

BCR 04

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol  
Communities, Equality and Local Government Committee

Ymchwiliad i'r Adolygiad o Siarter y BBC

Inquiry into the BBC Charter Review

Ymateb gan: Equity

Response from: Equity

**Response to Communities, Equality and Local Government Committee  
Inquiry into the BBC Charter Review**

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1. Equity represents 40,102 performers and creative personnel working across the UK's creative industries. Our members include actors, singers, dancers, variety artists, stage managers and stunt performers who work across various sectors including theatre, light entertainment, television, film, video games and the music industry.
2. In Wales, we have 1,479 members living in Wales and many members who work in Wales but do not live here. We estimate that around 450 members are Welsh Speakers.
3. The UK currently has a number of competitive advantages in the creative industries. According to the Department for Culture, Media and Sport, the creative industries now account for economic output of at least £77bn per annum. This translates to more than 5% of UK GDP and is one of the largest areas of growth in the UK economy.
4. The UK is a world leader in content production, including public service broadcasting, theatre, film and music. The UK video games sector has had a number of successes and has the potential for further growth. Creative content is also a key driver of other sectors, such as the digital economy. Cultural experiences, particularly the live arts, also underpin the UK's ability to benefit from tourism.
5. The factors which will sustain the UK's competitive advantage in the creative industries are those which will enable creative organisations and businesses to continue to produce the best content in order to meet demand at home and abroad. The key interventions which will promote conditions for success are: the retention of a highly skilled and valued creative workforce, sustainable funding for the arts, investment in public service broadcasting, a strategy for the film and video games industries, a fully functioning intellectual property regime and support for the grassroots of the creative industries including live entertainment.

**Public Service Broadcasting**

6. One of Equity's key objectives is to ensure that all broadcasters can continue to contribute positively to producing original British programming as much as possible in the digital age. Producing the broadest possible range of audiovisual content is in the interest of audiences and secures the UK's competitive advantage in this field.
7. The public service tradition in broadcasting has given the UK a reputation for producing programming of the highest quality – content that not only enhances this country's culture but which is also makes a major economic contribution through overseas sales and licensing. For example, the BBC generates over £1bn through worldwide sales. For these reasons Equity strongly believes that the UK must commit resources towards ensuring plurality across the spectrum of public service content.
8. Equity members have been concerned for some time that all of the UK's nations and regions and nations should be able to take an active part in the creative industries and that work opportunities should be available throughout the UK. Currently performers who are not based in London and the South East of England often struggle to find enough employment to

sustain a career in the entertainment industry and many are forced to relocate to London in order to access opportunities. Employment in film and television production in particular is heavily concentrated in London and the South East.

9. England's population dominates the UK, accounting for 84% (53.9 million people) of the total population, while Scotland accounts for 8% (5.3 million people), Wales for 5% (3.1 million people) and Northern Ireland for 3% (1.8 million people). Each nation has its own identity, however, and it is important that Broadcasters reflect these differences. It is also important to note that London accounts for just 13% of the total population (8.2 million people). Including the rest of south east England brings this total to 27%, or 16.8 million people, so most of the UK population lives outside that part of the UK where most of the programmes have historically been made. *Source - Ofcom*
10. A number of regionally-badged programmes are also produced or partly produced in other countries including *Wallander* (filmed in Sweden) *Robin Hood* (filmed in Hungary), *The Musketeers* (filmed in the Czech Republic), *Merlin* (external scenes filmed in France) and the upcoming BBC Cymru Wales Drama production of *War and Peace* which was filmed in Russia, Latvia and Lithuania. It is evident that Broadcasters make programmes in the Nations and regions for broadcast across the whole of the UK. Such programmes include drama set in the nations and regions, such as *Shetland*, *The Fall*, *Vera*, *Broadchurch* and *Cucumber* (you will note the lack of a Welsh made product in that list); and programmes made outside London which are more generic, such as *Waterloo Road*, *Doctor Who* and *Casualty*. In so doing, they can portray the Nations and regions not only to themselves but to the rest of the UK, in high quality productions that achieve mass audiences, with budgets which would not be affordable for programmes made specifically for each Nation or region. However, this is not a guarantee that the particular Nation or region will be portrayed in the programme; this depends on how the area is used in the production (for example, Liverpool doubles for Birmingham in *Peaky Blinders*).
11. Equity is also concerned that a large number of regionally-badged programmes are actually being produced by London based companies, who may run auditions or make casting decisions in London rather than in the nations and regions. Equity has long been campaigning to persuade Ofcom to incorporate a meaningful ratio of "on screen talent" into their definition of what constitutes an out of London production. At the moment "on screen talent" is specifically excluded.
12. Broadcasters should be encouraged to support this greater spread of commissioning and explore long-term methods of developing and sustaining regional production in parts of the country that are not represented on screen. One of the best ways in which this can be achieved is by the establishment of returning drama serials. The fact that this genre of production has a distinct long-term benefit for the local production infrastructure means that it should be subject to particular encouragement.
13. The role of the BBC as a cornerstone for UK made content is, however, vital for the sustainability of the UK's creative industries. Various factors, including the downturn in advertising revenue experienced by other PSBs during the recession and the historical lack of investment by the majority of digital and satellite channels in original drama, children's

and comedy programming have had a huge knock-on effect on the employment prospects and job security of performers and other creative workers in the sector.

14. As a world, UK national and Welsh broadcaster, the BBC plays a crucial role in our economy, both as an employer and an exporter of goods. It also acts as a standard bearer for the audio-visual sector in terms of quality, diversity, and innovation. The BBC also has an important role in sustaining the independent production sector. Without the BBC's investment and commissioning, the UK's production base, which also serves the UK film industry, would not be as strong as it is today.
15. This is only possible because the BBC is supported by unique sources of funding, including the licence fee and its commercial operations. Licence fee payers rightly expect to receive good value for money in terms of high quality programmes and new innovations and services responding to developments in technology and the wider media industry.
16. A particularly good example of competitive advantage and value for money is BBC Radio, which has demonstrated that the unique system of funding alongside public service obligations can result in the production of high quality programming not available anywhere else. Radio drama and comedy, which is only found on the BBC, gives young writers and performers a chance to build their careers, take risks and develop their skills, as well as employing the proven skills of mature actors and writers.
17. The BBC is the largest employer of actors and performers in the UK and provides a wealth of training opportunities for creative workers. Because of the investments it makes across a diversity of disciplines, including drama, comedy, entertainment, as well as factual programming, the BBC is able to provide decent jobs and engaging work for Equity members.
18. The Task and Finish Group on the future outlook for the media in Wales reported in May 2012 and made 23 recommendations to the WAG, first and foremost an independent forum to advise on policy in relation to the media in Wales. 22 of the 23 recommendations were accepted, except the independent forum which was instead replaced by a Broadcast Advisory Panel reporting directly to the First Minister. Since it first met in September 2012 the panel has yet to issue a public report.
19. Channel 4 should be challenged about the opportunities it offers in Wales. The Channel has pledged with a license obligation to make 9% of its content in the Nations by 2020.
20. As identified above, Ofcom has a definition for 'out of London' production that excludes front of camera talent and activity. Equity urges the WAG to work with Ofcom to develop a more transparent and meaningful definition of a production's location.

