



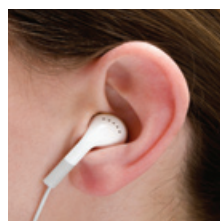
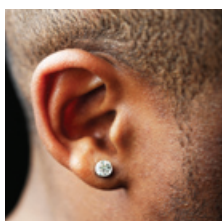
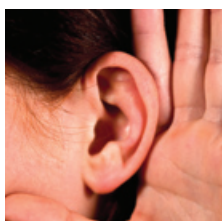
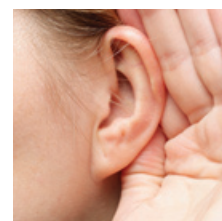
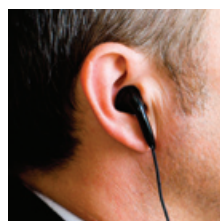
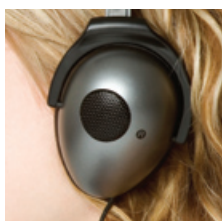
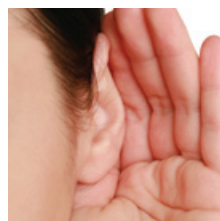
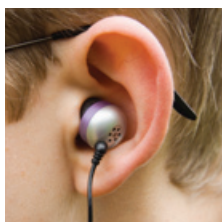
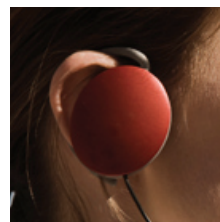
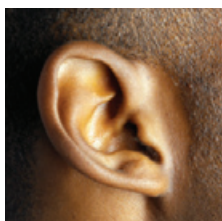
Putting Listeners First

The BBC's Responsibility to Radio

Response to the BBC Strategy Review
May 2010

Putting Listeners First

The BBC's Responsibility to Radio



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This is a critical time for UK radio, and a unique opportunity to shape BBC Radio for the digital age. It is not an opportunity we can afford to miss.

Foreword by Andrew Harrison

The best of BBC Radio is amongst the finest radio broadcasting in the world.

A wide range of BBC radio programmes generate high public value and are valued greatly by listeners.

However, BBC Radio also enjoys an extremely privileged position. It has preferential access to extremely limited national spectrum (with four out of five national FM stations, including the only two national FM pop services) and it has preferential funding (spending radio's share of the £3.8bn licence fee).

We therefore welcome this timely opportunity from the BBC Trust to debate the 'future size and shape' of the BBC's radio operation. We stand poised at the start of a new era in UK radio broadcasting – as we transition from the analogue era, during which the structure of the sector was shaped by spectrum scarcity, legislation and regulation, to a new digital future of increased plurality and diversity. It is right to consider how the BBC should continue to play its part in securing a thriving radio sector for all. Indeed, we look to the BBC to take responsibility to help steer the whole sector through some very significant challenges and not just to protect the status quo, which was framed for a different time.

In this context, our view is that BBC Management's vision for its radio services, as captured in *'Putting Quality First'*, fails to respond to the challenges and opportunities which our sector now faces. Our assessment is that the BBC's proposals instead amount to modest political window dressing in support of the status quo.

The proposals specific to radio are as follows:

- > The closure of 6 Music (with little detail of what will replace it);
- > The replacement of Asian Network with a network of part-time, local services;
- > The re-branding of Radio 7 as Radio 4 Extra;
- > Strengthened editorial links between Radio 1 and 1Xtra;
- > Renewed emphasis on speech and journalistic content on English local radio;
- > Radio 2 to follow already agreed BBC Trust suggestions on distinctiveness.

The first three proposals account for less than 3% of BBC Radio's total share. Of the other three, two are of peripheral importance to the overall BBC Radio portfolio and do not equate to a fundamental shift in direction for either 1Xtra or English local radio, and the proposals for Radio 2 simply reflect modest changes that the service is already required to implement, following the BBC Trust service licence review. Most critically, all of those proposals – when implemented – would be unpoliced. Should these aspirations not be delivered effectively, no sanctions or penalties would be incurred.

In summary, at this critical juncture in radio's history, the BBC Strategy Review amounts to only modest tinkering at the periphery of its radio portfolio. Fundamental proposals to improve public value and listeners' enjoyment for over 90% of the BBC's radio output are not considered. Instead, *'Putting Quality First'* endorses the current creative direction and editorial performance of Radio 1, Radio 3, Radio 4 and 5 Live in entirety and without challenge. Children's radio fails to get a mention, and radio in the Nations is only obliquely referenced.

This does not represent the powerful, forward-facing strategy for the future of radio provision in this country that is required. It reveals a lack of ambition for public service radio broadcasting and fails to reflect the full public value potential of BBC Radio. This failure is reflected in the fact that the most significant public debate about the review has been on the proposal to close 6 Music – a station only available on traditional radio devices to 30% of licence fee payers and until recently listened to by only 695,000 listeners.

Our response to the proposals therefore seeks to open a much wider public debate about the future size and scope of BBC Radio. We summarise our response as encouraging the BBC to recognise its much wider responsibility to the future of radio provision and, in particular, to the provision of much greater public value. We have five key policy recommendations:

1. The BBC has a responsibility to maximise the public value of its popular music services.
2. The BBC has a responsibility to do all it can to ensure that radio secures its digital future – especially through an enhanced commitment to, investment in and build out of, digital radio coverage.
3. The BBC has a responsibility to enhance the provision of public service broadcasting in the Nations and Regions – through a re-adjustment of the remit of its local radio services.
4. The BBC has a responsibility to ensure that cross-promotion targets only specific public service radio programming that would otherwise gain little exposure, as well as the specific promotion of the digital radio platform, rather than being used to promote popular entertainment programmes or services.
5. The BBC Trust has a responsibility to licence fee payers to ensure that the final proposals arising out of the Strategy Review are implemented effectively – and sanctions imposed if they are not.

It is our belief that these recommendations will deliver top-quality BBC output, while also enabling the rest of the radio industry to thrive.

The BBC's market intervention in radio is like no other sector. Radio 1 and Radio 2 have a combined reach of over 26m people, and BBC Radio as a whole has a dominant 56.5%¹ market share. We urge the BBC Trust to reflect on the scale of this market intervention in its assessment of whether the management's proposals represent an adequate response to the re-shaping of radio provision into the future.

¹ Rajar Q1 2010.

Our response is substantial because we are passionate about our medium. It is broad because we consider all stakeholders – large and small groups, listeners and stations, regulators and operators. It is detailed because we, like the BBC Trust, strive to be evidence-based. We believe that it is fairly argued and constructive, not sensationalist or antagonistic. Where we agree with the BBC proposals, we say so.

In thinking about radio we would urge the BBC Trust to be bold. This is a critical time for UK radio, and a unique opportunity to shape BBC Radio for the digital age. It is not an opportunity we can afford to miss.

Thank you for listening.



Andrew Harrison
CEO, RadioCentre

1

Putting Listeners First

About this response

- 1.1 This response, submitted on behalf of the members of RadioCentre², represents commercial radio's response to the BBC Trust's consultation on the proposals contained in the BBC Management's strategy document, 'Putting Quality First'.
- 1.2 Commercial radio's response should be read in conjunction with the report into the most appropriate scope of, and focus for, BBC Radio, conducted by independent consultants Value Partners, entitled simply 'BBC Radio – A Review'. Although commissioned by RadioCentre, the findings in the Value Partners report constitute a balanced and impartial assessment based on a mixture of research and interviews with industry experts.
- 1.3 Both reports address a question that the BBC Strategy Review fails to tackle adequately: whether the size and scope of the BBC Radio portfolio could be re-configured to generate greater public value. There is therefore naturally a significant degree of complementarity between the findings and recommendations of the Value Partners report and commercial radio's own response.

² RadioCentre members account for 90% of commercial radio listening and 86% of industry revenue. The membership is 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. RadioCentre shareholders include Global Radio, Bauer Media, GMG Radio, Absolute Radio, UTV Radio (GB), UKRD Group, CN Group and Lincs FM.



2 Executive Summary

2.1 This summary highlights the key themes of this response:

- > First, that the BBC, whilst representing an extremely positive force in the UK radio industry, has the potential, and therefore the responsibility, to generate far greater public value than at present (Section 2.2).
- > Second, that the recently published BBC Strategy Review, '*Putting Quality First*', represents a huge missed opportunity to realise this public value potential and therefore fails to put listeners first (Section 2.3).
- > Third, that it would greatly increase the public value that BBC Radio delivers to listeners if it pursued clear objectives (on popular music services; digital radio; local radio; cross promotion; and implementation), all of which reflect the spirit of the BBC's mission³ and values⁴, (Section 2.4).
- > Fourth, that if the BBC did pursue the objectives we propose, as well as increasing public value directly, the market impact of the BBC Radio would also be reduced thus enabling the broader UK radio sector to flourish to the further benefit of listeners.
- > We therefore urge the BBC Trust to ensure that the BBC acts on its responsibility to all radio listeners and to the future of radio (Section 2.5).

³ The BBC's mission: 'To enrich people's lives with programmes and services that inform, educate and entertain'.

⁴ The BBC's values: 'Trust is the foundation of the BBC: we are independent, impartial and honest; Audiences are at the heart of everything we do; We take pride in delivering quality and value for money; Creativity is the lifeblood of our organisation; We respect each other and celebrate our diversity so that everyone can give their best; We are one BBC: great things happen when we work together'.

The proposed changes represent a missed opportunity to reshape the BBC's portfolio of radio services in the interests of all UK radio listeners.

2.2 The public value potential of BBC Radio

2.2.1 The BBC produces some of the best radio programming in the world. Our cultural and political discourse would be much poorer without its contribution.

2.2.2 Maximising the public value of this programming, 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. In our opinion, the BBC has a duty to listeners to direct its investment where its services could be more ambitious in scope and output, and act in areas where market provision is weak. This is the challenge currently facing BBC Radio.

2.2.3 Maximising the public value of the BBC Radio portfolio will also reduce the market impact of the BBC and give other sectors of the radio industry room to thrive, resulting in a healthier and more varied UK radio sector overall. The UK radio industry is about much more than just BBC Radio and now encompasses community, student, hospital and schools radio, in addition to the commercial sector. The behaviour of the BBC has a huge impact on the sector as a whole and the organisation must be ever mindful of this.

2.2.4 We believe that BBC Radio has the potential to generate far greater public value than at present – through its popular music services, approach to digital radio, use of its local radio services and better use of its cross-promotional opportunities – whilst also allowing other sectors of the radio industry, including community and commercial radio, further room to flourish.

2.3 A missed opportunity for BBC Radio

2.3.1 In our view, the proposed changes to the BBC's radio services within *'Putting Quality First'* fall far short of the intent expressed, and represent a missed opportunity to reshape the BBC's portfolio of radio services in the interests of all UK radio listeners and the sector as a whole.

2.3.2 In place of a strategic vision for the future, the BBC's proposals represent an attempt to preserve the status quo. The proposal to retain the current configuration of the BBC Radio portfolio, with only minor changes, reveals a fundamental lack of ambition for public service radio broadcasting and fails to reflect the full public value potential of BBC Radio.

2.3.3 There are significant inconsistencies within the BBC Strategy Review:

> For example, for the first time the BBC recognises the lead role that commercial radio plays in serving popular music to 30-50 year-old audiences⁵ – yet proposes no fundamental change to the remits of Radios 1 and 2.

> The BBC also asserts a continued commitment to digital radio, yet fails to acknowledge that its current investment levels are delaying radio's digital future. The BBC must now work with commercial radio in delivering on its commitment to digital radio.

> Similarly, the BBC pledges to increase the quality and distinctiveness of its local radio services, but fails to propose a significant change to their remit – and instead proposes further content sharing between services.

⁵ In fact, commercial radio considers its overall target audience to be 15-44 year olds, with a particular focus on 25-44 year olds (the demographic most important to advertisers).

2.4 A vision for BBC Radio that puts listeners first

2.4.1 We therefore propose a strategic vision for BBC Radio, encapsulated by five priorities which, if pursued, would significantly increase the net public value generated by the BBC Radio portfolio. We believe that the BBC Trust should require BBC Management to implement the following:

1. The BBC has a responsibility to maximise the public value of its popular music services (Section 5.2). This would be achieved by the following:

> Radio 1 should regain its status as a genuinely youth-targeted, music and speech based service, with a specific mission to break new UK bands. It should focus on serving audiences under 25 years of age, with a significantly greater focus on teenage listeners (13-19). There must be much greater investment in high quality, distinctive programming of all types that promotes the BBC's public purposes in a manner that appeals to younger audiences.

> Radio 2 should place much greater emphasis on serving the needs of older listeners, both in daytime music choice and the scheduling and content of programmes. The station's target audience should be raised from 35+ to 40+ (and 45+ after three years). There must be much greater investment in high quality, distinctive programming that promotes the BBC's public purposes in a manner that appeals to older audiences, specifically in daytime.

> The most distinctive and unique programming of 6 Music should be retained and incorporated into the schedules of Radio 1 and Radio 2.

