

RadioCentre's response to the BBC Trust review of the BBC's national radio stations in Northern Ireland, Scotland and Wales

1. Executive summary

- 1.1. We welcome the fact that a significant degree of scrutiny is being applied to the BBC Nations services, via the BBC Trust's ongoing service licence review process. The Nations services were largely overlooked during the 2010 BBC Strategy Review process – we considered this to be unfortunate given the relatively high level of licence fee funding invested in them, their potential market impact, and - most importantly - their disproportionate political and social importance.
- 1.2. The BBC's radio services in the Nations – BBC Radio Ulster/Foyle (Northern Ireland), BBC Radio Scotland and BBC Radio nan Gàidheal (Scotland), BBC Radio Wales and BBC Radio Cymru (Wales) – should embody the ideals of public service broadcasting: that is, providing distinctive, high quality, informative speech content that adds significant value to the body politic.
- 1.3. We believe that the BBC's Nations services do largely fulfil this role. However, aspects of these services fail to meet such high standards, in the following areas:
 - **Music/speech output.** The service licences of the English language Nations services state that they should be 'speech-led', yet they all broadcast a significant amount of music during daytime. We believe that the service licences of all English language BBC Nations services should be amended, to require them to broadcast 100% speech during daytime.
 - **Audience profile.** The English language Nations services currently lack a target age demographic. We believe that all BBC Radio service licences should contain a specific target age range, in order to ensure maximisation of public value and avoid duplication with the commercial sector. We therefore recommend a target of 55+ for all Nations services.
 - **The drive to digital.** All BBC Radio services have a critical role to play in the digital radio switchover process. BBC Nations services could do more to contribute to this industry-wide goal. This includes guaranteed DAB provision of these services – and an overall commitment from the BBC to contribute funding to the further build out of local and regional DAB.
 - **Value for money.** All of the BBC's Nations services have a relatively high cost-per-listener, perhaps due to their speech-led output. We recommend that other methods of assessing value for money are used, including benchmarking between the English language Nations services.
 - **Competitive impact.** As a matter of principle, we do not believe that the BBC Nations services should bid on an exclusive basis for any genre of broadcast rights. However, should this not be possible, we believe that the BBC should be obliged to seek ways to share rights to sports and music events with commercial stations local to the event in question. We wish for this change to be reflected in individual service licences and in the Trust's fair trading policy and the Executive's fair trading guidelines.
 - **Partnership.** We believe that local commercial and community stations would welcome the opportunity to access the archives of the BBC's Nations services. We therefore recommend that this is considered by the BBC Trust, potentially as part of the forthcoming review of the BBC Archives.
- 1.4. The commercial radio sector does not offer competitor services to BBC Radio's Welsh and Gaelic language services - BBC Radio nan Gàidheadl and BBC Radio Cymru. Our response therefore focuses on the three English language Nations services - BBC Radio Ulster/Foyle, BBC Radio Scotland and BBC Radio Wales.

2. The importance of the BBC's Nations services

- 2.1. We believe that the BBC's services in the Nations must strive for the world-class reputation of BBC Radio 4, which is renowned for its high-end, distinctive and intelligent speech content. This aspiration is heightened by the semi-devolved nature of the Nations, and the very distinct political and social identity of Scotland, Wales and Northern Ireland.
- 2.2. RadioCentre welcomed the recognition within the 2010 BBC Strategy Review that the quality, originality and distinctiveness of English local radio could be improved, and supported the principle of a renewed emphasis on speech radio and journalistic content which holds local democracy to account¹. This recommendation was not applied to the BBC Nations services, and we question why this was.
- 2.3. The performance of the three BBC Nations services is varied, in terms of audience reach and share. The combined reach of the Nations services is 1.86m – 25% of their target audience. There is however significant variation between the performances of the English-language services – with Radio Ulster achieving 35% reach, Radio Scotland achieving 21% and Radio Wales achieving 19%². This variation in performance is also reflected in share of listening - with Radio Ulster achieving 20.3% share, Radio Scotland achieving 7.5% and Radio Wales achieving 7.9%³.
- 2.4. Without conducting detailed consumer research into listener attitudes to the English language Nations services, it is difficult to explain definitively these variations in performance. We hope that, during the course of this service licence review, the BBC Trust seeks to explore and explain these variations.
- 2.5. We suggest that, the more that the BBC Nation service is felt to offer a service that is distinctive from other BBC and commercial services available locally and, in turn, reflect the political and social traits of that Nation, the more popular and the greater the market share that BBC Nation service is likely to achieve. The areas discussed below seek to ensure that the BBC Nations services achieve this aspiration.

