

# BBC: a right royal restructure

*To coincide with the Mansfield Inquiry, **CU** has commissioned a four part series examining the structure and functions of public broadcasters in other countries, particularly those that have recently been subject to review and restructuring processes. In this issue, **Karen Winton** reports on the new model developed for the BBC.*

**H**aving just recently received a new 10-year charter from the government, the British Broadcasting Corporation (BBC) is now preparing to face the financial and creative challenges of the digital television era in the UK.

Digitalisation, or the prospect of it, saw the corporation announce on 7 June a management restructuring to create a new production base for television, radio and multimedia services. Aimed at addressing the strategic challenges of the digital age, the reorganisation enables the BBC to strengthen existing channels and services and create a package of digital services for licence payers.

The changes complete a process begun in January 1993 and which should be fully implemented by 1 April 1997. At the heart of the new structure is the separation of broadcasting from production and the creation of a single national and international news operation for radio and television.

The new organisation structure has six major components:

- **BBC Broadcast** schedules channels and commissions services for audiences at home and overseas;
- **BBC Production** develops in-house radio and TV production capability across all genres and media;
- **BBC News** integrates national and international news across all services;
- **BBC Worldwide** generates com-

mercial income at home and overseas for World Service;

- **BBC Resources** provides facilities and expertise to support BBC program makers and broadcasters; and
- **Corporate Centre** provides key strategic services to the BBC as a whole.

The blueprint for a reorganised BBC pulls together radio and television into bi-media directorates and separates commissioning from production, effectively abolishing the World Service as a separate production unit. Though the World Service's foreign language services will be left untouched, its English, drama and education programs will be commissioned from BBC Production, a new directorate serving domestic radio networks. English language news and current affairs programs will be commissioned from BBC News, the directorate which makes domestic news programs.

The plans, announced by BBC Director-General John Birt, should help the corporation meet this year's public funding cuts of 6.5 million pounds sterling. Reductions to date have affected only the money which the World Service was allocated for capital investment. Next year, further reductions are planned by the government in both the capital investment and broadcasting operations budgets.

## Downgrading the World Service

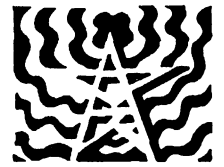
Editorial control of the World Service rests with the BBC. The government's Foreign and Commonwealth Office, which allocates grants in aid to the World Service (but not to the rest of the BBC), has the final decision over which languages are broadcast - currently 44 worldwide, including 15 different European languages.

Opponents of the restructuring point out that the World Service has been unfairly targeted: its production costs are currently 36% cheaper than the rest of the BBC's and its overheads, including maintenance of its worldwide staff of 2,000, are 44% less. They believe that the changes will shatter the World Service's independent voice, heard since 1932 when its forerunner, the Empire Service, began radio broadcasts. The World Service now broadcasts to an estimated 140 million listeners.

But those supporting the restructuring say there is a need to meet head-on the challenge of changing technologies and dwindling funding support. In simple terms, it is an argument over whether the World Service should retain its own news operation or be integrated in the BBC's domestic news machine and possibly lose its separate ethos and identity.

## New services for old

The problem is that the BBC's funds are finite, being limited to revenues



raised from the television licence fees levied on British audiences. In addition, the BBC may not use these revenues - worth about 1.9 billion pounds sterling this year - to subsidise commercial activity. Nor may it support itself by carrying advertising on its channels. With costs rising beyond the inflation rate, combining operations in the face of funding cuts offers the potential of greater savings and efficiency, eliminating duplication on the logistical side of news gathering. How it will affect program quality and independence remains to be seen.

Initially, viewers and listeners are not likely to observe any dramatic changes. In the longer term, however, the new structure will provide the BBC with a more efficient base from which to develop digital plans which are simply not possible using analogue broadcasts. These plans include:

- extended television channels with program options alongside the continuing schedule;
- a 24-hour television news service;
- digital radio services with CD-quality sound;
- greater local news coverage and regional programming; and
- educational services using interactive digital technology.

All these services will eventually be available free-to-air to all UK licence payers.

As well as its World Service radio and television (the latter commenced broadcasts in 1991) services, the BBC has two national television channels, the mass market BBC 1 and niche market BBC 2, and five national radio channels. It competes with the commercial networks ITV and Channel 4, as well as a growing cable television audience. If industry predictions are correct, within a decade the UK will simultaneously broadcast up to eight TV channels in compressed digital

format alongside the current four terrestrial analog channels but cable will be the most common delivery method in urban areas. Overall viewing share of the current four will probably drop to 70% from their present 94% as they compete for audiences with several cable and satellite programmers.

## BBC audiences

For now, audiences for the BBC's radio and television programs have held steady in the face of increasing competition from the private sector. During the financial year 1995/96, 95% of households watched or listened to the BBC for at least two hours every week. A typical household tuned to BBC radio or television for 44 hours and 18 minutes every week, maintaining the network's 45% share of all UK viewing and listening. While BBC 1 narrowed by two percentage points what had been a growing gap between itself and arch rival ITV, BBC 2 remained the only terrestrial channel to gain viewers in multi-channel homes.

In addition, BBC Radio's decline was halted in the 1995/96 period and the corporation had what its annual report termed 'a golden year for programming'. Regional television drama was given a boost with the success of series such as *Ballykissangel* (BBC Northern Ireland) and *Hamish Macbeth* (BBC Scotland), the latter currently airing on the ABC. Strong contemporary dramas such as *Our Friends In The North*, and classic drama adaptations such as Jane Austen's *Pride And Prejudice* highlighted a commitment to local production. The BBC radio station Radio 1 was established as the country's leading youth and contemporary music station, and the corporation broadcast more live news and current affairs on television than ever before.

## The bottom line

In the meantime, the BBC can boast a leaner, meaner corporation. According to the 1995/96 annual report, borrowings have been reduced and should be eliminated by the beginning of 1997; an extra 100 million pounds sterling was saved through efficiency practices and most of this invested in new programming; the cost of licence fee collection and evasion was reduced from 13.8% to 13.2% of total licence fee income; and net benefit to the BBC from its commercial arm, BBC Worldwide Ltd., rose more than 45% to reach 77 million pounds sterling.

But fears for the long term survival of radio broadcasting, which under the management restructuring was effectively denied direct access to top management, and concern about funding cuts to the World Service radio network are real. While BBC chairman Sir Christopher Bland has promised publicly to maintain the values and traditions of both BBC Radio and the World Service, this is no guarantee of future protection. Protestations that radio is viewed as an equal partner to television are falling on deaf ears and the World Service - seen as a priceless national asset - has only endured the first round of what will be more funding cuts.

At the end of the day, there is little ammunition with which to counter the charge that rationalisation has been necessary to ensure the corporation's survival into the future. As Sir Christopher Bland said in defence of the restructuring: 'Every single person would like to leave the World Service as it is. It is simply not an option. To do that would be... irresponsible'.

*The next issue of CU will examine the United States' PBS network.*