

RadioCentre's response to the BBC Trust's review of Radio 5 Live and 5 Live Sports Extra

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1. Overview

- 1.1 **The BBC has a responsibility to provide the most informative and objective television, online and radio services.** The UK licence-fee payer deserves the most impartial and accurate media services available. The BBC has unique advantages enabling it to provide news and sport content of the highest quality, and Radio 5 Live should be a cornerstone of this output. Standards need to be as high as possible.
- 1.2 **Radio 5 Live is falling short of the standards expected by licence-fee payers and is suffering from an identity crisis.** This response is designed to assist the Trust in shaping a better, more focused station. It has lost its way. It does not know what it is anymore. It has made choices which have favoured reach above public purposes. Its news now lacks depth. Its sporting output increasingly lacks variety. Its role in the radio market is undefined. It needs direction.
- 1.3 **Audiences have noted the lack of distinctiveness.** A BBC recent study found that 5 Live listeners felt the station was the least distinctive of all BBC Radio services¹. We believe that this is a result of the station's attempt to maximise audience reach by focusing on entertainment-led content at the expense of 'serious' news.
- 1.4 **5 Live has an opportunity to address this trend,** as the BBC considers how to put quality first and improve efficiency. A fundamental part of this process must be a focus on high quality content. This provides an opportunity for 5 Live, as talk radio audiences are growing faster than the wider industry. BBC talk radio is part of this upward curve, but significantly this success is more noticeable at stations with a clear remit and identity (whether BBC Radio 4 or commercial talk brands such as LBC and talkSPORT).
- 1.5 **A more clearly defined role and clarity of purpose is required,** with a focus on broadcasting rolling news and varied sport coverage that exists nowhere else on BBC Radio, or in wider UK radio. Even in more financially straightened times the station still has the funding capabilities to broadcast this content. Yet it requires assistance from the BBC Trust to provide defined and reviewable targets in its service licence in order to achieve this.
- 1.6 **The Trust has a responsibility to ensure changes to the service licence to facilitate higher quality and more distinctive output.** The UK radio audience deserves a wide range of services which complement one another. The re-drafting of this service licence is an opportunity for 5 Live to clarify its public value, by emphasising its commitment to news and a wider range of sport. 5 Live has a duty to help offer a better choice for the licence-fee payer, and the Trust can help the station accomplish this outcome.

¹ BBC, *Audience Information: January – March 2011*, July 2010, p. 16.

2. Executive Summary

- 2.1. RadioCentre acknowledges the important role Radio 5 Live has as the conduit for live national and international news and sport in Great Britain today. As the home of sport and breaking news on BBC Radio, it has an important role to play as an accessible live updater of world events. Commercial radio wishes to see this contribution, strengthened, not diminished. This response therefore focuses on making 5 Live more '*strikingly distinctive*'² from the wider radio market.
- 2.2. We recognise that the BBC Trust's service licence review process seeks to answer the following questions:
- How well are these services performing against the terms of their service licence and the Reach, Quality, Impact and Value for money performance framework?
 - What is the future strategic direction for these services?
 - Should the services licences for these services be changed?
- 2.3. As we stated in our response to the BBC Strategy Review in May 2010, *Putting Listeners First*, the creative direction of 5 Live has been explicitly endorsed by BBC Management to such a degree it appeared out of scope of the strategy review. We have consistently disagreed with this stance³. "*The role of the BBC is to produce the best television and radio broadcasts in the world*"⁴, and the principle of *Putting Quality First* should be central to all BBC services, not solely be applied to those which are deemed to not be developing audience figures in the way the BBC would like.
- 2.4. We therefore believe it is important to respond to the above service licence questions in relation to 5 Live and Sports Extra, by highlighting the broad responsibilities which the BBC has for every station, as acknowledged in the Strategy Review. In line with the broad structures we used in *Putting Listeners First* structure our response to this review uses four pillars:
- the BBC's duty to **maximising public value**;
 - the BBC's commitment to **digital radio**;
 - the BBC's responsibility to secure **value for money**; and
 - how the **service licence review process** shapes the strategic priorities of BBC services like 5 Live and Sports Extra.
- 2.5. We use these four wider themes to draw conclusions as to the future strategic direction of 5 Live and sister station 5 Live Extra, and consider which changes should be made to their service licences accordingly. As a result, we make a number of proposals which are summarised below.

² BBC, *Putting Quality First*, March 2010, p. 40.

³ RadioCentre, *Putting Listeners First*, May 2010, p. 12.

⁴ Lord Patten, <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=8330>, 1:02:43.

- 2.6. **Public value** must be the central mission of 5 Live, due to its unique funding and responsibility to licence fee payers. It is therefore at the centre of this response. A station with a specific remit to deliver 75% news and 25% sport should provide precisely that, to the highest standard nationally and internationally. 5 Live should not be a tabloid radio station. Celebrity and entertainment stories should not form such a core element of 5 Live's output as they currently do. Similarly 5 Live's concentration on populist sports, most specifically football, needs to be reversed. The station has an obligation to feature minority sports in the service licence, and this coverage should be expanded to at least half of all sport output.
- 2.7. **Digital radio** is a key part of the future of the industry, and the BBC has a responsibility to do all it can to ensure that radio secures a digital future. 5 Live has a higher digital audience than any of its analogue national counterparts already, and represents a unique opportunity for digital expansion. 5 Live's most popular audio content should be broadcast exclusively on Sports Extra to entice the listener to the digital platform; allowing more space on the analogue schedule for minority sports. Additionally, Sports Extra should be expanded in preparation for BBC coverage of the London Olympic and Paralympic Games in 2012. Once this event is over, consideration could then be given to Sports Extra being replaced on digital only by its sister station 5 Live; as part of a staggered digital switchover.
- 2.8. **Value for money** should be justified far more explicitly and transparently at 5 Live. As the second most expensive analogue BBC station, the listener has a right to know how the licence fee is being spent, and if this could be undertaken for less. RadioCentre recommends the BBC Trust should advance benchmarking discussions on the relative efficiency of commercial radio and the BBC as a matter of priority, in line with similar work undertaken in BBC music radio⁵. We would similarly like the BBC to provide further information regarding the actual cost effectiveness of moving 5 Live to Media City in Manchester. We also suggest consideration of the requirement for the BBC to bid for exclusive football rights packages when the current package expires in 2013.
- 2.9. **The service licence process** of 5 Live and Sports Extra (in line with other BBC services) should help to lay out the future path for how the station should proceed in the service licence by setting specific quantifiable targets to follow. This should not be the loose guide as it appears now, but recognition of what service the market requires and how the service should fulfil this. In addition, the Trust must continually evaluate the performance of the stations and consider in detail what sanctions should be imposed should they not meet specified targets.
- 2.10. We believe the service licence of Radio 5 and sister station 5 Live Sports Extra must be amended accordingly to guarantee delivery of these objectives, and we look to the BBC Trust to deliver this as part of this service licence review process.

⁵ John Myers, *Synergies within BBC Radio 1, Radio 2, 1Xtra and 6Music*, June 2011.

3. **Background**

- 3.1 Radio 5 Live was launched on 28 March 1994 and constituted a repositioning of the original Radio 5, itself launched in August 1990. The service was designed to combine the popular sport coverage of Radio 5 alongside the best parts of a rolling news service, which had originally been trialed on Radio 4 during the first Gulf War, with coverage broadcast 17 hours a day from 17th January until 2nd March 1991.
- 3.2 The station in its inception has since been described by one of its creators as "*a network with no audience focus, born out of expediency*"⁶. The 1990 Broadcasting Act had required BBC Radio to surrender some frequencies to enable the launch of national commercial radio, and Radio 5 was created partly as a reaction to the new competition in the radio market.
- 3.3 Whilst initially building on the pledge to create a 24 hours news service and a range of sports coverage, the station has gradually positioned itself within the wider radio market to offer accessible BBC Radio news and entertainment programming, alongside popular sports. Unlike some other national BBC stations, 5 Live is not required by its service licence to appeal to a particular demographic or target audience. Instead it is simply required to appeal to listeners of '*all ages and from all ethnic backgrounds*'⁷. It has therefore retained the ability to offer a very broad service, which has been allowed to shift and evolve even since the formal introduction of its first service licence in 2008 following the establishment of the BBC Trust.
- 3.4 On 2 February 2002 its sister station 5 Live Sports Extra was launched as part of the BBC's portfolio of digital radio stations, in order to provide additional sports commentary and live sports coverage. This has been interpreted as the BBC's reaction to the fact that it had been 'warehousing' rights to sporting events on such a scale, and was presented with the broadcast capacity to make additional sporting coverage available. Live commentary on Sports Extra most commonly includes Test match cricket (also broadcast on BBC Radio 4 long wave), Premier League football matches, tennis and occasionally American football.

