



From the Director-General

12 May 2016

Secretary of State for Culture, Media and Sport
First Minister of Wales
First Minister and deputy First Minister of Northern Ireland
Cabinet Secretary for Culture, Europe and External Affairs, Scottish Government

By email

Dear Secretary of State and Ministers,

THE BBC IN THE DEVOLVED NATIONS: PROGRESS UPDATE

Over the course of this Charter Review period the BBC has been engaging with the DCMS and the devolved administrations on our future plans in the Nations. Underpinned by the Memoranda of Understanding that we have signed covering Charter Review, the BBC's objective has been to ensure that this process fully takes account of the specific needs of audiences in the Nations and of the Corporation's role in supporting the creative economies across the UK.

I have been grateful for the positive and constructive engagement from all Ministers on this topic, and in this letter – which I am sending prior to the UK Government's White Paper being published – I am providing an update on how the BBC is responding to the feedback we have received so far and the next steps we will take in responding to the ambitions and concerns of audiences in Scotland, Wales and Northern Ireland. Some of our proposals require further development, and others await confirmation of the BBC's future financial position.

In the last Charter period, we transformed how much content we make in the Nations. But we accept those programmes have not done enough to reflect each Nation to itself, and to the rest of the country. In the next Charter, we want to transform that cultural impact of the BBC. None of this will be achieved overnight. Instead, we plan to put in place the right structures and incentives to make sure that we are making the right programmes and services. So, our first proposals will focus on those changes to the system.

The ideas set out here should be seen as the start of our plans, which we will regularly review and adapt as we proceed through the next Charter. We will continue to collaborate with our audiences and stakeholders to improve our services, and to measure how we are doing each year. And we will look closely at how reforming the BBC can release more funds to invest across the UK.

The context of our proposals

No other broadcaster has such a major commitment to representing the Nations of the UK to the whole country – we see it as a particular responsibility, given our public funding. Along with the Channel 3 channels, BBC One and BBC Two are the only channels in the UK to offer dedicated programmes within the schedule targeted at the individual Nations and Regions of the UK.

At the beginning of the current Charter, just 7% of our UK-wide TV programmes were made in the three devolved Nations. In 2013 that figure was closer to 20%, exceeding the 17% target that we set for 2016, equivalent to the Nations' share of the UK population. It is this commitment to reflecting the diversity of the country that has brought some of the BBC's best content to our screens; from *Gavin and Stacey* to *Mrs Brown's Boys*, from *The Fall* to *Shetland*. Our commitment in this area has risen over recent years, and our channels are stronger because of it.

We should recall that our current position is one of strength. In each Nation of the UK 95% of adults consume the BBC each week. And in this Charter period there have been notable successes in terms of BBC performance in the Nations. For example, increases in BBC TV share in Wales, Northern Ireland and Scotland mean that the BBC is moving closer to serving all Nations more equally on TV.

In addition, this Charter Review has seen some significant achievements in each Nation:

- The Roath Lock drama studios in Wales, spawning wider growth in the local sector
- The commitment to building a new BBC media centre in the centre of Cardiff, and our review into how we can best upgrade our facilities in Belfast including possible relocation
- Our partnership with Northern Ireland Screen and the growth of drama and children's there
- The opening of the new headquarters for BBC Scotland at Pacific Quay
- Our strengthened commitment to the indigenous languages in the three Nations, including the launch of BBC Alba and the successful Strategic Partnerships with S4C, culminating in the addition of S4C programmes to iPlayer, plus our successful work with the Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund.

However, we also know there is a growing need to see the full diversity of the UK's cultures and communities better reflected on screen and on air. Audiences have told us, and the BBC Trust, that they think we need to do more to capture distinctive stories from across the UK and share them across the country, as well as doing more to reflect the changing nature of the UK and support democracy and culture.

We have heard these concerns from audiences, and I have also heard directly from you and your colleagues. And as a result we have set ourselves a clear creative challenge: to tell the story of a changing UK.

I have set out below the detail on the first steps that we are taking. We look forward to discussing these initial proposals with your teams and with stakeholders in the Nations and will continue our consultation on how additional investment could be deployed. We would then propose to review progress annually. Our goal is that within three years, audiences in each Nation should be noticing programmes that better reflect the diversity of the UK.

