BBC Response to Public Accounts Committee: BBC Digital
Forty-Sixth Report of Session 2022-23

The BBC welcomes the recommendations of the Public Accounts Committee on BBC Digital. The Committee's report provides a valuable contribution to the BBC's transformation into a digital first, public service media organisation.

As the UK's most used media brand, we are proud to build, design and develop some of the best products, platforms and services used by millions of people in the UK and across the world.

The BBC faces a challenging financial landscape. On top of a 30% real-terms fall in income over ten years from 2010, the two year Licence Fee freeze introduced in January 2022 has added an estimated £400m a year funding gap by the end of the Charter in 2027. Our digital first transformation is, however, a priority for the Corporation to meet evolving audience expectations and maximise value for all audiences across the UK.

As more people expect content to be available online, we are continuing to transform BBC iPlayer from a catch-up service to the UK's most culturally relevant entertainment service. In 2021/22, iPlayer delivered 16% of BBC TV viewing (up from 13% in 20/21) and 43% of BBC TV viewing for 16-34s (up from 34% in 20/21). We are transforming what listeners hear from the BBC by bringing music, radio and podcasts together on BBC Sounds. Plus we are investing in our core online services, to engage both younger audiences and older demographics who increasingly go online for content.

Our transformation will ultimately allow all BBC users to get more from the BBC – with more personal, relevant products and services, with data being used responsibly for the benefit of all audiences.

The BBC remains committed to universal access to our services and we are mindful of the need to balance our digital ambitions with the importance that many still place on our broadcast services. While we have considered the implications of a move to digital-only at a strategic level for a number of years, and have now commenced more detailed work, we do not anticipate switching-off over-the-air broadcasts in the near or mid-term future – and any substantive change in this area could only happen when a number of broader conditions and government policy objectives have been met.

The Committee made a number of useful recommendations which we will incorporate into our Digital First planning. We have provided specific responses to the recommendations below.

> **Recommendation 1:** *The BBC should develop a detailed plan including scenarios for how it could switch to an internet-only future, working with government, audience representatives and wider stakeholders, to ensure no-one is left behind.*

Traditional broadcasting remains of critical importance to our audiences and that will remain the case for many years to come. However, the expectation of many across the industry, including ourselves, is that at some point in the future it is likely that radio and television will be accessed only over the internet. This formed part of a speech made by Tim Davie to the Royal Television Society in December 2022.

It is essential that we reach this point only when the right conditions are in place to ensure that no one is left behind. That means, for example, the completion of national high-speed broadband rollout providing full-availability, which must in turn be affordable for the user and will need to be accompanied by measures to tackle digital exclusion and promote technology literacy.

It also means ensuring that we are able to continue to fulfil our universal service provider commitments and have taken all reasonable steps to minimise the risk of loss of, or disruption to, the distribution of our content (obligations which are within BBC's Charter and Agreement). It will also require having a regulatory environment that is agile, keeps pace with the market and allows for change and success at speed. As the Committee notes, we have not put a date on the switchover, considering rather that it is sensible to focus on the right conditions before fixing timing.

In order to develop a successful plan to achieve these conditions it is essential that the BBC works with the rest of the industry. This change is too large and complex for the BBC to tackle alone. We agree with the Committee that the BBC should work with other broadcasters, government, audience representatives and wider stakeholders – including broadcast and digital infrastructure providers – to ensure that this eventual 'all internet' future is positive for audiences, the wider media industry and the UK.

We believe that there are significant benefits to actively working together to get more audiences online including: greater service choice, quality and personalisation; new opportunities for UK broadcasters to innovate and compete; and an operating model for UK media sustainable for an internet-only future.

Some commentators have equated the depreciation of broadcast services with the end of linear channels and inferred that some audiences would be less well served in an all-internet future. But this incorrect: connected TV can offer not only familiar and well-loved linear services that bring families and communities together, such as BBC One, but also on-demand and archive content – giving everyone greater access, more choice, and better services.

