

British Academy submission to CMS Committee call for evidence on BBC Charter review inquiry

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About the Academy

The British Academy is the UK's national academy for the humanities and social sciences. We mobilise these disciplines to understand the world and shape a brighter future. From artificial intelligence to climate change, from building prosperity to improving well-being – today's complex challenges can only be resolved by deepening our insight into people, cultures and societies. We invest in researchers and projects across the UK and overseas, engage the public with fresh thinking and debates, and bring together scholars, government, business and civil society to influence policy for the benefit of everyone.

Background

The Academy has a longstanding interest in the future of Public Service Media in the UK and has sought to provide evidence and insight from across the disciplines it represents to help strengthen Public Service Media.

In 2015, the British Academy became a partner on a [major inquiry](#) into public service television, chaired by Lord Puttnam. The inquiry considered the nature, purpose and role of public service television and addressed the ways in which public service content can most effectively be nurtured in an age of rapidly changing services, platforms and funding models. It reported in 2016.

To mark the Centenary of the BBC in 2022, the British Academy held a [roundtable discussion](#) examining the role, achievements and future of public service media in the UK. The event brought together the research, policy and professional communities to revisit the 2016 *Future for Public Service Television Inquiry* and provided an opportunity to reflect on developments in broadcasting and media systems since its publication.

More recently, in anticipation of the review of the BBC Charter, the Academy decided to build on its previous work in this field by commissioning a comparative collection of 12 policy briefs, drawn from research on ten countries and the UK, to help inform decisions around the future funding and governance of the BBC. This submission is based on the evidence provided in those briefs, which are included below, along with a short summary.

Summary

The forthcoming BBC Charter renewal in 2027 comes at a critical time for Public Service Media (PSM). The British Academy, as the UK's national academy for the humanities and social sciences, believes that decisions about the future of UK PSM should be balanced, evidence-led and reflect the changing dynamics of the media landscape.

To help inform the UK Government in its decision-making, Fellows of the British Academy commissioned policy briefs exploring a diverse set of PSM systems, which were published with a summarising Introduction. These briefs examined UK PSM comparatively in relation to 10 countries with substantial PSM systems, analysing their strengths and weaknesses. The policy briefs are from Australia, Austria, Canada, Denmark, Finland, Germany, Norway, Spain, Sweden, Switzerland and the UK.

This summary sets out key findings from the policy briefs organised under headings from the Committee's call for evidence. For further detail, we also attach both the published Introduction and the full set of policy briefs.

Purpose

- PSM play a unique role in sustaining democracies in the digital age, building trust in media and combatting misinformation by providing accurate and balanced news coverage. They are mandated to reflect national and local cultures in a way commercial providers are not.
- PSM systems in our sample of countries are shown to support and enrich national and regional creative economies. In the UK, PSM are central to the success of the creative industries across the four nations.

Funding

- There is strong international evidence to suggest that the licence fee is an unsustainable funding mechanism for the BBC. Declining revenue has an increasingly negative impact on the UK's highly successful media production sector and the creative industries. Moreover, the Charter renewal process creates instability and politicises the licence fee settlement process.
- Evidence finds that commercial forms of funding are not viable alternatives to the BBC licence fee. The entry of the BBC into the market for advertising would undermine the sustainability of other UK media, including other PSM and commercial channels and print media, all of which rely on a common stream of advertising revenue.
- Most other countries have moved away from licence fee funding of PSMs towards general taxation or a household levy. A flat universal household levy with discounts and exemptions for those least able to pay has been shown to provide

clarity and, of the alternatives, is most similar to the licence fee. A general taxation model has the merit of being progressive but is vulnerable to political interference.

- Germany, Austria and Switzerland have all fairly recently introduced a universal household levy, abandoning licence fee models similar to the BBC. The reasons for this change were the greater efficiency of a universal system for revenue collection and the ability to make contributions fairer when universally shared. All the countries examined managed to drive up majority support for the household levy model through strong civic engagement in the governance of PSM and by employing convincing narratives explaining why PSM is an important public good.
- In 2013, Finland changed from a licence fee model to funding PSM through a broadcasting tax on individuals and corporations. The move was made to ensure stability of PSM revenue in the face of declining fee-paying households, and to increase fairness by replacing a flat fee with a progressive tax based on income.
- In 2018, Denmark opted to change from a licence fee to funding through general taxation. The aims were to ensure that the funding model is socially balanced and to reflect changes in viewing habits, while reducing administrative costs and collection inefficiencies due to fee evasion.
- The UK Government could use the BBC Charter renewal to replace the licence fee with a more stable and long-term funding model, with inflationary increases built in. The two options most likely to meet these objectives are a flat universal household levy (with discounts and exemptions) or funding through general taxation.
- With either funding model, the evidence makes a compelling case for creating new institutional arrangements to ensure decision-making independence from Government in setting PSM long-term funding and in governance. This means introducing a governance process involving democratic, citizen-based input to decision-making and, where appropriate, expert input. We expand on both below.