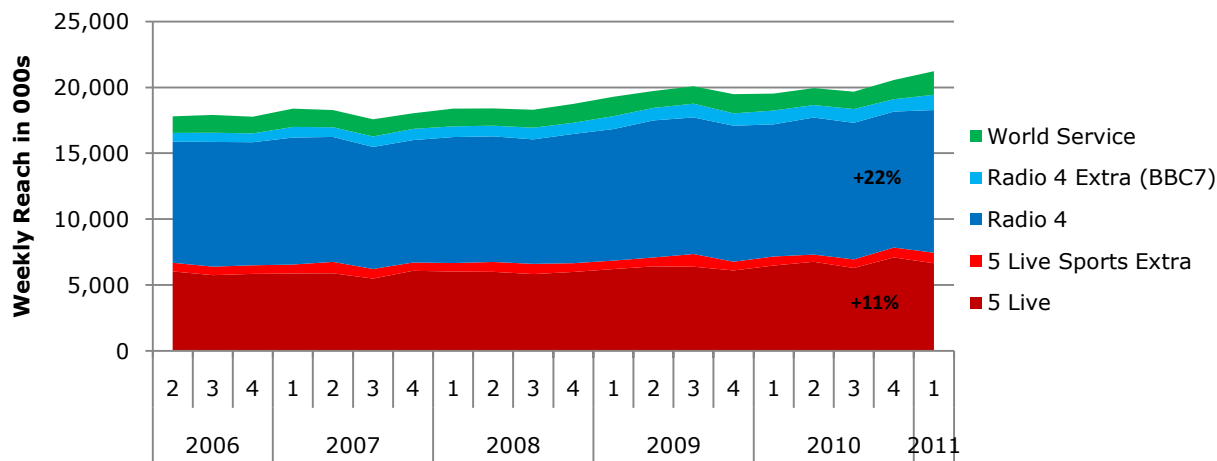
⁶ Jenny Abramsky, lecture to Exeter College, Oxford University, January 2002
http://www.bbc.co.uk/pressoffice/speeches/stories/abramsky_oxford2.shtml.

⁷ BBC Trust, *5 Live Service Licence*, April 2008, p.1.

4. Service Performance

- 4.1 The initial 5 Live audiences were just under four million. Whilst the audience number has fluctuated somewhat, the station has since seen its reach grow to record levels in recent years; with more than 6.6 million listeners in 2010 up an impressive 13% since 2007.
- 4.2 The average age of the combined adult audience is 45. It has been increasing its share of audience 45+ in recent years, whilst a relatively small proportion of its audience are between 15 and 34 (around 25%).
- 4.3 The service retains an overwhelmingly male listenership, with 72% of its listeners being men and only 18% women – a proportion that has remained remarkably consistent over the last ten years. In addition listeners are increasingly more likely to be from the ABC1 socio-economic group.
- 4.4 Almost 3 million (2.924 million) 5 Live listeners listen digitally, with a digital listening share of almost 40% (39.2%) that represents the highest proportion of digital listeners amongst all national stations. This is not surprising given the quality issues on its main distribution platform of AM, and is mirrored by the higher than average rates of digital listening on commercial radio stations that rely wholly of significantly on AM⁸. Indeed, it is arguable that 5 Live should be doing better still in digital listening figures (an issue that we return to later).
- 4.5 Figure 1 shows that the reach of 5 Live and Sports Extra has grown by a combined 11% over the previous 5 years. Overall BBC talk radio services have increased in audience by 19% during the same period. Most notably, the quality public service programming on Radio 4 and 4 Extra has drawn a combined 22% more listeners in this period.

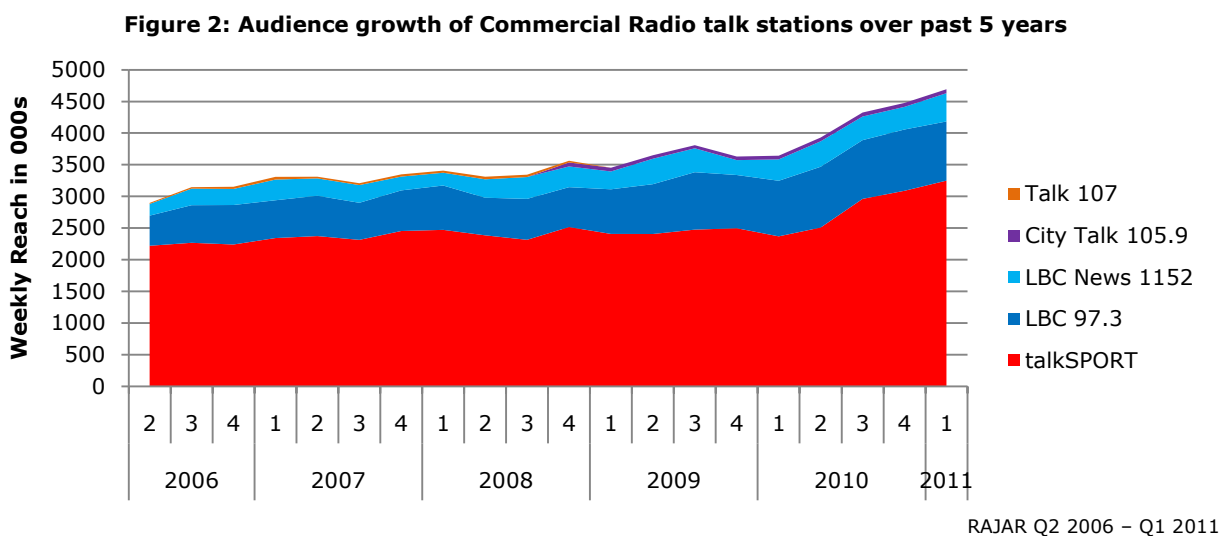
Figure 1: Audience growth of BBC Radio talk services over past 5 years



RAJAR Q2 2006 – Q1 2011

⁸ Rajar Q1 2011. The total hours of digital listening for Absolute Radio were 32.2%. For talkSPORT it was 28.3%.

- 4.6 Figure 2 indicates that commercial radio has also seen a dramatic increase in the same five year period. UTV's talkSPORT has added another 46% of listeners, whilst the combined LBC audience has more than doubled on both formats. During this period, radio audiences for the entire industry have only grown by the comparatively small amount of 6%. This disparity indicates that the market demand for spoken content as a whole is growing, and that BBC and commercial speech services are currently complementing one another effectively to satisfy consumer demand.



- 4.7 Whilst we welcome the overall growth of listeners in talk radio, RadioCentre is concerned that 5 Live has sought to achieve its growth by moving away from the public service principles it was initially founded upon, due in part to the extremely broad remit that is reflected in its service licence. This simply states that *'the remit of BBC Radio 5 Live is to be BBC Radio's home of continuous news and live sports coverage'*⁹. This definition is too broad and does not provide 5 Live with sufficient guidance as to the character and purpose of the service. **An ill-defined remit has exacerbated an identity crisis at 5 Live that has led to mission creep and confusion over its core purpose and distinctive role.**
- 4.8 Accordingly 5 Live no longer describes itself as a "news and sport" station but a "news, sport and entertainment" station¹⁰. Editorial content has expanded indefinitely outwards to encompass all types of speech radio, rather than in a focused direction in line with 5 Live's public purposes. In our view the lack of clear identity and purpose regarding its mission and priorities has left the public value role of 5 Live as ill-defined and confused; potentially swamping opportunity for any new competition wishing to enter an expanding section of the radio industry.

⁹ 5 Live Service Licence, p. 1.

¹⁰ 'BBC Radio 5 Live is the rolling News, Sport and Entertainment network from the BBC.'
<http://www.facebook.com/5live>. <http://www.bbc.co.uk/5live/programmes/genres/entertainment>.

- 4.9 Whatever we think about the focus of the BBC's overall portfolio of national analogue radio stations, by and large the BBC is clear in articulating their purposes. The mission of Radio 3 and Radio 4 is to provide highly distinctive public value output that is not generally provided by the commercial sector. Radio 1 and Radio 2 exist to further the reach and impact of the BBC across mass audiences (leaving aside the fact that we would argue these stations should do much more to offer distinctive services and provide greater public value).
- 4.10 RadioCentre would question whether 5 Live has the same clarity of function as national BBC counterparts, whether it achieves the range of public purposes, or if it provides value for money to all licence fee payers as required in its service licence. Our perspective is that it has lost direction and drifted away from what it was created to be. This view would appear to be shared by listeners who score 5 Live lower than any other BBC Radio station (national or digital) when asked about the station's distinctiveness, with only 63% agreeing that its programmes are 'original and different' from other radio programmes. This has also led to a lower score for appreciation than any other national analogue network¹¹.
- 4.11 5 Live has evolved to become a mainstream, sports and entertainment led service. Given its extremely flexible service licence even further shifts in editorial direction are still possible in future. As such the service licence must be amended to emphasise public value in the 5 Live output and bring the station back into line with BBC public purposes.

