



# **THE BBC'S GLOBAL STRATEGY**

**AN OVERVIEW FROM THE BBC EXECUTIVE**

**February 2011**



## 1. Context

The BBC Trust had requested, as part of the broader review of BBC strategy during 2010, that we should consider how best the BBC could fulfil its global role. We have undertaken a review of the BBC's Global Strategy to clarify the purpose of our international activity in the digital age and ensure that mechanisms are in place to deliver our ambitions.

The story of the BBC's global role is one of continued success. Our activity overseas has brought high-quality, impartial and independent content – and the BBC's editorial values – to the world for almost 80 years. Today, it enhances the standing of the UK and returns value to UK citizens.

This international success story has been built first and foremost on journalism, and it is journalism that still lies at the heart of the BBC's fifth public purpose: "bringing the UK to the world and the world to the UK".

Complementing our journalism offer, the BBC makes available other high-quality content to international audiences where this returns value to licence fee payers. In doing so, the BBC enhances the UK's global reputation as a centre of creative excellence; secures access to co-production funding and the best international talent for all its productions; and contributes to its value-for-money obligations, responding to the encouragement by successive governments to relieve pressure on the licence fee.

Yet the outlook today is much more complex than it was twenty or even just five years ago, when the BBC's fifth purpose was being crystallised in the 2006 Royal Charter. In particular, market and technology trends have accelerated. The internet, for the first time, offers a platform where potentially all services have global reach.

Building on the overall review which led to the adoption of the strategy articulated in Putting Quality First (PQF), the Global Strategy review aimed at:

- Agreeing the scope and ambition for all the BBC's international services
- Evaluating options for funding and organising the BBC's international services

The BBC Trust discussed the findings and this strategy was approved in December 2010. These findings are summarised below.

## 2. The BBC's overall global mission

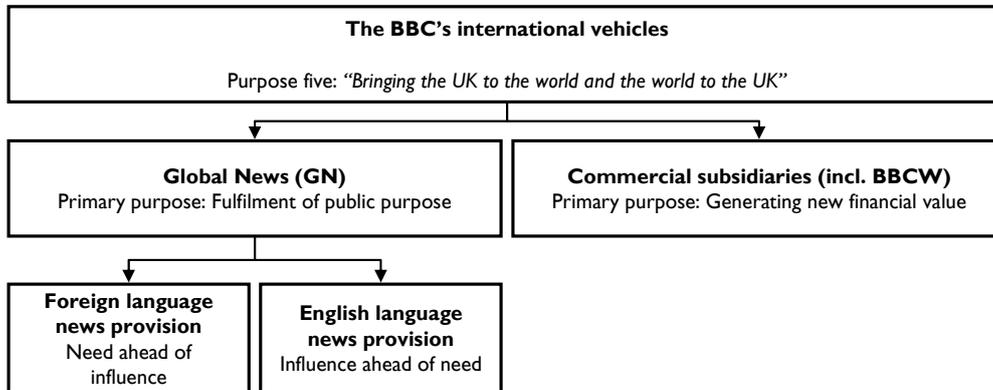
### 2.1 The global mission

There are three elements of the BBC's global mission:

- **Bringing the UK to the world:** serving specific international audience needs and securing UK influence on the global arena
- **Bringing the world to the UK:** supporting the delivery of the public purposes and UK public services by enabling Licence Fee Payers (LFPs) to enjoy the best ideas, talent and debate from around the world
- **Generating new financial value for the BBC**

## 2.2 The international portfolio

The BBC delivers this mission primarily through two vehicles: the Global News (GN) division and the various commercial subsidiaries (in the main BBCW) which take other television and radio programmes to market internationally. These vehicles have brought high quality, impartial content to the world for almost 80 years and enhanced positive perceptions of the UK.



