



**Submission to the  
BBC Trust Radio Network Supply Review**

**May 2010**

# **Radio Independents Group Response to the BBC Trust Radio Network Supply Review**

## **Contents**

<b>Summary</b>	<b>5</b>
<b>Introduction</b>	<b>7</b>
• RIG’s relationship with the BBC	<b>7</b>
• The BBC Trust Review	<b>7</b>
<b>Part One - Background</b>	<b>8</b>
• Activity in the independent radio production sector	<b>8</b>
• The BBC’s remit	<b>9</b>
• The BBC and Partnership	<b>10</b>
<b>Part Two - Access to Commissioning</b>	<b>12</b>
• Current State of Play	<b>12</b>
○ ‘Eligible’ Hours	<b>13</b>
○ Access Across the Schedule	<b>14</b>
• BBC Independent Production Quotas: a Comparison	<b>15</b>
○ BBC Television Commissioning	<b>16</b>
○ BBC Online commissioning	<b>16</b>
○ BBC Radio Commissioning	<b>17</b>
• The Window of Creative Competition	<b>18</b>

• Relative Costs of Production	19
• Why commission more Independents?	20
○ Creativity	20
○ Genres	22
○ UK-wide	23
○ Independents are cost-effective	24
○ Potential value of sector	24
○ Capacity	26
○ Batch Commissioning	27
• RIG’s Proposals	27
○ Implementation	27
○ Training	29
○ Editorial Compliance	29
<b>Part Three – Programme Budgets and Working Practices</b>	<b>31</b>
<b>Part Four – Relationship Between the BBC and the Independent Production Sector</b>	<b>32</b>
• Terms of Trade	33
• BBC Commissioning Structure	33
• Production Credits	34
• Sharing Information	34
• Independent Executive	35

<b>Appendices</b>	<b>37</b>
• Appendix 1: Excerpt from the BBC Agreement – clause 58	<b>37</b>
• Appendix 2: Independent Production - BBC Figures	<b>38</b>
• Appendix 3: Sony Gold Awards won by independent radio producers 2007-2009	<b>39</b>
• Appendix 4: List of Independent Production Companies used to compile Figure 1: Location of Out-of-London Production Centres.	<b>40</b>
• Appendix 5: BBC Audio & Music: Plans to strengthen Audio & Music compliance procedures	<b>42</b>
• Appendix 6: Radio Independents Group response to NAO report on “The Efficiency of Radio Production at the BBC”	<b>43</b>
• Appendix 7: Radio 4 'Book of the Week' and 'A History of the World in 100 Objects'	<b>45</b>

## DRAFT

### Radio Independents Group Response to the BBC Trust Radio Network Supply Review

#### Summary

1. Independent radio production companies have been making programmes for the BBC's national radio networks since the early 1990s and their quality has been recognised by the BBC itself, by the radio critics and by the disproportionately high number of major awards won.
2. Despite this, throughout these two decades the BBC's voluntary minimum target for commissioning from independent radio producers has been held at 10% of 'eligible hours' (between 6% and 7% of total output), and the actual amount commissioned has increased only slightly to around 13% of 'eligible hours' (between 8% and 9% of total output). The reason for this low number is that the BBC has reserved nearly all the rest of its output to in-house production.
3. RIG recognises that there is not precisely the same relationship between the BBC and its main commercial rivals as exists in TV, nevertheless the principle of more competition for the best ideas has been accepted in both BBC TV and online commissioning, and should be extended also to radio.
4. The abandonment of plans for a series of Channel 4 Radio networks has been enormously disappointing to our members as it would have been a real challenge to the BBC's near-monopoly in commissioned radio. However that is all the more reason to look for other ways of bringing more independent production directly into BBC Radio.
5. In the context of the BBC's remit, public purposes and policies, we believe there is a significant failure on the part of the Corporation to engage with the independent radio production sector, and would like to see the BBC's principles of partnership extended to working more closely and fully with all of the UK's creative industries.
6. We believe that a steady increase in the proportion of BBC Radio production sourced from the independent sector will:
  - Benefit the licence fee payer in ensuring genuine competition to supply to them the best ideas and talent
  - Enable the UK independent radio and audio production sector to grow into a fully-fledged creative industry
  - Assist the BBC in meeting its public service remit in a number of areas
7. We believe the best way to maximise the potential for a healthy and diverse UK independent radio and audio production sector is to introduce the following measures:
  - Reduction over three years of the proportion of all radio output ring-fenced for in-house production from 91.6% to no more than 50%

