



BBC: Value to the UK and wider global audiences

Debate on 2 December 2021

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On 2 December 2021, the House of Lords is due to debate a motion moved by Lord Bragg (Labour) that “this House takes note of the BBC’s value to the United Kingdom and a wider global audience”.

The BBC is the UK’s main public service broadcaster and a significant contributor to the UK’s creative economy. It is rated highly by UK audiences, being the most-used media brand in the UK in 2020/21; BBC services were used by 90% of adults every week. In 2020, the BBC achieved its highest ever global audience, reaching 486 million people per week.

Analysis from KPMG shows that the BBC generated almost £5 billion of economic output in the financial year 2019/20. For every £1 of direct economic activity from the BBC, it generated a total of £2.63 of economic output for the UK economy. Approximately half of the BBC’s economic output was generated outside London, particularly in its creative clusters around MediaCity in Salford and in Cardiff. The BBC directly employs over 22,000 people and it has been estimated that for every 1 job it creates, 1.7 jobs are created in the wider UK economy.

The BBC also faces challenges. Increased competition from on-demand streaming services has impacted its audience share, particularly among young people. The corporation has also faced criticism over alleged bias in its journalism and an alleged lack of diversity in the corporation.

The BBC faced significant criticism in May 2021, following the publication of Lord Dyson’s report into the circumstances in which Martin Bashir had secured the *Panorama* interview with Her Royal Highness the Princess of Wales in 1995. Following the Dyson report, the BBC commissioned the Serota review, which made recommendations to improve the editorial processes, governance, and culture of the BBC.

The Government has said that these developments have formed the context in which it is considering potential reforms to the BBC. Following a consultation in 2020, the Government has left open the possibility of future decriminalisation of TV licence fee evasion. The Government has begun negotiations with the BBC over the licence fee settlement from 2022 onwards, which could impact the corporation’s income. The mid-term review of the BBC’s royal charter is also due in 2022.

I. BBC: Services and purpose

UK services

The BBC is the UK's main public service broadcaster. Its services include:¹

- Eight UK-wide television channels, including: BBC One, BBC Two, BBC Four, children's programming on CBBC and CBeebies, the BBC News channel and BBC Parliament.
- 10 UK-wide radio stations, two national radio stations in Scotland, Wales, and Northern Ireland, and 39 local radio stations in England.
- A range of online services, including the on-demand catch-up service BBC iPlayer, the BBC's UK homepage, and the BBC News website.

BBC's purposes and remit

The BBC's values and purposes are set out in its royal charter:²

- To provide impartial news and information to help people understand and engage with the world around them.
- To support learning for people of all ages.
- To show the most creative, highest quality and distinctive output and services.
- To reflect, represent and serve the diverse communities of all the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom.
- To reflect the United Kingdom, its culture and values to the world.

2. Performance in achieving its purpose and remit

2.1 BBC annual report

In its 2020/21 annual report, the BBC said it was the "most-used brand" in the UK for media, used by 90% of UK adults every week.³ The report cited polling that showed that 78% of adults believed the BBC is "effective at informing, educating and entertaining people in the UK".⁴ The BBC indicated that its audience had increased partly due to the coronavirus pandemic. The BBC stated:

At a time of national need, we refocused all of our resources around the most pressing needs of our audiences and the UK. From trusted news and information to educational support, from

¹ See: BBC, '[About the BBC](#)', and '[The BBC's services in the UK](#)', accessed 19 November 2021.

² HM Government, '[Royal Charter for the continuance of the British Broadcasting Corporation](#)', December 2016, Cm 9365, pp 5–6.

³ BBC, '[BBC Group Annual Report and Accounts 2020/21](#)', 2021, p 2.

⁴ *ibid.*

arts and culture to distraction and escapism, the public came to us in huge numbers in response.⁵

The report stated that the pandemic had driven significant audiences to the BBC's news coverage: "84% of UK adults came to the BBC" on the days when lockdowns were announced in March and October 2020.⁶ The BBC iPlayer and the online education service BBC Bitesize also reported record usage during the pandemic.⁷

2.2 Ofcom's annual report on the BBC

Ofcom's most recent annual report on the performance of the BBC covered the period 2019/20.⁸ Ofcom concluded that the BBC continued to "broadly deliver on its remit", and audience satisfaction "generally continues to be relatively high".⁹ Ofcom said the BBC provided a "high volume of news and current affairs" output and "high-quality distinctive and creative content on its mainstream and specialist services".