2. The BBC has a responsibility to do all it can to ensure that radio secures its digital future – through an enhanced commitment to, and investment in, digital radio (Section 5.3). This would be achieved by the following:

> Extending the BBC's national DAB multiplex to match FM coverage levels, within this licence fee settlement;

> Contributing funding to the continued build-out of local and regional DAB, to ensure that all BBC Radio services in the Nations and Regions have a digital future, within this licence fee settlement;

> Ensuring that a far greater volume of popular content is broadcast on a digital-only platform, or substantially in advance of analogue broadcast; and in parallel ensuring digital-only stations do not become a 'ghetto' of public service content;

> Investing in sustained and heavyweight promotion of the digital radio platform on the BBC's network television stations and analogue radio services, rather than the narrow promotion of specific BBC digital radio services;

> Genuinely exploring the possibilities offered by staggered migration of its national analogue services, in conjunction with the appropriate commercial service(s).

3. The BBC has a responsibility to enhance the provision of public service broadcasting in the Nations and Regions – through a re-adjustment of the remit of its local radio services (Section 5.4). This would be achieved by the following:

> Commitment to no further networking across any local radio services in the Nations and Regions, and a reversal back to more local programming to be considered where this policy has already taken place;

> Commitment to no further local opt-outs beyond the single radio services provided in the Nations;

> Removal of all music from daytime schedules. Specialist music programmes to be broadcast in the evening, promoting artists from within that station's broadcast area;

> Development of closer relationships with local community, hospital and student radio stations, allowing them access to the airwaves outside of peak times;

> Service licences amended to require regular programming for local ethnic communities (in place of a network of services dedicated to local Asian audiences).

4. The BBC has a responsibility to ensure that cross-promotion on other BBC services, particularly television, is harnessed to increase awareness of specific public service radio programming that would otherwise gain little exposure, as well as the specific promotion of the digital radio platform, rather than to promote popular entertainment programmes or radio services as a whole (Section 5.4).

5. The BBC Trust has a responsibility to licence fee payers to ensure that the final proposals arising out of the Strategy Review are implemented effectively and sanctions imposed if they are not (Section 5.5). The introduction of effective sanctions would support the Trust's governance function – and help demonstrate that it can be an effective constraint on BBC Management.

2.5 Bridging the gap between rhetoric and action

2.5.1 This response does not represent an attack on BBC Radio. We are not arguing for a weakening of or reduction to the BBC's radio portfolio. Rather, we recognise that a healthy, flourishing BBC is required to ensure radio remains relevant to all sectors of society and to deliver a digital future for the sector.

2.5.2 Nor does this response call for an immediate reduction to the BBC Radio budget (although we believe that there are grounds for greater consideration of the efficiency of BBC Radio⁶), and certainly does not call for the dilution of the BBC's independence.

2.5.3 However, it is appropriate and right for the wider radio industry, and all those that care about the future of radio in the UK, to consider whether a re-purposing of the services within the BBC's radio portfolio could generate greater public value. This is especially critical as the BBC has failed to address this question in 'Putting Quality First'. We now call on the BBC Trust to address this failure.

2.5.4 The strategies set out in this response – a fundamental re-positioning of Radio 1 and Radio 2; an enhanced commitment to, and investment in, digital radio; a re-adjustment of the remit of the BBC local radio services; maximising the public value of cross-promotion; and ensuring effective implementation – all fit comfortably with the vision outlined in 'Putting Quality First'. For example:

The BBC's popular music services:

BBC Strategy Review: [The BBC should] 'focus even more than it does today on forms of content that most clearly build public value and which are most at risk of being ignored or under-invested in by commercial players. It should take significant further steps towards building the distinctiveness and uniqueness of its programmes and services'⁷.

Commercial Radio's proposal: the BBC Trust should require the BBC to re-position its two popular music stations, Radio 1 and Radio 2, to ensure that they deliver their full public value potential and address areas of weak market provision.

Digital Radio:

BBC Strategy Review: 'The BBC has a particularly important role in guaranteeing that the benefits of digital will be available to all, creating a space without exclusivity or prejudice and which does not depend on postcode or ability to pay'⁸.

Commercial Radio's proposal: The BBC Trust should require the BBC to enhance its commitment to, and investment in digital radio, in line with the sixth public purpose⁹ – and amend the BBC Agreement accordingly.

BBC local radio services:

BBC Strategy Review: [local radio] 'needs to renew itself, focusing on its distinctive mission and improving quality so it can reach its heartland older audience more effectively'¹⁰.

Commercial Radio's proposal: The BBC Trust should require the BBC to re-adjust the remit of local radio services to enhance their public service credentials and better serve their local communities.

2.5.5 This response therefore represents a challenge to the BBC – as the founder of the UK radio industry and its driving force over the last century – to live up to its own rhetoric. The BBC has a responsibility, and the opportunity, to ensure that its portfolio of radio services broadcast content that informs, educates and entertains listeners of all ages, and contribute to and encourage a healthy, diverse radio industry. The BBC Trust must help the BBC realise this responsibility.

⁶ The commercial radio industry is extremely disappointed that there has been no progress to date on benchmarking between the BBC and commercial radio, despite this being a requirement placed on the BBC by the BBC Trust.

⁷ BBC Strategy Review, p59.

⁸ BBC Strategy Review, p45.

⁹ The BBC's sixth public purpose: 'Delivering to the public the benefit of emerging communication technologies and services'.

¹⁰ BBC Strategy Review, p39.

3

Introduction

The public value potential of BBC Radio

3.1 In this section, we recognise the past and present successes of BBC Radio (Section 3.2), consider the BBC's extraordinary dominance of the UK radio industry and the consequent implications for public value generation (Section 3.3), and highlight where BBC Radio could be much more ambitious in scope – namely in its approach to its popular music services, digital radio, stations in the Nations and Regions and approach to cross-promotion (Section 3.4).

3.2 The successes of BBC Radio – a platform to build upon

3.2.1 For much of the twentieth century, the BBC defined ‘radio’. Everyone’s understanding of what it meant to be a radio station was indelibly shaped by the BBC. When the BBC launched in 1922, it was exclusively a radio broadcaster – and remained so until the arrival of the BBC Television Service in 1936. BBC stations enjoyed a monopoly of the airwaves until the advent of pirate radio in the 1960s, and the eventual introduction of commercial radio in 1973.

3.2.2 The BBC’s 56 radio services, with their £587.9m¹¹ annual funding, take a 56.5%¹² share of all radio listening and reach over two-thirds of radio listeners every week. Radios 3 and 4 and the World Service are emblematic of the true meaning of ‘public service broadcasting’. At their very best, BBC Radio services deliver huge public value and are loved and held in high regard by the British public (as well as audiences worldwide).

3.2.3 The commercial radio sector acknowledges and commends the contribution that BBC Radio makes to our society, culture and national and international identity – and wishes to see this contribution strengthened, not diminished. We recognise that our industry and, more importantly, our society, would be poorer without stations such as the World Service, Radio 3 and Radio 4, and programmes such as the Today programme, Jeremy Vine show, Zane Lowe, Newsbeat, Good Morning Scotland and Steve Lamacq.

¹¹ BBC Annual and Accounts 2008-9.

¹² Rajar, Q1 2010.

3.3 The dominance of BBC Radio – restricting net public value?

3.3.1 Commercial radio has, to date, faced an extremely challenging battle in its competition with the BBC for a number of reasons – including the relatively late launch of commercial radio¹³, severe spectrum constraints¹⁴, an ever growing funding disparity¹⁵ and unequal regulation.

3.3.2 Yet, in an age characterised by the proliferation of media outlets, and the fragmentation and diversification of audiences, it is quite extraordinary that radio is the one media sector where the BBC’s share is increasing – especially as it has very rarely taken less than 55% of the radio audience over the last decade. Indeed, the past ten years have seen the BBC’s lead in audience share over commercial radio grow from 2% to 13%¹⁶. The BBC has only a 32.7% share of television viewing (a figure that is declining), the sector in which its dominance is most comparable¹⁷.

3.3.3 The disparity in funding between BBC Radio and commercial radio is both one of the causes and effects of the BBC’s overwhelming dominance. In 2003, commercial radio’s revenues were equivalent to 92% of the funds available to BBC Radio. By 2008, this number had fallen to 73%. Now, as the recession has further diminished radio industry revenue, the figure is 60%¹⁸.

3.3.4 The BBC’s dominance within radio is compounded by its ability to cross-promote its radio services on BBC television. The sheer scale of the cross-promotion of BBC Radio on BBC television constitutes a significant market intervention in its own right.

¹³ The BBC launched its first radio services in 1922; the commercial radio sector did not exist officially until 1973.

¹⁴ Commercial radio is currently assigned 8MHz (41%) of the FM waveband, and has one national FM station (restricted to a non pop format), whereas the BBC is assigned 11.5MHz (59%) and has four national FM stations.

¹⁵ BBC Radio funding (which relatively flat in real terms) now exceeds commercial radio advertising revenues by up to 40%.

¹⁶ Value Partners, ‘BBC Radio – A Review’, May 2010, p10.

¹⁷ Value Partners, ‘BBC Radio – A Review’, May 2010, p.23.

¹⁸ Value Partners, ‘BBC Radio – A Review’, May 2010, p7.

3.3.5 The overwhelming dominance of the BBC within the UK radio industry has been acknowledged in recent years – not only by those in the industry (both commercial and BBC), but also by media commentators, policy makers and regulators. The following quotes are illustrative of this:

*“There is a risk that BBC activities can reduce competitor market shares and indeed may have contributed to the decline of specific business. We note that this impact is likely to be more strongly felt in industries where the BBC has a relatively larger share of expenditure and hence suggest that the BBC’s impact on commercial radio is a high risk area.”*¹⁹ Price Waterhouse Coopers, ‘The economic impact of the BBC’, 2008

*“There is a real risk that the BBC’s involvement in some market segments may leave insufficient revenues for commercial operators wishing to supply those segments now or in future ... Combined with the BBC’s large budgets and relatively loose remits this may, in time, diminish overall levels of competition, investment and innovation ... There is a large disparity between the resources allocated by the BBC to its new services and the budget available to similar digital-only channels or stations.”*²⁰ Ofcom, ‘Assessment of the Market Impact of the BBC’s New Digital TV and Radio Services’, 2004

*“There are areas to be watched carefully including the impacts on commercial radio.”*²¹ BBC Trust, ‘The economic impact of the BBC’, 2008

3.3.6 Yet, despite widespread acknowledgment of the BBC’s dominance of the UK radio industry, there has been no serious consideration of whether or not it needs to be addressed.

3.3.7 Basic economics suggest that healthy and balanced competition within a sector should lead to an overall rise in standards; the competition of un-equals between the BBC and commercial radio has therefore arguably had the opposite effect, to the detriment of radio listeners. Undoubtedly, the inherent disadvantages faced by commercial radio in its competition with the BBC have limited the sector’s ability to increase and widen its listenership, constraining revenue generation, and thus reducing the level of available funds to re-invest in content.

¹⁹ BBC Trust report, ‘The economic impact of the BBC on the UK creative and broadcasting sector’ (July 2008).

²⁰ Ofcom, ‘Assessment of the Market Impact of the BBC’s New Digital TV and Radio Services’, January 2006.

²¹ BBC Trust, ‘The economic impact of the BBC on the UK creative and broadcasting sector’, July 2008.

At their very best, BBC Radio services deliver huge public value and are loved and held in high regard by the British public.

3.3.8 Commenting on the BBC's public intervention in UK broadcasting, in the context of considering the applicability of competition law to the BBC, the Office of Fair Trading has stated previously:

*"Dominance is generally defined as the ability to prevent effective competition by having 'the power to behave to an appreciable extent independently of ... competitors, customers and ultimately ... consumers'. In 'normal' economic markets, this power will tend to exist only where an undertaking's market share exceeds 40%.... Conduct by a dominant company is abusive where it seriously and unjustifiably distorts competition, or leads to a weakening of competition, on a relevant market. Whilst, as noted above, the conduct of the BBC will often distort competition on a market, the question of whether this is justified is inextricably linked to the regime within which the BBC is authorised to act in a certain way."*²² Office of Fair Trading, when considering the BBC Charter Renewal, 2004

²² Letter from Becket McGrath, OFT to Kate Sparshatt, DCMS re: BBC Charter Review, 14 April 2004.

3.4 The public value potential of BBC Radio

3.4.1 The BBC often emphasises its responsibility to licence fee payers to maximise the public value generated by its services. It follows that where its services could generate even greater public value, the BBC has a duty to licence fee payers to act.

3.4.2 The public value of some services within the BBC Radio portfolio, and aspects of certain services, inarguably justifies their intervention – most obviously, Radio 3 and Radio 4. However, some services in the portfolio could unquestionably generate much greater public value than at present:

- > Radio 1 has the opportunity to reclaim its reputation as the champion and promoter of new, UK and specialist artists, and reach young people with a range of content of real public value.
- > Radio 2 – as the nation's most popular radio station – has the potential to reach millions with distinctive programming of high cultural and social value, and ensure music that would otherwise be little played reaches a wide audience.
- > The BBC Radio services in the Nations and English Regions have an opportunity to enhance local news provision and bolster local democracy and community engagement.
- > All BBC Radio services have the opportunity to deliver to listeners the exciting possibilities that a digital radio migration will create.

