



December 2016

### **NUJ briefing for the second reading of the Digital Economy Bill, House of Lords**

**Clause 77** transfers to the BBC the duty to provide licence fee concessions to people aged 75 or over. This will cost the corporation one-fifth of its licence-fee revenue and put the director general in the invidious position of administering a welfare benefit. This must be blocked. The bill must be amended to return the responsibility of the concession to the Secretary of State, who must specify the conditions under which it is granted and provide the BBC with necessary funding to cover the cost of any concessions.

**Clauses 49-51 and 57-59** must be amended to protect journalists' rights to report information in the public interest and freedom of expression.

#### **The BBC**

When people pay their TV licence fee, they expect the money to be spent on David Attenborough's programmes, News at Ten, the Proms, CBeebies, Strictly Come Dancing, Yesterday in Parliament, Match of the Day, EastEnders, their local radio station and all the other amazing programmes and services they receive for 40p per day.

What they do not expect is that a huge chunk – £1.3bn over five years, then £750m each year – will no longer be used to make the top-class programmes that 96 per cent of the UK population tune into every week and instead will be used to pay a state benefit.

Owing to a deal cut by BBC management and the Treasury agreed by the then chancellor, George Osborne, the equivalent of 20 per cent of the budget will now be used to fund the free TV licences for the over-75s. The deal puts the BBC's director general in charge of a benefit previously administered by the Department of Work and Pensions.

In return, the BBC was promised an inflation-linked licence fee rise, the closure of the iPlayer loophole and an end to paying for broadband. But, as industry researcher Enders Analysis has pointed out, this will not offset the full cost of the welfare policy which, after BBC One, will be the single biggest item in the corporation's budget.

BBC management or its lobbyists may say this is a good deal for the BBC. Well, they would say that, wouldn't they? They can hardly admit that they were sold a pup by the former chancellor. The government may claim that challenging this deal will "undermine" the BBC and unpick the charter agreement, but that is not the case.

You may prefer to listen to the people who report and produce the news and other programmes for the corporation. Our members can see that losing a fifth of its budget will have very serious consequences on programme-making and will lead to job losses.

Or you could heed what Lord Birt, a former BBC director general, said during the BBC charter debate, namely that the cost of the two raids on the licence fee in the past decade had taken “almost exactly 25 per cent out of the real resources available to the BBC for its core services. A massive reduction in programming is therefore simply unavoidable”.

A former vice-chair of the BBC Trust, Professor Diane Coyle, described the transfer of the cost of free licence fees for over-75s to the BBC as “profoundly unconstitutional”.

Every £1 of licence fee spent by the network generates £2 of economic activity. In the period 2011/12, the BBC generated £8.3bn for the UK economy. The licence fee is the single biggest investment in the arts and creative industries in this country. In 2013/14, the BBC injected £2.2bn into the creative industries. In a recent international survey of 14 countries, BBC One was rated highest of 66 major TV channels. The broadcaster is also Europe’s biggest provider of media and creative skills training.

To put the over-75s deal into perspective, the £750m a year is:

- Almost seven times the cost of all 39 BBC local radio stations in England (£115.1m.)
- More than eight times the budget for BBC Radio 4 (£90.2m).
- 15 times the cost of BBC4 (£48.7m).
- Almost eight times the budget for CBBC and CBeebies combined (£97m).

*(These are annual figures taken from the service licence agreements issued by the BBC Trust for 2016/17.)*

The BBC is already imposing cuts to the World Service budget, to regional TV, local radio and BBC News, and there is more to come. Earlier this year, director general, Tony Hall, said: “The overall result is that, by 2022, the BBC will need to make savings of £800m a year. That’s 23 per cent – and in some parts of the BBC, it will be more.” [\*\* Details of cuts already in train below.]

### **What the Lords can do**

An amendment in the House of Commons, which won six-party support including from members of the government’s party, said the responsibility for policy and funding of TV licence fee concession should be the responsibility of the Secretary of State, who must specify the conditions under which concessions are granted and provide the BBC with necessary funding to cover the cost of concessions; and this responsibility should not be delegated to any other body.

The NUJ believes Parliament should determine the future of the concession, not the BBC. We therefore seek an amendment at committee stage to the Bill mandating a prior vote of both Houses before the DWP can transfer the cost of the policy to the BBC.

