



BIBIC cuts

There is
an alternative

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There is a quiet crisis unfolding at the BBC

“Viewers and listeners do not yet realise the full impact but the BBC as we know it, our BBC, is at risk as a result of repeated attacks on its funding”

The BBC's strengths are its editorial independence and its integrity: the corporation provides unrivalled training and experience for its staff who produce world-beating television, radio programming and high quality drama and comedy. It supports wide-ranging local and regional coverage and enriches the cultural landscape with events such as the Proms, ensuring the UK's huge export success in audio-visual markets.

This year marks the eighth consecutive year of cuts at the corporation. By the end of the current BBC Charter a further 20 per cent will have been taken from the BBC's budgets.

Watching or listening to BBC News, even today, you will see and hear packages and reports repeated with greater frequency and the same editorial line on a story being taken across different outlets. The misguided 'less is more' strategy, dubbed by the BBC 'fewer, bigger, better', has already damaged the range and plurality of programming.

BBC executives, under Director General Mark Thompson, have capitulated to successive government-imposed cuts to licence fee and Foreign Office funding and this strategy has caused great damage. A disastrous licence

fee settlement reached as part of the spending review in 2010 is the final blow. A BBC weakened by these cuts will be much more vulnerable to its enemies, who have consistently argued for it to be privatised.

Protecting the corporation is particularly important at a time when the Murdoch media are under intense scrutiny.

This short pamphlet spells out our alternative, drawing on research carried out into the impact of the BBC's proposed cuts – styled by the corporation “Delivering Quality First”.

The trades unions representing thousands of actors, musicians, journalists, writers and technical and production staff care about the future of the BBC.

We believe there is an alternative settlement which understands the value of the BBC and seeks to protect and preserve it for the future. We call on the new Director General to fight for our BBC.

Signed by Federation of Entertainment Union general secretaries: *Bernie Corbett, Gerry Morrissey, Christine Payne, John Smith, Michelle Stanistreet, Mike Eatwell, industrial officer IT & communications sector, Unite*

The 48 hours that sealed the fate of the BBC

“The way the new licence fee was agreed – a short, private, negotiation between the BBC and the government - did not do much to inspire confidence in the independence, transparency or accountability of the process”

These are the words of John Whittingdale, the Conservative chair of the Culture, Media and Sports select committee.

He was referring to the shabby, behind-closed-doors deal on the BBC licence fee struck in October 2010. It was during these 48 hours that Mark Thompson, the Director General, in talks with Jeremy Hunt, the minister, and Sir Michael Lyons, the then chair of the BBC Trust, agreed to freeze the licence fee until 2017, while taking on an extra £340 million in spending commitments on new responsibilities, including the funding of the World Service

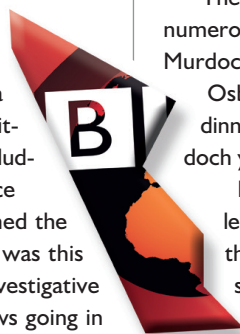
It was this deal that condemned the corporation to cut 2,000 jobs. It was this deal which put at risk quality investigative journalism – with 140 jobs in news going in the first wave of cuts in the BBC's so-called Delivering Quality First programme. It is this deal which could drastically cut the Asian Network, local radio and coverage in Scotland and Wales.

But the real story is even murkier. The

fingerprints of the Murdochs, père et fils, have been found at the scene. While Lord Justice Leveson's inquiry examines the relationship between politicians and the press, there is already plenty of evidence that Rupert Murdoch has used his access to high places to protect his commercial interests at the expense of the BBC.

The Leveson inquiry has revealed the numerous occasions Rupert and James Murdoch met David Cameron and George Osborne at Downing Street, social dinner parties and gatherings on the Murdoch yacht.