Ofcom praised the BBC for its response to the pandemic, in particular its news output and its provision of "significant amounts of educational content to fill the gap when schools were closed".¹⁰

Ofcom also said that the BBC faced a range of challenges, including increased competition from on-demand streaming services, such as Netflix, Disney+, and Amazon Prime. Ofcom reported that, pre-pandemic, "overall audiences to the BBC [were] in gradual decline", particularly among younger viewers.¹¹

Summarising the BBC's performance, Ofcom stated:

- Most adults still consume BBC content on a weekly basis, although it is an ongoing challenge to serve all the UK's audiences.
- The BBC has launched a wide range of initiatives to increase its [on-screen and off-screen] diversity, but its progress to improve representation and portrayal of the all the UK's communities remains unclear.
- Most audiences think the BBC's news is trustworthy and accurate, but retaining trust on impartiality is a complex challenge.¹²

Ofcom said that, as the media market transitioned to more on-demand platforms, there would be an increasing focus on the BBC iPlayer and its music and radio app, BBC Sounds, to deliver its mission

⁵ BBC, [BBC Group Annual Report and Accounts 2020/21](#), 2021, p 3.

⁶ *ibid*, p 40.

⁷ *ibid*.

⁸ Ofcom, [Ofcom's Annual Report on the BBC 2019/20](#), 25 November 2020.

⁹ *ibid*, p 2.

¹⁰ *ibid*.

¹¹ *ibid*, p 3.

¹² *ibid*, pp 5–6.

and purposes.¹³ Ofcom said the BBC needed to improve its ability to measure the contribution of those services and to report it transparently.

2.3 National Audit Office report 2021

In October 2021, the National Audit Office (NAO) published its departmental overview report on the BBC. Its headline findings and conclusions were:¹⁴

- In 2020/21, total BBC income was £4 billion, of which £3.75 billion was licence fee income.
- The BBC spent £3.8 billion on public service broadcasting that year, of which £2.5 billion was spent directly on content.
- Spending on content was reduced by £259 million due to the cancellation of significant sporting events due to Covid-19.
- The BBC has made “significant cost savings”, but it faces “significant financial challenges” as it embarks on the licence fee negotiation.

2.4 International audience

Data from the BBC showed that in 2020, the BBC achieved its highest ever global audience, reaching 486 million people per week.¹⁵ The BBC News audience comprised 438 million of that figure, which included the BBC World Service. The World Service broadcasts in over 40 different languages and the BBC has described it as “one of the UK’s most important cultural exports”.¹⁶

The BBC’s subsidiary, BBC Studios, is a global content company that commercialises the corporation’s programming—such as *Top Gear*, *Doctor Who*, and *Blue Planet*—internationally.¹⁷ BBC Studios has offices in 22 markets globally, and it had a revenue of £1.4 billion in 2019/20. The BBC has said that it “returns around £200 million to the BBC Group annually, complementing the BBC’s licence fee and enhancing programmes for UK audiences”.¹⁸

The National Audit Office report stated that nearly 30% of BBC income comes from commercial sources, but “it is only through dividend payments and investment in programming that the BBC can access this commercial income”.¹⁹

It has been argued that the BBC’s international reach—particularly its global news output and the BBC World Service—contributes to the UK’s ‘soft power’.²⁰ The UK Government has accepted that

¹³ Ofcom, [Ofcom’s Annual Report on the BBC 2019/20](#), 25 November 2020, p 13.

¹⁴ National Audit Office, [Departmental Overview 2020–21: The BBC Group](#), October 2021.

¹⁵ BBC, [‘Tony Hall: UK must “unleash the full global potential of the BBC”—as new all time record global audience is announced’](#), 23 July 2020.

¹⁶ BBC, [‘Global news services’](#), accessed 19 November 2021.