**The future provision of the BBC's services in Wales, in both the English and Welsh languages;**

21. At its best Equity believes that the BBC should be:
  - A National Broadcaster committed to investment & programming in the Nations and regions.

- A Modern Broadcaster committed to on-screen diversity that reflects modern Britain.
  - A Universal Broadcaster committed to maintaining a universal service funded by the licence fee
  - A Trusted Broadcaster independent from government
  - A Quality Broadcaster committed to original TV and radio drama, comedy, entertainment and children's programming
  - A Responsible Broadcaster committed to fair pay and conditions for the people working for it.
22. In Equity's view the BBC should set the standard for the UK's creative industries in terms of producing high quality content and through its public purposes should lead on best practice in areas including employment standards, investing in the UK's nations and regions and equality and diversity.
23. Creative workers and performers are central to the sustainability and strength of the UK's content production sector including the BBC's output however, as they are mostly freelancers and self employed workers, they do not enjoy the same security or pay levels of directly employed workers. If the BBC is to continue to attract the best talent for its productions it must retain and improve terms and conditions and pay levels agreed with Equity and other trade unions for all performers. Specific references to best practice in employment, training and development, for both in-house and independent producers should therefore be included in the BBC's public purposes. To strengthen this commitment and best practice, the Ofcom definition for regional programming should be changed to include front of camera talent which is currently excluded meaning the employment possibilities are limited – especially in the Nations and the regions. The BBC Trust response to the Green Paper states 'Despite the BBC now siting half of its network TV production outside London, and establishing production bases, such as the Roath Lock drama village in Cardiff, there can still be periods where specific representation of some nations and regions does not occur. It is important both to site production outside of London, and also to consider commissioning and use of locations and on- and off- screen talent'.
24. The BBC is an important component in addressing the regional imbalance in employment opportunities in the media. Film and television production is heavily concentrated in London and the South East. As a result, performers in the UK's nations and regions often struggle to find enough employment to sustain a career and many are forced to move to London in order to access opportunities. All broadcasters should increase their investment in the nations and regions so that a greater proportion of production employment, including performing talent, is spread across the UK. The BBC should lead the way in investing in underrepresented areas and should have a specific responsibility towards contributing to growth in the employment in the creative industries, particularly in Wales.
25. The public purposes should also include a commitment for the BBC to reflect society better through on-screen diversity. Equity has welcomed the Project Diamond initiative whereby the main television broadcasters will collect equality monitoring data for all employment on and off screen however, in order to ensure continued progress, equality and diversity must be codified. We believe that the best place for this is in the public purposes so that diversity has the status of a key performance indicator for the BBC. We need to make sure

that the BBC is meeting the proposed Public Purpose 'To reflect, represent and serve everyone in the UK'.

26. The Government, via the DCMS consultation on Charter Renewal, has suggested that it may be appropriate to include a commitment to certain genres of content in public purposes. While Equity believes that the BBC should continue to provide a universal service and to produce content for everyone we believe it is worth considering a commitment in the public purposes to producing *high quality* original TV and radio drama, comedy, entertainment and children's programming. It is a BBC priority to invest in its content, and to invest in the Nations.
27. While network production in the Nations has grown in real terms since 2008, spend on first-run programming specifically for each Nation and region (including news and current affairs) fell from £404million in 1998 to £358million in 2008 and to £277million in 2014. Wales has seen one of the steepest real declines in spend on first-run originations between 2008 and 2014 of 30%. This decline in spend has been matched, for the most part, by declines in hours. BBC Hours in the English language have dropped between 2008 and 2014. *Source – Ofcom*
28. Between 1998 and 2012 the BBC in Wales was exemplary in its investment in regional drama. Series like *The Bench*, *Belonging*, *Crash* and latterly *The Baker Boys* and *The Indian Doctor* have all been made in Wales for Wales. It would have been even more satisfying if any of these productions had been made for network, but that was not their prime purpose. They fulfilled an important cultural need, namely that the national broadcaster told stories about Wales to Wales. It is disappointing to see that this success has not been continued, and the cut in spend is directly attributable. In the BBC response to the Green Paper it made the following statement 'We believe that the supply of BBC and commercially funded programming in each of the Nations needs addressing'. However it goes on to say that significant investment would be required and that this can only be funded by additional income.
29. This is equally true of the investment in drama and light entertainment in Radio Wales and Radio Cymru. There is no other broadcaster other than the BBC providing this breadth of work for actors and writers in radio, but this again has been in decline.
30. The provision for Welsh Language programming is made up mainly of the making of *Pobol y Cwm* which is a contractual obligation under the Framework agreement.

**The BBC's current and future funding, governance and accountability arrangements as they relate to Wales;**

31. Out of the £3.7 billion license fee income, approximately £179 million can be identified as being generated by Wales. By comparison to other Nations and regions the Operational expenditure of the BBC in Wales of £150 million is a high percentage of the license fee earned here but it is only 3.85% of the overall operational expenditure of the BBC in total. Disproportionately 65.44% of the £3.7 billion is spent in London. If the proportion of productions made in the Nations and Regions, especially when they are regionally badged

and funded, is supposed to increase then this task is made all the more harder by the relative imbalance of the distribution of the license fee. *Source BBC Annual Report 2014*

32. The BBC's independence from Government and its position in terms of being neither a state broadcaster nor one driven by commercial interests is highly valued by UK and international audiences and is the basis of much of the trust invested by audiences in the organisation. We therefore also believe that the BBC's independence should feature strongly in any set of new public purposes drafted during Charter Renewal.
33. Whilst we welcome the BBC's commitment to protect funding for the Nations, this is only by way of ensuring that they are cut less than other areas. This can only be achieved by making sure investment works harder and portrays the whole country and its entire Nations better. We believe the BBC in Wales should be more accountable to the WAG and Equity supports the recommendation from the Silk Commission that a devolved governing body should be created within the framework of the UK trust, with the powers to oversee and scrutinise the output of the BBC in Wales, and to appoint a Welsh representative to the general governing body of the BBC, by formal agreement between the UK and Welsh Governments. It is, however, difficult to know whether this will now work within the new format being suggested by the BBC and the BBC Trust for the reformed structure of an Executive Board