3. Ensuring services in Nations maximise their public value

- 3.1. Music/speech output
- 3.2. The service licences for BBC Radio Ulster/Foyle, BBC Radio Scotland and BBC Radio Wales all state that they should be 'speech-led' services; specifically, all speech at breakfast peak⁴ and speech-led in daytime⁵. However, to varying degrees, all three stations play music during weekday daytime. Whilst only constituting a relatively small proportion of these stations' overall output, the inclusion of music in the schedule inevitably alters the overall feel and personality of that station – potentially diminishing listeners' perceptions of their quality and distinctiveness.
- 3.3. In addition, the inclusion of music in the weekday daytime schedule increases the degree of cross-over between the BBC's Nations stations and local commercial competitors, not to mention the additional tier of popular music radio provision from the BBC in the form of Radio 1 and Radio 2 (and to a lesser extent 6Music).
- 3.4. Folder Media, on behalf of RadioCentre, carried out music monitoring of BBC Radio Ulster/Foyle, BBC Radio Scotland and BBC Radio Wales during November

¹ However, the proposals for English local radio raise the potential for a lessening of distinctiveness and localness outside of peak time, through the use of content sharing across stations.

² RAJAR, Q3 2010.

³ RAJAR, Q3 2010.

⁴ Breakfast defined as 0600-0900 Mon to Fri.

⁵ Varying definitions of daytime: BBC Scotland: 0600 – 1800, Mon to Fri; BBC Radio Wales: 0900 – 1600, Mon to Sun; BBC Radio Ulster/Foyle: 0630 – 1830, Mon to Fri.

2010⁶. It revealed that there is a significant degree of overlap between the playlists of the BBC's Nations services and comparable local commercial radio stations. The complete analysis is provided in Annex 1, and a summary table is below.

BBC station	Airplay crossover ⁷
BBC Radio Wales	54.3%
BBC Radio Scotland	28.6%
BBC Radio Foyle/Ulster	30.6%

- 3.5. It is interesting to note that the station with the highest percentage of airplay crossover – BBC Radio Wales – is also the station with the lowest reach and share amongst the three Nations services.
- 3.6. If the BBC is committed to ensuring that its Nations radio services have a distinctive role to play within their Nation specifically and within the wider radio industry more generally, it should remove all music from the daytime schedule of these radio services. The inclusion of mainstream pop and chart music is superfluous to the core remit of these services and duplicates content between the BBC and the commercial sector.
- 3.7. Instead, we believe that in order to fulfil their remit and add diversity to the local media sector, BBC's Nations services must broadcast 100% speech during daytime.
- 3.8. We recognise that budgets are under-pressure within the BBC, particularly following the latest licence fee settlement. However, given the number of tracks actually played across an average daytime (16.8 for Radio Scotland, 24.2 for Radio Ulster/Foyle and 55.6 for Radio Wales), we do not believe that a significant cost would necessarily be involved in removing music from daytime output.
- 3.9. Outside of peak time, we believe it is important that BBC Nations services continue to provide a platform for the promotion of emerging and established local music acts, reflecting the vibrant music culture of that Nation.

Recommendation

- Removal of all music from daytime schedules of BBC Radio Ulster/Foyle, BBC Radio Scotland and BBC Radio Wales – reflected in amendments to service licences.
- Emphasis on specialist music programmes broadcast during off-peak, promoting local and unsigned artists, to be increased.