¹¹ BBC, *Audience Information: January – March 2011*, July 2010

5. Public Value

5.1 Overview

- 5.1.1 In no media sector is the BBC's dominance more apparent than within UK radio. Given this advantageous position, the BBC has a responsibility to ensure its services provide the maximum public value and support a healthy and flourishing UK radio sector that is for the benefit of the industry and listener alike.
- 5.1.2 The framework against which the contribution of services to overall public value is assessed is based upon the BBC's public purposes. These are reflected within the structure of the service licence documents under the headings of:
- Sustaining citizenship and civil society;
 - Reflecting the UK's nations, regions and communities;
 - Bringing the UK to the world and the world to the UK;
 - Stimulating creativity and cultural excellence;
 - Promoting education and learning; and
 - Emerging communications.
- 5.1.3 Throughout its Strategy Review process in 2010 the BBC also highlighted a number of content priorities that together '*represent the essence of how the BBC will meet its public purposes*' and '*demand far-reaching changes to the BBC's portfolio of services*'¹². These five content priorities are specified as:
- The best journalism in the world;
 - Inspiring knowledge, music and culture;
 - Ambitious UK drama and comedy;
 - Outstanding children's content; and
 - Events that bring communities and the nation together.
- 5.1.4 If this structure of laudable objectives and public service priorities is to have a meaningful impact on the quality and distinctiveness of BBC output, its relationship with specific BBC services must be clear and unambiguous. For example, we would argue that 5 Live should make a considerable contribution to most of the overall public purposes and that this contribution should be outlined clearly and explicitly within its service licence, with measurable targets and conditions (a number of which we go on to outline below).
- 5.1.5 Moreover, much of 5 Live's output should exhibit characteristics highlighted in the list of content priorities. Most obviously its news coverage (and to an extent its sports coverage) should aspire to meet the demands of being the best journalism in the world, inspiring knowledge, and covering events that bring communities and the nation together.
- 5.1.6 The BBC sets the UK standard in journalistic content because it has access to one of the best newsgathering operations in the world. However there is limited evidence that 5 Live is leveraging this advantage successfully and providing the sort of strong and distinctive news output that commercial providers are simply unable to replicate due to the disparity in budget and scale of operation.

¹² BBC Trust, *BBC Strategy Review*, March 2010, p.8.

- 5.1.7 It is important that this service licence review offers an opportunity to explore ways in which greater clarity can be provided for both the BBC and its competitors as to how 5 Live can best provide public value through its news programming.
- 5.1.8 The 5 Live service licence states that '*around three quarters of its output across the year should be dedicated to news programming*' (our emphasis)¹³. This requirement is vague and poorly defined. RadioCentre therefore welcomed the conclusions of the Trust in considering a recent complaint that focussed on this condition in the service licence, when it stated that there were '*some significant and valid questions about what constitutes news on 5 Live and how broadly an individual "news" programme on 5 Live should go in its delivery of news*'¹⁴. Furthermore we are pleased that the Trust's General Appeals Panel has tasked this service licence review with addressing these issues and providing greater clarity in this area, as well as assessing the public value of its speech output.
- 5.1.9 We also believe that 5 Live's responsibility to deliver far more public value than it is currently doing also extends to utilising its position of dominance within the UK audio sport more effectively. This includes a responsibility to maximise public value and minimises negative market impact by extending the range of sports that its covers. These issues are explored separately below.

5.2 News

- 5.2.1 The BBC has access to one of the largest and most respected newsgathering operations in the world. We understand that it has around 8,000 journalists and other news staff across the UK and overseas, and it is right to outline an aspiration to provide the 'best journalism in the world'. We strongly support its efforts to use this position to focus increasingly on areas where it adds most value and is truly distinctive, such as eyewitness reportage; international newsgathering; specialist analysis and explanation; investigative journalism; and current affairs¹⁵.
- 5.2.2 However, **RadioCentre believes that there is growing evidence that much of what 5 Live currently defines as news is not to the standard of the 'best journalism in the world'**. It is often too focused on 'soft' news and entertainment featuring the celebrities which dominate the gossip columns. This approach would certainly appear to have had an impact on the perceptions of 5 Live listeners, who estimate that only 38% of the station's output is dedicated to news, and only half of this is 'serious' news content¹⁶.
- 5.2.3 Much of 5 Live's news output can be seen to have shifted from a broadsheet style to a tabloid in its editorial content. We do not believe that it is appropriate for BBC services to reflect (and exacerbate) society's increasing pre-occupation with celebrity to this extent. Indeed, the Richard Bacon show now has at least one celebrity guest per show, and went as far as to broadcast from the offices of 'Heat' magazine on 5th July, further emphasising the station's preoccupation with celebrity. This is not what RadioCentre believes 5 Live should be. As such we

¹³ 5 Live Service Licence, p. 3.

¹⁴ BBC Trust, *General Appeals Finding: UTV appeal regarding BBC Radio 5 Live's compliance with its service licence*, April 2011, p. 6.

¹⁵ BBC Strategy Review, p.25

¹⁶ BritainThinks, *BBC Radio 5 Live: An audience Perspective*, April 2011, p. 2.

recommend that there needs to be a reduction of this 'soft' news in the 5 Live schedule, and 5 Live should no longer brand itself as an 'entertainment' station¹⁷.

- 5.2.4 It is difficult to see how the current prevalence of phone-ins with gripes about the world, reviewing the television schedule for the rest of the week or previewing the Eurovision song contest contribute to the best journalism in the world, or the serious and hard news output that 5 Live should be prioritising¹⁸. Similarly it is difficult to see how showcases of live music from the band 'Wild Beasts', or 'New Music with Jamie Stangroom' can be considered to be part of a news show¹⁹. The station controller needs to justify the news value this content brings to the service.
- 5.2.5 In our recent response to the service reviews of Radios 3, 4 and 7. RadioCentre praised Radio 4 as the jewel in the crown of the BBC Radio portfolio due to its world-class reputation for high-end, distinctive and intelligent speech content. There is no reason why 5 Live should not offer this same high quality of news programming, but make it more accessible and less London-centric to attract the listeners that Radio 4 does not appeal to.
- 5.2.6 At its best this is what 5 Live offers, but it is not currently doing this consistently. Instead, news on 5 Live is being trivialised unnecessarily. The recent axing of the midday news on 5 Live could be seen as an example of the unnecessary dilution of the station's commitment to news. Its absence will take five hours of hard news out of the weekly daytime schedule.
- 5.2.7 **RadioCentre believes that 5 Live could do much more to make the most of its already established links with BBC Local Radio.** If the station is looking for more accessible content rather than a schedule dominated only by harder news issues during the daytime schedule, we suggest it should showcase more local content. This would be more consistent with the Trust's view that *'the BBC must resonate better with local communities and be better at reflecting local communities back to the UK as a whole'*²⁰ than the current London-centric approach.
- 5.2.8 In practice this could involve using resources at a local level to showcase news from local communities to a national audience. The 5 Live service licence already stipulates that there should be 'a UK-wide network of reporters and producers to reflect events and opinion'²¹. RadioCentre believes that does not to appear as wide reaching as it should be.
- 5.2.9 As a national service, 5 Live has a unique opportunity to bring the best of the BBC's regional radio content to the wider UK audience. RadioCentre therefore proposes that each week, a BBC Local radio station or community station be given an hour a day to showcase the stories and features that matter to that region, or nation. There is much more public value in an hour of local history or economic

¹⁷ http://www.guardian.co.uk/media/organgrinder/2011/apr/20/radio-5-live-talksport?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+theguardian%2Fmedia%2Frss+%28Media%29

¹⁸ The 'Moan-In' and TV Review are sporadic spots on *The Richard Bacon Show*; the Eurovision segment was on *Victoria Derbyshire* at 11:50 on 9 May 2011.

¹⁹ Richard Bacon, 6 July 2011. 'New Music' is an *Up All Night* regular feature.

²⁰ BBC Trust, Strategy Review, Supporting Analysis, p.27.

²¹ 5 Live Service Licence, p.3.

issues than there is in celebrity gossip. RadioCentre is pleased to hear that the BBC is considering using its pool of journalists for activities across the national networks, and see no reason why this cannot be further extended to make the most of BBC regional talent²².