**S4C's future, including its funding, operating and governance arrangements, and the services it provides;**

34. S4C is a unique investment in the Welsh language and a cornerstone for Welsh culture. It is also a source as far as Equity is concerned of significant employment. Many of the actors that are gracing stages and feature films across the world served their apprenticeship on the channel. There are many talented performers working hard on a day to day basis and the quality of the drama output is consistently high.
35. In evidence to the Silk Commission Equity supported the case for Broadcasting not to be devolved whilst contained in its current format. We did support, however, the transfer of the DCMS monies to be the responsibility of the WAG which would ensure some active review process of the work of this channel by the WAG. Whilst we know this has been resisted by the Labour administration in Wales, mainly because of the financial commitment, it is absurd that the National Broadcaster for Wales does not have any formal relationship with the National Assembly. It may be that Equity would have to shift its support for S4C to be a matter that is devolved, but whilst it remains part of the BBC License Fee we can only call for the funding for S4C to be ring fenced and protected as part of the license fee settlement.
36. Equity supported the calls for an independent review of S4C in 2010 and 2011, we believe now as we did then that any decisions on future funding and governance should have been based on this review. Equity can see now that S4C, in receiving its funding from a top slicing of the BBC license fee, is now no more than a balance sheet figure to support the BBC's commitment to the Nations and Regions. In the BBC response to the Green Paper it reduces its comment on S4C to that of a full commitment to broadcasting and providing services in the UK's indigenous minority languages. A comment from the BBC Annual Report reflects on

dropping audience figures for S4C as a concern in providing 'value for the license fee spend'. We believe that S4C is more important than that, which is why we have supported the channel since it first started broadcasting. It has brought over £2.2 billion pounds in to the Welsh economy and is almost entirely responsible for the independent production sector within Wales.

37. The combined spend of S4C and the BBC on programming for S4C, in real terms, was £92 million in 2013. S4C has seen a large real-terms decline in first-run spend, which fell by £23 million from 2009 to 2013, to £64 million. This means that 57% of the total programming is either a repeat of a recent programme or something from the archive. Whilst the archive is valuable and the average cost of retransmitting these programmes is very low compared to the £32,000 per hour needed for newly commissioned programmes we cannot help but look at the drop in funding and the frequency of these repeats in peak hours as a reason for the S4C audience share falling to 1% in the BARB figures in 2014, from 1.3% in 2010.
38. It is vital that S4C has sufficient funding as well as editorial and managerial independence for it to continue to play a crucial role in support of the Welsh language and the creative industries in Wales.

#### **How Wales's interests are being represented during the renewal process.**

39. It is difficult to find specific Welsh pledges being put forward during the process, much of the commitment to secure funding is aimed at the 'Nations and Regions'. The production base for the BBC in Wales does make a difference, but makes mainly network drama rather than drama for Wales set in Wales. Equity believes greater focus should be put on accountability and that BBC Cymru Wales should be fulfilling its own obligation to Wales first and network second.
40. Because of the license fee settlement we are unlikely to see separate funding for S4C, and it is because of the obligations on the BBC to pay for S4C, The World Service and now for the over 75's free licenses, that extra pressure is being put on budgets to fund its own corporate needs. The funding of S4C is the least worst outcome, as long as the funds are protected going forward and are not seen as another department when it comes to the continued efficiency savings necessary.
41. Equity does not believe that Wales's interests have been represented sufficiently during the renewal process. The WAG was not given the same provision as the Scottish Government under the Smith Commission, and because broadcasting is not devolved the responses have been lacking in focus because there isn't a firm policy for how the WAG deals with broadcasting and in particular BBC Cymru Wales and S4C. On such an important issue there was a need for a single message on how the broadcasters could serve Wales rather than responses based on party lines and self interest.
42. The Broadcasting Advisory Panel set up in 2012 to report directly to the First Minister on matters of this kind have failed to report formally, and would seem to have been the perfect focus point for a consistent message about broadcasting in Wales even if it isn't devolved.

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## Equity response to the Department for Culture, Media and Sport public consultation on BBC Charter Review

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The BBC is one of the most important employers of Equity members because of the investments it makes across a diversity of output. It also plays an important role in supporting the wider creative industries through providing training and development for creative workers and provides much of the funding that fuels the UK's independent production sector, another significant employer of Equity members. Equity therefore welcomes the publication of this Green Paper as an opportunity for those who play a crucial role in producing content across the audiovisual industries to have a say about the BBC's future.

Equity is however extremely disappointed and concerned that the publication of the Green Paper was preceded by another hastily agreed licence fee deal which we believe will lead to further cuts to services and job losses at the BBC. The public and those who work for the BBC were denied any say about the previous licence fee settlement in 2010 and it had been hoped that a much more transparent process would have taken place in 2015, particularly given the level of media speculation surrounding the BBC throughout the General Election campaign.

Furthermore, the composition of the panel of experts advising the Secretary of State during Charter Renewal appears largely to reflect the political and commercial agendas of the BBC's media rivals with only a small level of representation for licence fee payers. The panel does not include a single representative of the thousands of workers who contribute so much to the success of the BBC. In this environment Equity does not have faith that the process of Charter Renewal is being conducted in a fair or open fashion.

Similarly, while the Green Paper itself asks a range of open and relevant questions in important areas including the BBC's duties towards the UK's nations and regions, accountability and the public purposes, it also contains many negative assertions about the BBC which do not appear to be evidenced, particularly in assessing the impact of the BBC on the wider content market.

Equity is not without its criticisms of the BBC and we intend to express in this response how we believe it can change in order to better meet the expectations of licence fee payers. We strongly disagree, however, with the repeated assertion in this Green Paper that the BBC is somehow too large and too 'diffuse' in its output and therefore must be scaled back. While the Government has stated that it is 'committed to both the future of the BBC and its underlying Reithian mission' it is clear that this consultation is predicated on an assumption that the scope of the BBC must be scaled back. This is not in the interests of audiences who continue to be best served by a universal and inclusive BBC.

### **1. How can the BBC's public purposes be improved so there is more clarity about what the BBC should achieve?**

The public purposes are a relatively new development in the BBC's history, having only come into being in 2007. Equity supported the existing public purposes of the BBC when they were first debated and we continue to support the rationale for having a set of broad, overarching objectives against which purpose remits and priorities can be identified. Similarly, licence fee payers and the public generally support a broad remit for the BBC. Recent ICM research for the

BBC Trust found that 85 per cent of the public continue to support a BBC that ‘informs, educates and entertains’.<sup>1</sup>

A broad set of high level public purposes should continue to underpin the work of the BBC in the next Charter period, however we agree that the public purposes could be reframed in order to provide more clarity for the public and in response to the needs of audiences and the rapidly changing and evolving nature of the wider creative industries.