¹⁷ BBC Studios, [‘Commercial activity’](#), accessed 19 November 2021.

¹⁸ BBC, [‘Commercial services’](#), accessed 19 November 2021.

¹⁹ National Audit Office, [Departmental Overview 2020–21: The BBC Group](#), October 2021, p 9.

²⁰ See: Matt Gillow, [‘The BBC and Soft Power’](#), British Foreign Policy Group, 13 March 2020; Mary Dejevsky, [‘How the BBC could wield soft power’](#), UnHerd, 14 January 2020.

the BBC plays a “central part of British soft power and influence”.²¹ The Government’s integrated review of security, defence, development and foreign policy of March 2021 listed the BBC as one of the UK’s “soft power strengths”.²²

3. Economic value of the BBC

3.1 KPMG report 2021

A recent KPMG report found that the BBC made a “significant contribution to the broader creative sector and the wider UK economy”.²³ Some of the headline findings of the analysis were:²⁴

- In 2019/20, the BBC generated an estimated £4.9 billion in economic output (gross value added (GVA)) in the UK economy.
- For every £1 of direct economic output, the BBC generated £2.63 of total economic contribution to the UK economy.
- Approximately 50% of the BBC’s GVA impact was outside London, contributing to the development of creative clusters around MediaCity in Salford and in Cardiff.
- In addition to its GVA contribution, the BBC’s activities generated additional economic impacts in research and development, creation of intellectual property, and investment in skills and training. It was estimated that these spill-over effects were higher for the BBC than for equivalent commercial organisations.

3.2 BBC Value for Audiences report 2021

In February 2021, the BBC published the *BBC Value for Audiences* report, which analysed the relationship between its finances and the value for money it represented for its audiences.²⁵ The report stated that due to a freeze in the licence fee since 2010, combined with the withdrawal of Government funding for free TV licences for the over-75s, the corporation had “effectively seen a c30% reduction in income”.²⁶

Despite the relative reduction in income, the report concluded that, compared to its competitors in the media market, the “BBC continues to be very good value for money”.²⁷ The report stated:

The BBC is providing much more to audiences now, for less. The licence fee costs less in real terms today, at £157.50 per year, than it did in 2010/11 when the cost was the equivalent of

²¹ [HL Hansard, 18 January 2021, col 977.](#)

²² HM Government, [Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy](#), March 2021, p 50.

²³ KPMG, [An Assessment of the Economic Impact of the BBC: A report for the BBC for Financial Year 2019/20](#), March 2021, p 4.

²⁴ *ibid*, pp 1–8.

²⁵ BBC, [BBC Value for Audiences](#), February 2021.

²⁶ *ibid*, p 1.

²⁷ *ibid*, p 2.

£178 in 2019/20 prices. The cost for each BBC hour consumed by audiences is lower at 6.6p in 2019/20 compared with 7.6p in 2010/11.²⁸

In comparison to the licence fee, the report estimated that a bundle of subscriptions providing “advertising-free high-quality services comparable with those offered by the BBC” would cost over £400 a year.²⁹

3.3 Employment

In 2021, the BBC had 22,219 full time equivalent employees.³⁰ The KPMG report estimated that the BBC’s activities supported a total of 53,600 jobs in the UK, and that for every one job the BBC creates, 1.7 jobs are created in the wider UK economy.³¹

In terms of the socio-economic background of BBC staff, in 2021, 60.6% of total staff went to a state-funded school and 11.5% went to an independent or fee-paying school. For leadership roles, the figures were 60.1% and 17.5%, respectively.³²

In terms of other diversity measures, the table below from the BBC’s annual report shows the proportion of women, ethnic minority, and disabled staff as of March 2021.

Table 1: Diversity of BBC workforce (percentage of BBC staff as at March 2021)³³

Workforce	Percent	Target (%)
Women (all staff)	48.6	50
Women (leadership)	46.1	50
Black, Asian and Minority Ethnic (all staff)	15.9	20
Black, Asian and Minority Ethnic (leadership)	12.6	20
Disability (all staff)	9	12
Disability (leadership)	8.2	12

4. BBC: Recent challenges

In recent years the BBC has received criticism for issues such as: alleged bias in its journalism; allegations of excessive pay for some of its presenters and senior managers; and a perceived lack of on-screen and off-screen diversity in the corporation.

