

Annex 4

Analysis of Davies Review correspondence

Summary of written evidence

The review panel issued a press release on 27 January, inviting written evidence by close on 31 March. Letters were also sent to 78 organisations - to other broadcasters, trade associations, trades union and consumer groups - seeking views on the issues the panel had been asked to consider. In all, 187 letters were received, broken down as follows:

Industry	28
Consumer Groups	14
Employee Representation	7
Others	138

The review panel sought views on the following five issues:

- i. whether, in order to support the BBC's public service output, the licence fee needs to be supplemented;
- ii. ways in which funding to support the BBC's public service output could be extended from other new sources;
- iii. how to secure an appropriate balance between the BBC's public service and commercial activities;
- iv. the mechanisms under which it is ensured that the BBC is trading fairly and openly in commercial markets;
- v. the current structure of the concessionary licence scheme and possible alternatives (including the funding of such structures).

The BBC was asked to submit its evidence to the panel by 28 February. It is referred to and quoted extensively in the text of the report and is not, therefore, covered in this annex.

A number of respondents chose not to address each of the issues raised - the majority of submissions from MPs and members of the public, for example, focused solely on the concessionary scheme, while a small number of industry representations addressed only a suggestion that the panel was considering a digital supplement to the licence fee as a means of giving the BBC revenue buoyancy.

Many respondents also chose to flag up issues outside the review panel's remit, suggesting that a fundamental review of the BBC's purpose was a necessary precursor to this review and that issues of governance, including self-regulation, needed to be addressed.

There was widespread support for the BBC and an acknowledgement that its strong position in the UK broadcasting market contributed to high standards in programming, as well as the licence fee as an appropriate system for funding it.

Industry responses

FUNDING On the first two questions, relating to the BBC's funding, many industry respondents said that a prior question was how to define the BBC's objectives more clearly. There was support for the licence fee as a mechanism for funding the Corporation and strong opposition to the introduction of advertising on the BBC because of the likely impact on commercial broadcasters' revenues. The exception on this latter point was the Incorporated Society of British Advertisers, which suggested that limited advertising on BBC 1 & 2 would stimulate growth in the advertising market. Most respondents who commented on a digital supplement to the licence fee were opposed on the grounds that it would hinder migration from analogue.

COMMERCIAL BALANCE & FAIR TRADING There was general support for the BBC exploiting its assets, but while PACT thought it could do so more effectively, other respondents felt that the BBC should be focusing less on commercial activities. There was also much concern expressed about unfair competition - particularly cross promotion of BBC services through the various media. External regulation - whether by a single regulator for the industry as a whole or a Board of Governors one step removed from BBC management - was universally supported as were, going back to the point about the BBC's remit, clear boundaries for the use of licence fee income.

CONCESSIONS Little remarked upon by industry respondents. What comments there were favoured concessions on the basis of inability to pay and funded through the benefits system, without eroding the BBC's revenue.

Consumer representative responses

FUNDING There was support for the licence fee as a mechanism for funding the BBC at least in the medium term, but it was considered likely to become increasingly unsustainable due to its inherent unfairness and the implications of a multi-channel future. Most respondents referred to a need for the BBC's remit to be clarified and for clear performance measurements against that remit. The National Viewers' & Listeners' Association suggested National Lottery funding, among others, as a means for funding the BBC, while the Voice of the Listener & Viewer suggested linking the licence fee to broadcasting inflation - i.e. unit production costs.

COMMERCIAL BALANCE & FAIR TRADING The few respondents who addressed this felt that the BBC should be attempting to extract maximum value for the licence fee payer through exploitation of its unique archive, but that the current system of self-regulation was not compatible with transparency and openness.

CONCESSIONS All respondents found the ARC scheme overly complex and unfair. RNIB said that the current concession for blind people was derisory. There was a general consensus that any widening of the ARC scheme should not be at the BBC's cost, although the National Viewers' & Listeners' Association did not see any case for concessions at all. Pensioner groups supported a universal concession for pensioners. A number of respondents commented on the need to improve services for people with sensory impairment.