In Equity’s view the BBC should set the standard for the UK’s creative industries in terms of producing high quality content and should lead on best practice in areas including employment standards, investing in the UK’s nations and regions and equality and diversity. For example, the public purposes could be clearer and more specific regarding the expectation that the BBC should be a leader among broadcasters in relation to equality and diversity – both on and off air. The existing public purpose with the most resonance with diversity requires the BBC to ‘Represent the Nations, Regions and Communities’. While there are clear implications for reflecting the diversity of the nation here, this could be made more explicit in meaning and measurement of performance and delivery ensuring there is greater accountability of the BBC in this area that there is at present.

We believe that the BBC should be:

- A National Broadcaster committed to national and regional investment & programming
- A Modern Broadcaster committed to on-screen diversity that reflects modern Britain
- A Universal Broadcaster committed to maintaining a universal service funded by the licence fee
- A Trusted Broadcaster independent from government
- A Quality Broadcaster committed to original TV and radio drama, comedy, entertainment and children’s programming
- A Responsible Broadcaster committed to fair pay and conditions for the people working for it.

## **2. Which elements of universality are most important for the BBC?**

Equity supports the continuance of the BBC as a broadcaster that provides a wide range of different types of content and programmes, for a wide range of different audience groups. We do not believe that audience needs are better served by a more narrowly focused BBC and would disagree in particular with the contention that the broad mission of the BBC can lead to it ‘competing for ratings, not quality, or distinctiveness, under the ‘entertainment’ banner’.

Our members work across a range of BBC content including radio and television drama, comedy, entertainment and children’s programming and contribute to the success of programmes such as *The Archers*, *Eastenders*, *Doctor Who* and *Strictly Come Dancing*. Neither they, nor the millions of viewers who watch these programmes believe that the BBC is compromising on quality when it makes something that it is popular with audiences.

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<sup>1</sup> [http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/news/2015/audience\\_research.pdf](http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/news/2015/audience_research.pdf)

The Green Paper asks if the BBC should instead focus on particular or underserved audiences. While Equity believes that the BBC should continue to serve audiences equally, audience research demonstrates the BBC could improve its offering to certain groups. Audience research finds that the BBC currently considerably underserves C2DE audiences, particularly young women and BAME audiences and within the latter group Black Caribbean and Black African audiences are particularly underserved.

As stated previously in this response we also believe that the BBC could do more to address the portrayal of underrepresented groups and would suggest that the public purposes are modified in order to address on screen diversity as a priority.

Equity also believes that the BBC should continue to make content available free at the point of use, on as wide a range of platforms as possible. In the changing context of the modern audiovisual industry, where audiences are fragmenting and younger viewers demonstrate a strong desire to consume content online it is imperative that the BBC is able to innovate and adapt its delivery mechanisms.

The BBC led the way in terms of establishing services such as the iplayer and iplayer radio and Equity has been party to the launch of such services through the negotiation of agreements with the BBC for rights clearances. The experience of reaching such agreements has challenged established methods of working and negotiating but we support the BBC's role as a creator of new digital services which are highly regarded by audiences.

### **3. Should Charter Review formally establish a set of values for the BBC?**

The BBC showcases the UK to the rest of the world and sets standards for the rest of the audiovisual sector. Alongside the NHS it is one of the UK's most important institutions, especially now that the creative industries are acknowledged to be an important engine of growth for our economy. The relationship between the public and the BBC is unique in UK society because of the licence fee funding model. It is therefore reasonable to expect that the BBC should uphold a set of values that the public would expect from an institution of such size and importance.

However we do not believe it is not the job of a political process to set out what the organisational values of a broadcaster independent of government should be. The BBC already formulates its own set of values including independence, quality and value for money, creativity and diversity.

As outlined in the response to Qu.1 we believe instead that the *public purposes* should be reframed. Specific references to best practice in employment, training and development both for in-house and independent producers should be included in the BBC's public purposes, as should an expectation for the BBC to better reflect society through on-screen diversity. On the latter point, Equity has welcomed the Project Diamond initiative whereby the main television broadcasters will collect equality monitoring data for all employment on and off screen however we agree with the consultation document that in order to ensure continued progress, equality and diversity must be codified. We believe that the best place for this is in the public purposes so that diversity has the status of a key performance indicator for the BBC.

The BBC's independence from Government and its position in terms of being neither a state broadcaster nor one driven by commercial interests is highly valued by UK and international audiences and is the basis of much of the trust invested by audiences in the organisation. We therefore also believe that the BBC's independence should feature strongly in any set of values or new public purposes drafted during Charter Renewal.

The Green Paper suggests that it may be appropriate to include a commitment to certain genres of content in public purposes. While Equity believes that the BBC should continue to provide a universal service and produce content for everyone it is sensible to consider a commitment to producing high quality original TV and radio drama, comedy, entertainment and children's programming.

Finally, the BBC is an important component in addressing the regional imbalance in employment opportunities in the media. Film and television production is heavily concentrated in London and the South East. As a result, performers in the UK's nations and regions often struggle to find enough employment to sustain a career and many are forced to move to London in order to access opportunities. All broadcasters should invest in the nations and regions so that a greater proportion of production employment, including performing talent, is spread across the UK. The BBC should lead the way in investing in underrepresented areas and in particular Scotland, Wales, Northern Ireland and the Midlands.

#### **4. Is the expansion of the BBC's services justified in the context of increased choice for audiences? Is the BBC crowding out commercial competition and, if so, is this justified?**

Equity takes the opposite view. In recent years, due to pressure exerted by politicians and media rivals the BBC has been forced to narrow the range of services available to the public. The licence fee freeze which began in 2010 has already led to a 16per cent shortfall in funding, huge job cuts and budget reductions for important genres such as radio and television drama.

Cuts have been made to the BBC Performing Groups, including the BBC Singers who have been reduced from a core group of 24 to 18. This will undoubtedly have an impact on the quality of the group and its output. Earlier this year Equity also urged the BBC Trust to consider carefully how the decision to move BBC3 online, a decision made in response to funding cuts, interacts with the BBC's role in providing public service television for younger audiences and its commitment to funding comedy. In particular Equity stressed that the BBC must consider if its offerings to younger audiences and its comedy output can continue to compete with that of other broadcasters.