> Programmes generating disproportionately high public value could benefit from greater cross-promotion on BBC television and radio, which is currently focussed on promoting programming of limited public value (such as the Radio 1 chart show and the Radio 2 breakfast show).

3.4.3 In this way, BBC Radio could not only increase its own public value, it would also reduce its market impact and therefore enable other sectors of the radio industry to flourish, including the community and commercial radio sectors. The BBC therefore has an even greater responsibility to all radio listeners to act.

3.3.9 The BBC's presence in the radio industry would seem to unquestionably fit the OFT's definition of 'dominance'. Whether or not it is abusive is less clear cut. That would depend on whether the current configuration of the BBC Radio portfolio strikes the right balance between public value generated and market impact – and whether greater public value could be generated by a different configuration of the BBC's radio services. It is these considerations that the BBC Strategy Review should have addressed, but it has failed to do so.



4

BBC Strategy Review

A missed opportunity for BBC Radio

4.1 This section highlights that the BBC's proposed changes to the size and scope of its radio portfolio amount to a retention of the status quo (Section 4.2). *'Putting Quality First'* therefore reflects a continued lack of ambition for public service radio broadcasting (Section 4.3). The applicability of the five pledges of the Strategy Review – 'to put quality first; do fewer things better; guarantee access to all; make the licence fee work harder; and set new boundaries for itself'²³ – to BBC Radio are then examined (Sections 4.4 to 4.8), allowing us to conclude that the BBC's proposals amount to a missed opportunity to generate far greater public value for listeners.

²³ BBC Strategy Review, p4.

4.2 BBC Management's proposals for BBC Radio

4.2.1 The language used within the BBC Strategy Review suggests a grand vision for the future of the BBC: a fundamental re-think of the BBC's position, not only within the broadcasting sector, but more widely within British society.

4.2.2 The Strategy Review claims to establish *'what we believe the BBC's priorities and limits should be, and what actions (in content and services, as well as in the way the BBC conducts itself) need to flow from them'*²⁴. In totality then, the proposed changes to radio services must be interpreted as BBC Management's vision for the future of its radio portfolio.

4.2.3 The top-line proposals for the radio sector can be summarised as:

- > Closure of 6 Music (with little detail of what will replace it, although press speculation would suggest the launch of 'Radio 2 Extra');
- > Replacement of Asian Network with a network of part-time, local services;
- > Re-branding of Radio 7 as Radio 4 Extra;
- > Strengthened editorial links between Radio 1 and 1Xtra;
- > Radio 2 to become more distinctive (in line with what the BBC Trust had already recommended);
- > Renewed emphasis on speech and journalistic content on English local radio.

4.2.4 The current creative direction and editorial performance of Radio 1, Radio 3, Radio 4 and 5 Live is endorsed. Children's radio fails to get a mention, and radio in the Nations is only obliquely referenced.

²⁴ BBC Strategy Review, p3.

In place of a strategic vision for the future of BBC Radio, BBC Management's proposals amount to a protection of the status quo.

4.3 A failure of ambition for public service radio broadcasting

4.3.1 The BBC Trust believes that *'the BBC can do more to sharpen its focus on its core public service mission; to stop doing some things that it doesn't need to do, to improve the value for money it provides; and to reconsider how it can best meet the requirement that it offers something to all parts of the audience'*²⁵.

4.3.2 Yet disappointingly, in place of a strategic vision for the future of BBC Radio, BBC Management's proposals amount to a protection of the status quo. The headline proposals of the Strategy Review – namely the closure of 6 Music and Asian Network – represent only a small proportion of the BBC's radio output (less than 3% of BBC Radio's audience share) and therefore do not fundamentally address what is the most appropriate size and shape for BBC Radio.

4.3.3 Whilst much of the sentiment expressed within *'Putting Quality First'* points towards an aspiration to realise the full public value potential of the BBC, its proposals ultimately reflect a continued lack of ambition for public service radio broadcasting (indeed, many merely reflect the recommendations of recent BBC Trust's service licence reviews).

²⁵ BBC Strategy Review, i.

4.3.4 There is therefore a significant degree of inconsistency between the rhetoric in the Strategy Review and its proposals for BBC Radio. Evidence of this is as follows:

- > Recognising the lead role that commercial radio plays in serving popular music to 30-50 year-old audiences²⁶, whilst proposing little fundamental change to Radios 1 and 2.
- > Claiming that 6 Music does not deliver significant enough public value to justify its market impact, but failing to extend the same logic to Radios 1 and 2 (or articulate how 6 Music's more distinctive programmes will be absorbed into Radio 1 and Radio 2).
- > Asserting a continued commitment to digital radio, whilst failing to acknowledge that its current investments levels are unnecessarily delaying radio's digital future.
- > Asserting an overriding commitment to outstanding children's content, yet failing to consider a dedicated radio station for children.
- > Pledging to increase the quality and diversity of local radio, yet supporting the introduction of further networking between stations.
- > Making explicit the BBC's commitment to consider the market impact of major decisions, yet seeking to replace the national Asian Network with a network of part-time local services, which have the potential to have a significant negative impact on local Asian commercial stations.

²⁶ In fact, Commercial Radio considers its overall target audience to be 15-44 year olds, with a particular focus on 25-44 year olds (the demographic most important to advertisers).

4.4 Strategy Review priority one: Putting Quality First

4.4.1 The Strategy Review establishes five content priorities which it suggests will direct the BBC's investment priorities as well as define its reputation for quality:

'Putting Quality First': The BBC's five content priorities:

- 1 The best journalism in the world;
- 2 Inspiring knowledge, music and culture;
- 3 Ambitious UK drama and comedy;
- 4 Outstanding children's content;
- 5 Events that bring communities and the nation together.

4.4.2 The Strategy Review states that *'together these priorities represent the essence of how the BBC will meet its public purposes'* and that these priorities *'demand far-reaching changes to the BBC's portfolio of services'*²⁷. However, it is often unclear how these priorities relate to radio. Certainly, any such changes could not be described as *'far reaching'*.

4.4.3 There is no mention of radio within the 'Best journalism in the world' section – despite the important role that all BBC Radio services should play in the provision of high-quality news and information.

4.4.4 The 'Inspiring knowledge, music and culture' section contains a limited number of references to radio. We are informed that Radio 4 will increase its commitment to *'highly ambitious knowledge projects'*²⁸ and that Radio 2 will *'feature more live concerts and jazz in prominent early evening slots and there will be more regular documentaries exploring music and cultural subject matter'* (reflecting the recommendations of the recent BBC Trust review of Radio 2)²⁹. In addition, BBC Introducing will aim to *'connect Radio 1 and 1Xtra with music makers at the grass roots, offering practical advice as well as the platform for the best emerging talent across the schedules'*³⁰ (again, this reflects requirements in Radio 1 and 1Xtra's existing service licences and reiterates recommendations from the BBC Trust review of the two services). We are informed that the quality and distinctiveness of daytime television schedules will be boosted – but there is no equivalent mention of radio daytime schedules.

²⁷ BBC Strategy Review, p8.

²⁸ BBC Strategy Review, p27.

²⁹ BBC Trust, Review of Radio 2 and 6 Music, February 2010.

³⁰ BBC Strategy Review, p27.

4.4.5 The only mention of radio under the heading 'Ambitious UK drama and comedy' is in reference to Radio 4, where we are informed there will be an emphasis on more ambitious, innovative and creatively stretching programming. However, no significant mention is made at this point of Radio 2's ongoing and enhanced responsibilities in this area (despite this being a requirement of the recent BBC Trust review of Radio 2³¹).

4.4.6 There is no mention of radio at all in the 'Outstanding children's content' section. This is despite the fact that the failings identified during the BBC Trust's Review of Services for Children³² – namely that the awareness and reach of BBC Radio content for children is low – have not yet been addressed successfully.

4.4.7 Equally, there is limited mention of the BBC Radio content within the 'Events that bring communities and the nation together' section.

4.4.8 In summary, it is critical that all services within the BBC Radio portfolio contribute to the BBC's worthy aspirations outlined above. Yet, at the moment, this burden falls too heavily on a small minority of the BBC Radio stations. When this content does feature on other BBC services it is marginalised and broadcast predominantly outside of daytime, therefore achieving limited reach. If the BBC is truly to put quality (and listeners) first, we believe that it must acknowledge the need to re-purpose its popular music services and local radio services (Sections 5.2 and 5.4 respectively), while adopting a more responsible approach to digital radio and cross-promotion of its services (Sections 5.3 and 5.5).

³¹ BBC Trust, Review of Radio 2 and 6 Music, February 2010.

³² BBC Trust, Review of Services for Children, February 2009, p51.

4.5 Strategy Review priority two: Doing fewer things better

4.5.1 The Strategy Review states that *'doing fewer things better'* entails significant changes to the BBC's service portfolio. For radio these are: increasing the quality of local radio; recommending the closure of 6 Music (focusing popular music output on Radio 1 and making Radio 2 increasingly distinctive) and using the resources related to digital radio in other ways; recommending the closure of Asian Network; and recommending the closure of BBC Switch.

4.5.2 We agree that the BBC must strive to do fewer things better. However, there is little evidence that BBC Radio will actually be doing *fewer* things. For example, the BBC has proposed replacing the national Asian Network station with a network of part-time services and there has been speculation that, should it be closed, 6 Music could be replaced by an alternative station.

4.5.3 More critical than doing fewer things is ensuring that BBC services utilise their privileged funding models to do things *better* – i.e. generate greater public value. Yet, the BBC's proposals reveal a lack of ambition for its core popular music services and services in the Nations and English Regions, and fail to realise the enhanced role that the BBC must play in digital radio migration.

4.6 Strategy Review priority three: Guaranteeing access to all

4.6.1 The Strategy Review states that the BBC will continue to support partnerships for free-to-air platforms. We are informed that, *'where a significant platform is not available or not able to deliver to the BBC's standards, the BBC will look to stimulate and shape its development'*³³. And: *'some services and platforms are still not accessible across all parts of the UK and the BBC remains committed to increasing the coverage of those platforms than can deliver universality cost-effectively'*³⁴.

4.6.2 However, the BBC fails to commit to building out the coverage of its national DAB multiplex beyond 90% of the population, and provides no funding for the build out of local and regional DAB multiplexes, thus continuing to deprive some of its services in the Nations and Regions (and their listeners) of a digital future.

4.6.3 We therefore propose that the BBC Trust should require the BBC to enhance its commitment to, and investment in, digital radio (see Section 5.3).

³³ BBC Strategy Review, p13.

³⁴ BBC Strategy Review, p13.

4.7 Strategy Review priority four: Making the licence fee work harder

4.7.1 Little detail is provided for how the BBC's portfolio of radio services will make the licence fee work harder. Indeed, at one point in the Strategy Review, it is suggested that funding for BBC Radio may be increased: *'No part of the BBC can be exempt from the process of identifying efficiencies and better ways of working, but in the coming years the BBC should take great care to ensure that BBC Radio has the resources to increase the quality of its output'*³⁵.

4.7.2 In February 2009, the National Audit Office published the findings of its investigation into the efficiency of radio production at the BBC, concluding that the BBC is not *'making full use of opportunities to increase the value for money it is achieving'*. Specifically, *'it is not sufficient for the BBC to accept that different services and programmes cost different amounts without attempting to explain those differences in the context of the remit of those services'*. One of its recommendations 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'* (specifically referencing radio production efficiency)³⁶.

4.7.3 The overwhelming impression from those interviewed by Value Partners is 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-engineer³⁷.

4.7.4 The commercial radio industry is extremely disappointed that there has been no progress to date on benchmarking between the two sectors, despite this being a requirement placed on the BBC by the BBC Trust over a year ago to ensure that the BBC is delivering value for money.

³⁵ BBC Strategy Review, p11.

³⁶ National Audit Office, 'The Efficiency of Radio Production at the BBC', February 2009.

³⁷ Value Partners, 'BBC Radio – A Review', May 2010, p21.

4.8 Strategy Review priority five: Setting new boundaries

4.8.1 With regard to radio, the BBC's commitment to setting new boundaries entails:

> Recognising the lead role commercial radio plays in serving popular music to 30-50 year olds³⁸.

> Undertaking not to launch services more local than at present in England.

> Capping sports rights spending at 9p in every licence fee pound.

4.8.2 Whilst these new boundaries are welcome, they do not go far enough. Over the past decade, the BBC's popular music services have grown their share of audience amongst the most important demographics for commercial radio, for example rising from 22% to 32% (an increase of 45%) of 25-44 year olds³⁹. It is therefore not adequate simply to recognise commercial radio's lead role – this trend must now be reversed.