- 5.2.10 **5 Live could do more to utilise the BBC's international newsgathering operation to provide programming strands, and should consider partnerships that showcase the best news output from the BBC World Service.** We therefore welcome the comments from the new Chairman of the BBC Trust regarding the value of the World Service. We believe that its commitment to cover wide reaching serious news items using informed and intelligent dialogue makes it central to *what the BBC is about*, as Lord Patten stated²³. We note that the World Service journalists may also be used on other national BBC services, and believe 5 Live would be an ideal candidate for this.
- 5.2.11 If this content was deployed creatively and intelligently it may also enable 5 Live to perform more effectively in providing output that is of greater interest and appeal to the UK's diverse ethnic population. Despite explicit reference to appealing to all cultures and ethnicities in its service licence, 5 Live currently underperforms significantly in reaching ethnically diverse audiences and a more structured and measurable approach is required. In the latest RAJAR measurements, 5 Live has less non-white listeners than both the national average and commercial radio alike²⁴.
- 5.2.12 **5 Live needs to invest in more educational content and documentaries.** The 5 Live service licence discusses that it should play its part in the BBC public purpose of education and learning by '*offering in-depth analysis, documentaries and specials on a wide range of subjects across the news and sports agendas.*' RadioCentre has noted that only seven documentaries have been broadcast on the station in the eight weeks since service licence review launched – none of which during weekdays – and there are currently only two 5 Live documentaries available on BBC iplayer²⁵.
- 5.2.13 The current **5 Live service licence also fails to require sufficient obligations from the station when reporting news that helps to fulfil the public purpose of reflecting the UK's nations, regions and communities.** In particular, RadioCentre queries 5 Live's commitment to serious political and current affairs coverage from the nations. Too often it appears that, when if faced with the choice, English content takes precedence over Scottish, Welsh and Northern Irish alternatives.
- 5.2.14 For example, in the most recent May 2011 elections for the devolved parliaments, the Scottish National Party received unprecedented gains and prompted First Minister Alex Salmond to call for an "inevitable" referendum on independence. RadioCentre believes the secession of Scotland qualifies as a major news story both sides of the border, but little content was dedicated in the schedule to this in the following weekday in the 5 Live schedule, and none at all over the weekend.

²² <http://www.guardian.co.uk/media/2011/may/31/bbc-update-delivering-quality-first>

²³ <http://www.telegraph.co.uk/culture/tvandradio/bbc/8570026/Lord-Patten-vows-to-save-the-World-Service-from-cuts.html>

²⁴ Rajar Q1 2011.

²⁵ As of 21 July 2011 and listed on <http://www.bbc.co.uk/5live/programmes/a-z/player>.

Instead on Saturday morning Christian O'Connell interviewed Sir David Attenborough, and the rest of the schedule featured studio debates surrounding coverage of F1 in Turkey or the four football games broadcast on the service that weekend. The issue was eventually featured on Richard Bacon's afternoon show two weeks later, which in our view is too late for a 'live' rolling news service.

- 5.2.15 We note that the BBC Trust already provides a workable and much more detailed definition of what a rolling news broadcast service should be for the BBC News 24 service licence²⁶. This is successful because it aims to frame the service in context of the wider television market, to ensure that the News 24 content is distinctive and in line with BBC public purposes. We believe that many aspects of this licence could be adapted to 5 Live in order to make its service more distinctive in comparison to the wider radio market.

5.3 Sport

- 5.3.1 We welcome the comments from the Chairman of the BBC Trust, who acknowledges that the BBC has a responsibility to reach a wide range of people who are passionate about sport, but that the current economic reality means that the BBC is *'bound to face some tough decisions in the area of sport'*²⁷. This will clearly have implications for 5 Live given its role in providing national sports coverage, and the extent to which this has come to dominate the perception of the station.
- 5.3.2 As the Trust will be aware, a recent survey of 5 Live's own listeners found that they believed that it was skewed more towards sport than news. Indeed its listeners are more than five times more likely to associate it with sport (33%) than news (6%), and estimate that more than two thirds of its sport output (67%) is football²⁸.
- 5.3.3 While the overall amount of sport content is not the principle concern to RadioCentre (as long as it falls within the remit set by the BBC Trust in the service licence), we believe that it is inappropriate for 5 Live to concentrate so much on one major sport through its disproportionate focus on football. By doing so it is neglecting what the BBC defines as other 'minority' or 'secondary' sports. This marginalises the millions of licence fee payers around the country who are fans of hundreds of other sports, often in very significant numbers.
- 5.3.4 **RadioCentre remains concerned that far too much of the 5 Live schedule and licence-fee funding is being spent on broadcasting English Premier League football.** Premier League football rights are those most sought after by the commercial radio industry, and therefore the acquisition of these rights by BBC Radio represents relatively limited incremental public value. This is particularly so due to the fact that broadcast radio is free-to-air (with no subscription model in broadcast radio, as exists with television), combined with the fact that there is clear evidence that there is a demand and ability for commercial stations to broadcast this content nationally.

²⁶ BBC Trust, *News Channel Service Licence*, May 2010, p. 2.

²⁷ Chris Patten, *Sunday Telegraph*, 12 June 2011

²⁸ BritainThinks. *BBC Radio 5 Live*, p. 3.

- 5.3.5 We note the BBC previously came under pressure to scrutinise its acquisition of football rights for radio more closely, after the Trust found that it had failed to conduct a proper competitive impact assessment when bidding for the 2008/9 to 2011/12 FA Cup radio rights, or to follow procedures to ensure that it was delivering value for money²⁹.
- 5.3.6 Shortly after this 5 Live reduced its exclusive Premier League football package from 6/7 to 4/7 of the total available. Those 2 packages the BBC relinquished were taken up by commercial operators which broadcast nationally, and therefore no service was lost to the licence fee payer whilst BBC costs were saved. RadioCentre welcomes freeing up the market in this way, and the savings this will bring to the licence-fee payer, but feels there is more scope for further cost savings.
- 5.3.7 Clearly there is a greater imperative than ever to deliver such savings, given the economic reality that the BBC is facing currently following the licence fee agreement in 2010, which will necessitate savings across the corporation in the region of 20%. This reality is compounded by the direction outlined in the Strategy Review, which stated the corporation's intention to do fewer things better and specifically sought to introduce a cap on spending on sports rights in future.
- 5.3.8 **RadioCentre believes that the service licence needs to be more explicit in the requirements for showing minority sports** than the current specifications of 'from time to time'. The service licence does not provide clear commitments as to the frequency and range of coverage of minority and secondary sports, nor does it define what sports these are. This needs to be remedied.
- 5.3.9 Minority sports are either broadcast solely on Sports Extra, or not at all. Rugby League attracts over 140,000 fans per week for its top division, and 250,000 people play the sport regularly; yet 5 Live did not once this season feature a Super League game³⁰. Similarly, Netball is the second most popular team sport in the UK amongst women, but the national Superleague does not feature at all on either schedule. Both aforementioned sports are listed as priorities for increased publicity and investment by Sport England to continue their development³¹. Premier League Football is not in need of such publicity. Despite this, even during the summer 5 Live runs trailers for the Premier League stating that "the waiting is nearly over"³².
- 5.3.10 Moreover, the service licence states that '*Radio 5 Live should, where possible, offer live coverage from overseas sports events*'³³. This does not occur to the extent that it should on the main station; or with sufficient continuous coverage during primetime listening hours. Instead the station favours its regular presenters talking about entertainment news ahead of reports from major sporting events. Of particular note recently was the lack of reference to the early rounds French tennis open at Roland Garros which the BBC hold the rights to, and the continuing lack of attention to golf competitions and horse racing which continue in all seasons everyday around Europe. Meanwhile the most popular women's sport, football, only made it as far as Sports Extra during the recent World Cup, this despite the success of the England ladies team reaching the Quarter-Finals.

²⁹ http://www.bbc.co.uk/bbctrust/assets/files/pdf/appeals/fair_trading/talk_sport.pdf

³⁰ http://www.therfl.co.uk/about_the_rfl

³¹ <http://www.sportengland.org>

³² Danny Baker, *5 Live Football trail*, Wednesday 13 July 2011.

³³ *5 Live Service Licence*, p. 4.

- 5.3.11 **5 Live should have scope to expand sports coverage when necessary to be able to respond to minority and international sports coverage more effectively.** RadioCentre would therefore support efforts to a redefine the conditions that prescribe the percentages of sports coverage in the service licence using quantifiable targets.
- 5.3.12 The current licence only stipulates that 'around' a quarter of the station's output must be sport each year. A future service licence could instead include an obligation for 5 Live to broadcast at least 25% sport and no more than 50% sport each day, as long as at least half of this sport coverage was always minority sport. Indeed this may improve listener satisfaction, as the only current all sport station Sports Extra is deemed the one most appreciated by BBC listeners. In the same study, 5 Live was the least appreciated³⁴.
- 5.3.13 **We propose defining minority sport more specifically, as any sport which is not football of any type, international cricket or international rugby.** We believe that such a change in remit will provide clarity and is consistent with listener expectations and the public perception of the station's remit. We note that 5 Live Sports Extra can only feature sport commentary, and discuss how the station can continue to provide this service later in this response.