More recently, the corporation was criticised in Lord Dyson’s report into the circumstances in which Martin Bashir secured the 1995 *Panorama* interview with Her Royal Highness the Princess of Wales

²⁸ BBC, [BBC Value for Audiences](#), February 2021 p 30.

²⁹ *ibid*, p 2.

³⁰ BBC, [BBC Group Annual Report and Accounts 2020/21](#), 2021, p 53.

³¹ KPMG, [An Assessment of the Economic Impact of the BBC: A report for the BBC for Financial Year 2019/20](#), March 2021, p 2.

³² BBC, [BBC Group Annual Report and Accounts 2020/21](#), 2021, pp 289–90.

³³ *ibid*, p 261.

(hereafter named Princess Diana). In response to the findings of the report published in May 2021, the BBC Board commissioned a board member, Sir Nicholas Serota, to undertake a review of the BBC's editorial processes, governance and culture. The Serota review was published in October 2021.

On 18 November 2021, the Secretary of State for Digital, Culture, Media and Sport, Nadine Dorries, told the House of Commons that the findings of the Serota review and the Dyson report formed the context in which the Government was considering potential reforms to the BBC as part of the mid-term review of its royal charter.³⁴

4.1 Dyson report on the 1995 *Panorama* interview

In 1995, the BBC's *Panorama* programme aired an exclusive interview with Princess Diana. Subsequently, there were allegations that the programme's journalist and presenter, Martin Bashir, had secured the interview via dishonest means. It was alleged that Martin Bashir had falsified bank statements and shown them to Princess Diana's brother, the Earl Spencer, as a means of approaching her to secure the interview.

In November 2020, the BBC Board appointed the former Justice of the Supreme Court, Lord Dyson, to lead an independent investigation into the allegations.³⁵ The BBC published the final report of the inquiry on 20 May 2021.³⁶ The main findings of the inquiry were that:

- It was “likely” that Martin Bashir had fabricated bank statements and shown them to the Earl Spencer.³⁷
- In doing so, Mr Bashir had “deceived and induced [Earl Spencer] to arrange a meeting with Princess Diana”.³⁸
- Mr Bashir's behaviour was “in serious breach of the 1993 edition of the BBC's producer guidelines on straight dealing”.³⁹
- An internal investigation (conducted by various BBC staff, including Tony Hall⁴⁰, then managing director of news and current affairs, later the BBC Director-General,) had been “woefully ineffective”.⁴¹
- The BBC “fell short of the high standards of integrity and transparency which are its hallmark” by “covering up” information related to how Mr Bashir had secured the interview.⁴²

Following the inquiry's publication, the BBC Director-General, Tim Davie, apologised on behalf of the corporation and said that the BBC accepted the findings in full.⁴³ Mr Davie also said that he believed

³⁴ [HC Hansard, 18 November 2021, col 704.](#)

³⁵ BBC, '[BBC appoints Lord Dyson to lead independent investigation](#)', 18 November 2020.

³⁶ BBC, '[BBC publishes Lord Dyson's report](#)', 20 May 2021.

³⁷ BBC, '[Report of The Dyson Investigation by The Right Honourable Lord Dyson](#)', 14 May 2021, p 2.

³⁸ *ibid.*

³⁹ *ibid.*, p 3.

⁴⁰ Tony Hall was created Lord Hall of Birkenhead in 2010.

⁴¹ BBC, '[Report of The Dyson Investigation by The Right Honourable Lord Dyson](#)', 14 May 2021, p 5.

⁴² *ibid.*

⁴³ BBC, '[BBC publishes Lord Dyson's report](#)', 20 May 2021.

the BBC had “significantly better processes and procedures” for dealing with similar incidents today.