In James Murdoch's 2009 MacTaggart lecture he launched a scathing attack on the BBC, describing the corporation's size and ambitions as "chilling" and accusing it of mounting a "land grab" in a beleaguered media market. He said the BBC's news operation was "throttling" the market, preventing its competitors from launching or expanding their own services, particularly online. He characterised the BBC as an Orwellian nightmare.



What the licence-freezing deal means:

- 2,000 jobs at the BBC to go.
- £340 million extra funding responsibility for the World Service, S4C, rollout of super-fast broadband, local TV and BBC Monitoring.
- Already the first round of cuts to news – 140 jobs – has been announced.
- The Asian Network awaits its fate, but is in line for substantial cuts.
- Investigative journalism will suffer – and coverage of the political conferences will be cut.
- More major sports events will be lost to pay TV.
- Local radio cuts will damage the BBC's reach to local communities.
- A threat to the BBC as a major sponsor of creativity, arts and entertainment.
- An end to original drama on BBC4 and a decline in radio drama, in which the UK leads the world.
- BBC Wales loses over 100 jobs under DQF with big cuts in Bangor and Cardiff
-

A few days later Jeremy Hunt, then shadow culture secretary, wrote an article for the Sun calling for the licence fee to be frozen and demanding that the BBC cut back its commercial activities.

This all added to the politically charged atmosphere in the run-up to the BBC licence fee deal and the tangled web of competing interests lobbying the government.

Sir Michael Lyons, the BBC Trust's former chairman, quoted in the Observer, said: "We were concerned to avoid what Jeremy Hunt wanted to do, which was a scale and scope review of the BBC, which would have had the secretary of state actually judging how big the BBC is and what things it should do. And part of our concern about that was that we

thought he was far too close to Sky."

When the licence deal was revealed, broadcasting union leaders pointed to the influence of Murdoch. They asked whether David Cameron and George Osborne could honestly say the decision to freeze it for the next six years was not influenced by the media mogul. For it is that decision which has led to the axing of vital language services at the BBC World Service and the imposition of 20 per cent spending cuts across the BBC which will affect the quality public service the UK audiences have come to expect.

This shocking deal is Mark Thompson's legacy. That is why the Federation of Entertainment Unions will be asking his successor to rip it up and start again.

There is an alternative...

Our proposals for the new Director General

Prioritise spending on core content

We believe the BBC Trust and management have a duty to protect content that is the core of the BBC's public purposes. Cuts should not be made to services which have a public purpose, such as BBC local radio. It is wrong that the BBC Asian Network is facing budget cuts of 50 per cent and is being wrenched from its home in the Midlands to join the general newsroom in London. When changes are proposed these should be subject to proper scrutiny by the BBC Trust (including licence fee payer representatives) and those which damage the BBC's core remit should be rejected.

While the BBC has made commitments to increase production in the Nations, there are major concerns about the future of the English regions, especially Birmingham. By the end of 2012 almost no television or radio will be made for the national networks in Birmingham, which could cause lasting damage to the local economy and especially the creative industries in the West Midlands.

As part of the broader strategy to increase production in the Nations the BBC must be helped to establish and make proper use of casting offices in Scotland, Wales and Northern Ireland to signal a commitment to local talent.

The licence fee should not be used for the government's pet projects

As a result of the licence fee settlement in 2010, the BBC is committed to pay £340,000 extra for non-BBC projects as well as take on the direct funding of the BBC World Service and BBC Monitoring, previously funded by government. The BBC should not be used as a piggy bank which the government can dip into whenever the money runs low. Licence fee-payers' money should not be used to cross-subsidise private companies bidding to run local television services or to fund infrastructure projects such as broadband rollout. The additional funding responsibilities placed on the BBC by the settlement in 2010 should be reversed and the money ploughed back into core output. The BBC World Service and BBC Monitoring should continue to be funded by the government, which gains so much benefit from their existence.

The projected £300 million underspend on the digital switchover should not be returned to the government for spending on local TV and broadband rollout but should be used to offset some of the worst excesses of the cuts.