5.4 Competitive Impact and Fair Trading

- 5.4.1 The BBC Trust will be aware that RadioCentre has submitted a number of editorial and fair trading complaints in the past few years. These include:
- Sports Personality of the Year – March 2008 – July 2008
 - Radio 1 presents Coldplay – January 2009 – March 2009
 - U2 = BBC – May 2009 – February 2010
 - Radio 1's Harry Potter Day – August 2009 – June 2010
- 5.4.2 RadioCentre is pleased to note that all these complaints were either upheld or partially upheld; suggesting to us that the BBC's complaints process is valuable and functioning effectively, despite the fact that it can require significant resources and persistence on behalf of any complainant.
- 5.4.3 However, we also wish to highlight that we do not believe that it is the role of RadioCentre to continually monitor the output of BBC Radio in order to ensure that it is complying with its own editorial and fair trading framework. RadioCentre does not have the capacity to regularly monitor BBC Radio output, nor would it wish to do so. Indeed, instances that have caused RadioCentre to submit a complaint to the BBC, and subsequently the BBC Trust, have come to our attention in our capacity as ordinary TV and radio viewers/listeners and/or via our members, watching or listening in the same capacity.
- 5.4.4 We are not aware of any instance in which the BBC Trust has instigated an investigation into a potential breach of the BBC's guidelines on its own initiative, or an instance in which the BBC has reported itself following a potential breach. We believe that senior members of the BBC Trust and/or BBC Management are as

³⁴ BBC, *Audience Information: January – March 2011*, July 2010, p. 14.

capable as RadioCentre in identifying where BBC services have overstepped the mark and constituted a guidelines breach.

- 5.4.5 Whilst we welcome the amendments to the BBC's Fair Trading and Editorial framework that have resulted from RadioCentre's complaints, and those of other commercial broadcasters, these amendments alone are not sufficient to ensure future compliance.
- 5.4.6 We recognise that the BBC Trust is not strictly the BBC's regulator. However, in the absence of effective regulatory oversight of the BBC, **we believe that the BBC Trust should more closely monitor all BBC output, and undertake an investigation if it believes that a breach of BBC guidelines may have occurred.** This could take the form of the regular spot-check monitoring that Ofcom undertakes.
- 5.4.7 RadioCentre have been undertaking pragmatic monitoring of 5 Live output whilst constructing a response to this review, and have witnessed examples of content which we do not believe cover 5 Live's remit of news or sport coverage. Of particular note are examples of that could be considered to be explicit commercial references, which we feel is not in the general public interest or appropriate content for BBC services.
- 5.4.8 Richard Bacon's afternoon programme rarely features the hard news which we believe 5 Live should prioritise, and on 3 June 2011 included a segment that sounded far too similar to a promotional feature for tickets to comedian Danny Bhoy's current tour. The host gave the comedian an audio soap-box to advertise tickets and prices for his nationwide gigs, and no newsworthy item was discussed in the entire time Mr Bhoy appeared on the show. In addition, on 11 July 2011, Phil Williams sat in for Richard Bacon, and told guest Rufus Wainwright his ticket prices were '*£25, which I thought was quite good*'.
- 5.4.9 Sports commentary (particularly cricket) tends to go a step further and could even be judged to directly 'advertise' tickets for fixtures. An illustration of this occurred on Monday 6 June on 5 Live Sports Extra. At approximately 13:40 that afternoon, cricket commentators broke off live commentary to provide a detailed promotion of tickets to attend the game, right down to the prices of attending Lord's cricket ground. The segment was indisputably based on information provided to the commentators, and Phil Tufnell goes as far as stating '*a lot of cricket, at a very good price*' giving personal endorsement to the offer. This is only one example of repeated promotion for this type of product which strikes us as a potential breach of Editorial Guidelines in relation to prominence. If the organisers wished to promote the availability of tickets there are of course ample commercial media outlets that would be willing to carry such messages. This does not seem an appropriate role for the BBC and RadioCentre will be writing to the Controller of Radio 5 Live regarding this issue in the near future.
- 5.4.10 **5 Live should be aware of its public service role and ensure its output is high quality, impartial and avoids unnecessary commercial references.** More than any other time in recent history, the UK audience wants a media sector which is reliable and untainted. As the only organisation able to offer a news and sport service nationally on both AM and FM radio bands, the BBC is in a unique and

privileged position to provide informed and objective services which are of real value to every licence-fee payer.

Service licence amendments:

- The BBC has access to one of the best newsgathering operations in the world. 5 Live should seek to leverage this advantage more effectively and provide stronger and more distinctive news output. This should include particular focus on international news stories as well as those of individual UK nations.
- There needs to be a reduction of 'soft' entertainment stories in the 5 Live schedule. The BBC should not be featuring this sort of news coverage so prominently and so regularly on its national rolling news and sports station. 5 Live should also move away from branding itself as an entertainment station.
- 5 Live should also be more in touch with communities. A community hour should be part of the station's schedule each day using BBC Local Radio and the pool of journalists at the BBC's disposal.
- The BBC should define only football, international cricket and international rugby as 'major' sports. The coverage of these sports should be scaled down on 5 Live, in favour of other sports not currently being covered.
- All 'minority' sports (those which are not football, international cricket and international rugby) should be catered for more on Radio 5 Live than they are now. These minority sports should account for at least half of all Radio 5 Live and 5 Live Sports Extra's sport output.
- 5 Live should cover more sport around the globe. Overseas sporting events should be covered at every possible opportunity, and updates from these sporting events should occur regularly during the weekday daytime schedule.
- 5 Live should have scope to expand sports coverage when necessary. This is consistent with listener expectations and public perception of the station. It should broadcast at least 25% sport and no more than 50% sport each day, as long as at least half of this sport coverage is always minority sport.
- 5 Live should be aware of its public service role and exercise caution when apparently endorsing commercial products. Content on 5 Live, like all BBC services, should always be impartial, accurate and avoid unnecessary commercial references.

6. Digital Radio

6.1 Overview

- 6.1.1 In response to the BBC Strategy Review the Trust stated that the BBC's digital radio strategy requires greater thought³⁵. We agreed with this conclusion and had been encouraged when the Trust stated at the end of 2010 that *'we now expect the BBC Executive to publish its new digital radio strategy in full once the service review of Radio 3, Radio 4 and Radio 7 has been completed'*³⁶.
- 6.1.2 Unfortunately no such holistic plan for the BBC's portfolio of digital radio stations has been forthcoming. In fact the strategy referred to appears to have constituted the rebranding of Radio 7 as Radio 4 Extra, with some limited promotion of other services.
- 6.1.3 RadioCentre's response to the BBC Management's Strategy Review proposals stressed that the BBC has a responsibility to ensure that radio secures its digital future – through an enhanced commitment to, and investment in, digital radio – and that it is currently failing to address this responsibility adequately.
- 6.1.4 As such, despite the absence of a clear strategic plan, we have welcomed the BBC's pledge to maintain its current overall digital radio investment and set out a number of ways in which we believe the BBC can help accelerate progress towards digital radio switchover.
- *Firstly*, we noted that the BBC should increase its commitment to building out DAB coverage (national, regional and local).
 - *Secondly*, we stressed that the BBC must increase its investment in sustained and heavyweight promotion of the digital radio platform on the BBC's analogue network television and radio services.
 - *Thirdly*, we noted that the BBC must also ensure that a far greater volume of popular content is broadcast on a digital-only platform, or substantially in advance of analogue broadcast.
- 6.1.5 We believe that 5 Live and Sports Extra have an important role to play in achieving the latter two of these objectives.
- 6.1.6 **The BBC could do much more to harness the strength and popularity of 5 Live, to encourage their listeners to invest in digital radio sets and listen via a digital platform.**
- 6.1.7 5 Live, as the national station with the highest proportion of digital listeners, has an important role in the drive to digital. The 5 Live service licence stipulates that it *'should promote DAB and other digital technologies to its audiences'*³⁷. Not only must the station continue to encourage its own listeners to listen via a digital platform, it should also encourage its listeners to explore other stations on the digital-only platform, most obviously its sister station 5 Live Sports Extra.

³⁵ BBC Trust, BBC Strategy Review – Interim Conclusions, July 2010, p. 4.

³⁶ BBC Trust, Strategy Review, Supporting Analysis, p.11

³⁷ 5 Live Service Licence, p. 2.