4.2 Serota review

Following the publication of the Dyson report, the BBC Board announced that a review of the BBC’s editorial processes, governance, and culture would be carried out by Sir Nicholas Serota, the board’s senior independent director.⁴⁴ The final report was published on 29 October 2021.⁴⁵

The review stated that its purpose was to:

Establish whether the BBC has learned from the mistakes of the past, to seek wider lessons from Lord Dyson’s report which may be relevant today, and to consider whether current practice addresses the challenges that have arisen since 1995.⁴⁶

The review concluded that in the areas of failure identified by Lord Dyson, “governance and oversight are stronger now than they were in 1995”.⁴⁷ However, the review stated that “there is still potential for significant improvement”. It set out six recommendations covering the following areas:⁴⁸

- **Editorial values and culture:** the report stated that “BBC management needs to do more to embed editorial values into the fabric of the organisation” and that some staff, “including high profile and senior staff, have not always been held to account for breaching editorial standards”.
- **Editorial oversight and support:** there had been significant growth in the “range, complexity and volume of BBC output, but there is currently no systematic way to review content to ensure editorial values are being applied across all output”.
- **Raising concerns:** many staff were unsure how to raise concerns and “they feel no action will be taken or are apprehensive that speaking up could impact negatively on their career”.
- **Conducting editorial standards investigations:** the process for “internal investigations of editorial matters is ad-hoc and is not clearly defined or sufficiently transparent”.
- **Governance:** the responsibility of the BBC to assess performance against its editorial standards “should be made explicit” in the framework agreement which accompanies the royal charter “when it is next revised”.
- **Transparency:** the report found that there was a “culture of defensiveness at the BBC, especially around admitting mistakes”.

Accompanying the Serota review, the BBC published a 10-point action plan on impartiality and editorial standards, which incorporated the BBC’s response to the Serota review.⁴⁹ The plan set out

⁴⁴ Jim Waterson, ‘[BBC to investigate news culture amid calls for reform by ministers](#)’, *Guardian*, 24 May 2021.

⁴⁵ BBC, ‘[BBC plan outlines push for fair, accurate and unbiased content](#)’, 29 October 2021.

⁴⁶ BBC, [The Serota Review: BBC editorial processes, governance, and culture](#), 29 October 2021, p 4.

⁴⁷ *ibid*, p 5.

⁴⁸ *ibid*, p 5–8.

⁴⁹ BBC, [Impartiality and Editorial Standards: BBC Action Plan, Incorporating the Response to the Serota Review](#), October 2021.

how the BBC would implement the six recommendations of the Serota review, and it included a four-point plan for improving impartiality within the corporation. The plan stated:

Impartiality is at the heart of the BBC’s mission and public purposes [...] The action plan we are setting out today is designed to strengthen the ability of our journalists and programme teams to take creative risks, to have the confidence to take on difficult, sensitive or contested issues.⁵⁰

The four areas of the impartiality plan committed to:

- (i) Continue to deepen the understanding of impartiality across the organisation.
- (ii) Challenge ourselves creatively to ensure we reflect a wide range of viewpoints.
- (iii) Ensure that we are meeting the highest standards on impartiality across our output.
- (iv) Enhance day-to-day governance and accountability to ensure change is delivered.⁵¹

5. Future of the BBC: Government position

The 2019 Conservative Party manifesto made no substantive proposals for reform of the BBC. The manifesto contained two specific references to the corporation. It stated that the Government would “work with our cultural institutions like the BBC and British Council to expand our influence and project our values”.⁵² It also stated that free TV licences for the over 75s should be funded by BBC.⁵³

The Government has spoken of the need for the UK’s public service broadcasters, including the BBC, remaining “as strong as ever” and that their ability to appeal to the “breadth of the UK population [...] remains undisputed”.⁵⁴

However, in criticism of the BBC specifically, in the context of the Dyson report’s findings, the Government has said that the corporation can have a “we know best attitude” which is detached both from criticism and the values of all the parts of the nation that it serves”.⁵⁵

The Secretary of State for Digital, Culture, Media and Sport, Nadine Dorries, told a fringe meeting at the 2021 Conservative Party conference that the BBC was a “beacon for the world”, but she didn’t know whether it would exist in 10 years, partly due to the competition it was facing from on-demand platforms.⁵⁶ Ms Dorries told the meeting that she wanted to see “real change” from the BBC, which she accused of suffering from “groupthink” and a lack of diversity of people from working class

⁵⁰ BBC, [Impartiality and Editorial Standards: BBC Action Plan, Incorporating the Response to the Serota Review](#), October 2021, p 1.