The emphasis on each of the three elements of the global mission varies, due to differences in the BBC’s regulatory framework:

- **All news services focus on the delivery of the global public purpose.** BBC News delivers this purpose through a range of international services, which aim to meet particular audience needs or enhance the influence of values the UK treasures and promotes across a range of territories. The international news services also play an incidental but important role in supporting the delivery of the other public purposes in the UK: the scale and reach of international newsgathering is a key enabler of the “best journalism in the world” for UK audiences. This position has now been reinforced by the licence fee settlement, which brings the WS and BBC Monitoring(BBCM), a key source of material for BBC journalists reporting on international news, in to closer integration.
- Commercial activities undertaken by subsidiaries, such as BBCW, also play a role in serving the global public purpose – in particular, through the high esteem in which the UK’s broadcast ecology is held internationally as a result of the successful export of high-quality BBC programmes, across all genres. However, **as all the activities of BBCW must be commercially efficient, its primary focus in its international operations must be on generating new financial value.**

It is also critical to consider the contribution made to the global mission by the international activities which the Public Service undertakes to deliver the highest quality UK public services. Activities such as international co-production for genres beyond news help to deliver both the global public purpose and the first four public purposes. Amongst other benefits, these activities enable the BBC to secure the best talent for UK audiences and improve the editorial content of our programmes by bringing new, expert, collaborators into the creative process

### 3. The BBC’s strategy for international news services

This section describes the role of the BBC’s international news services and the principles and parameters which will shape the BBC’s strategy here.



### 3.1 The role of the international news services

The BBC's international success has been built, first and foremost, on its news services. Today, the BBC's international news activities comprise both foreign ("vernacular") and English language services, from the WS, to the WN channel and BBC.com/news (a version of the BBC's UK web site which is funded by advertising and accessible only outside the UK).

Although commercial funding remains critical to them, the BBC's international news services exist not to make money, but to deliver public service objectives.

Across all services, the focus is to generate international public value and to bring credit to the UK by seeking to provide 'the best journalism in the world', rooted in the BBC's editorial values of integrity, independence and impartiality. For certain services, there are more specific public goals:

- For the vernacular offer (where addressing 'need' is prioritised over driving 'influence') the public mission means playing an essential role in securing the UK's long term national interests by showcasing values which the UK treasures and wishes to promote (e.g. a free media independent of Government). In this way the BBC can indirectly serve the UK's interest in terms of international development and security.
- For the BBC's international English Language services, the public purpose means prioritising 'influence' over 'need': Broadcasting in the world's more influential language, in the name of one of the most respected broadcasters, delivers significant influence on the global arena.

### 3.2 The BBC's strategy for international news services

The new licence fee settlement will see the WS and BBCM come under the licence fee by 2014/15. Funding these services will require the BBC to make challenging trade-offs, but this incorporation also offers opportunities for some integration efficiencies and increased editorial quality control and independence. The detail of the BBC's strategy to incorporate the WS and BBCM will be determined in the course of 2011 in the News Portfolio review

The combination of the reinforcement of the public purpose-led mission and the incorporation of WS and BBCM will make it easier for the BBC to adopt a single, simple news strategy, which, for the first time, encompasses all services (including WN and bbc.com/news), irrespective of funding model. Given the complexity of the issues which must be addressed, this paper provides only the principles and framework which should shape the long-term outcome and sets out the near-term imperatives to support our activities in the interim.

### 3.3 Key principles of the strategy:

These principles should shape the audience proposition, business and funding model and organisation structure which will best serve the news mission.

	Enduring principles
<b>Audience proposition</b>	<ul style="list-style-type: none"> <li>• The <b>territory mix</b> should reflect the public mission, rather than just commercial potential. Within this the portfolio will comprise both public service and commercial territories.</li> <li>• International services must seek to <b>put quality first</b> and be assessed against UK services</li> <li>• The portfolio should adopt BBC Journalism's <b>cross-platform approach outside the UK</b>, with an integrated online offer as one of the pillars of the portfolio</li> <li>• BBC must ensure that all international online activity is coordinated with BBC.com to maximise efficiencies (i.e. WS websites)</li> </ul>
<b>Business and funding model</b>	<ul style="list-style-type: none"> <li>• The <b>mixed funding model</b> for international news should be retained, with commercial income of critical importance (subject to proper transparency and funding separation, consistent with fair trading and state aid requirements)</li> <li>• The governance framework for the new organisation should <b>ensure that the BBC's total international spend is proportionate</b> and does not diminish investment in UK PSB</li> </ul>
<b>Organisation</b>	<ul style="list-style-type: none"> <li>• The organisation of all international news services must be <b>optimised to support the public mission</b></li> <li>• <b>International and UK news services should be integrated</b> to maximise editorial and cost synergies</li> <li>• <b>Governance of all news must be streamlined</b> at the Executive and Trust level</li> </ul>