### **Press freedom**

Part Five of the bill puts freedom of expression and journalistic rights to report in the public interest under serious threat. The proposals will criminalise unauthorised disclosure of information. Specifically, clauses 49-51 and 57-59 completely fail to recognise the role of journalists in providing information that is in the public interest. The bill imposes criminal penalties for any individual, including journalists, who share information. There are already sufficient provisions in the law covering confidentiality, employment, misconduct in a public office, data protection and official secrets. The clauses need to be amended to recognise the role of journalists and the public interest.

Helen Goodman MP, chair of the NUJ's Parliamentary Group, provided the following example during the bill's report stage in the House of Commons: "I was given information that Coutts – which is currently owned by the taxpayer; it is a subsidiary of one of the banks we bought in 2008 – was selling tax avoidance schemes in Switzerland. I spoke about that in the House, but if I had instead given the information to a journalist and it had been printed in a newspaper, it would appear that under these provisions the journalist or newspaper would be criminalised." The minister has said he will respond to these concerns, however the NUJ will work with peers to draft and table amendments to safeguard the rights of journalists if we are not satisfied with his response.

## **\*\* Appendix**

### BBC Cuts

Already, £80m is being cut from the BBC News budget over the next 5 years. Here is a brief summary of the impact on viewers and listeners:

- BBC World Service: last month, Mary Hockaday, controller at BBC World Service English, wrote to staff saying the group must cut £20m from its budget by 2021/22 and for the first year in 2017/18, it has to find £8.5m. (The new tranche of £289m for new foreign language services will be of no direct benefit to licence-fee payers in Britain and is ring-fenced).
- BBC World News and the News Channel: despite the BBC White Paper, A BBC for the future: a broadcaster of distinction, published in May, urging more investment in the international news channel to improve its quality, James Harding, director of news, has responded with a 10 per cent budget reduction for both 24-hour news channels, amounting to millions of pounds. Presenters, producers and newsgathering budgets are all to be cut and programmes streamlined.
- BBC Newsgathering provides live coverage and news reports to all television, radio and interactive BBC News outlets. In recent years it has removed dedicated production and reporting posts available to programmes such as the One Six Ten and the News Channel in Newcastle, Plymouth, Norwich and Cambridge as well as cutting a number of network posts in regional bureaux in Birmingham, Bristol and Salford. This has seriously hampered BBC national news from being able to cover regional stories of national significance and reflect national stories with regional input. BBC Newsgathering is proposing to remove its dedicated Southampton bureau, leaving the whole of the south of England outside the M25, south of the north Derbyshire and north Staffordshire county lines, to be covered by a total of 10 people.

There have also been significant reductions in Network News staffing in Scotland Wales and Northern Ireland. The BBC argues that "the regions will help us out". BBC Regions are responsible for local TV, radio and web coverage, but it too has suffered massive budget reductions and faces yet

another round of cuts. BBC management argues that, "we can cover those stories from London". This never happens because there simply are not enough resources to do that. This directly contravenes the House of Lords' own direction to the BBC that it should cover the English regions better.

- BBC English Regions: David Hollingsworth, controller of the regions, has said he will have to make £15m savings – which equate to 16 jobs in each of the 12 regions. This will result in a handful of journalists left covering news in massive regions – with London expected to report on what is happening many hundreds of miles away.
- The BBC recently lost the Great British Bake Off and the decision to outsource all production puts at risk many BBC favourites. It does not bode well for the future that BBC Studios, the wholly-owned subsidiary set up to compete with commissions on the open market for drama, comedy, entertainment, music and factual programmes, started by cutting 300 jobs. Songs of Praise, Question of Sport, Holby City and Horizon are the first shows the BBC has put out to tender to independent producers.
- BBC Radio has been told that 60 per cent of programmes will have to be outsourced, a huge leap from the current 20 per cent. The radio market is completely different to TV and there is no call for this proposal within the industry. The result for BBC radio will be to move funding away from programme-making to pay for the administration caused by the bidding process. The inevitable volatility in commissioning levels will lead to casualisation in the radio industry, severely damage the BBC's world-renowned radio production department and potentially put at threat the volume of public service radio. The overall level of outsourcing and the dangers of volatility could be addressed in amendments to the Digital Economy Bill.