⁵¹ *ibid*, pp 2–3.

⁵² Conservative Party, [The Conservative and Unionist Party Manifesto 2019](#), 24 November 2019, p 51.

⁵³ *ibid*, p 16.

⁵⁴ House of Commons Digital, Culture, Media and Sport Committee, [The Future of Public Service Broadcasting: Government Response](#), 17 June 2021, HC 273 of session 2021–22, p 1.

⁵⁵ *ibid*, p 2.

⁵⁶ See: BBC, [‘Nadine Dorries: New culture secretary says BBC needs real change’](#), 4 October 2021; full video of the meeting can be seen at Youtube, [‘Chopper’s Politics podcast Live from the Conservative Party Conference: Nadine Dorries’](#), 4 October 2021.

backgrounds in its workforce. She said she wanted to see a “less elitist and a less snobbish approach as to who works for [the BBC]”.

5.1 BBC funding model

The BBC is predominantly financed through the licence fee. A colour TV licence currently costs £159 a year.⁵⁷ The Government has committed to the licence fee funding model for the rest of the BBC royal charter period, which ends on 31 December 2027.⁵⁸ The Government is currently in negotiations with the BBC to decide the licence fee settlement, which will set the level of the licence fee for the five years from 2022 to 2027.

The National Audit Office has said that the BBC is “heavily reliant” on the licence fee as its main source of income.⁵⁹ The NAO said that, following a fall in licence fee income in recent years, there is “uncertainty” about the BBC’s financial future as the current agreement for the licence fee to rise in line with inflation ends in 2022.⁶⁰

Decriminalisation of licence fee non-payment

During the 2019 general election campaign, the Prime Minister, Boris Johnson, said that he did not believe it could be justified to fund the BBC in the long-term through a “general tax” such as the licence fee.⁶¹

In February 2020, the Government launched a consultation on decriminalisation of non-payment of the licence fee.⁶² The consultation sought views on making licence fee evasion a civil, rather than a criminal, offence.

The Government published its response to the consultation in January 2021.⁶³ The Government said that it “remains concerned that a criminal sanction for TV licence evasion is increasingly disproportionate and unfair in a modern public service broadcasting system”.⁶⁴ However, the Government recognised the “cost and difficulty of implementing” an alternative civil sanction. It also had concerns that such an alternative “would likely mean higher financial penalties” imposed on some people than under the current system.⁶⁵ The Government concluded that:

while no final decision has been taken at this time, the Government will keep the issue of

⁵⁷ TV Licensing, [‘How much is a TV licence?’](#), accessed 22 November 2021.

⁵⁸ Department for Digital, Culture, Media and Sport, [‘Consultation on decriminalising TV licence evasion’](#), 5 February 2020.

⁵⁹ National Audit Office, [‘The BBC’s strategic financial management’](#), 20 January 2021, HC 1128 of session 2019–20, p 6.

⁶⁰ *ibid.*

⁶¹ BBC News, [‘General election 2019: Johnson ‘could look at’ abolishing BBC licence fee’](#), 9 December 2019.

⁶² Department for Digital, Culture, Media and Sport, [‘Consultation on decriminalising TV licence evasion’](#), 5 February 2020.

⁶³ Department for Digital, Culture, Media and Sport, [‘Government Response To The Consultation On Decriminalising TV Licence Evasion’](#), 21 January 2021.

⁶⁴ *ibid.*, p 3.

⁶⁵ *ibid.*, p 4.

decriminalisation under active consideration as part of the wider roadmap of reform of the BBC.⁶⁶

The consultation response also confirmed that the Government “will review the wider TV licence model ahead of the next charter”.⁶⁷ The Government said this was to ensure “that the BBC and the public service broadcasting system adapts to a fast changing market, and remains at the heart of our world class TV sector”.