4.8.3 Equally, undertaking not to launch services more local than at present in England is welcome – but the lack of a similar commitment for services in the Nations is worrying, and the proposed changes to the Asian Network conflict with this commitment (by proposing launching a network of targeted local services on AM in place of a national digital network). Lastly, the commitment to cap sports rights spending is also welcome – but we believe that there must be a specific commitment to cap radio sports rights spending, plus a greater commitment to not sign exclusive rights deals.

4.8.4 In addition, the BBC pledges to take *'a precautionary approach to market impact, within existing as well as proposed new services'*⁴⁰. This is very welcome, yet there is little evidence of how this will be enacted. As discussed in Section 5.6, we believe that this must entail greater consideration of market impact during future BBC Trust service licence reviews, plus the undertaking by Ofcom of regular market impact assessments of existing services within the BBC Radio portfolio.

³⁸ In fact, Commercial Radio considers its overall target audience to be 15-44 year olds, with a particular focus on 25-44 year olds (the demographic most important to advertisers).

³⁹ Value Partners, 'BBC Radio – A Review', May 2010, p4.

⁴⁰ BBC Strategy Review, p16.



5
A vision for
BBC Radio
that puts the listener first

Radio 1 should be required to regain its status as a genuinely youth-targeted, music and speech-based service, with a specific mission to break new UK bands.

5.1 An alternative vision for the future of BBC Radio

5.1.1 As discussed above (Section 4), the BBC Strategy Review represents a missed opportunity to consider whether the BBC Radio portfolio could be configured to maximise the public value that it generates (and, secondary to this, whether the current configuration of the BBC Radio portfolio strikes the right balance between public value generated and market impact).

5.1.2 We have considered these issues, as has Value Partners in its assessment of BBC Radio, and therefore propose an alternative vision for the future of BBC Radio – one that allows it to realise its public value potential. This vision is encapsulated in our five key policy recommendations.

Realising the BBC's Responsibility to Radio

We believe that the BBC Trust should require the BBC Management to implement the following strategies:

- > The BBC has a responsibility to maximise the public value of its popular music services (Section 5.2).
- > The BBC has a responsibility to do all it can to ensure that radio secures its digital future – through an enhanced commitment to, and investment in, digital radio (Section 5.3).
- > The BBC has a responsibility to enhance the provision of public service broadcasting in the Nations and Regions – through a re-adjustment of the remit of its local radio services (Section 5.4).
- > The BBC has a responsibility to ensure that its cross-promotion of its radio services on TV is proportionate and dedicated to programming of high public value and specifically promotes the digital radio platform (Section 5.5).
- > The BBC Trust has a responsibility to licence fee payers to ensure that the final proposals arising out of the Strategy Review are implemented effectively – and sanctions imposed if they are not (Section 5.6).

5.2 PRIORITY ONE Maximising the public value of the BBC's popular music services

5.2.1 This section sets out why the drifting remits of Radio 1 and Radio 2, and the evolving commercial sector, means that the BBC must fundamentally re-position Radio 1 and Radio 2 (section 5.2.2 to 5.2.22). It also examines the proposed closure of 6 Music, and considers methods for maximising the reach and public value of its most distinctive and unique programming content (sections 5.2.23 to 5.2.29).

Maximising public value – Prioritising complementary, not competing, content

5.2.2 When Lord Reith established the BBC's enduring mission – to inform, educate and entertain – the commercial media sector did not exist. Commercial television would be introduced in 1955, and commercial radio would not emerge formally until 1973. The scope and remit of these commercial services were therefore developed in reaction to the BBC's existing services.

5.2.3 Commercial radio was a complement to the BBC's own radio offering, with a particular focus on local audiences. Whilst the sector still remains committed to the provision of local content, and stations remain rooted in their local communities, commercial radio is increasingly developing strong regional and national popular music services. Thus, after decades of being held back by spectrum constraints and regulatory restrictions, the commercial sector is finally beginning to develop comparable rivals to Radios 1 and 2. Had Radios 1 and 2 been challenged by commercial station(s) of comparable size, remit and funding earlier in their history, it would have been much harder for them to justify their current music and speech output and remit.

5.2.4 It is therefore welcome that the Strategy Review recognises the lead role that commercial radio plays in serving popular music to 30-50 year-old audiences (despite the fact that commercial radio's broad target audiences tend to be 15 – 44 year olds, with a particular focus on 25-44 year olds, the demographic favoured by advertisers).

5.2.5 Yet, for all the talk of ‘*setting new boundaries*’, the Strategy Review proposes little that will change the fundamental spirit and sound of Radios 1 and 2. Indeed its proposals for the two services mirror almost exactly the recommendations that arose out of the BBC Trust’s respective service licence reviews – which themselves lacked ambition and scope.

5.2.6 The BBC Trust’s recent service licence reviews of Radio 1 (2008-9) and Radio 2 (2009-10) concluded that the two services are relatively distinctive in comparison to commercial competitors. With the inherent advantages of their programming budgets, unique funding structure, regulatory freedom and national reach – in addition to their public service remits – this is the least that should be expected. However, it was also clear from the recent service licence reviews that both Radios 1 and 2 could achieve so much more and be much more distinctive – and, as a consequence, reduce their market impact. One aspect of the public response to the proposed closure of 6 Music is particularly revealing – the perception that its unique and distinctive public service output would not fit easily within Radios 1 and 2.

5.2.7 Were the BBC to propose launching Radio 1 or Radio 2 today, their plans would undoubtedly be rejected by Ofcom and the BBC Trust following a public value test, as their public value could never justify the scale of their market intervention (not least because much of the output of these stations is so similar to that of comparable commercial services). However, this is not a matter of moving out of commercial radio’s heartland, but is instead a matter of maximising public value and re-prioritising the BBC’s finite resources to focus on areas where market provision is weakest.

Radio 1 – reclaiming its reputation as a station for young people

5.2.8 Both the Strategy Review and the recent BBC Trust’s review of services for younger audiences pledge to preserve Radio 1’s current target age range (15–29 year olds), and strongly endorse the service’s current creative direction and editorial performance. By doing so the BBC and BBC Trust are depriving listeners (especially young listeners) of an opportunity for Radio 1 to reclaim its reputation as the champion and promoter of new, UK and specialist bands, and reach young people with content of real public value – and therefore failing to recognise the BBC’s responsibility to younger radio listeners.

Radio 1’s promotion of the public purposes

5.2.9 The Strategy Review states that Radio 1 should ‘*maintain and, where possible, increase its commitment to social action programming, to specialist music and to cross-platform initiatives*’⁴¹. This displays a fundamental lack of vision for what Radio 1 could achieve were it to focus less on its light entertainment remit – of DJ chat, phone-ins and showbiz features (which is well catered for by commercial services) – and more on its remit to promote the BBC’s public purposes to youth audiences, including playing and championing new UK bands.

5.2.10 BBC Management’s lack of ambition for Radio 1, and failure to recognise its public service potential, reflects the BBC Trust’s own failure of ambition. The Trust’s review of services for younger audiences⁴² overall conclusion was that BBC Radio is generally highly effective in reaching young people and delivering the BBC’s public purposes. However, this was not reflected in the Trust’s detailed findings – for example, that ‘*the majority of Radio 1’s listeners come from outside its target age range*’, that ‘*audiences have a very low awareness of documentaries on Radio 1*’ and that ‘*very little of Radio 1’s speech output serves the culture and creativity public purpose*’.

5.2.11 Recent monitoring suggests that Radio 1 continues to fail to meet many of its public service objectives⁴³. Despite the BBC Trust requiring Radio 1 to ensure that its speech output is more ambitious and has a clearer relationship to the delivery of the public purposes, the service appears to be delivering less social action information during weekday daytime (having increased output at times of much lower audience). Radio 1 also appears to be falling short of its requirement to broadcast at least one hour of news during daytime each weekday. The service’s commitment to live music sessions appears to have declined significantly, specialist music output remains the preserve of off-peak and the station’s reliance on pop music during daytime appears to have increased. Therefore, not only are Radio 1’s public service requirements insufficiently stretching, the service continues to fail to meet its existing targets.

5.2.12 The BBC Trust must address Radio 1’s failure to realise its true public value potential. Radio 1 should be required to regain its status as a genuinely youth-targeted, music and speech based service, with a specific mission to break new UK bands. Specifically, we believe that at least 65% of songs played during daytime should come from new UK bands. In addition, there must be much greater investment in high quality, distinctive programming of all types that promotes the BBC’s public purposes in a manner that appeals to and caters for younger audiences – during times of maximum reach. We believe that, as a minimum, at least 30% of Radio 1’s daytime output should be speech based (the Strategy Review proposes that at least 50% of Radio 2’s daytime output should be speech based).

Radio 1’s target audience

5.2.13 For too long, Radio 1 has failed to reach young people – the radio listeners of the future. The Strategy Review itself states that ‘*the BBC continues to face challenges reaching teenage audiences with targeted and effective public service broadcasting*’⁴⁴. Indeed, Radio 1’s reach amongst 15-29 year olds has fallen from 51% in 1999 to 40% in 2009. Consequentially, those aged 15-29 now form a minority of Radio 1’s listeners, and 55% of the service’s listeners are now aged 30+⁴⁵.

5.2.14 We propose that Radio 1 should have a new target audience of 13-24 year olds. The Radio 1 service licence should be amended to insist that 75% of its audience fall within this target age group within three years. In addition, within the target age range we believe there should be particular emphasis on reaching the youngest listeners (13-19 year olds).

⁴¹ BBC Strategy Review p41.

⁴² BBC Trust, Review of services for Younger Audiences, June 2009.

⁴³ GfM Radio Monitoring, April 2010.

⁴⁴ BBC Strategy Review p35.

⁴⁵ Value Partners, ‘BBC Radio – A Review’, May 2010, p4.

Radio 2 – harnessing the power of the nation’s most popular radio station

5.2.15 We believe that Radio 2 – as the nation’s most popular radio station – has the potential to reach millions with distinctive programming of high cultural and social value, and ensure music that would otherwise be little played reaches a wide audience. However, we do not believe the proposals contained in the Strategy Review will allow Radio 2 to realise this potential, and the BBC will therefore continue to fail to realise its responsibility to older radio listeners.

Radio 2’s promotion of the public purposes

5.2.16 We welcome the Strategy Review’s recognition that Radio 2 should become ‘*significantly and demonstrably more distinctive*’⁴⁶. It proposes that this will be achieved through the implementation of the recommendations flowing from the BBC Trust’s recent review of Radio 2.

5.2.17 However, we are sceptical as to whether these proposed changes will result in a fundamentally more distinctive service and, as a result, generate a substantial increase in public value. The reasons for this scepticism are two-fold: firstly, the lack of effective regulatory oversight of BBC services (see Section 5.2.11 on changes to the Radio 1 schedule, plus Section 5.6 on achieving effective regulatory implementation); while secondly, and most importantly, these proposed changes display a lack of ambition for what Radio 2 could achieve given its extraordinary reach and popularity.

5.2.18 There is a clear opportunity for Radio 2 to introduce a more diverse range of specialist and UK music to a much wider audience than at present. The service is obliged to play ‘*a broader range of music than any other UK radio station*’⁴⁷. Yet, as a result of current scheduling policy, the range and distinctiveness that this would imply is not always evident from the station’s musical output; ‘specialist’ music and less mainstream programming are largely broadcast outside of peak hours when audience reach and share are lower. For example, shows devoted to specific genres such as soul, folk, country, rhythm and blues, big band and organ music are all scheduled in evening or night-time slots. Disappointingly, the proposals in the Strategy Review suggest the continuation of this policy – with the proposed increase in live concerts and jazz programming scheduled for early evenings.

5.2.19 In its review of Radio 2, the BBC Trust acknowledged the need to minimise the overlap between the playlists of Radio 2, Radio 1 and the commercial sector⁴⁸. We agree that a low level of overlap in daytime should form part of future performance measurement, and urge the BBC Trust to build this into the Radio 1 and Radio 2 service licences. We propose that, during daytime, 60% of Radio 2’s musical output should be more than 15 years old and 50% of songs should come from UK acts. In addition, the proposal to incorporate the most relevant elements of 6 Music’s output into Radio 1 and Radio 2 represents a further opportunity to increase the two services’ musical distinctiveness.

5.2.20 The BBC Trust recommended that Radio 2 should use its size and influence to make a greater contribution to the promotion of the public purposes in peak time. The Strategy Review therefore proposes an increased commitment to specialist and speech programming – but we question the degree to which this will be effective. The proposals include a commitment to ensure that speech output makes up more than 50% of Radio 2’s daytime programming, but we understand that Radio 2’s current level of daytime speech output is approximately 46%, depending on definitions⁴⁹. Revealingly, despite suggesting that ‘*specialist and feature programming*’ will be given ‘*higher-profile slots*’⁵⁰, the Strategy Review states that only ‘*highlights and excerpts from specialist and speech output*’⁵¹ will become regular features in daytime. Comedy will be given a regular Saturday night slot and whilst documentaries will be given a more regular slot, no detail is provided as to be when these will be broadcast.

