

BBC Consultation on licence fees for older people

Response by Richard Hooper CBE. Richard has run his own advisory business to the TMT sector and to HMG over the last thirty years. He was a general trainee at the BBC in 1963 and was one of the founders of the Open University on the BBC side. He was founding deputy chairman of Ofcom. He is Chairman of the Broadband Stakeholder Group. The views expressed here are personal.

I am a strong supporter of the BBC/of public service broadcasting. My response to the consultation is, I realise, heretical. It takes issue with the following words from the consultation:

“Voluntary payments

We have thought about the possibility of seeking voluntary contributions from over 75s, either as standalone donations (of any value), or so that over-75 households could opt into paying the licence fee. Frontier considered this option and did not consider it appropriate to progress to detailed review.

Our current thinking is that this is not a viable option. As Frontier’s report explains, we would not be able to estimate with any precision the likely numbers of over 75s who would choose to opt-in or donate and so could have no certainty in terms of financial impact and fairness. We therefore do not think this is a sustainable way to offset the cost of the concession for other licence fee payers and the potential impact on BBC services.”

I suggest the BBC takes a serious look at a form of voluntary payment. **Subscription.**

Reculer pour mieux sauter

My starting point is the severe existential threat to the BBC and public service broadcasters worldwide as a result of the digital revolution caused by the arrival of the internet - allied to the long-standing right wing opposition to, and dislike of, public service broadcasters like the BBC. This existential threat is still in its infancy. The BBC, facing its centenary in 2022, must be better prepared.

The existential threat to the BBC from the digital revolution encompasses massive competition from deep-pocketed tech giants - Netflix, Amazon, Hulu, Apple. The old EPG prominence rules, for example, look problematic in a streaming world. The young’s use of the BBC is declining. The BBC i-player is a tremendous success, giving the BBC a strong position in the new on-demand world. It is a major asset in relation to new revenue sources.

The political right wing, whether here or, for example, in Australia, is increasingly toxic for public service broadcasters. Right wing newspapers regularly attack the BBC. Charter agreements and renewal become more and more problematic with right wing governments in power, chipping away at funding when the tech giants have ever more funding for content (Netflix \$8-12 billion annually). There is constant criticism that the BBC, funded by

taxes (the licence fee is a tax), can occupy market positions that are difficult for privately funded newspapers to compete with. For example the success of online BBC news.

Therefore the BBC should take a long hard look at subscription models

Subscription models are taking an ever more important place in the digital world, alongside reliance on advertising. When the internet/world wide web started to take off in the mid-1990s, the general assumption was that content would be free, paid for by advertising, following the tried and tested model of commercial TV and radio. However in the B to B space, from the beginning of the internet there were vast quantities of content behind paywalls, for example scholarly content from academic publishers. Today, given the stranglehold that the FAANGs have achieved in relation to digital advertising worldwide, media companies are looking again at subscription and micropayment models.

There are many disadvantages to subscription for the BBC – it goes against almost a century of firmly held belief that public service broadcasting should be publicly funded either through mandatory licence fees backed by criminal prosecutions (the BBC) or through central government taxation (for example, Australia). Subscription would also reduce/make uncertain future revenues, of course – the main reason why the voluntary payments idea was discarded by Frontier and the BBC.

But, looking ahead, subscription has some massive advantages for the BBC. In one go it gets the Government (especially a right wing government) off the BBC's back. It gets the right-wing newspapers off the BBC's back. There would be no further arguments about the BBC crowding out commercial players. And no further: "ONE in three people dragged through the courts for failing to pay their BBC licence fee" (BBC News November 2018).

So my suggestion: use the over-75s in 2020 to experiment with subscription models.

At the end of the current Charter (2027) the BBC might wish to adopt the subscription model instead of licence fees. It could be an option to consider seriously. Therefore the idea of subscription could be tested with over 75s in 2020. A real live thought experiment. Over 75s would be invited to (voluntarily) pay per household a subscription at say £100 a year (Netflix is currently £9.99 per month in the UK). I would suggest the over 75 subscribers get something extra for their subscription which licence fee payers don't get. For example, access to i-Player programmes for longer than 28 days. For example, reinstating the idea of the (failed)BBC Store with subscribers able to access the rich BBC archive.

The idea of subscriptions for over 75s in 2020 should not be dismissed as currently appears to be the case. This consultation should seriously think about it in the context of future-proofing the much-loved century-old BBC. I am over 75.