In March 2021, the House of Commons Digital, Culture, Media, and Sport Committee report *The Future of Public Service Broadcasting*, criticised the “uncertainty” of the Government’s conclusion to the consultation.⁶⁸ The committee’s inquiry explored potential alternatives to the current licence fee model and it concluded that “none of these are sufficiently attractive to justify recommending” for the next BBC charter period. The committee recommended that the Government:

Either needs to come out with a strong alternative to the licence fee that it can put to Parliament, or strongly support the current model for at least the next charter period (2028–2038) and actively aid the BBC in driving down evasion.⁶⁹

The Government’s response to the committee’s report stated it did not agree that a decision on future funding of the BBC “needed to be made now”. The Government said it was right to “gather evidence and reflect on the options before coming to a conclusion in the context of a very dynamic media market”.⁷⁰

It has been reported that the Labour Party believes proposals to decriminalise non-payment of the licence fee should be dropped.⁷¹ On the wider issue of the future of the licence fee, the Labour Shadow Secretary of State for Digital, Culture, Media and Sport, Jo Stevens, said in May 2021:

Labour isn’t wedded forever and a day to the licence fee. But for the moment, that appears to be the best financial arrangement that we can have. In future years different things might be looked at.⁷²

Licence fee settlement

In November 2020, the Government opened negotiations with the BBC about the next licence fee

⁶⁶ Department for Digital, Culture, Media and Sport, [Government Response To The Consultation On Decriminalising TV Licence Evasion](#), 21 January 2021, p 4.

⁶⁷ *ibid*, p 18.

⁶⁸ House of Commons Digital, Culture, Media and Sport Committee, [The Future of Public Service Broadcasting](#), 25 March 2021, HC 156 of session 2019–21, p 20.

⁶⁹ *ibid*, p 21.

⁷⁰ House of Commons Digital, Culture, Media and Sport Committee, [The Future of Public Service Broadcasting: Government Response](#), 17 June 2021, HC 273 of session 2021–22, p 6.

⁷¹ Alex Hern and Caroline Davies, ‘[Call off plan to relax law on licence fee non-payment, says Labour](#)’, *Guardian*, 21 December 2020.

⁷² Georgina Bailey, ‘[Labour’s Jo Stevens: “Culture is culture, there shouldn’t be a war element to it”](#)’, *Politics Home*, 29 May 2021.

settlement period from 2022 onwards.⁷³ The then Secretary of State for Digital, Culture, Media and Sport, Oliver Dowden, wrote to the BBC setting out the Government's priorities for the negotiations. Mr Dowden said the BBC is a "world-class broadcaster, trusted and recognised across the globe", but it needed to "modernise and embrace change in order to remain sustainable and relevant".⁷⁴

Mr Dowden said that because of the Covid-19 pandemic, the "fiscal backdrop" to the negotiations had "changed dramatically [...] and many families will not have the same level of disposable income" to spend on the licence fee.

Mr Dowden set out the "priority areas" that the Government would use to decide on the fee settlement. These included:⁷⁵

- Greater exploitation of the BBC's commercial opportunities.
- Increasing the global reach of the BBC.
- Increased support for the UK's creative industries, particularly outside London.
- An assessment of the products and services the BBC "wishes to continue to pursue or introduce as well as those it may discontinue or reduce".
- A pay and workforce plan.
- A "continued savings programme".

In its report on the future of public service broadcasting, the House of Commons Digital, Culture, Media and Sport Committee expressed concern that uncertainty over the wider future of the licence fee, particularly its potential decriminalisation, could be used by the Government as a "bargaining tool" with the BBC during the licence fee settlement negotiations. The committee said this would undermine one of the "core principles of public service broadcasting: that it should be removed from Government interference".⁷⁶ The committee said the Government should "provide assurances that the issue of decriminalisation would not be used a bargaining tool" during the settlement negotiations.

Speaking to a fringe meeting at the Conservative Party conference in October 2021, Nadine Dorries linked the issue of reform of the BBC to the settlement negotiations. She said:

The perspective from the BBC is that they will get a settlement and then we'll talk about how they're going to change. But my perspective is, tell me how you're going to change and then you get a settlement. We're having a discussion about how the BBC can become more representative of the people who pay the licence fee, and how it can be more accessible to people from all backgrounds, not just people whose mum and dad worked there.⁷⁷

⁷³ Department for Digital, Culture, Media and Sport, ['Negotiations on the future cost of the TV licence kick off'](#), 20 November 2020.