These cuts and others including to services such as the Asian Network have threatened plurality and could be further exacerbated by proposed changes to television content supply which may be biased against investment in risk taking and the production of more challenging content.

The BBC is not crowding out commercial competition, in fact it is more likely to invest in expensive genres such as drama and freed from commercial interests will continue to do so, as opposed to commercial operators who are more likely to buy content from abroad or pursue a higher proportion of formats which generate advertising revenue.

The UK is a world leader in television content production. This reputation is built on a number of foundations, including the presence of the BBC and the availability of a highly skilled creative workforce, which includes performers. The UK has witnessed much lower levels of investments in television production during the last ten years and this has had a huge knock-on effect on the employment prospects and job security of performers as well as other creative workers in the sector. Notwithstanding welcome developments such as the tax reliefs for high end television content and children's programming, ensuring that the BBC can maintain a solid level of investment in content production is vital for the sustainability of all of the UK's creative industries. As part of this, the BBC's in house production must be protected from full competition so that the UK's content production base can weather any future downturn in investment by other broadcasters or international producers.

The Green Paper suggests that 'a smaller BBC could see the public pay less for their TV licence and would also be likely to have a reduced market impact'. It is disappointing that the Government wishes to limit the BBC's ability to launch new services, innovate and create new kinds of format or delivery mechanisms. We should be proud of the fact that the UK is home to the world's largest public service broadcaster and that despite a shortfall in funding in recent years has largely protected services that have emerged over the last twenty years in response to audience demand and changing viewing habits.

**5. Where does the evidence suggest that the BBC has a positive or negative wider impact on the market?**

The evidence supplied in the Green paper to assess the positive and negative market impacts of the BBC is not robust. On page 25 the phrase 'some say that' precedes two paragraphs of positive impacts that are generally acknowledged to be true: the BBC raises broadcasting standards generally; it invests more in content because of licence fee funding; it develops new technologies such as iplayer and independent producers and commercial broadcasters benefit from BBC investments in training and talent development. In contrast the negative impacts are enumerated in five paragraphs but refer only to online and local news, radio and the BBC's cross promotional activities.

It is difficult to find evidence that supports the view that the BBC has a negative market impact, especially on the wider television market. Recent results from ITV show a 23per cent increase in half year profits to £400m and full year profits are expected to be in the region of £850m. ITV is also engaged in a process of acquiring a number of independent production companies in the UK and the US in order to expand its production capacity. Sky currently boasts 12m customers in the UK and Ireland and has successful operations in a number of other European states. In 2015 it is expected to reach record turnover and full year profits of £1.4bn. Amazon Prime and Netflix have experienced huge growth in the UK market and the latter has begun to invest in original UK drama productions.

**6. What role should the BBC have in influencing the future technological landscape including in future radio switchover?**

The BBC has a key role in making new services and platforms accessible to the public, without charging subscriptions. Equity has worked with the BBC in developing new and different platforms for content delivery and has consistently sought to ensure that content can be made

available for use on these platforms when made under Equity collective agreements. Equity has also reached a number of agreements with the BBC for the use of work in its interactive services and has engaged constructively in order to reach long term arrangements for the engagement of performers on Equity agreements and the subsequent use of their material. For example, Equity is currently in negotiations with the BBC regarding rights clearances for performers whose work features on BBC3 in order to facilitate the move to an online channel.

Suitable agreements must be concluded that recognise the rights of performers whose work is exploited across all BBC channels and platforms. It is essential that the rights of artists are protected and that they are rewarded appropriately for the future exploitation of work, especially considering the fact that the BBC can generate over £1bn through worldwide sales of its content portfolio.

Separate from the BBC's legitimate role as an innovator in digital services, it is regrettable that a large proportion of licence fee funding has been diverted for other purposes which have had variable levels of success. Equity welcomes the decision to phase out the allocation of £150m per year to support broadband roll-out from 2017. Local TV services are another area which we believe should not continue to be funded by the BBC post 2017.

## **7. How well is the BBC serving its national and international audiences?**

A larger international audience is likely to lead to an increase in the market for programmes sold by BBC Worldwide, which in turn generates income for reinvestment in content. The target set by the Director General – that the BBC should have a global reach of 500m by 2022 – is one that Equity would support. It is disappointing, however, that there are limited opportunities to grow and develop the international audience for radio drama, especially given that the UK is a world leader in this genre. Following the cancellation of the radio drama *Westway* over 5 years ago there are no remaining slots on the World Service for spoken word programming.

In terms of serving UK audiences Equity believes there is a pressing need for the BBC's public purposes to provide a commitment to reflect modern Britain and to take action to address on screen diversity. As the BBC Trust's Purpose Remit Survey illustrates, audiences from black ethnic groups are least likely to say that the BBC is effective at representing their ethnicity. Ofcom's Public Service Broadcasting Review also reports that several audience groups are concerned about how they are portrayed on screen across the UK's PSB channels - particularly people from BAME backgrounds or people with disabilities. They believe that they are either being under-represented or unfairly portrayed. Similarly, Equity has been concerned for some time that all broadcasters should do more to better represent and portray the LGBT community and women, particularly older women.

Equity has previously welcomed the BBC's commitment to produce 17per cent of network television production from the UK's Nations by 2016. While other broadcasters and producers have recently made considerable and welcome investments in television content production outside of London and the South East, including HBO's decision to film *Game of Thrones* in Northern Ireland, the BBC remains uniquely placed to work across all of the UK's nations and regions to create a positive impact on the production base and workforce.

Recent investments made by the BBC in the Nations and Regions, including its move to Salford and the increase in drama production in sites such as Roath Lock studios are very welcome. Local casting, however, which should be a key component of regional production, is sadly lacking. Often a programme is labelled 'BBC Northern Ireland', 'BBC Scotland' or 'BBC Wales' but in reality there are few – if any – opportunities for performers in the Nations to appear in them.

On-screen talent is currently excluded from most targets and regional production quotas set by Ofcom and the BBC however there is a pressing need to ensure that opportunities are opened up to local talent. Equity has been campaigning for many years to encourage broadcasters to undertake more local casting and to encourage Ofcom to consult with stakeholders about an appropriate inclusion of on-screen talent in its definition of an Out of London production.

Equity supports the recommendations of the Smith Commission including a formal consultative role for the Scottish government and the Scottish Parliament in the process of reviewing the BBC's Charter. We also agree that there should be new responsibilities for the BBC to lay its annual report and accounts before the Scottish Parliament and submit reports to, and appear before, committees of the Scottish Parliament in relation to matters relating to Scotland in the same way as it does in the UK Parliament.