BBC money should be spent properly

The BBC has spent millions of pounds of licence fee-payers money on expensively furnished new buildings and failed IT projects. The new Broadcasting House building in central London cost more than £1 billion. In 2011 the Public Accounts Committee found that the BBC's flawed Digital Media Initiative had wasted £26 million, money which should have been spent on programming. Big consultancy firms are leeching licence fee-payers' money from programming. In the 2010/11 financial year more than £3million went to Deloitte alone and more than £8 million was spent on consultants despite the BBC facing cuts of 20%.

The Director General's pay has gone up by 84 per cent since 2001. Executive excess needs to be curbed and fair and transparent salary ratios between those who produce the programming and the managers need to be established. There should be staff representation on the remuneration committee. Perks for senior managers should be abolished. The BBC has claimed that the number and cost of senior managers has been reduced by 20 per cent and 25 per cent respectively but has not released transparent evidence to demonstrate this.

Money the BBC will gain through predicted growth in the number of households paying the licence fee should be ring-fenced for core programme-making.

Sky should pay a fair price for using BBC content

BSkyB has begun to recognise that charges levied on other broadcasters for transmission of its channels are onerous. The charges will be reduced by half by 2012 but should be scrapped altogether and BSkyB should be required to make a proper financial contribution to the original programming made routinely by the BBC but now at risk as a result of the licence fee settlement. Figures quoted in a recent article by Polly Toynbee of the Guardian are instructive. Every £1 of the BBC licence fee puts £2 into the UK economy. But Sky is a net loss to the UK: for every £1 paid in Sky subscriptions, only 90p stays in the UK, the rest going to the parent company and Hollywood studios.

Any savings made by the BBC through charging levies should be used to offset cuts.

Sky TV must be made to comply with EU regulations to maintain a level playing field. These regulations require profitable broadcasters to make programmes rather than fill the schedule with cheap imported programmes from the US.

Additional income for the BBC

The BBC is also considering plans to charge viewers for watching TV shows from its huge archive of content online. Any profits from these projects should be used to protect the core public purposes of the BBC.



The social and economic impacts of the cuts

Research carried out on behalf of Bectu and the NUJ
by Howard Reed, Landman Economics, December 2011

The economic impact

The Delivering Quality First proposals will hit the UK economy in general and the creative industries in particular. They will have a huge effect on the BBC's Gross Value Added (GVA) – the value generated for the UK economy by the BBC's economic activities. GVA includes the BBC's roles as an employer and in-house producer of content, as a commissioner of programmes and other services, and as the major provider of training services in TV and radio production.

Recent estimates suggest the cuts may reduce the BBC's GVA by around £1.1 billion by 2016/17 and the overall effects of the licence fee settlement are likely to be even greater because of the additional funding obligations the BBC has agreed to take on from the government by 2014-15.

The impact on the BBC's ability to meet its wider social objectives

The cuts will damage the BBC's ability to fulfil its wider public purposes, as outlined in its charter. In particular:

- Smaller channels such as BBC Three and BBC Four, which account for much of the

wide diversity of BBC output, are being cut by more than average.

- Older people are likely to be disproportionately affected by the planned cuts to local radio services.
- Households outside London and the South of England are less likely to say the BBC offers good value for money. The pattern of cuts to regional radio services is likely to make these regional imbalances worse.

There is also a danger that the harshness of the licence fee settlement will make it difficult for the BBC to drive the uptake of new technologies in the way it did with Freeview in the 2000s because it will lack the resources to invest in new technologies. If the BBC also becomes less likely to train workers to use new technologies, this could compound the problem of skill shortages in the broadcast engineering sector pinpointed in recent research by Skillset (the sector skills council for the creative media sector).

Would households be prepared to pay more to fund the BBC?

