues to evolve. The Government therefore welcome the BBC's intention to explore whether additional revenue could be raised at home and abroad from additional subscription services sitting alongside the core universal fee.

The Government are clear that any new subscription offer would be for additional services beyond what the BBC already offers. It will be for the BBC to set the scope of these plans, but we expect it to review progress and success in order to feed into the next charter review process. We would also like to see BBC content become portable so that licence fee payers have access when travelling abroad.

The BBC is, and must always remain, at the very heart of British life. We want the BBC to thrive, to make fantastic programmes for audiences and to act as an engine for growth and creativity. Our reforms give the BBC much greater independence from Government—in editorial matters, in its governance, in setting budgets and through a longer charter period. They secure the funding of the BBC and will help the BBC to develop new funding models for the future.

At the same time, these reforms will assist the BBC to fulfil its own stated desire to become more distinctive and better to reflect the diverse nature of its audience. They place the BBC at the heart of the creative industries—as a partner of the local and commercial sectors, not a rival. The BBC will operate in a more robust and more clearly defined governance and regulatory framework. It will be more transparent and accountable to the public it serves, who rely on the BBC to be the very best it can possibly be so that it can inform, educate and entertain for many years to come. I commend this statement to the House.

[BBC Charter Review](#)

HC Deb 16 July 2015 c1120-37

**The Secretary of State for Culture, Media and Sport (Mr John Whittingdale):** [c1120-3]

With permission, Mr Speaker, I should like to make a statement. I have today laid before Parliament a BBC charter review consultation paper, copies of which are being deposited in the Libraries.

The British Broadcasting Corporation is cherished and admired, not only in this country but around the world. At its best, the BBC sets international standards of quality. Even in a multimedia age, its most popular programmes continue to draw the country together in a shared experience, as happened with the London Olympics and world-beating dramas such as “Sherlock” and “Doctor Who”. The BBC reaches 97% of the UK population every week. It has a pivotal role in helping the United Kingdom to reach every corner of the globe, as reflected in the recent report that found that the UK leads the world in terms of soft power.

The BBC is almost 100 years old. There have been many changes in that time, but the scale of change in the media sector over the last decade has been unprecedented. People are consuming a vast array of content from multiple sources, using technology that either did not exist or was in its infancy 10 years ago. Ten years ago, when a Government last conducted a charter review, millions of households still received just five television channels. Much of the social media that is now ubiquitous was, at the very most, at an embryonic stage. And few people owned the sort of devices that colleagues use daily, including in the Chamber.

One of the few things that is certain about the media landscape of the future is that we cannot be sure how it will look, not least because we cannot predict how much will stay the same. Predictions about the demise of television have proven premature, undoubtedly in part because technology has evolved but also because many people still enjoy sitting down to watch television in their living room. Radio also retains an important place in people’s daily lives.

The current BBC royal charter will expire at the end of 2016. This paper launches the Government’s consultation, which will inform a number of decisions that we need to take about the future of the BBC. The BBC Trust will play an integral role in this process, running a series of public seminars and events.

Fundamentally, we need to consider four questions. What is the overall purpose of the BBC? What services and content should the BBC provide? How should the BBC be funded? How should the BBC be governed and regulated? The BBC has six public purposes, set out at the last charter review. They are sustaining citizenship and civil society; promoting education and learning; stimulating creativity and cultural excellence; representing the UK, its nations, regions and communities; bringing the UK to the world and the world to the UK; and delivering to

the public the benefit of emerging communications. We need to ask whether these purposes are still relevant and right.

One key task is to assess whether the idea of “universality” still holds water. With so much more choice in what to consume and how to consume it, we must at least question whether the BBC should try to be all things to all people—to serve everyone across every platform—or if it should have a more precisely targeted mission. Along with considering the mission and purpose of the BBC, we will consider whether the charter should also define its values, and what those values should be.

The public purposes set the framework for what the BBC should be seeking to achieve, and the charter and supporting framework agreement articulate what activities it should undertake to accomplish this. The upcoming charter review will look at whether the scale and scope of the BBC is right for the current and future media environment and delivers what audiences are willing to pay for.