Devolved governance and decision-making

The BBC supports the Clementi Review findings that each Nation should be fully represented on the proposed new Board that will run the BBC – providing powerful voices at the heart of the Corporation. In addition it is our intention to create a sub-committee of the Board for each Nation overseeing their dedicated services.

Our proposal that the BBC have a ‘licence’ for all the dedicated services provided for audiences in each of the Nations was also supported by the Clementi Review. If implemented, this will provide clear accountability for the services provided in each Nation and much more ability to shift resources around within each Nation’s dedicated services, further devolving decision-making to the Nations.

Together, these three changes in the governance and oversight of the Corporation will have a significant impact. With a strong voice at the heart of the BBC, and with a proper mechanism to devolve decision-making about programmes and services to the National level, the BBC will be taking a major step in decentralising power over our services for the Nations to the Nations.

And all parts of the BBC will work together to achieve the cultural impact that we are proposing. The pan-UK Board will review each year how we are doing, and if our initiatives are not delivering, we will improve them.

Portraying the whole of the UK

But our plans are not just about governance – we also want to improve how we portray and represent the different Nations of the UK on our pan-UK network services.

In the last Charter period we made significant strides in moving television production outside of London. By the end of this Charter we will be making 50% of all network television outside of London, 17% in the Nations.

In the next Charter we will continue this unique commitment, to spend network television production roughly in line with population size of each Nation. No other broadcaster has a commitment to spreading its spending across the UK to this level. However, we recognise that this spend needs to work harder. It is no longer just

about spending the money across the UK, it will be also important to us that the television programmes made in all parts of the UK tell the stories of the whole country.

The area where we need to make the most progress in this area is in our fiction genres – most notably in television drama, but also in comedy. To achieve this we are committing to have a drama commissioning editor responsible for each Nation, reporting to the overall Controller of BBC Drama Commissioning. In Scotland, we will supplement this with a comedy commissioner based in Glasgow, to reflect the rich history of comedy output there.

These roles will be tasked with getting the best commissions from across the UK on our screens. Great dramas take time to make so the impact of these changes won't occur overnight, but it will happen. We'll support these roles by allocating new dedicated development funding, to ensure that we give ideas and talent the best possible chance of success, and establish BBC 'Writers Rooms' – our programme to work with and develop new writing talent – in each of the Nations as well.

But it's not just ambition – we plan to set measurable targets to know whether or not we have achieved the results we want to see. In addition to meeting the 17% spend target, we will set 'portrayal' objectives for all television commissioners so that all network content plays its part in reflecting the lives of the people of that country in which they are made.

In addition, we want to continue our plans of moving production outside of London. In the next Charter we plan to make Scotland one of our Centres for Excellence for factual television production, mirroring our drama production success in Wales. This builds on the factual base we currently have in Scotland, particularly in arts and science, and supports the established independent sector there.

News

We have also said that we will adapt our news output in each Nation to reflect greater devolution and changes in our democracy.

We have already announced that we will have Nations home pages for the BBC News site – highlighting stories from each of the Nations among the main headlines on the front page of the site. We are also going to do the same for BBC iPlayer, the BBC Sport website and the BBC Homepage.

The next phase of our work is our on-going Nations News Review. We are in the middle of a comprehensive review of the right balance between the provision of pan-UK (network) news and dedicated news services in the Nations. We will complete this review in due course and share its conclusions with you.

Supporting the creative economies of the UK

We also want to do more with the creative communities outside of London. We want to build successful, ambitious partnerships with creative agencies in each of the Nations.

Our strategic partnership with Northern Ireland Screen is delivering high-quality, distinctive drama to our televisions, like *Line of Duty* and *The Fall*. In Wales our strategic relationship with the Welsh Government has helped grow a drama production community across South Wales (including at the BBC's Roath Lock studios) that is truly world-class, and we're now building a new state-of-the-art headquarters in Cardiff. We are well progressed in our ambition to expand our partnership with Creative Scotland, Scottish Enterprise and independent producers in Scotland to develop a shared plan to create the conditions for exceptional television drama made in Scotland. Our aim is to have an industry partnership in Scotland, covering television and film, which can bring real benefit to the BBC and the independent sector. We will also look to strengthen our partnership with the new Welsh Government as it develops its proposals for development of the TV, digital and film sectors in Wales. And we plan to renew our successful partnership with Northern Ireland Screen.