Radio 2’s target audience

5.2.21 As the population ages, it becomes even more critical that the BBC’s popular music service for older people – Radio 2 – is meeting the needs and demands of this demographic. The Trust’s recent recommendations for Radio 2, repeated almost verbatim in the Strategy Review, are that it should get no younger (average listener age should not fall below 50); should reduce the percentage of its audience that falls outside its target range (under 35s); and protect the interests of older listeners. We believe it to be critical that these recommendations are overseen effectively; we note that recent changes to Radio 2’s breakfast show (namely the retirement of Terry Wogan and his replacement by Chris Evans) has already resulted in the average age of a Radio 2 breakfast show listener falling from 53 to 51⁵².

5.2.22 However, this falls short of enhancing Radio 2’s appeal to the older listener, who remains underserved by the rest of the radio industry. As the Strategy Review itself states, ‘*it is the over 65s ... that would most like the BBC to air more programmes that suit their interests and preferences*’⁵³. We therefore believe that Radio 2 should place much greater emphasis on serving the needs of older listeners, both in daytime music choice and the scheduling and content of programmes. We propose that Radio 2’s target audience should be raised from 35+ to 40+ (and 45+ after three years) and the requirement that 75% of Radio 2’s audience should fall within this target age group within three years should be built into the Radio 2 service licence.

⁴⁶ BBC Strategy review, p11.
⁴⁷ Radio 2 Service Licence.

⁴⁸ BBC Trust, Service Review for Radio 2 and 6 Music, February 2010.
⁴⁹ Value Partners, ‘BBC Radio – A Review’, May 2010, p38.
⁵⁰ BBC Strategy Review p11.
⁵¹ BBC Strategy Review p42.

⁵² Rajar/ GMG Radio Monitoring April 2010.
⁵³ BBC Strategy Review p21.

Radio 2 has the potential to reach millions with distinctive programming of high cultural and social value.

Our view on 6 Music – maximising the reach of distinctive content

5.2.23 The BBC's proposals for the closure of 6 Music have received more media attention than any other part of *'Putting Quality First'*. In the foreword to this submission, we outlined that this disproportionate attention on 6 Music (with a 2009 average audience of less than 700,000 listeners) has diverted attention from other areas with a much greater impact on the sustainable future for all radio in the UK. That is why our submission emphasises the importance of delivering more public value on the BBC's national music stations (Radio 1 and Radio 2) and in the Nations and Regions, while also bringing forward support and commitment to radio's digital future. Nevertheless, we judge it is appropriate to outline clearly our own proposals for 6 Music.

5.2.24 6 Music's role in the BBC portfolio has been under pressure since launch. Its modest audience has never justified the scale of investment. In our response a year ago to the BBC Trust's service licence review of 6 Music we argued that the station should be re-purposed to better reflect its original remit when it was first launched: to be a true music archive for older listeners and source of music discovery. This would have had the benefit of retaining the public value of 6 Music's output, without encroaching on well served commercial audiences. In its conclusions, the BBC Trust partially endorsed this approach – encouraging BBC Management to deliver a 6 Music service that would be more distinctive without aggressively building audience in future. The latest proposals from the BBC Management reject both approaches and plan to close the service instead.

5.2.25 Our response is straightforward and, we believe, chimes with the public discussions that have taken place recently. There are elements of the output in BBC 6 Music's content which are clearly valued by listeners and indeed the music industry. We believe the highly valued public service content that represents part of the 6 Music output should be rescheduled to be a core part of the scheduling of Radios 1 and 2; indeed the niche that 6 Music currently caters for only arose as a result of Radio 1 and 2's drift from their original public service remits. This could be achieved in a number of ways, for example there would be much to be gained from transferring the truly distinctive programming presented by Jarvis Cocker or Adam and Joe (both recent winners of Sony Gold Awards) across to Radio 2, along with the broad range of music played by Lauren Laverne or Cerys Matthews. Similarly, the emphasis on new music and live sessions provided by a presenters like Gideon Coe or Steve Lamacq could surely find a place on Radio 1.

5.2.26 The amalgamation of the most appropriate parts of 6 Music into Radio 1 and Radio 2 would have a significant double benefit: for new artists and the music industry that would bring exposure to an audience of 26 million on national FM, rather than an audience that is still only around one million on digital only. At the same time, this would provide specific content and output to strengthen the public value of Radios 1 and 2, consistent with their service licences, and help facilitate part of the move away from those stations' mainstream pop and chart music offerings with which the market is already well served. Put another way: we support the BBC's role in supporting new music and preserving 'the spirit of John Peel'. We would just politely point out that John Peel's music broadcasting career was delivered largely on Radio 1 and Radio 2.

5.2.27 However, there is currently a lack of confidence in the BBC's ability to deliver genuinely the output of 6 Music on more mainstream stations. Yet, if it was able to guarantee that this would be achieved then we believe that both the music industry and loyal listeners could be satisfied.

We absolutely agree with supporters of 6 Music that its most distinctive and unique programming must be preserved.

5.2.28 One possible objection to this proposal could be that the migration of 6 Music's 25-44 year old audience into Radio 1 and Radio 2 only perpetuates the problem these stations have already, with their own audiences encroaching on commercial radio's heartland. Our response to that is clear: the modest addition of the 6 Music audience will make little difference to the scale of market intervention which Radios 1 and 2 deliver (adding less than 3% net extra audience on their combined output) – but does facilitate a rigorous re-examination of the public value of the output of Radio 1 and Radio 2.

5.2.29 As discussed in section 5.3, the closure of 6 Music need not have a detrimental impact on digital radio. Its presence has done little to encourage the step change in digital listening that is required, with – until recently – only 695,000 listeners and an awareness level of only 20%. Indeed, the amalgamation of 6 Music into Radio 1 and Radio 2 would free up valuable digital spectrum which could be used to enhance the digital-only proposition and increase overall public value.

PRIORITY ONE

Maximising the public value of the BBC's popular music services

Recommendations

We believe that the BBC Trust must require the BBC Management to implement the following changes to Radios 1 and 2:

Radio 1

Radio 1 should regain its status as a youth-targeted, music and speech based service, with a mission to break new UK bands. Its core remit should be to play and break new UK bands, not just play new songs by established artists.

It should focus on serving audiences under 25 years of age, with a significantly greater focus on teenage listeners (13-19).

There must be much greater investment in high quality, distinctive programming that promotes the BBC's public purposes in a manner that appeals to younger audiences. News, documentaries, social action campaigns, advice programmes and other current affairs output must be scheduled to maximise their public value. Specific requirements to be inserted into the Radio 1 service licence should include:

- > A new target audience of 13-24 year olds. 75% of Radio 1's audience should fall within this target age group within three years;
- > Within the target age range, there should be particular emphasis on reaching the youngest listeners (13-19 year olds);
- > Using daytime to provide a significant platform for new UK artists;
- > Ensure that 65% of songs in daytime are from new UK bands;
- > Ensure that at least 30% of output is speech based.

Radio 2

Radio 2 should place much greater emphasis on serving the needs of older listeners, specifically in daytime music choice and the scheduling and content of programmes.

There must be much greater investment in high quality, distinctive programming in daytime that promotes the BBC's public purposes in a manner that appeals to older audiences.

Specific requirements to be inserted into the Radio 2 service licence should include:

- > The target audience should be raised from 35+ to 40+ (and 45+ after three years). 75% of Radio 2's audience should fall within this target age group within three years;
- > Ensure that 60% of music is more than 15 years old;
- > Ensure that 50% of songs are from UK acts.

6 Music

The most distinctive and unique programming of 6 Music should be retained and incorporated into the schedules of Radio 1 and Radio 2. In keeping with the recommendations above:

- > Radio 1 should absorb the current responsibility of 6 Music to focus on breaking new UK artists, particularly less familiar acts that do not receive airplay elsewhere.
- > Radio 2 should absorb the responsibility to prioritise less familiar music from iconic artists and specialist genres. It should also play concert tracks and sessions from the BBC archive in daytime, thus bringing this unique content to Radio 2's vast audience.

The public value of this content must be recognised by ensuring that a suitable proportion of this programming is incorporated into the daytime schedule.

5.3 PRIORITY TWO Enhancing the BBC's commitment to radio's digital future

5.3.1 In this section, we establish why the BBC's current commitment to, and investment in, digital radio does not adequately reflect its responsibility to help deliver a digital future for radio, and how the BBC Agreement must be amended to address this (Section 5.3.2 to 5.3.11). We also set out the four priorities which should direct the BBC's revised approach to digital radio:

- > Funding national, regional and local DAB coverage build-out to meet the BBC's universality obligations (Section 5.3.14 to 5.3.21).
- > Increasing investment in and commitment to popular digital-only content (Section 5.3.22 to 5.3.28).
- > Harnessing the power of the BBC's television networks and analogue radio services to significantly raise consumer awareness of digital radio as a platform, and not just promotion of specific BBC services (Section 5.3.29 to 5.3.31).
- > Exploring the possibilities offered by staggered migration of its national analogue services, in conjunction with the appropriate commercial service(s) (Section 5.3.32 to 5.3.34).

The BBC's responsibility to digital radio

5.3.2 Most would accept that it is perverse for radio to remain analogue in an increasingly digital world. However, many listeners are yet to be persuaded of the benefits of digital radio.

5.3.3 Since digital radio was launched over a decade ago, numerous digital-only stations have been launched (and some have since closed), digital sound quality has improved as coverage strives to catch up with FM, set functionality has increased, and we have begun to understand how digital can provide radio with greater interactivity and connectivity. However, digital radio continues to suffer from low consumer awareness, a lack of compelling exclusive content and, crucially, an unfinished infrastructure build-out.

5.3.4 Digital television was once in a comparable position; when it was first announced that television would switch to digital-only transmission, the same sort of scepticism and concern was expressed. However, the television sector is now on track for a very successful switchover to digital.

5.3.5 Much of the success of digital television switchover is attributable to the BBC, which took a leading role in line with its sixth public purpose (helping to deliver to the public the benefit of emerging communications).

5.3.6 Yet the BBC (particularly outside the Audio and Music Division) has not – so far – staked such a proud claim to be driving digital radio migration. It is telling that digital radio is only mentioned in the radio-specific sections of the Strategy Review, and not at all in the Director General's introductory statement.

5.3.7 One of the reasons that the digital migration of radio has been so protracted is the simple fact that the commercial radio sector does not possess the strength of the commercial television sector, and is therefore less able to invest in compelling digital-only content and infrastructure build-out (and simultaneously bear the costs of dual-transmission). Similarly, commercial radio alone does not possess the necessary market scale to raise sufficient awareness amongst consumers and precipitate a significant shift in consumer behaviour.

5.3.8 Thus the BBC's dominance of the radio industry is both one of the causes of the slow drive to digital, but also the opportunity that could allow it to champion digital radio to an even greater degree than it did for digital television, and deliver a digital future for the whole sector.

5.3.9 We note that the current BBC Agreement includes a section which sets out the BBC's commitment to Digital (Television) Switchover. We believe that the current BBC Agreement should be amended to include a similar section for digital radio, to reflect the BBC's role in the drive to digital. The passage of the radio clauses of the Digital Economy Act 2010, which had the full support of the BBC, provides the ideal rationale for such an amendment.

5.3.10 The current BBC Royal Charter and Agreement were agreed in 2006 and are due to expire in 2016. However, there is precedent for the BBC Agreement being amended mid-Charter period. The last Agreement (1996 – 2006) was amended in 2000 following the introduction of free Television Licences for over 75 year olds, and in 2003 to reflect the passage of the Communications Act 2003.

5.3.11 We therefore believe that a 'Digital Radio Switchover' section should be added to the current BBC Agreement. This would enshrine the BBC's role in delivering a digital future for the radio industry – and commit the BBC to funding national, regional and local coverage build-out to match that of analogue.

Extracts from the Digital (television) Switchover section of the BBC Agreement:

35. Digital Switchover and the BBC's principal television services

(1) No later than the Digital Switchover date, the BBC must secure the objective that substantially the same proportion of households in the UK as can, at the date of this Agreement, receive the analogue television services in analogue form by means of terrestrial broadcasting (that is to say, through a television aerial), can receive all the BBC's principal television services in digital form by that means.

37. BBC's general duty to co-operate in achieving Digital Switchover

(1) The BBC must use all reasonable endeavours to cooperate in the administration, organisation and implementation of Digital Switchover, in all respects, promptly and in good faith.

38. The provision of information about Digital Switchover

(1) The BBC must use all reasonable endeavours to ensure that all viewers of any of the UK Public Television Services in analogue form are –

(a) Aware, in general terms, of the nature of Digital Switchover, its consequences (including practical options for continuing to receive the UK Public Television Services), the reasons for it, and its timetable;

(b) Informed of any date (a Regional Switchover Date) when it is intended that all or any of the UK Public Television Services which they view will cease to be broadcast in analogue form in the area in which they view them, not less than two years before that date;

(2) The Executive Board must draw up, keep under review and, when it or the Trust thinks appropriate, revise a communications plan for achieving what is required by paragraph (1). Any such plan (or revision) must be approved by the Trust.

41. Annual Progress Reports

The Trust must provide the Secretary of State with an annual report on what the BBC has done for the purpose of complying with clauses 34 to 40 of this Agreement.