Employee representative responses

FUNDING A general conviction that the BBC was inadequately funded was apparent - solutions offered revolved around RPI + increases in the licence fee, perhaps linked to inflation within the industry: advertising and sponsorship would threaten editorial independence and distinctiveness; a digital supplement to the licence fee would hinder take up. The Broadcasting, Entertainment, Cinematograph and Theatre Union proposed reopening the five-year settlement to allow for RPI + increases in 2001 and 2002.

COMMERCIAL BALANCE AND FAIR TRADING The role of BBC Worldwide in enhancing the BBC's reputation overseas and raising additional revenue for programming was generally welcomed, but the need for ringfencing to ensure that commercial activities were not subsidised by the licence fee payer was called for. Most respondents also pointed out that whilst the Corporation's commercial activities would undoubtedly become increasingly important, its public service ethos should remain undiminished at the heart of its output.

CONCESSIONS Respondents said that the cost of any concessions should not be met by the BBC, with the exception, the Musicians' Union suggested, of concessions to registered blind people. Any concessionary scheme needed to be fair and sustainable and not give rise to anomalies or inequities.

Others

The vast majority of the rest of the correspondence, from MPs, the public, housing associations and local authorities focused on the concessionary scheme. Without exception the scheme was viewed as overly complex, anomalous and inequitable. The favoured outcome for the review in this area was a widening of the concession to, or free licences for, all pensioners. Most respondents declined to address how this might be funded, but efficiency savings at the BBC, funding from the Exchequer or the National Lottery were all suggested as potential sources of revenue.

Respondents

Advertising Association
 Age Concern
 Peter Ainsworth MP (on behalf of the Conservative Party)
 The Almshouse Association
 Peter Atkinson MP
 BBC
 Peter Bradley MP
 Bill O' Brien MP
 British Film Institute
 British Internet Publishers' Alliance
 British Radio & Electronic Equipment Manufacturers' Association
 Broadcasting Entertainment Cinematograph & Theatre Union
 Bromsgrove District Council
 BSkyB
 Cable & Wireless Communications
 Campaign for Press & Broadcasting Freedom
 Capital Radio
 Channel Four Television
 Christopher Chope MP
 Commercial Radio Companies' Association
 Consumers' Association
 The Rt Hon Denzil Davies MP
 David Davis MP (chairman of the Public Accounts Committee)
 East Devon District Council
 East Riding of Yorkshire Council
 Equity
 Federation of Entertainment Unions
 David Graham & Associates
 John Grogan MP
 Mike Hall MP
 Hanover Housing Association
 Image Industry Alliance
 Incorporated Society of British Advertisers
 Independent Television Commission
 Institute of Practitioners in Advertising
 IPC tx Ltd
 ITV Network Ltd
 Dr Ashok Kumar MP
 Local Government Association
 Fiona MacTaggart MP
 McCarthy Stone plc
 Musician's Union
 National Consumer Council
 National Housing Organisation
 National Union of Journalists
 National Viewers' & Listeners' Association
 The Newspaper Society
 North Manchester Pensioners' Association
 North West Leicestershire District Council
 Office of Fair Trading
 ONdigital
 Pace Micro Technology plc
 Painted Fabrics Tenants' & Residents' Association
 Pensioners' National Campaign for Reduced Television Licences
 People First
 The Peverel Group
 Producers' Alliance for Cinema & Television
 Ken Purchase MP
 RADAR - The Disability Network
 Radio Authority
 Royal National Institute for the Blind

Royal National Institute for Deaf People

S4C

Scottish Media Group plc

Marsha Singh MP

Stannington Tenants' & Residents' Association

David Taylor MP

Teletext Ltd

Tendring District Council

Thame District Housing Association

Carol Tongue MEP

Trades Union Congress

UK National Widescreen Forum

United News & Media

Voice of the Listener & Viewer

Wansbeck District Council

David Winnick MP

Rosie Winterton MP

Writers' Guild

Wyre Forest District Council

Yours Magazine