

BBC—supplementary written evidence (BFF0073)

House of Lords Communications and Digital Committee inquiry into BBC future funding

Follow-up submission from oral evidence session on 23 May 2022

Further to Lord Foster’s request during the BBC’s recent appearance before the Lords Communication Committee, please find below information regarding current and future commercial returns.

In addition, during the session the Chair made reference to: “a plurality of people in the UK who are paying but who are still feeling that they are not seeing themselves properly reflected on the BBC ...”. To this end, we include perception data from the current BBC Annual Report. It is critical that we reflect all our audiences and we are committed to engaging with underserved groups to ensure they feel the BBC is for them. Work such as our Across the UK plan illustrates this effort.

Perception

		Male 18+	Female 18+	18-34	35-54	55+	ABC1 18+	C2DE 18+	White 18+	Black, Asian and minority ethnic 18+	Disabled 18+	Not Disabled 18+	Source
% of each audience group who think the BBC informs, educates and entertains people in the UK/them	2020/21 Effective	75%	82%	78%	79%	78%	83%	73%	79%	76%	72%	80%	Ipsos MORI 18+*
	2020/21 Ineffective	14%	9%	13%	10%	12%	10%	14%	12%	11%	16%	11%	
% of each audience group who think the BBC is effective at reflecting people like them	2020/21 Effective	53%	62%	52%	60%	59%	63%	52%	59%	51%	50%	60%	
	2020/21 Ineffective	28%	20%	29%	20%	24%	23%	25%	23%	26%	29%	23%	
% of each audience group who think the BBC is effective at providing content/ services that set a high standard for quality	2020/21 Effective	75%	80%	77%	77%	77%	83%	72%	78%	74%	70%	80%	
	2020/21 Ineffective	14%	8%	11%	10%	13%	10%	13%	11%	10%	15%	10%	

* Owing to the suspension of face-to-face fieldwork during 2020/21 because of Covid-19 restrictions, this survey was conducted via telephone/mobile in 2020/21. As a result, the 2019/20 results – conducted face-to-face – are not directly comparable so are not repeated here.

BBC’s Commercial Business

BBC Studios

As context, BBC Studios is a fully owned BBC commercial subsidiary and a global content company with bold British creativity at its heart. BBC Studios supports the BBC both creatively and financially, as well as its partners and the wider industry. It is the biggest distributor of TV content outside Hollywood and Bollywood, with exports valued at £800m in 21/22.

As well as supplying hundreds of hours of high quality programmes to BBC services, on a commercial basis, BBC Studios also delivers financial returns, made up principally of content investment into BBC programmes, dividends declared, along with other cash payments.

Financial returns

In the first four years of this Charter it has delivered £900m in financial returns to the BBC, and has confirmed that it is on track to meet its five year returns commitment of £1.2bn by 2021/2022. BBC Studios has also committed to grow this total by a further 30% to a new target of £1.5bn in the five years from 2022/23.

The table below sets out BBC Studios' returns since the beginning of the current Charter period. We will report BBC Studios' financial results for 2021/22 in the coming weeks.

Financial year	Returns to BBC, £m
2020/21	137*
2019/20	276
2018/19	243
2017/18	210

** impacted due to no dividend and significant lower levels of content investment in to BBC commissions due to pauses in production activity as a result of the pandemic*

Future returns

Growing commercial income is one of the BBC's stated strategic priorities, and BBC Studios forms a very significant part of fulfilling this aim. In March 2021 we published targets for BBC Studios' financial returns for the five years from 2022/23, with a commitment to grow returns in this period to £1.5bn in total.

Underlying this commitment is an ambitious business plan for BBC Studios. This includes further growth in production, and the transfer of areas such as bbc.com and BBC Children's In-house Production into a proven commercial model, alongside the creation of new digital businesses for the future.

In addition, the proposed future increase in the BBC's commercial borrowing limit, will enable BBC Studios to increase investment in future growth underpin future financial returns. BBC Studios' growth is now also supported by a new BBC Commercial Board, established in April, to provide greater focus in a fast-moving commercial environment.

Summary

In summary, financial returns from BBC Studios, along with coproduction investment from international partners, represents an important element of income for the BBC. Maximising this income stream is a major focus for the BBC.

However, while material and growing, both current and projected commercial funding are still very significantly less than the BBC's current Licence Fee income.

Many thanks again to the Committee for this important and useful inquiry into future funding models. We hope the above information is of use.

May 2022