The BBC's dominance of the radio industry is both one of the causes of the slow drive to digital, but also the opportunity that could allow it to champion digital radio.

Condition one for successful digital migration – Matching digital to analogue

5.3.14 Ensuring that all areas of the UK are able to receive a strong and robust digital signal will be the foundation of successful digital migration. If digital is unable to match analogue on signal strength and sound quality at all levels, then listeners, manufacturers and broadcasters will quite understandably have less confidence in the medium and be less willing to invest in it.

5.3.15 It is – technically – possible to achieve national DAB coverage comparable to FM coverage (c.98%), and regional and local DAB reaching 90% of the population and all major roads by 2012 (certainly well in advance of the switchover criteria being assessed in 2013). The re-planning exercise to achieve this is well under way. However, the issue of funding remains. Until the BBC commits tangibly to this, then the whole radio industry will continue to have an uncertain future and the experience for listeners will not be complete.

5.3.16 The commercial radio industry recognises that it has a responsibility to meet a proportion of the cost of remaining DAB coverage build-out. However a working principle has been agreed whereby commercial radio will build-out up to the point where it is commercially viable to do so. Investment from the BBC will then be expected to bridge the gap between commercial viability and universality in line with its Charter obligations.

5.3.17 The Strategy Review reasserts the BBC's commitment to ensure that, 'where a significant platform is not available or not able to deliver to the BBC's standards, the BBC will look to stimulate and shape its development'⁵⁴. Yet the BBC has only committed to building out its national multiplex to 90% of the population within this licence fee settlement, and has made no commitments for funding further build-out of the local or regional multiplex layers. This would make it highly unlikely for the proposed timetable contained in the Digital Britain White Paper⁵⁵ to be achieved. This is unacceptable.

5.3.18 In addition, we do not believe it is adequate that the BBC is not guaranteeing all its Nations and Regions services (and their listeners) a digital future. The BBC Trust's Audience Councils in the Nations have all expressed concern about this issue previously⁵⁶. The BBC must therefore consider its obligation to fund further build out of the local digital multiplex infrastructure to match analogue coverage.

5.3.19 This perspective was reflected in a recent report from the House of Lords Select Committee on Communications. This stressed that 'given the importance for the Government's plans for digital switchover of universal reception of the BBC's national stations, it is essential that a firm and unambiguous plan and funding for the completion of build-out of the BBC's national multiplex is put in place as soon as possible'⁵⁷. It also suggested that, 'as a matter of urgency, the Government, the BBC and commercial radio agree a plan and allocation of funding responsibility for local multiplex build-out in order that local DAB coverage can be raised to 90%.'⁵⁸

Achieving a successful digital migration

5.3.12 Government has given a very clear steer of its wish to achieve digital radio migration by the end of 2015. This requires listening and coverage criteria to be met prior to the setting of a switchover date (or dates) by the end of 2013. The radio industry, both BBC and commercial, continue to believe that this is an ambitious, but achievable, target.

5.3.13 The Digital Economy Act 2010 established the legislative framework for digital migration and has helped galvanise the industry behind the objective of a digital future. However, if digital migration is to become a reality, rapid progress is now required.

⁵⁴ BBC Strategy Review, p13.

⁵⁵ Digital Britain White Paper, June 2009, p92.

⁵⁶ For example, BBC Audience Council England submission on the government's Digital Britain Report, Sept 2009.

⁵⁷ House of Lords Select Committee on Communications, Digital Switchover of television and radio in the UK, March 2010, p36.

⁵⁸ House of Lords Select Committee on Communications, Digital Switchover of television and radio in the UK, March 2010, p37.

5.3.20 The per annum costs of digital infrastructure build-out coverage in this way are well within the financial capabilities of the BBC – even within this licence fee settlement. Estimates of the capital cost of build out are in the range of £100m – £150m (depending on the extent to which transmitters are build out to replicate FM) or c.£10m p.a. over the typical 12 year span of licence periods. This is only around a quarter of one per cent (0.25%) of the £43bn the BBC would get under the terms of the current licence fee deal over 12 years.

5.3.21 We suggest that the following sources represent potential funding streams for this investment:

Potential funding sources	Estimated value
<p>Digital television switchover under-spend.</p> <p>The underspend in the Digital Television Switchover Help Scheme fund is estimated to be between £250 – £300m. It would seem appropriate that this money now be used to fund digital radio switchover – although we recognise that there are other competing claims for this funding.</p>	£250 – £300m
<p>BBC savings from the 2008 Arqiva/NGW deal.</p> <p>Following the Competition Commission’s intervention in the Arqiva/NGW merger, RadioCentre negotiated a 17% reduction in managed transmission services which was applied to BBC as well as commercial radio services. We estimate the value of this at £2.3-3.3m per annum for analogue services and £1.2-£1.5m for national DAB.</p>	£3.5 – £4.8m p.a.
<p>Digital UK communications under-spend</p> <p>The underspend in Digital UK’s communications budget is estimated to equate to £55m.</p>	£55m
<p>Immediate efficiency savings</p> <p>Immediate efficiency savings could be achieved if BBC local radio services were to cease simulcasting on both AM and FM. The costs of AM transmission are typically about £100k per service. The potential cost saving is therefore £2-3m p.a.</p>	£2-3m p.a.
<p>Long-term efficiency savings.</p> <p>The end of dual transmission on digital and analogue, following a successful digital radio migration, would equate to significant efficiency savings for the BBC. BBC spend on analogue radio transmission is estimated to be at least £16m pa. Of this, £14m is attributable to UK-wide services. We therefore assume that, as a minimum, the BBC will save £15m pa in analogue transmission costs post digital switchover (this allows £1m per annum for some rural local services to remain on analogue should this be necessary, although we believe that achieving universal coverage should be the BBC’s ultimate objective).</p>	£15m p.a.

Condition two for successful digital migration – Delivering compelling content

5.3.22 Whilst the digital platform cannot flourish without robust coverage, the prospect of access to compelling digital-only content will continue to be the most critical motivation for listeners.

5.3.23 Undoubtedly the BBC's existing portfolio of digital-only stations have played a significant role in achieving the current levels of digital listening and set sales. The BBC's pledge to maintain its current investment in content for its digital radio platforms will be critical to achieving a successful digital migration.

5.3.24 Yet, the BBC could have done so much more to harness the strength and popularity of its analogue brands to encourage listeners to invest in digital radio sets and listen to content broadcast on a digital platform. Instead of placing elements of its most popular content on a digital-only platform (either exclusively or in advance of its broadcast on an analogue platform), the BBC instead uses its digital-only stations to broadcast more distinctive and public service content than their larger and better funded sister stations on analogue. This represents a variation on the 'ratings by day, reputation by night' policy pursued by Radios 1 and 2 – and instead demonstrates a policy of 'ratings by analogue, reputation by digital'.

5.3.25 Therefore, whilst these digital-only services fulfil an important function in the BBC's promotion of its public purposes, and contribute to the plurality and diversity of the UK radio industry, they cannot alone achieve the step-change in consumer listening behaviour, required for a successful migration to digital.

5.3.26 Therefore, the proposal contained in the Strategy Review to more closely align 1Xtra and Radio 7 (to be likely rebranded as Radio 4 Extra) with their parent stations (Radio 1 and Radio 4) is welcome in principle. This approach should enable these immensely popular analogue services to better harness their reach and influence to raise awareness of digital radio.

5.3.27 However, if this coupling of analogue and digital stations allows the BBC to continue its 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, it will have failed to meet the challenge of the BBC's responsibility to radio's digital future. Whatever the future line-up of the BBC's digital services, more of the BBC's most popular audio content must be broadcast exclusively digital-only, or substantially in advance of analogue broadcast. We welcome the speculation that episodes of *The Archers* could be broadcast on Radio 4 Extra in advance of broadcast on Radio 4, and encourage the BBC to develop further initiatives along these lines⁵⁹.

We would also propose that key sporting events, such as Premier League football matches, should be available exclusively on digital radio in the same way that was done so effectively on television. Such approaches will also re-enforce the need to build out universal digital coverage, so all licence fee payers can access this content.

5.3.28 In addition, the proposed closure of 6 Music represents an opportunity to consider the optimum use of the BBC's digital spectrum. The amalgamation of the best of 6 Music's programming into Radio 1 and Radio 2 would free up valuable digital spectrum which should be used to enhance the digital-only proposition and increase overall public value. However, there should not be a presumption that this spectrum will be retained for the BBC's use. We note that the BBC Agreement states that *'it is the duty of the Trust to secure the efficient use of the radio spectrum that is available for use by the BBC or its contractors'*⁶⁰. The Agreement goes on to state that *'the Secretary of State may, where it appears to her appropriate to do so – (a) in the interests of public service broadcasting in the UK... direct the BBC to grant to any public service broadcaster the right to use any capacity on a television multiplex service... that is under the BBC's control'*⁶¹. We therefore believe that the Department for Culture, Olympics, Media and Sport should consider whether the BBC should be obliged to offer this spare digital spectrum on a contestable basis to other broadcasters.

⁵⁹ <http://www.broadcastnow.co.uk/news/radio/bbc-may-run-archers-early-to-push-dab/5014198>.article.

⁶⁰ BBC Agreement.

⁶¹ BBC Agreement, 42 (2).

Condition three for a successful digital migration – Raising consumer awareness

5.3.29 Just as the BBC has failed to use the strength and popularity of its radio services to maximise digital radio's content proposition, it has also failed to harness fully the power of its analogue network radio stations to promote digital radio.

5.3.30 The BBC's own research showed that only 20% of the UK population are aware of the BBC's digital-only services⁶². In addition, the proportion of listening to the BBC's most popular analogue services via a digital platform is relatively low. The latest figures available in the public domain suggest that 34% of listening to 5 Live is via digital, 23% for Radios 3 and 4, 19% for Radio 2 and 14% for Radio 1⁶³. These figures are all some way short of the 50% digital listening target set out in Digital Britain – and demonstrate the potential uplift in digital listening that would be possible if the BBC were to seriously harness the influence, reach and resources of its analogue networks to promote digital radio.

5.3.31 The BBC must therefore commit to sustained and heavyweight promotion of the digital radio platform on all analogue BBC Radio (and television) services (with specific requirements built into service licences).

⁶² Pan-BBC tracking study by TNS for BBC Q4 2009.

⁶³ Figures quoted in the Sunday Times, November 2009.

Achieving a successful digital migration – A staggered approach

5.3.32 Digital television switchover demonstrated how effective the setting of a switchover date was as a prompt to action. The setting of 2015 as a target date for digital radio migration has, in the limited period since it was expressed in the June 2009 Digital Britain White Paper, had a similar galvanising effect within the radio industry. This may already be filtering down to listeners given the record increase in digital listening in the first quarter of 2010 (up to an all time high of 24%)⁶⁴. However, this is still a long way short of the target of over 50% by 2013.

5.3.33 We believe that 2015 is a challenging and ambitious target – but it could be achieved, especially if the BBC commits to all of the above priorities.

5.3.34 While this review is not the right place to consider the detail of any switchover process, the Digital Economy Act 2010 does include the flexibility for the Secretary of State to set a series of switchover dates, as opposed to one switchover date. This could be utilised on a region-by-region basis, as was the case for digital television switchover (although this would be less appropriate for radio due to the national coverage of some stations, along with the portability of radio – especially in cars). Alternatively, it might be theoretically possible to allow for a staggered migration, once the build-out of the DAB infrastructure is complete – with those BBC and commercial services (and their listeners) most prepared to go digital leading the migration.

⁶⁴ Rajar, Q1 2010.

PRIORITY TWO: Enhancing the BBC's commitment to radio's digital future

Recommendations

We believe that the BBC must demonstrate its support for digital radio in the following ways:

> Extending the BBC's national DAB multiplex to match FM coverage levels, within this licence fee settlement;

> Contributing funding to the continued build-out of local and regional DAB, to ensure that all BBC Radio services in the Nations and Regions have a digital future within this licence fee settlement;

> More popular content (including sport) to be broadcast on a digital-only platform, or substantially in advance of analogue broadcast.

> Sustained and heavyweight promotion of digital radio by all analogue BBC Radio on the BBC's network television stations and analogue radio services (and TV) services (with specific requirements built into service licences);

> Explore the possibilities offered by staggered migration of its national analogue services, in conjunction with the appropriate commercial service(s).

In addition, the BBC's commitment to digital radio must be enshrined within the BBC Agreement, with immediate effect.

The Department for Culture, Olympics, Media and Sport should give careful consideration to how the BBC utilises surplus digital spectrum (which would result from the closure of the Asian Network and 6 Music). There should not be a presumption that this spectrum will be retained for the BBC's use.

5.4 PRIORITY THREE Fulfilling the potential of the BBC's local radio services

5.4.1 In this section we highlight the BBC's responsibility to retain local and regional services that provide a distinctive public service role in their communities, by offering a predominantly speech-based source of local news, information and discussion (section 5.4.2 to 5.4.9). We also suggest ways in which local radio services could be renewed and enhanced to allow them to better serve their local communities (sections 5.4.10 to 5.4.13).