These partnerships are aimed at achieving more together than we can alone, and ensuring that we can secure the maximum economic and creative benefit to the Nations. The BBC and the wider cultural sector in the Nations can help deliver sustainable, high quality, jobs and a thriving creative economy. The licence fee has been proven to act as a particularly effective multiplier in the Nations' creative economies, and we want our new partnerships to enhance that value.

Funding

The BBC already spends more per head on content and services in the devolved Nations than for audiences in England – this is the cost of providing services for smaller, dedicated audiences. We believe that this is the right thing to do.

But we know we need to do even more. Ofcom's review of public service broadcasting found audiences in the Nations wanted more from public service broadcasters. That has also come through in the consultation responses and discussions we have had with you and others around the UK.

We plan to protect spending in the Nations relative to other areas. In the next licence fee period we will spend proportionately more of the licence fee on dedicated services in each of the Nations than we do now, and we'll also ensure that our pan-UK (network) spend works harder.

The BBC has constrained finances, and we have committed to living within a licence fee settlement that will see us having to make savings of close to 20% over the next five years. As such, like all parts of the BBC, the Nations will have to make efficiency

savings to meet inflationary pressures. However, following confirmation of the licence fee settlement, we plan to allocate additional funding to spend on improving the BBC's dedicated services in the Nations. If we can find additional sources of income over the licence fee period we will look to increase this further.

We plan to invest this money in dedicated television content in Wales, Scotland and Northern Ireland. For Wales the funding for English language content made in Wales for a Welsh audience has dropped to unsustainable levels. In Scotland, we want to address specific audience challenges which have seen a decrease in reach in recent years. In Northern Ireland we want to respond to the need for investment in our digital services alongside new television content.

This additional funding for each of the three Nations will deliver quality content for licence fee payers in those Nations and ensure that our mainstream services, such as BBC One and BBC Two, continue to provide relevant and engaging programmes for audiences. Where possible we will want to use this additional funding to be the catalyst for attracting additional funding and working in partnership with others.

Next steps

In the months to come we will be saying more about our commitments to broadcasting in the Nations, including announcing the conclusions of our review into Nations News services, and confirming where we are able to invest more money in dedicated services.

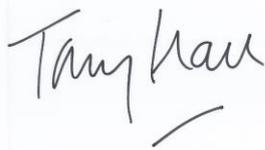
As I have set out above, our first step will be to deliver the following initiatives:

- Have a commissioning editor responsible for television drama in each Nation, and a comedy commissioner in Scotland
- Set 'portrayal' objectives for commissioners so that all areas of network content reflect the lives of audiences across the whole of the UK
- Agree new partnerships with the lead creative sector agencies in Scotland and Wales that match the partnership we have with Northern Ireland Screen, which we will shortly renew. These partnerships will build on the licence fee investment we are making and help support the creative industries in each Nation
- Commit to spending more on English-language television programming in all three Nations; this is a particular focus of our efforts in Wales to address the decline over recent years. With all of this funding we will aim to attract additional investment alongside our own funding
- Strengthen Scotland as a Centre for Excellence for factual production
- In Northern Ireland we will focus our investment on our digital services alongside local television.

More broadly, the profound devolutionary shift in the BBC's governance and decision-making we described earlier will help us engage Nations audiences in new ways, understand their concerns better and continue to develop services for them. Through this year and into the next Charter, we anticipate this new framework will increasingly help determine how any additional funding is allocated. In addition, the proposed new Board will have a major role in ensuring that the BBC delivers against our commitments, and the revised accountability arrangements we have agreed with the devolved Parliaments and Assemblies in the Memoranda of Understanding will provide further scrutiny of our performance over time.

I believe that the proposals outlined here take the next important step in strengthening the BBC's unique role as the UK's national broadcaster and I hope that you will continue to support them and engage with us as we develop these ideas further.

Yours sincerely,

A handwritten signature in black ink that reads "Tony Hall". The signature is written in a cursive style with a horizontal line underneath the name.

Tony Hall
Director-General

cc: Rona Fairhead, Chairman, BBC Trust, and the National Trustees