- Phasing in over three years of 25% of all radio output to be open to competition between independent and in-house producers (a Window of Creative Competition or 'WoCC' as it has become known)
- Phasing in over three years of an enhanced quota, with 25% to eventually be guaranteed to independent producers, in addition to whatever they win as part of the WoCC
- A stipulation that all commissioning percentages as outlined above to be measured both in hours and in value, as is currently the case in the reporting of BBC out-of-London TV production quotas
- A commitment to a level playing field in terms of producer-commissioner relationships for in-house and independent producers, to be monitored via full transparency in the reporting of BBC commissioning. This means that network commissioners should have no managerial responsibility over in house producers
- The above should be applied from the outset to any new BBC Audio & Music services

## Introduction

8. The Radio Independents Group (RIG) was formed in 2004 to provide a voice for independent production companies supplying the BBC and commercial radio. Its membership is comprised of some 97 companies. This includes the major suppliers for Radios 1, 2 3 and 5; the majority of those on the Radio 4 Registered Suppliers list; as well as the World Service, digital channels and so on. We believe this represents around two-thirds of the independents actively producing at this level.

### RIG's relationship with the BBC

9. RIG and its members are enthusiastic supporters of the BBC as a publicly funded public service broadcaster. In particular BBC Radio has a crucial part to play in providing high quality speech and music programming, otherwise unavailable to the licence fee payer. Many of our members have come from a non-BBC background, but regard making programmes for the BBC, via independent production, as the peak of their broadcasting career. Other RIG members have enjoyed long careers within the BBC before moving into the independent sector for the greater creative freedom and reduced bureaucracy it offers. All are united by their high esteem for the principles and values of the BBC.
10. As an organisation RIG has established a good working relationship with the BBC. In particular the two organisations worked together constructively in the joint development of new Terms of Trade in 2005, to the benefit of both parties. Since then we have continued to meet regularly with some BBC network controllers. We were also pleased to welcome to our last AGM in June 2009 the BBC's Director of Audio and Music, with whom RIG is continuing a regular and open dialogue.
11. Our comments here should therefore be seen as constructive engagement with the BBC and the public bodies that shape its role and practices.

### The BBC Trust Review

12. RIG welcomes the BBC Trust review of policy and practice concerning internal and independent content supply to BBC radio services. Independent radio and audio production is a multi-million pound UK creative industry, employing thousands of staff and freelancers in upwards of 150 companies spread across the nations and regions of the UK. The creative industries are increasingly recognised as one of the major economic contributors to UK plc, in addition to the social and cultural benefits attained from having a vibrant UK production sector.
13. Despite proven success in the shape of audience figures, major awards and critical praise, and in contrast to its television and online services, independent radio production is not currently in a position where it has sufficient access to the market in order to grow and realise its full potential.
14. If the independent radio and audio sector were able to expand, it would be in a position to achieve the critical mass needed to support a viable nationally diverse radio network. The sector would therefore be able to create much greater intellectual property value, and enable the UK industry to provide a wide range of content over current and future digital platforms.

15. RIG believes that, although the BBC's general spend does aid the creative economy in general, money spent directly on independent production has the potential to create more money in the economy than the equivalent spend on in house production.
16. But despite being a significant part of the British media the sector's prime customer, the BBC, maintains a commissioning system which does not allow sufficient access to its schedule and therefore does not allow a meritocracy of ideas and talent to flourish. Currently 91.6% of BBC radio production is ring-fenced for in-house production departments alone. This would appear to represent a disservice to licence fee payers, and run contrary to some of the BBC's key purposes in restricting so severely creative contributions from outside the Corporation.
17. It should be noted that RIG, alongside offering its help and support in engaging with the sector, also has approached the BBC executive directly to discuss its concerns and establish common goals to improve relations between the BBC and independents. Some progress has already been made, which we welcome, nevertheless these discussions are still at an early stage and BBC policy has not publicly changed from its position prior to these talks. The situation therefore remains that the BBC has yet to make a major shift to working fully in partnership with the sector.

## **Part One - Background**

### **Activity in the independent radio production sector**

18. RIG believes there are some 150 active independent radio production companies overall, 97 of which are RIG members, including all the biggest suppliers to the BBC's networks. This includes a number of bi-media companies producing TV as well as radio.
19. RIG members are involved in commercial radio production including radio programmes, live sport and music events. Several RIG members were making radio programmes for the commercial sector long before the BBC started accepting independent radio productions. However there is limited scope to increase this relationship, due to the economic factors affecting the commercial radio sector, though RIG is currently exploring this with the Radio Centre.
20. Radio and audio producers also turn their skills to a large range of audio content types, including podcasts, audio books, corporate audio, radio advertisements, museum audio guides, Open University audio teaching materials and a range of other content types. From a survey conducted in 2008, RIG estimates that its membership earns some 31% of its income from such non-radio programming content<sup>1</sup>.
21. The sector is also engaged heavily with digital and multiplatform working, with producers able either alone or working in partnership with other creative companies to devise and produce multiplatform content.
22. Keen to stand on its own feet and maximise revenue from its intellectual property, the sector has also been looking to establish new ways of distributing their content via digital