Reviving the distinctiveness of BBC Nations and Regions radio

5.4.2 BBC Radio services in the Nations and English Regions should embody the ideals of local public service broadcasting: i.e. producing distinctive, high quality, informative content that adds significant value to the body politic.

5.4.3 Yet aspects of these services (and their service licences) fail to meet high standards of distinctiveness. In an attempt to compete in a crowded local media market, some local radio services have adopted traits of commercial services (most evidently through the adoption of – centrally-controlled – mainstream music policies), and their uniqueness and value has been diluted as a consequence. Partly as a result, 43% of listeners to BBC local radio are currently aged under 55 and the greatest decline in local audience has been felt amongst those aged 65 and over⁶⁵.

⁶⁵ BBC Strategy Review, p39.

5.4.6 However, the proposals within the Strategy Review also suggest a lessening of distinctiveness and localness outside of peak time, through the use of content sharing across stations, in order to fund this increased investment in speech and news content.

5.4.7 We believe that content sharing would unjustifiably dilute the distinctiveness, quality and localness of BBC local radio. We note that all BBC English local radio stations already simulcast BBC Radio Five Live overnight (most commonly between 1am and 5am). The unique funding method and responsibility of the BBC to provide high quality local output should make such an approach inappropriate – and should certainly not require further content sharing on BBC local radio services (the rationale for BBC services sharing content should not be confused with the networking that has been necessary in the case of some commercial stations, to ensure continued viability and high quality in the face of challenging economic circumstances).

5.4.4 Even with the development of more national and quasi-national commercial brands, commercial radio remains committed to serving local urban and rural communities with a mix of locally-relevant news and information, in addition to the provision of popular music programming tailored to the local audience. Consequently, the creeping commercialisation of BBC services in the Nations and Regions risks over-serving listeners already well provided for by the local commercial sector (in particular, those aged 25-44 year olds), and under-serving audiences that value high-quality, distinctive local news and information and for whom local commercial radio may not appeal (in particular, listeners aged 55+).

5.4.5 It is critical that the complementary nature of BBC local radio and local commercial radio is retained and strengthened (in terms of both speech to music ratio and target demographic). We therefore welcome the recognition within the Strategy Review that the quality, originality and distinctiveness of local English radio could be improved, and support the commitment to renew its emphasis on speech radio and journalistic content which holds local democracy to account.

5.4.8 In addition, we note that the Strategy Review emphasises that recent chart hits should represent no more than 15% of weekly music output on BBC local radio. The emphasis on this target is misleading in itself, as it is already a requirement enshrined in the BBC Local Radio service licence. If the BBC were truly committed to ensuring that its Nations and Regions radio services have a distinctive role to play within the wider radio industry, it would remove all music from the daytime schedule of all local radio services, as mainstream pop and chart music is clearly superfluous to the core remit and risks retaining another tier of duplication between the BBC and the commercial sector.

5.4.9 We believe that, in order to fulfil their remit and add plurality to the local media sector, BBC's Nations and Regions services must be 100% local, 100% (high quality) speech during daytime. Outside of peak time, we believe it is important that BBC local services continue to provide a platform for the promotion of emerging and established local music acts.

Some BBC local radio services have adopted traits of commercial services and their uniqueness and value has been diluted as a consequence.

The BBC's responsibility to local and regional communities

5.4.10 The founder of BBC local radio, Frank Gillard, dreamt of stations '*geared to the interests of the local community*' which provide '*the programmes which best met the needs of their communities*'⁶⁶. We believe that this aspiration is as relevant today as it was in the 1960s when BBC local radio was founded.

5.4.11 In addition to providing high quality news and information of relevance to their local communities, we believe BBC local radio services have a responsibility to evolve to become a platform for other local media broadcasters. In place of proposed content sharing between other BBC local services, the BBC could provide local community, hospital and student radio stations with access to the airwaves during off peak hours, thus retaining a localised focus whilst supporting and raising awareness of the wider local media sector. We have spoken with the Community Media Association, who we understand are supportive of these proposals.

⁶⁶ <http://www.independent.co.uk/arts-entertainment/obituary-frank-gillard-1179964.html>

5.4.12 We also note that the BBC's proposal to close the national digital Asian Network, and replace it with a series of part-time, local services broadcasting on local DAB and AM to areas with a relatively high proportion of Asian population risks having a significant market impact on existing Asian commercial stations. We do believe that this is an effective way to increase net public value, and believe that the BBC could more effectively and efficiently reach Asian audiences by providing more clearly delineated slots on BBC local radio for the Asian community. In fact there would be some logic to extending this approach to provide programming for a range of ethnic groups in the locality served by BBC local stations.

5.4.13 Finally, we welcome the commitment within the BBC Strategy Review to 'never becoming any more local in England'⁶⁷. However, we question why there is no equivalent commitment to not become any more local in the Nations, Scotland, Wales and Northern Ireland. Indeed, beyond generic references to BBC services in Scotland, Wales and Northern Ireland, the Strategy Review contains no reference to BBC Nations Radio services. It is unclear whether this is because the BBC endorses their current performance, or considers them to be of peripheral importance.

⁶⁷ BBC Strategy Review, p12.

PRIORITY THREE **Fulfilling the potential of the BBC's local radio services**

Recommendations

We believe that the potential of the BBC's local radio services can be maximised through the following actions:

- > Commitment to no further networking across any local radio services in the Nations and Regions, and a reversal of this policy to be considered where it has already taken place;
- > No further opt-outs from Nations radio services, and Ofcom to conduct a market impact assessment to determine the future of existing opt-outs;
- > Reversal of the decline in reach amongst 55+ listeners, to ensure that listeners 55+ represent 75% of the audience of Nations and Regions services within three years;
- > Removal of all music from daytime schedules. Specialist music programmes to be broadcast in the evening, promoting artists from within that station's broadcast area;
- > BBC local radio stations to develop closer relationships with their local community, hospital and student radio stations, allowing them access to the airwaves outside of peak times (specifically, breakfast and drivetime);
- > Service licences to require BBC local stations to provide regular programming strands for local ethnic communities;

5.5 PRIORITY FOUR **Maximising the public value of cross-promotion**

5.5.1 In this section we highlight the need to ensure that the cross-promotional activities of the BBC are harnessed in such a manner as to generate maximum public value, and that the market impact of the cross-promotion of BBC Radio programming is minimised.

Promoting content of true public value

5.5.2 It is right that the BBC ensures that licence-fee payers are aware of a broad spectrum of BBC programming, but we do not consider either the scale or the current focus of the BBC's cross-promotional activities to be justified.

5.5.3 The scale of the BBC's promotion of its own radio services on BBC television services constitutes a significant market intervention in its own right. Other radio operators cannot access these promotional platforms and procuring an equivalent level of marketing promotion (e.g. through advertising on commercial television) would be significantly beyond the means of even the largest commercial radio groups. There must therefore be a strong public value justification for any such intervention and the significant impact it has on the market. We suggest that cross-promotion activities must deliver directly against the BBC's public purposes, specifically including the promotion of the digital radio platform, rather than focussing on promoting general entertainment programming (such as the Radio 1 and Radio 2 breakfast shows⁶⁸) or station personalities and presenters⁶⁹.

5.5.4 As Value Partners note in their report, a distinction must be drawn between raising awareness of individual programmes and full-blown advertising campaigns for specific services. We echo these observations, and believe that much of the BBC's cross-promotion of its radio services constitute advertising campaigns for the stations concerned, and are inappropriately focussed on programming which has little direct public value, or which competes directly with alternative offerings (e.g. the Radio 1 Chart Show⁷⁰), rather than content of significant public value.

⁶⁸ Chris Evans Breakfast Show
http://www.youtube.com/watch?v=5x_OHNM-i_w
<http://www.youtube.com/watch?v=9sUMjmwtf3Y&NR=1>

⁶⁹ Fearné Cotton
http://www.bbc.co.uk/radio1/hello/video_fearne.shtml
Chris Moyles
<http://www.youtube.com/watch?v=2ERov5bQp5c>
Scott Mills
<http://www.youtube.com/watch?v=VxwMrHKsmk&NR=1>

Zane Lowe
<http://www.youtube.com/watch?v=DGOtoFLZPdI&NR=1>

⁷⁰ Radio 1 Chart Show
http://www.youtube.com/watch?v=XUBY-CetY9k&feature=player_embedded#

Cross-promotion activities must deliver directly against the BBC's public purposes rather than focussing on promoting general entertainment programming.

5.5.5 Instead, we believe that re-focusing the BBC's cross-promotional activities would both increase public value and reduce the market impact of this activity.

5.5.6 We note that the BBC Trust's competitive impact code on cross and digital TV promotion seeks to reflect the spirit of Ofcom's own cross promotion code, which seeks to ensure that cross-promotions do not prejudice fair and effective competition⁷¹. Within this code, the BBC Trust identifies three particular types of promotion which it believes could give rise to concern – the promotion of programme-related materials, commercial services and particular digital platforms/services. That the promotion of the BBC's own analogue services is not considered would appear to be a **significant oversight**.

⁷¹ BBC Competitive impact code: Code on cross and digital TV promotion, p5.

PRIORITY FOUR
Maximising the public value of cross-promotion

Recommendations

The BBC should better harness the power of its most popular television and radio services to promote public service programming that would otherwise gain little exposure, by ensuring that:

- > Cross-promotion should be used only to promote programming which has particular public value, and which does not compete directly with programming provided elsewhere (such as the Radio 1 chart show).
- > Cross-promotion should not be used to promote the BBC's most popular content (such as the Radio 1 or Radio 2 breakfast show) or for generic promotion of an already popular BBC service.
- > Cross-promotion should be used specifically in the heavy promotion of the digital radio platform.
- > The amount of cross-promotion devoted to individual services should always be proportionate.
- > The BBC Trust competitive impact code on cross and digital TV promotion must be amended to include guidance on how the BBC analogue public services should promote other BBC analogue public services (reflecting the above requirements).

5.6 PRIORITY FIVE
Ensuring effective implementation

5.6.1 The four strategies outlined above are critical to ensuring that the BBC fulfils its responsibility to listeners to maximise public value and safeguard radio's future. However, the BBC Trust must play a crucial role to ensure that they are effectively implemented (Section 5.6.2 to 5.6.9). We also believe that greater regulatory consideration should be given to the balance of public value and market impact in the UK radio industry, and that Ofcom must play a role in this (Section 5.6.10 to 5.6.20).

A regulatory vacuum

"What the Trust is NOT is the BBC's regulator. That's the job of Ofcom". Sir Michael Lyons, speaking to the Manchester Statistical Society, March 2010

5.6.2 If the BBC is to act in the interests of listeners, and accept its responsibility to the future of radio, it is critical that more radical changes are made to the size and shape of the BBC Radio portfolio than those proposed in the Strategy Review.

5.6.3 It is also imperative that the final proposals approved by the Trust (and the recommendations of the on-going BBC Trust service licence review process) are implemented effectively – and sanctions imposed if they are not. This requires effective regulatory oversight – yet neither the Trust nor Ofcom have responsibility for the day-to-day regulation of the BBC.

5.6.4 The regulation of the BBC is a contentious and high-profile issue – with good reason, given the huge privilege of the licence fee and the position of the BBC within UK society. This consultation is neither the appropriate nor the ideal opportunity to consider the long-term regulation of the BBC. However, we believe it to be critical that the BBC Trust now accepts that it has to assume greater responsibility for the regulation of the BBC.

The need for sanctions

5.6.5 Whilst service licences represent a vast improvement on the previous regulation of BBC services, they often suffer from imprecise and unquantifiable targets which ultimately makes it very difficult to judge the overall performance of a service (as demonstrated by the service licence reviews that have taken place to date).

It is imperative that the final proposals approved by the Trust are implemented effectively - and sanctions imposed if they are not.

5.6.6 We therefore propose that the service licences for the BBC Radio portfolio are revised, to include more tangible and quantifiable targets, including those outlined above in our recommendations for the re-purposing of Radios 1 and 2; enhancing the BBC's commitment to digital radio; fulfilling the potential of the BBC's Nations and Regions services; and maximising the public value generated by cross-promotion.

5.6.7 In addition, the conditions and targets laid out in service licences are ultimately worthless if they are not monitored, enforced and accompanied by sanctions. Fining the BBC is an imperfect regulatory tool. 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. As a result, limited deterrence and behavioural change is achieved.

5.6.8 It is ultimately the responsibility of the BBC Trust to fashion an effective regulatory regime. Nevertheless sanctions should be a necessary part of any effective regulatory regime and we therefore make a number of proposals which we believe the BBC Trust may wish to consider.

5.6.9 In place of non-discretionary fines, we suggest that the Trust examines two potential models for the imposition of sanctions. To mitigate the risk that monetary sanctions lead to degradation of the quality and distinctiveness of programming, budgetary cuts could instead be made to non-public service content, such as talent and marketing budgets. Alternatively, detailed consideration could be given to linking the bonuses of the most senior management of the relevant station to their performance against their service licence conditions. Proceeds from sanctions incurred by either of the two methods above could then potentially go into a public service fund (potentially administered by the BBC Trust) and made available on a contestable basis to broadcasters wishing to produce or commission non-BBC public service programming on commercial and community radio.