Twenty years ago the BBC had two television channels, five national radio stations and a local radio presence. It is now the largest public service broadcaster in the world, with nine television channels, five UK-wide radio stations, six radio stations that reach one of the home nations, 40 local radio stations, and a huge online presence. The charter review will look at whether that particular range of services best serves licence fee payers. It will also assess what impact the BBC has on the commercial sector. There is evidence that the BBC helps to drive up standards and boosts investment, but also concern that public funding should not undermine commercial business models for TV, radio and online.

The BBC is highly used and valued by the majority of people in this country. But variations exist, and there are particular challenges in reaching people from certain ethnic minority backgrounds and in meeting the needs of younger people, who increasingly access content online. Variations exist among the different nations and regions too. These are issues that we will need to take into account throughout the process of the charter review.

The BBC’s global reputation is second to none and the BBC has a central role in determining how the UK is perceived internationally. Each week, BBC services reach more than 300 million people across the world, and the director-general has set a target of 500 million.

The charter review also gives us an opportunity to look at the content the BBC provides, both in terms of the mixture of that content and its quality. We will analyse the way that the BBC’s content is produced. It is essentially shaped by two main elements—the broader regulatory framework including the terms of trade, which set out how the BBC and other broadcasters work with independent producers, and the BBC’s quota systems. The BBC executive has already made some radical proposals that would remove quotas and turn the BBC’s production arm into a commercial subsidiary. Those and other reform options will all need to be considered as part of the charter review. We will also look at

BBC Worldwide, which contributes a substantial amount of additional income to the BBC.

I turn now to the issue of BBC funding, a subject on which I know there are strongly held views. The licence fee has proven to be a very resilient income stream for the BBC, bringing in £3.7 billion last year, but it is not without its challenges. There is no easy solution to the broad question of how the BBC should be funded. The licence fee is levied at a flat rate, meaning that it is regressive. A subscription model could well be an option in the longer term, but cannot work in the short term because the technology is not yet in every home to control access.

Therefore, the three options for change that are viable in the shorter term are a reformed licence fee, a household levy, or a hybrid funding model. In the longer term, we should consider whether there is a case for moving to a full subscription model. All have advantages and disadvantages.

There are a number of other funding issues that the charter review will cover. I have already announced to the House that the BBC, rather than taxpayers, will meet the cost of free TV licences for over-75-year-olds. That will be phased in from 2018-19, with the BBC taking on the full costs from 2020-21. We also anticipate that the licence fee will rise in line with the consumer prices index over the next charter review period, but that is dependent on the BBC keeping pace with efficiency savings elsewhere in the public sector and it is also subject to whatever conclusions are drawn from the charter review about the BBC's scope and purpose.

I am grateful to David Perry QC, who has conducted an independent review of the sanctions appropriate for non-payment of the licence fee. The "TV Licence Fee Enforcement Review", which is being published today, has concluded that decriminalisation would not be appropriate under the current funding model. The Government will now consider the case for decriminalisation as part of the charter review. I am today laying the "TV Licence Fee Enforcement Review" before Parliament and placing copies in the Libraries.

More people—especially younger people—now access catch-up television exclusively online and without a licence. That is perfectly legal, as the existing legislation was drawn up when the iPlayer did not even exist. The Government have committed to updating the legislation. We will also analyse the merits of a contestable public service funding pot that would not just be limited to the BBC. And we will look again at what areas and activities should have their funding protected in future. Broadband roll-out, digital switchover, local television, the World Service and the Welsh language channel S4C were protected in the last charter period. As I announced the other day, the broadband ring-fence is to be phased out by 2020-21, and S4C will be expected to find similar savings to those in the BBC.

Finally, there is the question of how the BBC is governed and regulated. Any organisation as large as the BBC needs effective governance and regulation. There have been occasions when the BBC has fallen well

short of the standards that we expect of it. Editorial failures in the light of the Jimmy Savile revelations, the aborted digital media initiative, and the level of salaries and severance payments are among the issues that have caused disquiet. A lack of clarity in the BBC's governance structures has contributed to those failures.