Trust and relevance

- PSM are highly valued by citizens, with significantly higher levels of trust than commercial providers. Countries that spend the most on their PSM also see the highest trust and support for these services among citizens.
- Despite recent challenges and criticisms of bias at the BBC, it remains highly trusted by audiences from across the mainstream political spectrum. It maintains a very strong international reputation, and is regarded as a UK success story and as a leader in digital innovation.
- Our comparative analysis of PSM systems shows that government interference with PSM undermines impartiality and public trust, and inhibits innovation in response to digital transformations. This has led some countries to strengthen the independence of their PSM. For instance, Austria changed the composition of ORF's Foundation Council, its highest decision-making body, to decrease the

number of political appointees and increase civil society representation. There are proposals in Germany to make the independent, expert-based KEF's funding recommendations for PSM automatic unless opposed by a set number of federal states. (We explain the KEF's role below).

- Our evidence finds that, together, democratic governance and citizen representation, and independence from party politics, can result in stronger public support for PSM. Public support in the UK would be strengthened by introducing deliberative forms of democratic input - such as citizen assemblies – into the BBC's high-level governance and strategic decision-making.

The UK and Regions

- As the UK Government works to reorganise local government, the benefits of regional governance of PSM should be considered. This would be in line with the Government's desire to support a thriving local media sector, as stated in its Devolution White Paper. The DCMS Local Media Action Plan considers the role of the BBC in the local media ecosystem, treating the Charter review process as an opportunity to ensure the BBC supports the 'diversity of local media and news services'. The Action Plan focuses on policy and regulatory requirements, but it overlooks the role regional governance could play in building partnerships between the BBC and local media.
- Our evidence from PSMs in Germany and Switzerland shows how regional governance has helped to ensure public support, protect regional culture and languages, and created stronger connections between PSM, regional economies and civil society.
- In Switzerland, PSM is governed by four regional associations, organised around the country's languages and cultures. Despite some issues due to the model's complexity, the embeddedness of Swiss PSM governance in regional culture and civil society has enabled it to survive political attacks during national referenda on its funding.
- In Germany, the regional *Medienräte* (Media Councils), made up of seven independent experts, provide regional accountability by examining whether PSM organisations are fulfilling their mandates. This type of model could work effectively to ensure the BBC engages constructively with local and regional media. This model is place-sensitive as a result of the active involvement of civil society and regional stakeholders, in contrast to managing PSM accountability centrally.

Future of Public Service Media

- If UK PSM are to survive in the era of dominant commercial digital platforms, there is an urgent need for interventions to encourage younger audiences to engage with PSM and to ensure support by future generations.
- There is a need to consider ways to recreate the structural conditions whereby PSM, and in the UK the BBC in particular, can influence media markets in

important, positive ways by setting standards for accuracy, impartiality, cultural relevance and diversity, quality and innovation.

- To achieve such ends, the BBC could consider interventions in collaboration with other PSMs, both nationally and internationally. Such collaboration could build a new PSM infrastructure, enabling the operation of PSM content distribution platforms, algorithms and, potentially, social media, reducing the structural dependence on global technology companies, and creating the visibility and incentives to bring audiences to PSM.
- Our evidence suggests that PSM should avoid replicating the features of the global commercial platforms in order to compete. Public service values should be embedded in how PSMs innovate to ensure that PSM content distribution platforms, algorithms and social media are transparent and accountable, and achieving reach and diversity in the PSM offer. When algorithms designed principally to respond to competition are used to shape user preferences, core PSM commitments to principles of universality, diversity, impartiality and being the collective cultural voice of a nation are put at risk. The Danish PSM has addressed this risk by mandating transparency in the use of algorithms in its content recommendation system; VRT, the Flemish PSM, has researched a ‘taste-broadening’ algorithm that helps to promote content diversity; and the BBC has trialled a ‘commonality’ recommender algorithm that promotes universality (or shared experience) as a complement to personalisation.

An independent and accountable BBC

- The UK Government is seeking in the Charter review to find a model of governance and funding that assures the long-term sustainability of the BBC and the wider PSM ecosystem, and this is essential for the future of PSM in the UK. The benefits to our economy and society, and for our democracy, of sustained public investment and support are enormous. The UK Government can capitalise on the opportunity created by the BBC Charter review process to make important changes such as those outlined.
- It appears crucial that the Government considers options for strengthening the arms-length principle in decisions on both BBC funding and governance. Our comparative evidence points strongly towards the need for two new independent expert bodies: 1) to assess and recommend BBC funding needs over 4 to 5 year periods; and 2) to oversee the appointment of key senior positions, both executive and to the Board, at an arm’s length from Government. New bodies are needed to secure the independence of the BBC, which can in turn sustain public trust and the public value of the BBC, and mitigate the risks of political interference. These changes should be combined with introducing democratic, deliberative structures for public input on high-level BBC and PSM strategy.
- The German-speaking countries – Germany, Austria and Switzerland – have a long-established history of PSM governance models that reduce political interference and enable greater involvement of civil society. The German model,

in particular, has strong features that could be emulated in the UK. Germany's KEF (Kommission zur Ermittlung des Finanzbedarfs) – an independent commission – assesses the funding requirements for public broadcasters, demonstrating how decisions about PSM funding can be set by independent experts. If adopted in the UK, this is a model that would be free of both political interference and perverse budget-maximising incentives inside the BBC.