⁷⁴ Department for Digital, Culture, Media and Sport, [Letter from Secretary of State to the BBC on the 2022 Licence Fee Settlement](#), 10 November 2020.

⁷⁵ *ibid.*

⁷⁶ House of Commons Digital, Culture, Media and Sport Committee, [The Future of Public Service Broadcasting](#), 25 March 2021, HC 156 of session 2019–21, p 21.

⁷⁷ Peter Walker and Heather Stewart, ['BBC staffed by people 'whose mum and dad worked there', says Nadine Dorries'](#), *Guardian*, 4 October 2021.

At the time of writing, the Government had made no announcement about the outcome of the licence fee settlement negotiations. In the House of Commons on 18 November 2021, Nadine Dorries said that she had had constructive discussions with the BBC and she believed they were “close to reaching an agreement”.⁷⁸

On 23 November 2021, Ms Dorries told the House of Commons Digital, Culture, Media and Sport Committee that the negotiations were still continuing, but she gave no further details.⁷⁹

5.2 BBC charter mid-term review

In June 2021, the Government was asked whether it had drafted terms of reference for the mid-term review and whether it would make them public.⁸⁰ The Government said that the current BBC charter sets out the process for the mid-term review, including its timing. The Government said the review “must not be undertaken before 2022”, but it confirmed that it had begun preparatory work for the review.

5.3 Government’s Public Service Broadcasting Advisory Panel

In November 2020, the Government announced the appointment of a Public Service Broadcasting Advisory Panel, as part of a wider strategic review of public service broadcasting (PSB).⁸¹

The 10 members (which include Baroness Bertin (Conservative) and Lord Grade of Yarmouth (Conservative)) are from broadcasting or related sector backgrounds and have experience at senior level of companies such as BT, Channel 4, Sky, ITN and Facebook.

The panel’s terms of reference state that it will meet six times a year. The purpose of the panel is to provide “independent expertise and advice” for the Government’s strategic review of public service broadcasting. The terms of reference set out the four areas the panel will advise on:

- Whether the concept of public service broadcasting is still needed, and, if so, what a modern PSB system should contribute to economic, cultural and democratic life across the UK.
- How PSB should be delivered in an age where media consumption is increasingly diversified, including considering the roles of different organisations, platforms, and services.
- Whether the legislative and regulatory framework for PSB, when viewed in the context of the media landscape as a whole, needs to change to ensure that the PSB system can continue to deliver sustainably on its objectives.

⁷⁸ [HC Hansard, 18 November 2021, col 703.](#)

⁷⁹ UK Parliament TV, ‘[Digital, Culture, Media and Sport Committee](#)’, 23 November 2021.

⁸⁰ House of Commons, ‘[Written Question: BBC: Royal Charters](#)’, 14 June 2021, 15168.

⁸¹ Department for Digital, Culture, Media and Sport, ‘[Public Service Broadcasting Advisory Panel](#)’, 10 November 2020.

- Whether the current funding model for PSBs is sustainable in the longer term and remains fit for purpose.⁸²

The Government said that the panel would not consider the licence fee settlement.

In May 2021, some members of the House of Lords expressed concerns about the panel during a debate on public service broadcasting.⁸³

Read more

- House of Lords Library, '[Public service broadcasting: Communications and Digital Committee report](#)', 21 May 2021
- House of Lords Library, '[Public Service Broadcasting: Impact on the Economy and Creative Culture](#)', 26 February 2020
- House of Lords Library, '[TV licence fee evasion: Should it be decriminalised?](#)', 14 February 2020
- Ofcom, '[Small Screen: Big Debate: Recommendations to Government on the Future of Public Service Media](#)', 15 July 2021

⁸² Department for Digital, Culture, Media and Sport, '[Public Service Broadcasting Advisory Panel: Terms of Reference](#)', 10 November 2020.

⁸³ [HL Hansard, 27 May 2021, cols 1114–55](#).

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