Potential models for the imposition of sanctions:

1. Budgetary cuts to non-public service content, such as talent and marketing budgets.
2. Bonuses of members of the BBC Audio and Music Board, and the tiers of senior management of the respective radio station to be linked to the achievement of service licence conditions.

The need to give greater consideration to BBC Radio's market impact

5.6.10 Whilst the emphasis within the Strategy Review on *'the BBC's commitment to consider the market impact of major decisions'*⁷² is reassuring, it is not clear how this will be put into practice, beyond the continued practice of conducting Public Value Tests into proposed new services or significant changes to existing services.

5.6.11 A succession of fair trading and editorial complaints submitted by RadioCentre has revealed that the BBC is failing to consider seriously the market impact of its editorial decisions⁷³.

5.6.12 Equally, 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'*⁷⁴. In addition, an independent review of BBC digital radio services (the 2004 'Gardam Review') recommended that the service licences of the BBC's digital radio stations *'should be drawn up with reference in part to their competitor commercial stations. This will allow clear points of measurable differentiation to be established'*⁷⁵.

⁷² BBC Strategy Review, p5.

⁷³ <http://www.bbc.co.uk/bbctrust/assets/files/pdf/appeals/sp07/iv.pdf>
http://www.bbc.co.uk/bbctrust/assets/files/pdf/appeals/sp07/editorial_standards.pdf

http://www.bbc.co.uk/aboutthebbc/policies/fairtrading_complaints/pdf/ftb_julyoct09.pdf

http://www.bbc.co.uk/complaints/ecu/2010/01/100113_ecu_coldplayu2zanelowe.shtml

⁷⁴ BBC Agreement.

⁷⁵ Gardam, Independent Review of the BBC's Digital Radio Services, 2004.

5.6.13 In addition, there is currently an evident lack of ambition for public service radio broadcasting. Ofcom has conducted two reviews of Public Service Television Broadcasting since its creation (as required by the Communications Act 2003). Yet there has been no similar regulatory consideration (or requirement) for public service radio broadcasting – and therefore no questioning of whether BBC Radio could generate a greater net public value. The Gardam Review of digital radio had recommended that *‘the position of the BBC within the wider radio market should be subject to quinquennial review by the BBC Governors and by Ofcom alongside the overall review of public service broadcasting’*⁷⁶.

5.6.14 Since then, the Office of Fair Trading has given greater thought to the matter:

*“We would suggest that... such a review of the justification for existing services should be undertaken at specified intervals, according to similar criteria to new service applications, namely some sort of public value test. Should such an approach be adopted, Ofcom, and in appropriate cases the OFT, could have an important role in helping the BBC with its consideration.”*⁷⁷ *“... the Secretary of State may wish to consider ways in which Ofcom, as the competent independent competition authority for the communications sector, could be given powers to impose specific competition controls on the BBC, to reflect the BBC’s unique position in the UK broadcasting sector. Whilst it is beyond the scope of this letter to set out how far such controls would extend, we would suggest that they should at least aim at providing truly independent monitoring of the impact of the BBC’s activities on competition, backed by appropriate information gathering powers, and ex ante enforcement powers, should the BBC act outside the scope of applicable rules...”*⁷⁸

*“The expertise and resources that enable Ofcom to carry out this role [in new service consents] effectively are equally applicable to assessing whether the BBC is complying with the economic aspects of its [existing] service licences/consents. As a result, there should be a role for Ofcom, and in appropriate cases the OFT, to assist the [BBC] Trust in setting service licence conditions, which must be tightly drawn, and in discharging its ongoing oversight role.”*⁷⁹

5.6.15 We believe that greater regulatory consideration must be given to the balance of public value and market impact in the UK radio industry, and this major review of the BBC’s strategic direction represents the opportunity to begin this process. The BBC Trust service licence review process must also be overhauled, to ensure that the position of BBC Radio services within the wider UK radio industry is considered.

5.6.16 Ofcom should now also give greater consideration to the matter of public service radio broadcasting, and the net public value generated by BBC Radio, with a view to conducting periodic market impact assessments of existing BBC Radio services (beginning with Radio 1 and Radio 2, as the nation’s most popular radio services).

PRIORITY FIVE Ensuring effective implementation

Recommendations

We believe that the BBC Trust must implement the following regulatory changes:

- > Revision of service licences to include more tangible and quantifiable public service targets. In addition, the BBC Trust service licence review process must be overhauled, to ensure that the position of that service within the BBC Radio portfolio (and the wider UK radio industry – requiring the involvement of Ofcom) is considered;
- > The BBC Trust must develop regulatory sanctions, to be imposed on the BBC should it not meet the public service targets set out in service licences.

We also believe that consideration must be given to the following:

- > Ofcom to conduct reviews of Public Service Radio Broadcasting, comparable to those that its conducts into Public Service Television Broadcasting.
- > Ofcom to conduct periodic market impact assessments of existing BBC Radio services (beginning with Radio 1 and Radio 2, as the nation’s most popular radio services).

⁷⁶ Gardam, Independent Review of the BBC’s Digital Radio Services, 2004.

⁷⁷ Letter from Becket McGrath, OFT to Matthew Hill, DCMS re: BBC Charter Review, 2 June 2005.

⁷⁸ Letter from Becket McGrath, OFT to Kate Sparshatt, DCMS re: BBC Charter Review, 14 April 2004.

⁷⁹ Letter from Becket McGrath, OFT to Matthew Hill, DCMS re: BBC Charter Review, 2 June 2005.

6

Conclusion

Bridging the gap between rhetoric and action

- 6.1 The BBC Strategy Review has failed to set out a vision for BBC Radio that recognises its true public value potential.
- 6.2 This response sets out five key recommendations. Three of these can be seen as strategic priorities – the fundamental re-positioning of Radio 1 and Radio 2; an enhanced commitment to, and investment in, digital radio; and a re-adjustment of the remit of BBC local radio services. All of these fit comfortably with the BBC’s mission and values, in addition to the rhetoric of *‘Putting Quality First’*, and would significantly increase the public value generated by the BBC’s portfolio of radio services. In addition, we propose two important operational changes, one of which would involve the BBC reconsidering its approach to the cross-promotion of radio programming, and another that would empower the BBC Trust to ensure that all final proposals arising out of the Strategy Review are implemented effectively.
- 6.3 The BBC Trust’s initial reaction to the BBC Management’s proposals is one of overall satisfaction: *‘we judge that, at the headline level, the core vision and principles set down by the Director General provide the right response’*⁸⁰. This is extremely disappointing and we therefore urge the BBC Trust to reconsider this attitude in regards to the BBC Radio portfolio.
- 6.4 This response represents a challenge to the BBC – as the founder of the UK radio industry and its driving force over the last century – to live up to its own mission and values. We believe that the BBC has a responsibility, and the opportunity, to ensure that its portfolio of radio services broadcast content that informs, educates and entertains listeners of all ages, and contribute to and encourage a healthy, diverse radio industry. The BBC Trust must help the BBC realise this responsibility.

⁸⁰ BBC Strategy Review, i.

PRIORITY ONE

Maximising the public value of the BBC's popular music services

Recommendations

We believe that the BBC Trust must require BBC Management to implement the following changes to Radios 1 and 2:

Radio 1

Radio 1 should regain its status as a youth-targeted, music and speech based service, with a mission to break new UK bands. Its core remit should be to play and break new UK bands, not just play new songs by established artists. It should focus on serving audiences under 25 years of age, with a significantly greater focus on teenage listeners (13-19).

There must be much greater investment in high quality, distinctive programming that promotes the BBC's public purposes in a manner that appeals to younger audiences. News, social action campaigns, documentaries, advice programmes and other current affairs output must be scheduled to maximise their public value.

Specific requirements to be inserted into the Radio 1 service licence should include:

- > A new target audience of 13-24 year olds. 75% of Radio 1's audience should fall within this target age group within three years;
- > Within the target age range, there should be particular emphasis on reaching the youngest listeners (13-19 year olds);
- > Using daytime to provide a significant platform for new UK artists;
- > Ensure that 65% of songs in daytime are from new UK bands;
- > Ensure that at least 30% of output is speech based.

Appendix

Summary of recommendations

Radio 2

Radio 2 should place much greater emphasis on serving the needs of older listeners, specifically in daytime music choice and the scheduling and content of programmes.

There must be much greater investment in high quality, distinctive programming in daytime that promotes the BBC's public purposes in a manner that appeals to older audiences.

Specific requirements to be inserted into the Radio 2 service licence should include:

- > The target audience should be raised from 35+ to 40+ (and 45+ after three years). 75% of Radio 2's audience should fall within this target age group within three years;
- > Ensure that 60% of music is more than 15 years old;
- > Ensure that 50% of songs are from UK acts.

6 Music

The most distinctive and unique programming of 6 Music should be retained and incorporated into the schedules of Radio 1 and Radio 2. In keeping with the recommendations above:

- > Radio 1 should absorb the current responsibility of 6 Music to focus on breaking new UK artists, particularly less familiar acts that do not receive airplay elsewhere.
- > Radio 2 should absorb the responsibility to prioritise less familiar music from iconic artists and specialist genres. It should also play concert tracks and sessions from the BBC archive, thus bringing this unique content to Radio 2's vast audience.

The public value of this content must be recognised by ensuring that a suitable proportion of this programming is incorporated into the daytime schedule.

PRIORITY TWO

Enhancing the BBC's commitment to radio's digital future

Recommendations

We believe that the BBC must demonstrate its support for digital radio in the following ways:

- > Extending the BBC's national DAB multiplex to match FM coverage levels, within this licence fee settlement;
- > Contributing funding to the continued build-out of local and regional DAB, to ensure that all BBC Radio services in the Nations and Regions have a digital future within this licence fee settlement;
- > More popular content (including sport) to be broadcast on a digital-only platform, or substantially in advance of analogue broadcast.
- > Sustained and heavyweight promotion of digital radio on the BBC's network television stations and analogue radio services (with specific requirements built into service licences);
- > Explore the possibilities offered by staggered migration of its national analogue services, in conjunction with the appropriate commercial service(s).

In addition, the BBC's commitment to digital radio must be enshrined within the BBC Agreement, with immediate effect.

The Department for Culture, Olympics, Media and Sport should give careful consideration to how the BBC utilises surplus digital spectrum (which would result from the closure of the Asian Network and 6 Music). There should not be a presumption that this spectrum will be retained for the BBC's use.

PRIORITY THREE

Fulfilling the potential of the BBC's local radio services

Recommendations

We believe that the potential of the BBC's local radio services can be maximised through the following actions:

- > Commitment to no further networking across any local radio services in the Nations and Regions, and a reversal of this policy to be considered where it has already taken place;
- > No further opt-outs from Nations radio services, and Ofcom to conduct a market impact assessment to determine the future of existing opt-outs;
- > Reversal of the decline in reach amongst 55+ listeners, to ensure that listeners 55+ represent 75% of the audience of Nations and Regions services within three years;
- > Removal of all music from daytime schedules. Specialist music programmes to be broadcast in the evening, promoting artists from within that station's broadcast area;
- > BBC local radio stations to develop closer relationships with local community, hospital and student radio stations, allowing them access to the airwaves outside of peak times (specifically, breakfast and drivetime);
- > Service licences to require BBC local stations to provide regular programming strands for local ethnic communities.

PRIORITY FOUR

Maximising the public value of cross-promotion

Recommendations

The BBC should better harness the power of its most popular television and radio services to promote public service programming that would otherwise gain little exposure, by ensuring that:

- > Cross-promotion should be used only to promote programming which has particular public value, and which does not compete directly with programming provided elsewhere (such as the Radio 1 chart show).
 - > Cross-promotion should not be used to promote the BBC's most popular content (such as the Radio 1 or Radio 2 breakfast show) or for generic promotion of an already popular BBC service.
 - > Cross-promotion should be used specifically in the heavy promotion of the digital radio platform.
 - > The amount of cross-promotion devoted to individual services should always be proportionate.
- The BBC Trust competitive impact code on cross and digital TV promotion must be amended to include guidance on how the BBC analogue public services should promote other BBC analogue public services (reflecting the above requirements).

PRIORITY FIVE

Ensuring effective implementation

Recommendations

We believe that the BBC Trust must implement the following regulatory changes:

- > Revision of service licences to include more tangible and quantifiable public service targets. In addition, the BBC Trust service licence review process must be overhauled, to ensure that the position of that service within the BBC Radio portfolio (and the wider UK radio industry – requiring the involvement of Ofcom) is considered;
- > The BBC Trust must develop regulatory sanctions, to be imposed on the BBC should it not meet the public service targets set out in service licences.

We also believe that consideration must be given to the following:

- > Ofcom to conduct reviews of Public Service Radio Broadcasting, comparable to those that it conducts into Public Service Television Broadcasting.
- > Ofcom to conduct periodic market impact assessments of existing BBC Radio services (beginning with Radio 1 and Radio 2, as the nation's most popular radio services).

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