- 3.10. Audience profile
- 3.11. We believe it is critically important that all BBC Radio service licences contain a specific target age range, in order to ensure maximisation of public value and avoid duplication with the commercial sector. We recognise that maximising public value, rather than purely seeking to minimise market impact, must be the main motivation when the BBC considers how to amend the scope and remit of its services. Yet, given the various levels of BBC and commercial radio – national, regional and local - maximising the public value of the BBC Radio portfolio will also serve to reduce duplication between BBC and commercial radio, and therefore reduce the market impact of the BBC.
- 3.12. The forty English stations which comprise BBC Local Radio all have a target age range of aged 50 and over, specifically those *'who are not served well*

⁶ 6am to 7pm, between Monday 22 November to Friday 26 November.

⁷ Full details of music monitoring available in Annex 1.

*elsewhere*⁸. Indeed, following the 2010 BBC's Strategy Review, BBC Local Radio will now focus on a 55-75 core audience⁹ (recognising that this age group is under-served by commercial radio¹⁰).

- 3.13. We note that the remits of the BBC's Nations services and BBC Local Radio are similar in nature – i.e. primarily speech-based services of locally-relevant news, information and debate¹¹.
- 3.14. We therefore question why the Nations services also do not have a specific obligation to cater for older radio listeners, including those listeners '*who are not served well elsewhere*'.
- 3.15. The average listener age for all three of the BBC English language Nations services is already above 50; specifically, 58 years for Radio Wales, 54 years for Radio Scotland and 53 years for Radio Ulster. However, it is critical that these services don't witness a lowering of their average audience age – as has occurred for BBC Local Radio. Changes – such as removing mainstream popular music from daytime programme – should assist in achieving this aim. However, we believe that a specific target age range would ensure that there was no further decline in average audience age.
- 3.16. We therefore believe that the service licences for the BBC Nations services should also be amended, to contain a specific commitment to target older listeners aged 55+, with a particular focus on listeners aged over 65.

Recommendation

- Inclusion of a target age range of 55+ and over (who are not well-served elsewhere), in the service licences of the BBC Nations services.

3.17. The drive to digital: encouraging listening via a digital platform

- 3.18. All BBC Radio services have a critical role to play in the drive to digital – specifically in regards to encouraging their listeners to listen via a digital platform and promoting the BBC's digital-only radio stations.
- 3.19. We believe that the BBC Nations services are under-performing in their duty to promote digital radio. The national average for listening via a digital platform is 24.8%¹², yet all of the Nations services are performing significantly below this:

BBC station	% listeners listening via a digital platform (including listening via DAB, DTT and online) ¹³
BBC Radio Wales	██████████
BBC Radio Scotland	██████████
BBC Radio Ulster	██████████

- 3.20. The service licences of these services do not specify how they should contribute to the drive to digital, beyond specifying that they should promote digital technologies.

⁸ BBC Local service licence, May 2010.

⁹ BBC Local Radio – 2010/11 Statement of Programme Policy.

¹⁰ BBC Strategy Review.

¹¹ Specifically, the remit of BBC Local Radio is '*to provide a primarily speech-based service of news, information and debate to urban and rural communities. Speech output should be complemented by music. The target audience should be listeners aged 50 and over, who are not well-served elsewhere. There should be a strong emphasis on interactivity and audience involvement.*'

¹² Rajar Q3 2010.

¹³ Rajar Q3 2010.