- 6.1.8 Almost 3 million (2.924 million) 5 Live listeners listen digitally, with a digital listening share of almost 40% (39.2%), which represents the highest proportion of digital listeners amongst all national stations. In addition Sports Extra has a reach of 370,000 and takes combined digital listening for the two networks up to 42%³⁸.
- 6.1.9 These figures might appear to indicate that 5 Live is performing well in this area. Yet a relatively high level of digital listening is not surprising given the quality issues on its main distribution platform of AM, rather than as a reaction to a deliberate or effective strategy. Moreover, on closer inspection it is clear that 5 Live has a limited impact on driving listeners to digital, particularly to the BBC's digital only stations. Other than Sports Extra, 5 Live listeners currently only account for between 1-5% of the audiences for BBC stations that broadcast solely on digital³⁹.
- 6.1.10 Despite its growth, Sports Extra still attracts a very small number of listeners overall. In fact the number of incremental listeners added to the BBC's overall number of listeners by Sports Extra is an almost immeasurably small 2,000-4,000 per week, and the overwhelming majority of these are men⁴⁰.
- 6.1.11 **The BBC could also do more to ensure that a far greater volume of popular content is broadcast on a digital-only platform, or substantially in advance of analogue broadcast.** At present, the BBC has the flexibility to adopt a strategy of putting the most public service elements of its output on digital services, while allowing its analogue services (with their far greater reach and resources) to continue to broadcast more populist elements. This prioritisation of popularity over public purposes was something that we highlighted in our response to the Strategy Review and in previous service licence reviews. In examining the programming and scheduling of Radio 2 in particular, we found that content rich in public purposes was generally scheduled at times when audience levels were low; which enabled the BBC technically to meet the conditions of the service licence whilst prioritising mainstream entertainment programming in peak time and daytime.
- 6.1.13 In the case of 5 Live this is noticeable in the disproportionate coverage of 'minority' sports on the digital only network of Sports Extra. There is already some evidence that this is the way that Sports Extra is currently used. It is the only one of the two services to feature baseball, NFL, Rugby League, basketball and ice hockey since the turn of the calendar year.
- 6.1.14 Instead we believe that the BBC must ensure that a far greater volume of popular content is broadcast on a digital-only platform, or substantially in advance of analogue broadcast. We would therefore propose that key populist sporting events, such as Premier League football matches, international cricket and international rugby, should be available exclusively on digital radio in the same way that was undertaken so effectively on television.
- 6.1.15 The future image of 5 Live Sports Extra should therefore be as the home of some of the most popular live audio content, in order to encourage the listener to move

³⁸ Rajar Q1 2011.

³⁹ Rajar Q4 2010.

⁴⁰ Rajar Q4 2006 – Q4 2010.

to digital listening. It should still only contain commentary of live sports; with debates and match build-ups covered on the analogue station to emphasise to the audience what they are missing by not listening digitally. This would free-up airtime which in turn creates the opportunity within the 5 Live schedule in order to allow the analogue station to broadcast more minority sports to a wider audience.

- 6.1.16 **The BBC's obsession with football on AM is a deterrent to possible new stations, and is therefore detrimental to digital switchover.** When Sky Sports launched on satellite television in the early 1990s, it built its coverage around the commercially viable model of Premier League Football to attract viewers to the satellite format. In radio, the BBC dominating football rights means that this model is unavailable for new stations wanting to attract listeners to digital. The BBC monopoly of football is therefore restricting a possible digital advancement.

6.2 2012 Olympics

- 6.2.1 RadioCentre notes that the BBC has retained full broadcast rights to the Olympic Games in 2012 (and has been able to plan on this basis eight years in advance)⁴¹. Clearly the Olympics in London are of national interest. They are one of the most unique examples of 'bringing the nation together', a public purpose of the BBC. As the sole rights holder for audio of the games, RadioCentre acknowledges that the BBC will give the Olympics full coverage on 5 Live.
- 6.2.2 We are concerned that the BBC has sought permission from the Trust to provide an additional DAB stream to carry Olympic coverage during the games⁴². Leaving aside our apprehension that the BBC appears to have capacity to create new stations whenever it wishes, this is a move which both emphasises the tendency of 5 Live to favour reach over public value; and highlights how the corporation is purchasing more sports rights than it has the capacity to broadcast.
- 6.2.3 We believe a more sensible and cost effective option could be expanding the remit of Sports Extra *on a temporary basis* to accommodate BBC Olympic coverage and appropriately extend Sports Extra's broadcasting hours in order to feature all the events in London. Adrian Van Klaveren was last year quoted as stating there was no chance in the current climate that 5 Live Sports Extra would begin broadcasting 24 hours a day⁴³. RadioCentre agrees that this would be an unnecessary and inappropriate extension of the service, even during the Olympics. However, we do believe that there is an argument in extending live commentary on Sports Extra gradually in the run up to the Games, as a means of building interest in the digital station amongst listeners who ordinarily would not listen to Sports Extra.
- 6.2.4 We do however believe that the Olympic and Paralympic Games 2012 could be a helpful catalyst to support a switch to increased digital listening for some audiences. As noted above, 5 Live already has the largest number of listeners on digital. Combining these figures with those attracted to the format due to extensive – digital only – Olympics coverage in 2012 could provide the ideal opportunity for 5 Live to become the first national analogue station to move to digital in the years following the games.

⁴¹ http://www.bbc.co.uk/pressoffice/pressreleases/stories/2004/06_june/18/olympics.shtml

⁴² BBC, *Executive priorities and summary work plan for 2011/12*, p.10.

⁴³ <http://www.guardian.co.uk/media/2010/jan/27/5-live-sports-extra-bbc-review>

6.3 Digital Migration

- 6.3.1 Government has previously given a very clear steer of its wish to achieve digital radio migration, with a set of consumer led criteria to be assessed ahead of the possible start of a switchover after 2015. As this deadline approaches, the possibility of a staggered switchover has been raised, as provided for under the Digital Economy Act 2010.
- 6.3.2 Recent reports would suggest that this approach could lead to a combination of services switching over on a region-by-region basis, and the possibility of the lower quality frequency of AM being switched off in parallel with this process⁴⁴. It would not be appropriate to discuss the detailed arguments for or against the retention of AM in this document (as that will be a decision for Government). However, RadioCentre believes 5 Live's increasingly digital audience, combined with the opportunity of additional audiences it could achieve through the Olympics, makes it the ideal first candidate to be the first service moved to digital in a staggered station-by-station switchover. The end of simulcasting 5 Live on AM would also bring definite financial incentives. RadioCentre notes that broadcasting on the AM band means 5 Live has distribution costs of over £1 million more annually compared to Radios 1, 2 and 3⁴⁵.
- 6.3.3 It would not be suitable financially – or in regards of wider public purpose – to run two digital only sport focused stations solely on digital. Therefore RadioCentre believes after the 2012 Olympics and 5 Live migration, the BBC should look at the possibility of closing the Sports Extra service.

Service licence amendments:

- 5 Live Sports Extra must not become the BBC's outlet for minority sports. Instead it must be used more effectively to drive listeners to digital with more premium content being offered. For example big football or rugby matches, should be broadcast solely on the digital station, although it should still only broadcast live commentary for this action. The pre and post action discussions and debates should remain on 5 Live.
- Other sports – which are *not* football, international cricket or international rugby – should be covered much more, and featured on 5 Live in the first instance.
- Consideration could also be given to expanding the remit of Sports Extra on a temporary basis to accommodate BBC Olympic coverage in 2012. As the 'Olympic' station it can be a gateway to the digital platform for an increasing number of listeners.
- Following on from these efforts to drive the digital audience, 5 Live could be the first national BBC station to move over to switch over to a digital only broadcast platform. At this point, with the loss of its biggest station, Government could consider turning off the AM frequency.

⁴⁴ <http://www.dailymail.co.uk/sciencetech/article-1385304/Digital-radio-switchover-faces-2-year-delay-reception-faults.html>

⁴⁵ BBC, *Full Financial Statements 2010-11*, July 2011, p.7.

7. Value for Money

7.1 Overview

- 7.1.1 We note that one of the key aims of the strategy review process requires the BBC to *'improve the value for money it provides to licence fee payers'*⁴⁶. This already required the corporation to consider a number of changes to its behaviour to increase efficiency whilst retaining its distinctiveness. However, the licence fee settlement changes the context still further by introducing the prospect of a 16% cut in real terms over the next four years (with a target being proposed by BBC management through its Delivering Quality First programme of achieving a real terms reduction of 20%).
- 7.1.2 Within the context of the overall budget of the BBC, the cost of radio (and within that the budget of 5 Live) may not seem to be a principal matter of concern. However, we would argue that against such a background, no part of the BBC can be immune from increased efficiency.
- 7.1.3 The total budget for BBC Radio was £603.8m in the last financial year, up from £589.9m in the previous year. Radio 5 Live had the second largest budget of any BBC station (after Radio 4), spending a total of £72m throughout 2010, including £55m on content⁴⁷. However, at 2.3p its cost per listener hour is 77% higher than Radio 4 (1.3p). In comparison, the entire commercial radio industry had a programming budget of £75m for all 320+ stations⁴⁸.
- 7.1.4 The approach a strategic priorities being pursued by 5 Live and Sports Extra must acknowledge explicitly that they do not exist in isolation to the wider radio industry. 5 Live's spending should represent the best value for money for the licence payer, prioritising programming which is largely not catered for in the wider radio market.
- 7.1.5 There may well be clear and objective reasons for the relatively high cost of running 5 Live, given its requirement to obtain sports rights and provide consistent rolling news coverage and outside broadcasts. However these reasons are not clearly explained and there would be a considerable benefit to the BBC if the Trust was able to require **greater transparency on rights acquisitions** and oversee a more detailed **review of the station efficiency**.