Equity further believes that the BBC must also spend more on original drama production in the English regions and particularly the Midlands following a migration away from the area over several years by the BBC and other broadcasters. The Midlands offers affordable housing and quality of life to people working in the creative industries. Currently many actors, particularly high profile actors, are forced to move to London or Manchester to access work and auditions, where housing and living costs, particularly for young people starting out in their career, are more expensive than in the Midlands. Similarly media and other students graduating from Birmingham City University frequently relocate to find work. The Midlands also offers diverse range of locations for filming, including Birmingham City Centre, where permission to film is considerably cheaper than other city centres. Consideration should also be given as to how investment can be attracted for new studio facilities in the region.

## **8. Does the BBC have the right genre mix across its services?**

The BBC has a duty to foster creativity and nurture talent across a wide range of genres. It is troubling to note the reduction in BBC network TV hours for drama - down from 2062 hours in 2006 to 1344 hours in 2014, children's programming – down from 10989 to 9074 hours and entertainment – down from 2384 to 1118 hours. The Green paper rightly identifies that costs are increasing in areas such as television drama production but there is no acknowledgement that many of the savings which have led to a decrease in certain genres have been forced on the BBC by funding cuts resulting from the 2010 licence fee settlement. In this environment Equity has strongly supported the efforts made by the BBC to maintain and where possible increase investment in television drama.

Equity members working in variety and light entertainment have been concerned for some time that UK broadcasters including the BBC do not offer a sufficient range of entertainment programming in their schedules, partly due to the dominance of reality based formats in this genre. This issue is somewhat borne out in the figures mentioned above, where entertainment programming appears to have suffered a disproportionate decline.

The reduction in hours devoted to radio drama from 4719 to 4280 hours per year in the same period is equally concerning, especially considering that this genre represents a very cost effective form of production. Traditionally genres such as radio drama have had a key role in helping the BBC to nurture new talent. Spoken word programming offers a platform for artists just starting out in their careers. Radio drama has also enabled established writers and performers to take risks and maintain and develop their skills.

The BBC is still by far the most prolific radio drama broadcaster in the world, making more original productions than Hollywood. Without the BBC, there would be very little provision for niche audiences and the promotion of radio drama would suffer greatly. That is not to say that radio drama is a niche product. Over one million listeners access spoken word programming on the BBC every day. Without licence fee funding, working alongside public service obligations this sort of high quality programming, which attracts a significant audience, would not be available anywhere else.

Radio Four has historically been a major showcase of radio drama and the short story however in 2012 the number of short stories broadcast on Radio 4 reduced from three to one a week in order to make way for an extension of the World at One from 30 to 45 minutes. Radio 4 also cut slots for new writing from three to two and the number of listener slots (of which there were six as recently as 2009) from four to two. Spoken word programming slots have been lost across a number of services including Silver Street on the Asian Network, the Friday play, short stories and there has been an overall reduction in radio drama output aimed at children across the BBC's radio services.

Equity members with disabilities have also pointed out that cutting short story reading, combined with the continuing cuts being made to radio drama generally, is of specific detriment to audiences with sight impairments. A commitment to encouraging more spoken word programming across the BBC's radio stations should therefore be a priority. Equity fears that if the number of productions continues to drop, radio drama could sink below the critical mass that will keep it viable.

**9. Is the BBC's content sufficiently high quality and distinctive from that of other broadcasters? What reforms could improve it?**

Audiences appear to think that the BBC's content is sufficiently high quality and distinctive. The Green Paper itself cites findings from the BBC Trust's Purpose Remit Survey 2013 which states that 76per cent of audiences think that the BBC already makes high quality programmes or online content. 74per cent think that the BBC has a wide range of enjoyable and entertaining programmes and online content. Figures from Ofcom also support the view that audiences are largely satisfied with the output from the main public service broadcasters. Ofcom's PSB Review found that half of all TV viewing is on these main channels - but that figure rises to more than 70per cent when the time shifted channels are taken into account.

The BBC is much more likely to invest in high quality genres such as television drama and UK originated children's programming. Freed from commercial interests it will continue to do so, as opposed to commercial operators who are more likely to buy content from abroad or pursue a larger proportion of formats such as reality shows that generate advertising revenue. Ofcom's



latest Public Service Broadcasting Review reports that investment in television drama has fallen by 44per cent since 2008 and notes that the declining level of investment by ITV is of concern. The Review also finds that the BBC accounts for 97per cent of children's content production – spending by ITV, Channel 4 and Channel 5 in this genre has fallen by 74per cent since 2008.

Looking beyond television, recent pressures on funding have meant that it is difficult to maintain the high standards and quality in areas of spoken word programming on BBC radio. Increasingly fewer actors are cast in radio drama productions and there are diminishing opportunities for lesser known actors and writers to enter the field. There also appears to be a lack of talent development as rehearsal and recording times have been reduced, impacting on the ability of writers and performers to experiment and improve productions.

Radio drama is a specialised skill area and one that feeds through talent, in terms of writers and performers, into many other areas of BBC production including television drama and comedy. If this genre is to survive, the BBC must make a clear commitment to preserve existing funding for services such as Radio 4 and Radio 3 and must endeavour to expand the number of slots available, particularly for low cost content such as short stories.

In this environment it makes sense for the BBC to have a commitment, through the public purposes, to producing high quality original TV and radio drama, comedy, entertainment and children's programming. Other reframed public purposes, such as a commitment to equality, diversity and on and off screen portrayal of modern Britain could also offer genuine scope for greater originality and distinctiveness.

#### **10. How should the system of content production be improved through reform of quotas or more radical options?**

Future proposals outlined in the Green Paper and recently explored by the BBC Trust and the BBC Executive to remove the current in house guarantee or to privatise or otherwise reorganise the BBC's TV production unit could, in Equity's view, have damaging consequences for the BBC, those who work for the BBC and its audiences. The recent creation of BBC studios is particularly concerning and in Equity's view safeguards must be put in place to ensure that, like BBC Worldwide, BBC Studios remain an associated body of the BBC, rather than being created with a view to privatisation.

It is not clear how an immediate move to open competition and abandonment of the existing quotas for content production can better deliver high quality and creative content. If there is to be more open competition between the BBC's in house production unit and independent production companies of all sizes there is a risk that this could lead to market pressures challenging public service broadcasting values.

One of the strengths of the BBC's in house production is that it creates programmes aimed at niche audiences as well as formats which attract large audiences and have a potentially global appeal. If BBC production is put on a more competitive footing, more resources may be directed towards the latter, particularly if the BBC is seeking to compete for more work from other broadcasters. Greater competition could also lead to a greater focus on mass appeal productions and less emphasis on risk taking by the BBC and independent producers.