This is something that the BBC has been considering at a strategic level for a number of years. We are now undertaking more detailed work internally to assess what steps would be necessary - by the BBC and others - to transition to an internet-only future. This includes looking at audiences' needs, technical requirements and regulatory considerations. It is based on a presumption that a full switchover will only be possible when we can provide universal service and provided we are able to ensure all audiences will continue to have access to diverse and high quality content. We will continue to

consult with audiences, co-operate with other broadcasters and the wider industry in order to develop detailed plans and scenarios over the next year.

> ***Recommendation 2: The BBC should write to the Committee, within two months and once its budget is finalised for the financial year, with reassurance that it has developed the necessary detail in support of its digital investment plan. It should set out:***
>   - ***if its £500 million annual investment by 2025 is sufficient to achieve its plans;***
>   - ***how it will achieve all the required savings; and***
>   - ***what will happen to its digital plans if it is unable to achieve its savings target.***

The BBC set out a £500 million savings and reinvestment plan as part of our Digital First strategy. This consists of £200m a year of savings which are necessitated by the two-year Licence Fee freeze and, separately, £300m of reinvestment which is about reallocating spend to focus on strengthening our digital offer and delivering additional commercial income.

To be clear, the £300m per year reinvestment plan is not to transition to an internet-only future, but is to achieve our more immediate Digital First plans.

Our aims in relation to such plans include growing iPlayer reach from less than 50% of BBC viewers on average per week to 75%; transforming our network news operation with digital at the heart of news story teams; reshaping our local services to be fit for the digital world; and accelerating digital growth in audio, moving more of the 34 million people who listen weekly to linear radio stations to become habitual users of BBC Sounds.

We have confidence in our ability to deliver these plans and we keep both progress and audience impact under constant review through a series of key performance metrics.

To meet the combined £500m savings and reinvestment package, we have had to make some difficult choices. These include closing the previous BBC News and BBC World News channels and opening a new global BBC News channel; making a small number of changes to regional TV output; reducing the volume of local radio programming at times when fewer listeners tune in; reducing the volume of hours we commission for network TV; closing Radio 4 Long Wave; and closing some World Service linear broadcast stations while protecting all language services.

More broadly, we are also looking to other areas where we can increase commercial returns and drive growth to increase value for Licence Fee payers, including moving more areas into BBC Studios.

Our digital plans and savings are continuously tracked and plans are reviewed to assess progress towards achieving our digital aims and realising the Digital First strategy.

Savings and reinvestments are reviewed by the Operations Committee and the Executive Committee, while savings are also reflected within divisional budget plans and are managed within functions.

We recalibrate our plans every year in the budget and, while plans do change, our ambition is to hold on to the level of savings and reinvestment we outlined in our £500m plans. In the event that existing savings plans are not achieved then it will be necessary for additional savings plans to be enacted.

> **Recommendation 3: The BBC should develop a plan for how it will maintain its recent progress in recruiting and retaining specialist digital staff including succession planning specific to the key digital skills that it needs for the future.**

Like many organisations operating in the digital sector, the BBC has faced challenges in recent years in digital recruitment and retention. With roles like those in data science and data engineering remaining in heavy demand this is not a problem unique to the BBC, but the broader financial landscape we face has exacerbated the challenge for us.

We are however succeeding in tackling this challenge, as evidenced by recent high-profile hires such as Kerensa Samanidis being appointed General Manager for BBC iPlayer. Our attrition figures for most roles in product group are also now in line with what we'd expect for the industry. Attrition in software engineering, for instance, has fallen from 30% in 2021 to 15%.

This fall in attrition can be attributed to a number of factors, including a recent benchmarking review of the market, an increased focus on career progression and promotion, and the use of internal attachments and apprenticeships to bring the best people already in the BBC with transferable skills into Product Group. Success can also be attributed to the change in market conditions for digital employers more broadly over the past year.

As the Committee recommends, we are developing a plan on how to maintain this progress and to safeguard our recruitment into the future. We have established a reframed corporate risk profile on digital transformation, a key part of which is on talent attraction and retention, and we are putting a plan in place across the organisation to achieve this up to the end of the Charter in 2027. We are also tracking progress as a key priority of wider BBC governance.

