[GB] BBC Plans for Local Video Rejected

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The BBC Trust, which acts as the regulator of BBC services, has rejected the Corporation's plans for providing local video services on the grounds that they will not improve services for the public enough to justify either the investment of licence fee funds or their potential negative impact on commercial media.

The BBC currently offers regional news on television, local radio and local websites. In May 2008, the BBC management submitted proposals to the trust to introduce an additional local video service covering news, sports and weather on enhanced BBC Local websites in 60 areas across the UK, with an additional five Welsh language services. The proposed service would have around 400 staff and a total budget of GBP 68 million covering an initial four-year period.

The BBC Charter requires that significant changes to public services are subject to a public value test, conducted by the Trust, and a market impact assessment conducted by Ofcom, the communications regulator. The Trust concluded that a broadband-only local video proposal would not extend the BBC's reach to those audiences it is not serving well. Some people with low incomes or in remote areas would not have access to broadband, whilst younger audiences wanted a wider range of commercial concerns, such as cinema listings, which the BBC does not provide. Older audiences would have less time for searching the web and would turn to TV, radio and newspapers instead. Thus, the service would not create significant new reach or impact in return for the investment of licence fee funds.

Ofcom found that the overall market impact would be likely to be negative, with particularly strong effects on local newspaper publishers, in particular in relation to future online innovation in relation to the provision of online local news, sports and weather services. Modifications to the proposed services would only have a very limited effect in reducing their negative impact.

The BBC Trust thus instructed that the funds for the proposed service be returned to the Corporation's general funds, with expenditure subject to Trust approval.

BBC Trust, "BBC Trust Rejects Local Video Proposals", Press Release 21 November 2008

http://www.bbc.co.uk/bbctrust/news/press_releases/2008/local_video_prov.html

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Ofcom, "Market Impact Assessment of the BBC's Local Video Service"

http://www.ofcom.org.uk/research/tv/bbcmias/mia_localvideo/

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