Increased competition could also cause the BBC's production unit to cut costs by considering a reduction in permanently employed staff or by investing less in skills development and training. A more aggressive competitive environment for content production could also lead to a reduction in terms and conditions offered to performers and other creative workers. This would not be conducive to maintaining the capacity of the workforce or in encouraging diversity.

There are other mechanisms which we believe the BBC Executive should explore before making changes to the content quotas in order to encourage more creativity. These include considering how the current commissioning process can be improved, as well as exploring how BBC production staff can be better supported to pursue their ideas and work more creatively.

Our members are very strongly in favour of an approach to content supply that can facilitate the continuation and an expansion in the production of original and high quality drama, comedy, entertainment and children's programmes made in and about the UK. For these reasons Equity continues to support the existing mixed economy model of content supply for the BBC. Over time and in response to changes in the sector this model has changed and has opened up opportunities for independent producers, however we also continue to strongly support the existence of the in house guarantee and believe that the level at which it is currently set is reasonable.

A critical part of the mixed economy approach is the continued use of appropriate union agreements covering the engagement and remuneration of performers. There have been recent incidences where the BBC have sought to source content from new providers, in some cases procuring from individual members of the public through the use of online engagement and other mechanisms. This has led to confusion and disagreements about the appropriate level of payment and/or rights due to contributors. Similarly, the increase in investment in co-productions by the BBC and particularly the increase in content produced in other European countries must respect existing agreements covering terms and conditions for performers.

Equity is also concerned about plans to phase out quotas in radio and to give radio independents greater opportunities to compete for commissions – this could lower standards, particularly employment standards in an area where production margins are already tight and funding cuts have had an impact on content production in spoken word programming.

The Green Paper implies that reform of the BBC's content quotas could include a review of the arrangements for regional production, most notably in the Midlands. It is unclear to Equity how increased competition between the BBC and independent producers, the BBC Studios proposal or the option to directly scale back in house production will provide a better basis for increased investment throughout the UK's nations and regions however we welcome the Government's acknowledgement of this problem and point to the response to Qu 7 for suggestions to reform regional production quotas and improve regional investment.

#### **11. How should we pay for the BBC and how should the licence fee be modernised?**

Licence fee payers and representatives of those working at the BBC are united in their condemnation of the most recent licence fee settlement reached in secret between the Government and the BBC in the days leading up to the July 2015 Budget. Given recent events Equity is in favour of including a new legal obligation in the Royal Charter for Government to

consult either directly with the public or via any future regulator of the BBC and to seek Parliamentary approval for any changes to the BBC's funding.

Taking on the funding of free licences for the over 75s is inappropriate as it confers social policy responsibilities on to the BBC and is likely to lead to a significant shortfall in BBC funding post 2018, despite the Government's commitment to end top slicing for broadband rollout and the potential new income arising from the closure of the catch up TV loophole. The projected shortfall in funding could be as much as £350m and this will inevitably lead to large scale job losses, content budget cuts and service closures.

Equity is also extremely concerned that the commitment to a CPI increase in the licence fee is dependent on the outcome of Charter Renewal. This creates undue leverage for the Government during negotiations and compromises the independence of the BBC from Government.

Equity continues to support the Licence Fee as the most appropriate funding method for the BBC. It provides a direct link between licence fee payers and the BBC, it provides sustainable and predictable funding, maintains the independence of the BBC from Government and enables the BBC to produce programming that other services would not fund. Of the three funding models outlined in the Green Paper for the short to medium term we support the 'reformed licence fee' option as it removes the catch up TV loophole, thereby increasing income for the BBC. It also goes some way towards creating parity between users of the BBC's broadcast and digital services.

Equity agrees that it is not appropriate to consider funding the BBC from general taxation or by allowing the BBC to show advertising. The former option risks compromising the BBC's independence and there is no appetite from viewers for the latter option. If advertising were introduced on the BBC there is a strong chance it would diminish the value of the advertising market and could lead to a decline in revenues for other public service broadcasters.

Throughout the Green Paper questions are raised about the need to continue to support the BBC's universality. In the context of future funding models, a suggested long term proposal is a move to a subscription-funded model, initially for certain services. Equity is strongly opposed to any replacement of the Licence Fee, in whole or in part, with pay-to-view subscription services or similar alternatives as this would signal the end of universality and break the link between the BBC and the general public.

Introducing subscription based services would undermine the BBC's ability to provide a range of content to audiences and as the Green Paper warns, could lead to the adoption of a much more commercial approach by the BBC. It is also unlikely that a subscription model for any of the BBC's services would meet the fairness test outlined in the Green papers 'funding model criteria' as the level of subscription fees will likely be determined by supply and demand in the market, which could lead to certain groups of audiences paying more for their preferred services, or niche services becoming underfunded or unaffordable.

**12. Should the level of funding for certain services or programmes be protected? Should some funding be made available to other providers to deliver public service content?**

The BBC should have exclusive use of licence fee funding. As stated elsewhere in this response, diverting licence fee funds for projects such as Local TV services, broadband roll out and bringing the World Service and BBC Monitoring within the BBC's funding obligations has damaged the BBC's ability to invest in its core work – producing content for audiences.

In addition Equity does not support contestable budgets for areas such as drama or children's content which would enable other broadcasters or producers to access licence fee funding, as suggested by the Green Paper. The BBC's viewers have an expectation that the licence fees that they pay go predominantly towards funding the production of high quality programmes for the BBC. Currently this is the case and indeed most UK drama production employing professional performers originates with the BBC. This volume and range of work would not be possible without licence fee funding.

Drama productions funded by the BBC are either produced in-house or by commissioning independent producers. In this way the BBC is already supporting the wider creative sector and should not be top sliced further to fund programme making by other broadcasters. Equity is also opposed to the principle of contestable budgets for content. Licence fee funding should go towards BBC programme making and services and should not be distributed to commercial broadcasters to support the dividends and value of stock holdings of private shareholders.

Equity also continues to be opposed to the inclusion of S4C within the BBC's remit. S4C merits its own guaranteed Government funding allocation due to the prominence of the Welsh language however until this funding is restored funding for S4C, and particularly drama content for this channel must continue to be protected within the BBC's budget.

### **13. Has the BBC been doing enough to deliver value for money? How could it go further?**

The licence fee has been frozen for six years at £145.50. It is estimated that this equates to a 16per cent real terms cut in resources – around £635m. As discussed elsewhere in this response, despite the BBC's efforts to cut administration costs and protect content budgets, there have been significant cuts to some areas including television drama on BBC4, spoken word programming on radio and youth and comedy content production for BBC 3. The BBC Director General has stated that if further cuts are imposed on the BBC it is unlikely that they will be able to 'salami slice' budgets further – in reality difficult decisions including service closures will have to be contemplated.