As an agile, responsive organisation that attracts the very best, we want to ensure that we have the right people in the right roles at the right levels. We are therefore tracking attrition in more granular detail, including breaking data down by job family and grade. Our plan will also consider recruitment and retention from broader angles than just attrition.

Additionally, it is important to note that this challenge is broader than just the BBC's product group. As a Digital First organisation, it is imperative that digital skills are

weaved through the organisation including, for instance, digital journalists and digital marketing specialists, among others. Our corporate risk plan identifies this and we are creating an action plan which also focuses on the importance of retraining those already in the organisation.

> ***Recommendation 4: The BBC should move more quickly on the development of a personalisation strategy that serves its public sector purposes while fulfilling its ambitions for a more tailored experience for its audiences. It should write to the Committee on its progress by December 2023.***

Ensuring that all users get the best value from the BBC, through personalisation and tailored experiences, is a key priority for our digital products.

We have made progress in recent years, with a record 23.8 million account holders now signed into the BBC on average each week, to maximise the value everybody receives from the BBC, including more tailored content and new features and services such as the ability to pause and resume content across different devices.

However, there is more to do. In line with industry best practice, we are not developing a standalone personalisation strategy per se, but rather by 2023/24 we are incorporating personalisation into the workplans of all relevant product teams. This will allow each team to further develop personalisation in a way that is bespoke to the user experience and needs of a particular product.

We have already reorganised product teams to deliver on personalisation faster and, to ensure the work of product teams is joined up, we have moved to a model with a single area responsible for recommendations across the portfolio. Tailoring experiences is now built into teams right across the BBC, not just in Product group.

The BBC is developing a broader data strategy, from which personalisation will flow, on which we will update the Committee by December 2023. This will consider data both from the perspective of enhancing user experience (i.e. personalisation) and with regards to the security of data collection and storage (see below).

> ***Recommendation 5: The BBC should review its data collection and storage policies and work out the minimum amount of data that is needed to achieve its goals, what will be sufficient for its personalisation strategy, and how it will keep that data safe.***

We recognise the potential risks associated with greater use of personal data, risks that are faced by any large organisation operating in this space. The BBC takes data protection incredibly seriously, including our user data, and we keep our processes and policies under constant review.

Naturally there has been widespread coverage recently of the cyber-attack on Zellis, the third party operator which manages the payroll process for the BBC and a number of

other major employers. It is important to note that this incident was not an attack on the BBC's systems, no BBC system was compromised, and the BBC has been provided with no evidence suggesting any compromise of bank account details or similar data. We are working closely with partners including the National Cyber Security Centre to monitor activity on the internet and, at the time of writing, there is no evidence of BBC data resulting from this attack circulating on the darkweb or otherwise online.

Regarding the amount of data we collect, we already endeavour to collect the minimum amount of data required and we do not collect nearly as much data as many of our commercial competitors. We are also very clear about what data we do collect and, in many cases, such as to inform commissioning decisions, data is anonymised.

The NAO report refers to a 2019 internal BBC report on data and since then we made significant changes to our data management policies which put is in a strong position to mitigate any risk. Since the publication of the NAO report, we have appointed a Data Protection Officer and created a central Data Protection Office Team who work closely with the BBC's Chief Information Security Officer (CISO) and Information Security Team. We have an embedded Data Protection Impact Assessment (DPIA) process and our standard practice is 'privacy by design and default' to manage and mitigate personal data risks.

We have also established a Data Governance Committee which works closely with colleagues across data privacy and security and which has been in place since September 2022.

The BBC also has a number of policies in place governing the collection, processing/use, secure storage, and retention of data, as well as the BBC's Data Protection Handbook which includes modules on collecting audience data, data and personalisation, and DPIAs. Work to review data retention practices is additionally in progress.

Trust in how the BBC processes our audiences' personal data is maintained through the use of transparent and explainable privacy notices and policies.