7.2 Rights acquisitions

- 7.2.1 RadioCentre acknowledges that following the March 2011 publication of the BBC Trust-commissioned report into the processes for the management of sports rights⁴⁹, the nature of *how* sports rights are bought is out of scope of this review. However, we welcome the added attention that has been given to this area, and the changes to the acquisition of sports rights in radio as a result of findings of the Trust in 2009 (with additional competitive impact assessments being carried out for

⁴⁶ BBC Trust, *Putting Quality First*, December 2010.

⁴⁷ BBC, *Full Financial and Governance Statements 2009-10*, June 2010, p.32.

⁴⁸ Ofcom, *Building on the Myers Review: A submission to the Digital Britain project*, May 2009, p.7.

⁴⁹ http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/vfm/sports_rights.pdf

all exclusive rights packages for exclusive radio bids over £0.5 million as a result)⁵⁰.

- 7.2.2 However, as noted earlier in this document (in the section on public value), we still believe that the range of rights that the BBC are procuring goes beyond that which is required by its public purposes, or the interest of the licence-fee payer. A good deal of the coverage for major sporting events would be provided by commercial radio free-to-air in any event, at no cost to licence fee payers. If *Delivering Quality First* truly is a cost-saving initiative, then the extent and cost of radio rights to such events must be in scope.
- 7.2.3 **RadioCentre continues to believe that it is unnecessary for the BBC to procure broadcast rights at above-market prices; in quantities which go beyond those which are necessary to fulfil the public purposes and/or the BBC is able to broadcast; or on an exclusive basis.** RadioCentre believes that the types of sports rights BBC Management chooses to bid for on behalf of 5 Live mean that they are going beyond these principles.
- 7.2.4 Whilst we understand that the terms on which rights are sold have to be agreed with the rights holder, we believe that the BBC does have greater flexibility in cost savings simply by choosing *which* rights to procure and whether it should ever do so exclusively.
- 7.2.5 The BBC must ensure that when it signs deals to secure broadcast rights and/or programming inputs, it is not acting in a manner that limits artificially the public value that will be generated by that content (and causes an unnecessary negative market impact in the process). For 5 Live, this is still the case. Signing exclusive sports packages dictated by the right holder is unnecessary in BBC Radio.
- 7.2.6 For all the merits of 5 Live Sports Extra, it currently appears that the BBC has purchased so many sports rights that it had to create a digital station to make time to broadcast them all, rather than purchase rights to fill airtime. It leads us to conclude that the impact of the BBC procuring such rights is to stifle the commercial competition. We believe it would be more beneficial to the listener if the BBC worked with the commercial sector to broaden the amount of content and therefore strengthen the radio industry in the interest of the licence-fee payer.
- 7.2.7 We welcome the confirmation that the BBC Executive acknowledges that *'the achievement of value for money does not necessarily require the securing of exclusive sports rights, and that where service licence and other requirements and obligations can be met without securing exclusive rights, then proper consideration ought to be given to this option'*⁵¹.
- 7.2.8 Indeed, 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. In addition, allowing both BBC and commercial services to cover the same sports or broadens the potential reach for that event. Shared access would potentially also has the benefit of reducing the cost of rights, and so improving value for money.

⁵⁰ http://www.bbc.co.uk/bbctrust/assets/files/pdf/appeals/fair_trading/talk_sport.pdf

⁵¹ https://consultations.external.bbc.co.uk/departments/bbc/fair-trading-policy-review/consultation/consult_view

- 7.2.9 We therefore welcome the recent reduction in English Premier League rights spending on 5 Live, previous reductions in Scottish Premier League exclusivity. We hope that cutting these costs will allow the BBC to reinvest funding to fuel content that is closer to the other public purposes we have advocated in this paper. We see no reason why English Premier League rights packages should not be cut further to allow more market competition, and give the BBC more funds to spend on world-class journalism and more varied sporting content.

7.3 Benchmarking

- 7.3.1 We have consistently advocated the need for the benchmarking recommended in the National Audit Office (NAO) findings in February 2009. The findings of the NAO investigation into the efficiency of radio production at the BBC were significant, concluding that the BBC is *not 'making full use of opportunities to increase the value for money it is achieving'*. One of its recommendations for amending this was that the BBC should *'explore with commercial radio stations how they might establish benchmarking arrangements to identify where and how savings can be made'*⁵².
- 7.3.2 Our own commissioned research has echoed the findings of the NAO. RadioCentre's response to the BBC Strategy Review was supported by a submission from independent consultants *Value Partners*, who interviewed a number of industry experts in order to inform their review⁵³. The overwhelming impression from those interviewed by *Value Partners* that BBC Radio is, in many areas, significantly inefficient. In particular, that there is over-manning in programming, excessive levels of talent and management pay, and a tendency to over-engineer⁵⁴.
- 7.3.3 We note that John Myers, former CEO of GMG Radio, has recently completed his report on the efficiency Radios 1, 2, 1Xtra and 6Music⁵⁵. We were pleased to see that review made public, and believe that **an efficiency review must now be conducted for talk radio as a matter of priority**. It is the responsibility of the BBC Trust to advance these discussions to ensure the licence-fee payer is receiving the best value service the BBC can provide.

7.4 The impact of location

- 7.4.1 One of the most effective ways of ensuring efficiency and value for money for radio stations is to consider whether savings can be made in the costs of property or location of a service. This was highlighted most recently by the report from John Myers referred to above. However, this is not an option for 5 Live due to the decision to relocate the whole station to Salford from 2012.
- 7.4.2 It has been well documented that the move of certain BBC departments and service to Salford is largely a political move in order to demonstrate the corporation's commitment to production outside London. It is certainly unclear how the relocation of 5 Live will be 'doing fewer things better' in the move to

⁵² National Audit Office, *The Efficiency of Radio Production at the BBC*, February 2009, p.6.

⁵³ Value Partners, *BBC Radio – A Review*, May 2010

⁵⁴ Ibid, p. 21.

⁵⁵ John Myers, *Synergies within Radio 1, Radio 2, 1Xtra and 6Music*, June 2011

Manchester. Without a substantive case arguing the benefits of this costly move, RadioCentre can only conclude that the service will be 'doing the same things north'. Indeed, the most recent BBC Annual Report acknowledges that that it will cost £74 million to transport 1,600 staff from across various BBC departments to Salford, and £150.4 million to fit out the offices in order to house them⁵⁶.

- 7.4.3 RadioCentre notes that 5 Live is already well represented in the regions outside the South-East. We would be concerned if this physical move over-emphasised regional or local content, unless this was editorially justified and in line with the revised service licence priorities to provide an enhanced serious news output.
- 7.4.4 BBC management have already acknowledged 5 Live links to regional programming explicitly by using it as a sustaining service on BBC Local Radio through the night. In addition we note that Manchester United football games commented on by 5 Live now automatically appear on BBC Radio Manchester. More recently there have been reports that would be broadcast in the day on BBC Local Radio on FM⁵⁷.
- 7.4.5 RadioCentre is concerned that the ever expanding remit of 5 Live is now moving into Local Radio, and would be concerned if this was to start to influence the output of these stations. **We believe 5 Live must not be able to expand beyond being a sustaining service from 1-5am on all BBC local stations, so that this service does not encroach further into BBC Local Radio schedules.** Local radio (BBC and commercial) is an important source of plurality and diversity of content. 5 Live has a different responsibility, which is to provide impartial, accurate and informed news and sport to a national audience.

Service licence amendments:

- The BBC should not secure broadcast rights and/or programming inputs on an exclusive basis, unless absolutely necessary. The number of Premier League Football rights packages it has should therefore be further reduced.
- A benchmarking study of the costs of BBC talk radio should be conducted with commercial counterparts, following on from the 'efficiency' review of Radios 1, 2, 1Xtra and 6Music.
- 5 Live should not encroach any further on the BBC Local schedule than it currently does. If BBC Local Radio stations cannot fulfil their schedules during daytime, they should be closed.

⁵⁶ BBC, *Financial Statements 2010/11*, July 2011, pp 10 & 53.

⁵⁷ <http://www.guardian.co.uk/media/2011/mar/10/bbc-local-radio-5-live>

8. Service Licence Process

8.1 Overview

- 8.1.1 Since the BBC Trust began operating in 2007, RadioCentre has experienced a considerable degree of interaction and developed an effective working relationship with the organisation. We have consistently advocated to the Trust the belief that an improved and strengthened BBC governance and regulation would increase significantly the public value of the BBC and result in a healthier UK radio industry.
- 8.1.2 We have in the past however emphasised that the Trust's regulatory duties are ambiguous, and this is detrimental to the service licence process. As specified in the BBC Charter, *'the main roles of the Trust are in setting the overall strategic direction of the BBC, including its priorities, and in exercising a general oversight of the work of the Executive Board'*⁵⁸. In addition, as the previous Chairman of the Trust specified, *"What the Trust is NOT is the BBC's regulator. That's the job of Ofcom"*⁵⁹. However, an amendment to the Memorandum of Understanding between Ofcom and the BBC Trust states that *'The BBC Trust regulates the whole of the BBC's output'*⁶⁰. The ambiguity as to who the regulatory body for the BBC is fundamentally weakens its regulatory framework.
- 8.1.3 We feel that a lack of effective guidance from the Trust has resulted in service licences being too flexible and lacking ambition; licence reviews excluding consideration of market impact; and there being limited monitoring of compliance with the recommendations included in service licence review conclusions, with no sanctions designed to ensure BBC Management implement changes.
- 8.1.4 In terms of 5 Live, we believe that these factors have culminated in the station having a confused identity, rather than a clearly defined mission to provide the world class journalism prioritised in the BBC's strategy review. The public value of BBC 5 Live and Sports Extra services should therefore be further maximised directly by the Trust implementing more precise service licences.