Equity has not been without criticism of spending decisions taken at the BBC, particularly regarding senior management pay and severance payments however the BBC continues to compare favourably with other broadcasters and services in terms of delivering value for money. The cost of an annual licence fee has gone up by just £10 since 2007. This contrasts sharply with annual rises in utility costs and specifically increases in energy prices. In some cases energy providers have increased their prices in excess of 10 per cent annually.

There are however notable discrepancies between perceptions of the BBC's value for money across ethnic groups and across the UK's nations and regions. This is the most fruitful area that could be addressed during Charter Renewal through a refocusing of the BBC's public purposes such that the BBC prioritises on screen diversity and investment in content production in the UK's nations and regions.

#### **14. How should the BBC's commercial operations, including BBC worldwide, be reformed?**

Equity supports the commercial operations of the BBC but has acted robustly to ensure that the rights of artists are protected and that they are rewarded appropriately when their work is exploited in the commercial sphere. Alongside securing a fair return for investment for licence fee payers, the BBC must also continue to pursue commercial arrangements that properly recognise the IP rights of performers in the next Charter period.

Commercial operations such as BBC Worldwide must continue to ensure that they can deliver real value to the BBC, licence fee payers and content creators. Rightly the BBC has narrowed its commercial arm and is now focussed on marketing BBC content. In general BBC output should not be driven by the consideration of its retail value in international markets however BBCW should be empowered to concentrate on enabling UK content to be showcased as widely as possible, using new technology and platforms where applicable.

BBC Worldwide is an important source of revenue which is re-invested in BBC production. This helps to keep the Licence Fee as low as possible. It exists to maximise profits for the BBC, but operates under the rules and principles outlined in BBC's Charter and Agreement. This framework is important as it means that BBCW is independent of Government, but supports the BBC's public service mission and is accountable to licence fee payers.

In 2013/14 alone BBCW returned £174m to the BBC through investment in BBC commissioned content and dividends. Independent producers and rightsholders also benefit greatly - in 2013/14 alone they received £116m in upfront rights investment, profit share and royalties from BBCW.

It is difficult to understand what merit there is in undertaking a debate about the ownership of BBCW at a time when further cuts to BBC funding are likely to occur. There should be no privatisation of any part of the BBC in the coming Charter period and the BBC should instead be free to explore how it can maintain and expand investment in content via all income derived from commercial activities into programme-making.

#### **15. How should the current model of governance and regulation for the BBC be reformed?**

There appears to be widespread support among parliamentarians and media commentators for Option 3 outlined in the Green Paper. This would entail abolishing the BBC Trust and empowering Ofcom to regulate the BBC. While elements of this option are attractive – Ofcom is an established and experienced regulator in the media sector and its new Chief Executive has indicated that Ofcom would be willing to exercise some of the regulatory functions of the BBC going forward - there are also a number of problems with this approach.

Ofcom is currently firmly rooted in the commercial sector and would have to undergo significant reform to undertake responsibility for the BBC. Under the Ofcom model there also may not be representation for important groups whose views must be taken into account – specifically representatives of the workforce and licence fee payers. The BBC Trust is currently empowered to represent licence fee payers but has had varying success in doing so. In many cases it has endorsed decisions made by the Executive and it is unclear how much bearing public views have

had on their decisions. Whoever regulates the BBC in the future must represent the views of licence fee payers much more robustly and should take a more active approach to issues such as positive employment relations, equality and diversity.

**16. How should Public Value Tests and Service Licences be reformed and who should have responsibility for making these decisions?**

Equity has been supportive of Public Value Tests and Service Licence reviews and has made submissions to relevant consultation exercises relating to both processes conducted by the BBC Trust. These consultations provide a channel for Equity and the public to express concerns and give feedback, most recently about the future of BBC Three and the operation of the BBC's radio stations. Consultation of this nature should continue into the future however consideration should be given as to how licence fee payers and the general public can more widely contribute their views.

**17. How could the BBC improve engagement with licence fee payers and the industry, including through research, transparency and complaints handling?**

We agree that Audience Councils could also be given more prominence, either by the BBC or by the BBC Trust. Given the need to address the lower levels of satisfaction of certain BBC audience groups including those living in Scotland and Northern Ireland and certain ethnic groups, the structure of Audience Councils could be given more visibility and could be given a more robust remit or focus, for example in terms of representing underserved audiences and BAME, LGBT, women and disabled audiences.

It is regrettable that in many cases BBC senior management pay levels continue to appear to reflect patterns elsewhere in the economy, namely a growing gap between a small number of highly paid executives, whose rewards have grown year on year irrespective of performance, and the rest of the workforce who have seen greater insecurity and lower rewards. Equity has a constructive working relationship with the BBC however we will continue to seek to achieve improvements to the pay, terms and conditions of our members.

Creative workers and performers are central to the sustainability and strength of the UK's content production sector including the BBC's output however, as they are mostly freelancers and self employed workers, they do not enjoy the same security or pay levels of directly employed workers. If the BBC is to continue to attract the best talent for its productions it must retain and improve terms and conditions and pay levels agreed with Equity and other trade unions for all performers. The diversity of the BBC's workforce also needs to be vastly improved – particularly at senior levels and especially in terms of ethnicity, disability and gender.

**18. How should the relationship between Parliament, Government, Ofcom, the National Audit Office and the BBC work? What accountability structures and expectations, including financial transparency and spending controls, should apply?**

Equity is in favour of including a new legal obligation in the Royal Charter for Government to consult either directly with the public or via any future regulator of the BBC and to seek Parliamentary approval for any changes to the BBC's funding. The lack of transparency

surrounding the last two licence fee settlements are a matter of considerable concern for licence fee payers and the thousands of people who work at or for the BBC, as well as the industry, and the process for such agreements should be made more transparent and accountable as an urgent priority.

It is imperative in the next Charter period that specific decisions about the BBC's services or content should not be a matter for Government. These decisions should be taken by the BBC, in accordance with the parameters set out by its regulator and in concert with the appropriate consultation mechanisms with licence fee payers. The independence of the BBC and any new regulatory body established under Charter Renewal should also be carefully protected.

**19. Should the existing approach of a 10 year Royal Charter and Framework Agreement continue?**

The BBC Trust has suggested that in future it is worth exploring a longer Charter period of 11 years. This is to prevent undue political pressure being brought to bear on the BBC as a result of the changes to fixed term parliaments. Given that the cycle of 5 year parliaments will continue to coincide with Charter Renewal under the existing 10 year model Equity believes that this is a sensible suggestion.