The last charter brought in a new regulatory model, creating the BBC Trust, which exists to represent licence fee payers and hold the BBC to account. That structure has been widely criticised, and the chair of the BBC Trust has herself called for reform. There are three broad options: reforming the trust model, creating a unitary board and a new stand-alone oversight body, or moving external regulation wholesale to Ofcom. As with funding options, each of those has pros and cons.

While the BBC's editorial independence must not be compromised, that does not mean that we are not entitled to ask whether the BBC could be more transparent and to scrutinise how the BBC relates to the public, Parliament and Government. Any public body should be fully accountable to the public. People should be able to give voice to how well they think the BBC spends public money—some £30 billion over the current charter period—and how well it meets its myriad other responsibilities.

The British Broadcasting Corporation is part of the fabric of this country and a source of great pride. We want it to thrive in the years to come. This consultation paper sets out the framework for what I hope will be a wide-ranging and informative national debate about the future of the BBC. I commend this statement to the House.

## 3.2 Other Debates

### [BBC: Equal Pay](#)

Private Notice Question

HL Deb 20 July 2017 c1739-42

### [Broadcasting](#)

HC Deb 18 October 2016 c694-770

### [Digital Economy Bill](#) (second reading)

HC Deb 13 September 2016 c771-864

### [BBC White Paper](#)

HC Deb 8 June 2016 c1208-54

### [White Paper on the BBC Charter](#)

Urgent Question

HC Deb 11 May 2016 c629-40

### [BBC: Diversity](#)

HC Deb 14 April 2016 c566-612

### [BBC Charter](#)

Question for Short Debate

HL Deb 10 March 2016 c1449-61

### [BBC: Finance and Independence](#)

HL Deb 10 September 2015 c1524-62

### [Future of the BBC](#)

Question for Short Debate

HL Deb 14 July 2015 c521-36

### [Public Sector Broadcasting \(Diversity\)](#)

HC Deb 14 July 2015 c250-69WH

[Future of the BBC: Culture, Media and Sport Committee](#)

Select Committee statement and questions

HC Deb 26 February 2015 c497-506

### 3.3 Parliamentary Questions

[Business of the House](#)

**Asked by: Christopher Chope**

Growing public anger at the BBC is made worse by the fact that the public know that the BBC is funded by a highly regressive television tax. May we have an early debate not just on the accountability of the BBC but on its funding, with a view to getting rid of the television tax, which at the moment results in 10% of all cases in the magistrates courts and particularly impacts on women? Some 70% of the victims of that tax are women.

**Answered by: Andrea Leadsom | Leader of the House of Commons**

My hon. Friend is absolutely right that as a public service broadcaster funded by the licence fee the BBC has a responsibility to set an example for others and lead the way in promoting equality in the workplace. He might well wish to have a further debate on how the licence fee is working, and he will be aware that the recent debates on the BBC charter took up that very issue. If he wants to seek further discussion, he can do so in Westminster Hall or through an Adjournment debate.

**HC Deb 20 July 2017 c1014-5**

[Business of the House](#)

**Asked by: Nigel Evans**

Thanks to the Prime Minister's insistence that the salaries of those who earn over £150,000 working for the BBC ought to be declared, I learned today that a gentleman called Derek Thompson, who apparently plays Charlie in "Casualty", earns up to £400,000 a year, and yet real nurses earn around £23,000 a year. There is a double—*[Interruption.]* I am getting to that. There is a double injustice when somebody who makes real life and death decisions on a daily basis earns a fraction of the salary of an actor playing somebody who makes such decisions. May we have a debate as soon as possible about top-slicing £1 billion from the BBC's taxpayer licence fee revenue and giving it to the national health service and people who really deserve bigger salaries?

**Answered by: Andrea Leadsom | Leader of the House of Commons**

My hon. Friend makes an incredibly important point. We have had a lot of discussions about public sector pay and about people who are just about managing. It has been a difficult number of years in which this Government have been trying to deal with the deficit and the debt that we were left in 2010, and it has been a case of trying to balance giving decent pay rises to our public sector workers, who do such a good job for us, with trying to make sure that we live within our means.

My hon. Friend is absolutely right about BBC pay, the pay of actors and so on, and about the Government urging transparency in pay. We were successful with boardroom pay and now with BBC salaries, and all Members will want to see more clarity around what is fair, both between women and men and between different public sector workers.

