

11 February 2019

## The BBC's public consultation on age-related TV licence policy

The CBI welcomes the opportunity to contribute to the BBC's public consultation on the upcoming changes to TV licencing for those over 75 years old. For the past 20 years the Government has funded TV licences for those over 75. However, this funding will cease in June 2020 and it is for the BBC to decide what to do next. The CBI does not have a mandate on the specific design of a funding mechanism for over 75s; but would like to highlight the importance of weighing up the impact of any decisions on the wider creative industries sector and economy more broadly, with attention given to the below:

- 1) The change to the licence fee arrangements for the over 75s should recognise and reinforce the valuable contribution the BBC makes across all UK regions and nations**
- 2) Any change that leads to a reduction in investment in BBC services could be detrimental to its public services remit and production of British content**
- 3) The creative industries are a significant part of the UK economy and the BBC's critical role within the sector should be recognised and supported**

### **1) The change to the licence fee arrangements for the over 75s should recognise and reinforce the valuable contribution the BBC makes across all UK regions and nations**

The BBC's existing funding model has enabled it to make significant investments across UK regions and nations. This has led to large economic and social benefits, particularly in the North West and Wales. Over the last 10 years the BBC has made significant investments across the UK, relocating large parts of its operations outside of London and the South East. It now has over half of its workforce based in Salford and operates supply chains across the whole of the UK. The beneficial economic impact of the move to Salford has been substantial for the North West, creating jobs and contributing a total of £277 million to UK Gross Value Added (GVA) in 14/15 (*KPMG, 2015*).

In addition, the relocation of the BBC Wales Broadcasting Centre to Cardiff, one of the UK's largest media centres outside of London, will transform the city. A BOP Consulting review looking at the economic impact of BBC Wales stated £1.1 billion GVA would be delivered to the Cardiff City region over the next decade, equating to an additional 1,900 full time equivalent jobs being undertaken by people in the city throughout this ten-year period (*BOP Consulting, 2018*).

In Scotland the BBC has committed to an additional £4 million investment over the next three years, creating a new design and engineering hub in Glasgow and creating 60 new roles in technology and design. This is in addition to the £40m-a-year investment in Scotland, which includes the launch of a new TV channel.

In Northern Ireland, the BBC recently announced an additional £11 million investment in content and local services across a three-year period (BBC, 2018).

It must be recognised that BBC activities across the UK provide vast benefits and value across both creative and non-creative industries. For example, the creation of clusters of creative organisations such as MediaCityUK enable businesses to collaborate, sharing knowledge and ideas. The BBC has also taken a lead role in training and skills development, contributing to the health of the creative industries talent pipeline; ensuring people are equipped to work and enabling the UK to attract international talent.

The BBC has further ambitions to invest more across UK nations, providing additional opportunities for even more regions and nations to prosper and ensuring its content accurately reflects the diversity of the UK.

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**2) Any change that leads to a reduction in investment in BBC services could be detrimental to its public services remit and production of British content**

The BBC is a widely regarded British public service used by nearly everyone in the UK each week and its contribution to society should not be understated. Changes to the current TV licensing policy for over 75-year olds will likely lead to significant reduction in BBC funding, an estimated £749 million per year, which is more than the £656 million the BBC spends on radio services (*Frontier Economics, 2018*).

If the BBC is faced with funding cuts, investment across the UK creative industries could reduce. The BBC currently invests in UK film production; in the promotion of British music talent; in partnering with creative micro businesses enabling them to scale; and in the development of creative talent and skills.

The BBC produces a breadth of distinctive, high-quality British content across drama, live sport, and natural history which both educates and entertains. Any further reduction in its current funding will likely affect the BBC's ability to sustain delivery of its public purpose as it does today.

In addition, over recent years, the BBC has worked to reduce its costs and run more efficiently year-on-year. More than ninety per cent of the BBC's core controllable spend is now focused on producing and delivering content (*BBC, 2018*). Research undertaken by EY concluded that the BBC is among one of the most efficient 25% regulated and non-profit organisations in the UK (*EY, 2018*).

**3) The creative industries are a significant part of the UK economy and the BBC's role within the sector should be recognised**

The CBI firmly believes that the prosperity of all British industries post-Brexit must be maintained and call on the Government to prioritise investment in the creative industries; a real source of UK competitive advantage providing both cultural and economic value in the UK and beyond.

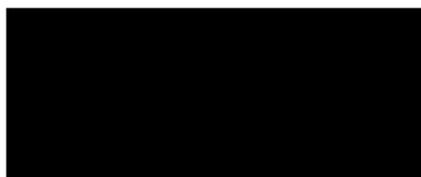
The creative industries contributed £101.5 billion to the UK economy in 2017, an increase of 53.1% since 2010 (*DCMS, 2018*). At this point in time, despite incredible growth, the UK's position is at a tipping point with the sector facing challenge on several fronts. Over the last ten years, the market for television, radio and online has been significantly disrupted.

The sector has proven itself to be highly adept at responding to market changes in the digital age. This is also against a backdrop of significant global, macro-economic change and as one of the UK's world class industries the Government must do everything it can to support the UK creative industries. They will have a hugely important role to play post-Brexit as the future of the UK and its standing place in the world is determined.

The Government has made significant investment in the creative industries through the Industrial Strategy and the creative industries Sectors deal which has been incredibly positive and well received by creative organisations. Ensuring they continue to be supported in their success and enabling them to thrive will ensure people around the world are able to access the best UK has to offer.

The creative industries sector is one of the UK's world-class sectors and the BBC plays an important 'anchor' role within it. Therefore, any policy change around the licence fee arrangements for the over 75s must ensure that it supports the role the BBC plays in the creative economy.

Yours sincerely,



Matthew Fell, Chief UK Policy Director