Although the new licence fee settlement was only recently agreed, it is consistent with the BBC's public mission in news and the principles to deliver that mission. The BBC will be able to deliver the public purposes more effectively, as, for the first time, all international news services will be fully integrated, with a funding mechanism that strengthens their independence and enables them to focus exclusively on the needs of the BBC's global audiences. This will ensure:

- Strategic alignment of all international news services behind a single public mission
- Operational efficiencies between international and domestic news services
- Organisational simplicity through the removal of barriers required by the formal regulatory separation of differently funded services

Although this is a significant change from the previous WS model, it is consistent with the BBC's core purposes, in particular the global purpose, and there is clear evidence of Licence fee payer support

Finally, in the near term, to optimise the news organisation to deliver the public mission, World News, the World Service and BBC.com will be brought structurally closer together, ensuring that strategy and investment decisions on global news services reflect the public mission of BBC News across the world.

To summarise: **the BBC's strategy for international news services**

- The BBC's international news mission is public purpose-led
- The public mission shapes a single strategy for international news, which delivers an audience proposition focused on putting quality first and ensuring 'the best Journalism in the world' delivered via an appropriate mix of territories and platforms
- The strategy is supported by a hybrid funding model, varying by service, with access to both public and commercial funds, subject to fair trading and state aid requirements.
- Near-term, pragmatic changes to the international news services include increased structural integration between BBC Global News and BBC.com

#### **4. The BBC's international strategy for TV and radio programmes and digital content beyond news**

##### 4.1 The role of international activities related to TV and radio programmes and digital content beyond news

Both the BBC public service and BBC Worldwide (BBCW) contribute to all aspects of the BBC's global mission through activities related to TV and radio programmes beyond news.

- **Bringing the UK to the World:** The BBC brings the best of UK information, education and entertainment to the world through the export of BBC television programmes, formats and scripts. The high esteem in which the UK's broadcast ecology is held internationally is largely a result of the successful export of high-quality BBC programmes, across all genres.
- **Bringing the World to the UK:** The PS also undertakes a range of activities which bring the world to the UK, directly benefitting licence fee payers by improving our public services on screen. Examples include:
  - production of world-class documentaries which illustrate global events and issues for UK audiences;
  - securing international co-production deals which bring expert contributors to BBC programming and enhance the budgets and creative ambition of BBC titles (e.g. Planet Earth);
  - acquisitions which enable the BBC to access leading international productions (e.g. Mad Men); and
  - making some of our content available internationally where there is no commercial model thereby enriching the experience of the programmes for the BBC's UK audiences by adding international perspectives (e.g. radio streams).

These activities also generate benefits directly for Licence Fee payers including securing the best talent for public services and providing direct editorial benefits on-screen.

- **Generating new financial value:** For most of the BBC's international activity related to TV and radio output beyond news, the generation of new commercial



income for the Licence Fee payer is a basic requirement. Again, this brings a number of benefits:

- *Upfront investment in some of BBC Vision's productions:* For some productions commercial funding – most of it from the international market, and most of it from BBCW – supplements BBC Vision's origination budget
- *Alleviating other pressures on the licence fee*
- *Allowing the BBC to deliver an increased 'quality premium' against the licence fee payer's investment:* Working with the right international partners, who share our editorial values, allows us to spread the cost of delivering the highest-quality output and therefore leverage the licence fee payer's capital.

The increasingly global nature of the media sector (where online exposure brings international and UK activities into close proximity, talent works across territories, and global programme brands and formats are becoming the norm) brings both threats and opportunities for the public service.

As a wholly owned subsidiary of the BBC, BBC Worldwide develops its strategy autonomously but within the framework of parameters within the BBC Charter and Agreement and set by the BBC Trust. As a result of the 2008 Commercial Review, in which the BBC Trust endorsed BBC Worldwide's proposal that it should aim to deliver two thirds of its total revenues from outside the UK within five years, international activities have become the increasing focus for BBCW. Given the funding pressures which result from the new licence fee settlement, this activity is increasingly important to the BBC Group.