The most recent research on willingness to pay for the BBC was carried out in August,

Additional funding obligations

- The BBC will have to pay for the World Service annual £272 million-a-year running costs (currently funded by the Foreign Office) from 2014-15;
- BBC will take over the funding of BBC Monitoring from 2013-14 (annual level of government funding at handover will be around £20 million per year);
- The BBC is expected to meet the cost of broadband internet rollout to rural areas and to pay for local TV and online services – the BBC will provide £17 million per year for the rollout of superfast broadband to rural areas from 2013 and up to £5 million per year for local TV and online content;
- Plus, a further one-off capital investment in local TV and online services of £25m will also come from the licence fee and the BBC will underwrite the rollout of the digital radio network nationally.

2009. Those questioned in a TNS survey were (on average) willing to pay around £7 more per month than the current licence fee of £12.13 per month.

Detailed YouGov research from August, 2011, suggests more people agree that the BBC represents value for money than disagree. More than three-quarters of respondents thought BBC executives were paid too much. But while more than three in four of those questioned were very satisfied with BBC services, more than half thought the standard of BBC TV programmes had fallen during the past decade. Because the DQF cuts cannot fail to reduce programme quality, this is bound to have a negative effect on the public's perception of whether the BBC offers value for money.

In conclusion

The BBC licence fee has been frozen for six years between 2011 and 2016 at £145.50. Taking into account actual Consumer Price Index inflation for 2011 and forecast inflation for the years 2012 to 2016, this equates to a 16 per cent real terms cut in resources – a reduction in licence fee revenue of around £635 million.

The proposed cuts are likely to lead to a reduction in UK economic output of between £1.1 billion and £1.7 billion per year. This will have a huge adverse impact on the UK's creative industries sector, just at the time when the country is relying on world-leading sectors such as this to spearhead economic recovery from the most serious economic crisis for 70 years. Cutting the BBC by this much, at this time, looks like a dangerous and wrongheaded strategy.



What you can do:

- Send the postcard attached to the new Director General of the BBC.
- Write to your MP, local council, local paper or trade council. Ask them to lobby the government to have the licence fee deal renegotiated.
- Pass on this booklet (there is an e-version and hard copy) to other members of your organisation and use it to make the case.
- Put on events to rally support to save the BBC from 20% cuts.

For more information about the campaign, speaker requests and/or campaign materials contact: campaigns@nuj.org.uk or info@bectu.org.uk



FIGHT FOR OUR BBC!

**The BBC is facing 20% cuts to its budget for the next 5 years
as a result of a freeze in the licence fee.**

There will be reductions in sports coverage including Formula One. BBC staff face redundancy and stringent cuts in terms and conditions. Since 2004 the BBC has already lost more than 7,000 jobs - 1,000 every year. It's not sustainable.

News and programmes at the BBC is being disproportionately hit and there are plans to cut local radio, investigative journalism and the Asian Network.

Despite all the BBC's public pronouncements on becoming less metropolitan and more regional in its approach, Northern Ireland, Scotland and Wales are facing severe cuts to jobs and services, as are the English regions.

Licence fee-payers were not asked for their views when the deal was done. That's not fair. Licence fee-payers should have a say. Research has shown that people would be prepared to pay more than the current licence fee to protect the BBC.

If all the current licence fee-paying households paid just 7 pence more per day these cuts could be stopped.

**Tell the new Director General your view
on these cuts:**

Tear off the attached postcard to the BBC or send an online version at www.nuj.org.uk/

Dear new BBC Director General,

I am deeply concerned for the future of the BBC if cuts of 20% are made to budgets as proposed by your predecessor.

I am asking you to call an urgent review of the Delivering Quality First programme with a view to protecting core areas of BBC output. Quality journalism and creative programming have been put under threat.

I am urging you to put pressure on the government to review the licence fee settlement. Why should BBC licence fee-payers fund local TV and broadband roll-out?

The BBC is a national asset. It is your job to defend it.

Signed

Print name

Postcode



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STAND UP FOR PUBLIC SERVICE BROADCASTING