8.2 Licence terms

- 8.2.1 Whilst service licences represent a vast improvement on the previous regulation of BBC services, they often suffer from imprecise and unquantifiable targets which ultimately make it very difficult to judge the overall performance of a service. We have consistently therefore proposed that the service licences for the BBC Radio portfolio are revised, to include more tangible and quantifiable targets.
- 8.2.2 We believe that 5 Live should therefore be subject to more visible and measureable conditions. At present the only absolute 'conditions' in the service licence refer to the proportion of news and sport and quota of independent production. These are problematic due to their vague and ambiguous construction.

⁵⁸ BBC Charter, October 2006.

⁵⁹ Sir Michael Lyons, speaking to the Manchester Statistical Society, March 201

⁶⁰ Addition to the *Memorandum of Understanding between Ofcom and the BBC Trust* to deal with regulatory jurisdiction, July 2008.

- 8.2.3 As we have discussed above, the way in which 5 Live categorises news and sport is too broad, and the way this output is measured is unhelpful. The BBC needs clearer guidance to replace the current imprecise and unquantifiable targets. The current 5 Live categorisation of only 'news' or 'sport' by entire programme blocks needs to be altered so that assessment of station performance is more nuanced, in order to reflect the true nature of the stations output.
- 8.2.3 The Trust should develop a scheme to more effectively categorise content (although RadioCentre accepts that a second by second measurement of programme content is also not appropriate).
- 8.2.4 As part of this more detailed assessment of content RadioCentre proposes that 5 Live content is categorised into four sections:
- *News* – This should not include broad entertainment news or celebrity driven output, in line with a re-adjustment of the stations commitment to public value discussed above.
 - *Major sport* – Live action or debate of all football, international cricket or international rugby.
 - *Minority sport* – Live action or debate of all sports which are not football, international cricket or international rugby (to constitute at least half of the daily sport output).
 - *Other content* – This should not generally be part of 5 Live's output. RadioCentre believe a cap should be imposed on this other content and sanctions imposed if this cap is exceeded.

8.3 Sanctions and implementation

- 8.3.1 The sanctions available to the BBC Trust, should a service licence be breached, are not widely understood or communicated. This appeared to be exemplified recently when Alison Hastings appeared on Victoria Derbyshire's show to debate this very service licence review. The hostess was heard mocking the Trust's own review service powers live on air, to which Ms Hastings had no real counter. The transcript is below:

Victoria Derbyshire: *"And if a station doesn't do what you ask them to do?"*

Alison Hastings: *"Well they'd be in breach of their, of their licence, and really that's not a pleasant place to be."*

Victoria Derbyshire: *(laughing) "I don't know. So what? So you're in breach of your licence; what would, what would happen? You would get shoutier [sic] and crosser would you?"*

Alison Hastings: *"No, no. I mean, you know...(stutters)...I can't imagine that people would not say..."⁶¹*

- 8.3.2 Proposals approved by the Trust need to be implemented effectively, and sanctions imposed if they are not. The conditions and targets laid out in service licences are ultimately worthless if they are not monitored, enforced and accompanied by sanctions. RadioCentre is concerned that a lack of effective performance monitoring and implementation could undermine the service licence review process

⁶¹ <http://www.bbc.co.uk/programmes/p00grfr6>, 28mins 00secs.

entirely. Indeed we have written to the Trust recently on precisely this point in respect of the service review recommendations that came out of previous enquiries into both Radio 1 and Radio 2.

- 8.3.3 Defining what sanctions and how these are implemented is ultimately the responsibility of the BBC Trust. In 'Putting Listeners First' we advocated that a service failing to meet the terms of its licence could face reductions (or fines) against some of its non-public service budgets.
- 8.3.4 Fining the BBC is an imperfect regulatory tool as it simply transfers funds from one public body to another. Also, given the sensitivities involved the fine is always small relative to the BBC's budgets, meaning that there is no direct correlation between the offence committed and the budgetary implications.
- 8.3.5 Nevertheless sanctions should be a necessary part of any effective regulatory regime. To mitigate the risk that monetary sanctions lead to degradation of the quality and distinctiveness of programming we believe that **fines could be applied to discretionary spending on non-public service content** (this might include budgets for marketing or talent, or in the case of 5 Live its funding for sports rights). These funds could then be made available on a contestable basis for other broadcasters offering public service content, whilst reduced spending power would in turn act as a direct incentive for the BBC to bid for the more cost effective minority sports rights we have previously discussed in this response.

8.4 Market impact

- 8.4.1 **We believe greater consideration must be given to market impact during future BBC Trust service licence reviews.** The BBC's rolling programme of service licence reviews deliberately omit the consideration of market impact (neither do they consider the place of that radio service within the wider BBC Radio portfolio). This is largely because service licences do not include reference to market impact, despite the BBC Agreement stating explicitly that each BBC service licences should have '*regard to the needs of licence fee payers and others who may be affected*'⁶².
- 8.4.2 The BBC Management Strategy Review pledges to take '*a precautionary approach to market impact, within existing as well as proposed new services*'⁶³. This is very welcome, yet there is little evidence of how this will be enacted, specifically with a service such as 5 Live; which has grown disproportionately outward in its remit, and seems to have no steer on where it will expand next.
- 8.4.3 We are not attempting to restrict or hinder 5 Live's expansion in this response. We understand that a vibrant BBC Radio can be good for commercial radio, and vice versa. We seek an ecology where each can thrive, with a clear understanding of its role and a clear framework within which to achieve its objectives within the wider market. The BBC has a responsibility to evaluate how they can best serve listeners interests alongside commercial radio, and this can only be undertaken via a full and proper market impact assessment to define how the service can fit into the wider market.

⁶² Department for Culture Media and Sport, *BBC Agreement*, July 2006.

⁶³ BBC, *Strategy Review*, p. 16.

- 8.4.4 Equally, we believe that it is critical that, as part of the service licence review process, the BBC Trust strives to ensure that as much information as possible regarding proposed changes to the services under review is in the public domain and accessible. The BBC is a public company and needs to be answerable to the licence-fee payers as its investors regularly. Therefore we propose that in addition to the findings of this review, the BBC Trust evaluate 5 Live performance annually and publish this information to ensure that the service is answerable to those that fund it.

Service licence amendments:

- 5 Live content should be subject to clearer conditions, specifically outlined in the service licence. These should be reviewed annually. If the station does not hit these predetermined targets, it should be fined proportionately.
- Fining a public body like the BBC is problematic, but in this context it should mean 5 Live having finance removed from discretionary spending (marketing, talent costs, sports rights) each time it fails to meet the specifications in its service licence. These funds could then be made available on a contestable basis for other broadcasters offering public service content.
- The evaluated performance of 5 Live and 5 Live Sports Extra should be published by the BBC Trust annually (alongside the rest of the BBC's radio services). This should be in addition to detailed service licence reviews every five years, as these alone are not sufficient to monitor and evaluate performance.

9. RadioCentre

- 9.1 RadioCentre is the industry body for UK commercial radio. It exists to maintain and build a strong and successful commercial radio industry, and to help promote the value and diversity of commercial radio.
- 9.2 Founded in 2006 after the merger of the Radio Advertising Bureau (RAB) and the Commercial Radio Companies Association (CRCA), RadioCentre represents radio groups and stations from rural, small scale ventures, to household names serving major metropolitan areas. Its member stations together represent 90% of commercial radio listening.
- 9.3 In today's multi-media world, radio retains an enduring appeal. With more than 300 licensed commercial radio stations across the country, nine out of ten adults in the UK listen to radio every week.
- 9.4 Commercial radio today delivers a rich diversity of choice to listeners, catering for a wide spectrum of tastes, music and specialist interests – whether it is one of the hundreds of small local radio stations, music led services like Kiss, Capital, Smooth Radio, Classic FM and Planet Rock, or those aimed at particular audiences such as Fun Kids and Premier Christian Radio.
- 9.5 Working with a range of stakeholders, RadioCentre works for the greater benefit of commercial radio, from lobbying on the industry's behalf with government, Ofcom and policy makers, to raising the profile of commercial radio with advertisers and their agencies, and of course, working with radio stations themselves, helping them maximise the potential of their businesses.