#### 4.2 Principles which shape the BBC's strategy for the commercial exploitation of TV and radio programmes beyond news

The Commercial Review articulated the BBC's commercial philosophy and set parameters for all commercial activities. BBCW has been tasked with developing a strategy that maximises returns within these parameters. The 2008 review found that commercial activity must be undertaken in a way which avoids key potential risks arising from BBCW being owned by a PS institution:

1. Commercial activities **must not incur reputational damage to the BBC's UK brand and funding model.**
2. Commercial activities **must not distort or compromise the choice or nature of the programmes the BBC chooses to make** or commission. To deliver the highest quality programmes at the lowest possible cost, the BBC ensures that commissioning functions are charged with delivering programmes that fulfil public purposes and deliver public value – howsoever funded, and ideally at the lowest cost to the LFP possible.

The BBC **should avoid reputational damage to its international brand values**, which are currently based predominantly on the strength of the news services. To manage these risks, in the review the BBC Trust concluded that the BBC Group's priority should be its public service mission and commercial activity should never compete with the public services, or negatively influence PS decisions or compromise the BBC's brand or reputation. The review also stated that the core of BBCW's activity should be the exploitation of programmes and content commissioned by the public service, and all non-BBC programmes and content within its portfolio should be 'Brand Congruent'. Finally, the review concluded that the BBC should focus its commercial



activities on international markets and concentrate on organic growth rather than acquisitions or mergers.

In addition, the BBC decided that, until the end of the Charter, BBCW should aim to generate sustainable dividends, balancing returns to the PS with investment in future growth. Commercial activities are also subject to a regular review of compliance with the four criteria set out in the BBC Agreement for such services.

This Global Review finds that these principles remain the right parameters to shape the BBC's commercial strategy. However, additional principles are required to reflect new proposals from BBCW.

#### 4.3 Ensuring BBCW's proposals are aligned with the BBC's commercial philosophy

To make sure that BBCW's strategy to develop its own content internationally and localise its major global channels is aligned with the spirit and the principles of the Commercial Review, the BBC Group will ensure that:

- The Public Service has effective editorial oversight of both Global Channels and BBC Worldwide Productions and its output
- The majority of content on BBC branded international channels will be BBC intellectual property
- Safeguards are in place to protect investment into in-house production and the Public Service's relationship with talent

#### **To summarise: the BBC's international strategy for TV and radio programmes beyond news**

1. The primary purpose of international commercial activities related to TV and radio programmes beyond news should be to generate incremental funding
2. Commercial activities must not incur reputational damage to the BBC's UK's brand and funding model
3. Commercial activities must not distort or compromise the choice or nature of the programmes the BBC chooses to make or commission
4. A short set of operating mechanisms related to BBCW's localisation and production plans will support the Commercial Review principles, enabling BBCW's international growth and strengthening the coherence of the BBC's brand across the world
5. The public service BBC itself undertakes a range of international activities which serve the public purposes in the UK and the global public purpose

## **5. Coordinating the international portfolio**

Managing the BBC's overall global portfolio requires clear coordination at the BBC Group level to:

- Ensure all activities which use the BBC brand reflect common values and standards
- Provide a forum where trade-offs between investment in news and other genres can be made.
- Coordinate international activities across news and other genres, and across the public service and commercial boundary, particularly online.
- Monitor the impact of international activities on UK public services and resolve any issues.



The Executive will set up a new internal group to steer and review the BBC's international strategy and progress against the Global Review recommendations. This group will need to have appropriate representation to be able to cover issues related to news and other genres and both public service and commercial activities. The final detail of this recommendation will be determined as part of the forthcoming review of BBC management bodies.

## **6. Conclusion**

In summary, the Global Review has clarified the importance and purpose of the BBC's international activities. For news, a new strategy and structure for all international news services will be developed, based on the pursuit of the BBC's public purposes and quality. For other genres, additional principles were introduced. Finally, a new group of Directors will take an overview across international activity in future.