**HC Deb 20 July 2017 c1006**

[BBC: Equality](#)

**Asked by: David Lammy**

To ask the Secretary of State for Culture, Media and Sport, what steps her Department is taking to ensure that the BBC gives equal weight to on-screen and off-screen diversity in fulfilling its public purpose to represent the diverse communities of the UK.

**Answered by: Matt Hancock | Department: Culture, Media and Sport**

We believe that the BBC should be at the forefront of representing diversity both on and off screen. This is why the Government has enshrined diversity in the new Charter's public purposes which, along with a commitment to serve all audiences enshrined in the BBC mission, will help hold the BBC to account for delivering for everyone in the UK.

Ensuring that the BBC complies with its duties under the new Royal Charter and Framework Agreement is a matter for the BBC Board in the first instance. Ofcom, as the BBC's first external regulator, will be setting measures by which the BBC's performance in meeting its mission and public purposes can be assessed. Ofcom is currently consulting on the BBC's draft operating licence and performance framework and I would encourage all interested parties to make their views known to Ofcom before these are finalised.

**26 April 2017 | Written questions | 71109**

[BBC: Pay](#)

**Asked by: Gregory Campbell**

To ask the Secretary of State for Culture, Media and Sport, with reference to the proposals in his Department's White Paper, A BBC for the future, published in May 2016, if he will take steps to ensure that

employees earning above £450,000 will not be able to be exempted from the requirement to publish their name by using personal service companies or similar structures.

**Answered by: Edward Vaizey | Department: Home Office**

Our White Paper, 'A BBC for the Future', makes it clear that we want to ensure that the BBC is transparent and efficient in how it spends its funding. As set out in its annual report, the BBC reviewed the use of Personal Service Companies as a means of engaging presenters and contributors in 2012. It continues to apply an employment test, discussed with HM Revenue & Customs, to all workers to ensure they have the appropriate employment status.

**23 May 2016 | Written questions | 37228**

## 4. Organisations and further reading

### *Library papers*

[BBC Charter renewal](#), Commons Library Briefing Paper SN03416, 28 December 2016

[Diversity in broadcasting](#), Commons Library Briefing Paper CBP-7553, 12 April 2016

### *Select Committee papers*

Culture, Media and Sport Committee, [BBC White Paper and related issues: Government response to the Committee's third report of session 2016-17](#), HC 715, 17 October 2016

Culture, Media and Sport Committee, [BBC White Paper and related issues](#), HC 150, 2 August 2016

Culture, Media and Sport Committee, [BBC Charter Review](#), HC 398, 11 February 2016

Culture, Media and Sport Committee, [Future of the BBC](#), HC 315, 26 February 2015

### *BBC*

BBC, [Accountability](#). Last accessed 1 September 2017

BBC, [Salaries and expenses](#). Last accessed 1 September 2017

BBC, [Annual report and accounts 2016/17](#), July 2017

BBC, [Annex to the BBC annual report and accounts 2016/17](#), July 2017

Contains BBC pay disclosures July 2017: report from the BBC Remuneration Committee of people paid more than £150,000 of licence fee revenue in the financial year 2016/17

BBC, [Equality information report 2016/17](#), July 2017

### *Department for Digital, Culture, Media and Sport*

Department for Culture, Media and Sport, [Copy of Royal Charter for the continuance of the British Broadcasting Corporation](#), Cm 9365, December 2016

Department for Culture, Media and Sport, [An Agreement between Her Majesty's Secretary of State for Culture, Media and Sport and the British Broadcasting Corporation](#), Cm 9366, December 2016

Department for Culture, Media and Sport, [A BBC for the future: a broadcaster of distinction](#), May 2016

A snapshot of the government's plan for the BBC

Department for Culture, Media and Sport, [A BBC for the future: a broadcaster of distinction](#), Cm 9242, May 2016

Department for Culture, Media and Sport, [BBC Charter Review public consultation: summary of responses](#), Cm 9215, March 2016

Department for Culture, Media and Sport, [A review of the governance and regulation of the BBC](#), Cm 9209, March 2016

Independent report by Sir David Clementi

### About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcinfo@parliament.uk](mailto:hcinfo@parliament.uk).

### Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).