- 3.21. We hope that the BBC Executive's digital radio strategy – which we expect to be published once the service review of Radio 3, Radio 4 and Radio 7 has been completed and the implications for the 4 Extra proposal are clear¹⁴ – will state explicitly how all BBC Radio services should contribute to the drive to digital. We would expect the BBC Trust to consider the implications of this digital radio strategy when considering amendments to the service licences of the BBC's Nations services.
- 3.22. Extending the DAB coverage within the Nations
- 3.23. We believe that the BBC should do all it can to enable as many listeners as possible are able to listen to the BBC's Nations services via a digital platform.
- 3.24. In addition to streaming these services online, and providing them on DTT where possible, this requires guaranteed carriage on local and regional multiplexes where available, in addition to contributing funding to the further build-out of these local and regional multiplexes. The BBC Trust's Audience Councils in the Nations have all expressed concern that the BBC is not guaranteeing all listeners to its Nations services (and potential listeners) the opportunity to listen via a broadcast digital platform, specifically DAB¹⁵.
- 3.25. We welcome the statement within the BBC Trust's final conclusions on the BBC Strategy Review (December 2010) that the BBC is to evaluate options for improving the DAB coverage of the BBC's Nations radio services.
- 3.26. The BBC Trust will be aware that commercial radio and the BBC are currently in negotiations with DCMS regarding the funding of future local DAB coverage build-out. The outcome of these negotiations will determine the availability of the Nations services via DAB – and we would hope that they result in the vast majority of the population of Scotland, Wales and Northern Ireland eventually having access to these services on DAB.

Recommendation

- The service licences of the BBC's Nations services to be amended, to include specific targets for promoting listening on digital platforms.

- 3.27. Value for money
- 3.28. In terms of cost per listener hour, the Nations are amongst the most expensive of the BBC's radio services. The average cost per listener hour for the (English language) Nations services is 8.0p – compared to an average for the BBC's total radio output of 2.1p¹⁶.
- 3.29. There is significant variation in the costs per listener hour of the three English language services – Radio Ulster's is 5.1p, Radio Wales's is 7.8p and Radio Scotland's is 12.4p. This variation reflects partly the differences in the budgets for the three services: Radio Scotland's is £32m – whilst Radio Ulster's is £18m and Radio Wales's is £16m.
- 3.30. The significantly different cost per listener hour figures outlined above suggest that, at a minimum, cost effectiveness comparisons can be made between the three English language Nations services – and potentially with the commercial sector, depending on the outcome of the process that BBC Audio and Music have asked Oliver & Ohlbaum to conduct.
- 3.31. It is critical that, when budget savings must be made, these come from areas of inefficiency, rather than cutting the volume and depth of programming with high production costs (especially when this programming generates high levels of public value).

¹⁴ BBC Trust final conclusions on the BBC Strategy Review, December 2010.

¹⁵ Xx.

¹⁶ Value Partners analysis, 2010.

Recommendation

- BBC Trust to consider value for money measurements other than cost per listener hour – including benchmarking between the BBC Nations services.

3.32. Competitive impact

- 3.33. We appreciate that the service licence review process focuses on performance assessment, and does not include a market impact assessment. However, we note that the scope of this review does include consideration of how the services are *'making an effective contribution to the BBC's public purposes including a contribution to the creative economy in Northern Ireland, Scotland and Wales'*¹⁷. Local commercial radio stations must be considered to be part of the creative economy.
- 3.34. We note also that all BBC services have an obligation to abide by the Competitive Impact Principle (CIP) – that is, to endeavour to minimise their negative competitive impact, whilst ensuring fulfilment of the public purposes.
- 3.35. We understand that BBC Nations services have bid for exclusive rights on a number of occasions. For example, BBC Radio Scotland has acquired exclusive rights to all Scottish Premier League matches for a number of years now (although we understand that GMG Radio has now acquired an exclusive contract to provide commentary for eight Scottish Premier League games) and BBC Radio Wales has acquired exclusive rights for all Welsh Rugby Union matches.
- 3.36. As a matter of principle, we do not believe that the BBC services should bid for any genre of broadcast rights on an exclusive basis – specifically, rights to sporting and music events. This includes its Nations services. However, should this not be possible (say if TV and radio rights are bundled together by the rights provider), we believe that the BBC should be obliged to seek ways to share the rights to sports and music events with commercial stations local to the event in question (in agreement with the rights provider).
- 3.37. Very often there is potential for the BBC and commercial radio to offer complementary coverage of a given event or sporting fixture. Competition between the two sectors inevitably stimulates improvements in the standard of radio output across all radio stations; shared access to events is also likely to lead to improvements in the diversity of editorial perspectives within radio output. In addition, allowing both BBC and commercial services to cover the same sports or music event broadens the potential reach for that event.
- 3.38. We recognise that the resolution of this issue is outside the remit of this service licence review. However, the BBC Trust is currently also consulting on its Fair Trading policy, which we hope will include consideration of the process by which the BBC bids for rights. We would therefore hope that the Trust's conclusions on both of these consultations will support one another in this area.
- 3.39. Lastly, we welcome the commitment within the 2010 BBC Strategy Review to *'never becoming any more local in England'*¹⁸. However, we question why there is no equivalent commitment to not become any more local in the Nations - Scotland, Wales and Northern Ireland – and we would wish for this commitment to be included in the BBC Trust's final conclusions on the Nations services.

Recommendation

- Commitment from the BBC Nations services to endeavor to not acquire rights to a sporting or music event on an exclusive basis. If this is not possible, the service should be obliged to seek ways to broaden access so that local commercial stations can also broadcast from that event.

¹⁷ BBC Trust review of the BBC's national radio stations – terms of reference.

¹⁸ BBC Strategy Review, p. 12.

- Statement within the BBC Trust's final conclusions on the Nations services that *no* BBC service will become more local, including the Nations services.

3.40. Partnership

3.41. Potential exists in some areas for closer collaboration between BBC Local and Nations Radio and the commercial sector. In particular, we believe that local commercial and community stations would demonstrate significant interest if offered the opportunity to access the archives of the BBC's Local and Nations services. This would deliver the benefit of enhanced content for listeners to commercial radio, whilst extending the reach of the BBC's licence fee funded content.

3.42. We therefore recommend that this is considered as part of the forthcoming review of the BBC Archives.

Recommendation

- The BBC Trust to recommend in its final conclusions on the BBC's Nations services that consideration is given to how they can widen access to their archives (possibly in the context of a review BBC archives).

4. **Background to RadioCentre**

4.1. RadioCentre is the industry body for commercial radio, formed in July 2006 from the merger of the Radio Advertising Bureau (RAB) and the commercial radio Companies Association (CRCA).

4.2. The role of RadioCentre is to maintain and build a strong and successful commercial radio industry - in terms of both listening hours and revenues. RadioCentre operates in a number of areas including working with advertisers and their agencies, representing commercial radio companies to Government, Ofcom, copyright societies and other organisations concerned with radio. RadioCentre also provides a forum for industry discussion, is a source of advice to members on all aspects of radio, jointly owns Radio Joint Audience Research Ltd (RAJAR) with the BBC, and includes copy clearance services for the industry through the Radio Advertising Clearance Centre (RACC).

4.3. RadioCentre members account for 90% of commercial radio listening and 86% of industry revenue. The membership of made up of 267 radio stations of all types – including the major commercial radio groups, small local radio groups, independent local stations and digital-only services.

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Summary of recommendations

Music/speech output

- Removal of all music from daytime schedules of BBC Radio Ulster/Foyle, BBC Radio Scotland and BBC Radio Wales – reflected in amendments to service licences.
- Emphasis on specialist music programmes broadcast during off-peak, promoting local and unsigned artists, to be increased.

Audience profile

- Inclusion of a target age range of 55+ and over (who are not well-served elsewhere) in the service licences of the BBC Nations services.

The drive to digital

- The service licences of the BBC's Nations services to be amended, to include specific targets for promoting listening on digital platforms.

Value for money

- BBC Trust to consider value for money measurements other than cost per listener hour – including benchmarking between the BBC Nations services.

Competitive impact

- Commitment from the BBC Nations services to endeavor to not acquire rights to a sporting or music event on an exclusive basis. If this is not possible, the service should be obliged to seek ways to broaden access so that local commercial stations can also broadcast from that event.
- Statement within the BBC Trust's final conclusions on the Nations services that *no* BBC service will become more local.

Partnership

- The BBC Trust to recommend in its final conclusions on the BBC's Nations services that consideration is given to how they can widen access to their archives (possibly in the context of a review BBC archives).