---

<sup>1</sup> RIG Membership Survey. Analysis and Report. January 2009



networks. To this end RIG recently co-hosted a conference ‘Monetising Audio Content: the Way Forward’, with the DCMS ‘C&binet’ initiative. Featuring contributions from the BBC and commercial content platforms, the conference provided useful insight into the possibilities for exploitation of content in a variety of different ways, although it was emphasised that this was only ever likely to provide a certain amount of additional income for most companies.

23. In its discussions with experts and policymakers RIG is aware that due to the lack of significant other sources of commissioning, there is a growing understanding of the need for the BBC to provide the key stimulus to the independent radio production sector, as part of its remit and purposes.

## The BBC’s remit

24. To understand fully the context of the debate around the correct level of BBC external radio commissioning, it is important to reiterate the BBC’s requirements to encourage creativity and diversity of production under the Charter and Agreement, and the Trust’s corresponding duty to assess the BBC’s performance in meeting them. No less than three of the six BBC commitments to the licence fee payer are relevant to this area:

- Serving all audiences: to offer value to everyone in the UK, whoever they are, wherever they live
- Content: to be a leader not a follower, offering content of the highest quality and of a kind that no-one else is doing
- Supporting public service broadcasting: to the extent possible within the obligations to licence fee payers, to support the provision of public service content by others and sustain contribution to the UK creative sector<sup>2</sup>

25. In order to help fulfil these requirements, the BBC Agreement<sup>3</sup> states that the BBC must commission: ‘a suitable range and diversity of material’; from ‘a suitable proportion’ of producers from outside the BBC.<sup>4</sup>

A key part of the review will be establishing the degree to which the current voluntary level of 10% of commissioning (of eligible hours) should be regarded as ‘a suitable proportion’. The Trust needs to assess the current official allocation of over 90% of programming to in-house producers with regard to several key factors:

- the ‘suitable proportion’ of independent programmes must be sufficient to encourage ‘an appropriate degree of competition in the provision of radio programmes and of material to be included in online services’
- the need to supply a ‘suitable range and diversity of material’ from independent sources
- the BBC public purpose to represent the UK’s ‘nations, regions and communities’

---

<sup>2</sup> BBC Trust. Annual Report 08-09. BBC Trust, July 2009, p5

<sup>3</sup> See Appendix 1

<sup>4</sup> HM Government. BBC Agreement. The Stationery Office, Jul 2006 pp30-31, Clause 58

- the inclusion within the BBC public purpose for ‘Stimulating creativity and cultural excellence’ of the obligation to ‘Foster creativity and nurture and support UK talent across a wide range of genres’<sup>5</sup>

26. The BBC’s relatively small current commitment to working with independent radio and audio producers is in contrast with its public service arguments for working with independent TV producers, for example its own Code of Practice with TV producers has as two of its basic tenets:

a) It is in the interest of the UK television audience that there is a competitive and thriving independent production supply market

(b) The BBC has a role as the nation’s principal public service broadcaster to help stimulate and support the development of the independent production sector.<sup>6</sup>

RIG holds the view that such public service arguments can and should apply equally to the BBC’s relationship with the independent radio and audio production sector.

## The BBC and Partnership

27. As recently as March 2010, the BBC has made a significant statement in terms of its approach going forward, with Chief Operating Officer Caroline Thomson stating that:

“Our ambition is to have a BBC which yes, is confident and proud of what it can do, but also one which is open and welcoming, to recognise where we have gone wrong and what we could do better. To be a good partner and as we change ourselves to be a catalyst and to help change in others.”<sup>7</sup>

RIG welcomes these intentions and believes that if they are to take shape in reality, the BBC’s relationship with independent radio and audio producers has to change.

28. In 2008 the BBC published its proposals for working more closely with the rest of the other UK public service broadcasters (PSBs), in the recognition that, in the BBC’s own words:

“Ofcom’s second Review of Public Service Broadcasting (PSB) establishes beyond doubt that the current system of PSB is under serious threat. Interventions designed to secure PSB beyond the BBC are declining in value, while the economics of broadcasting are challenged by forces structural and cyclical. Public demand for high-quality PSB, meanwhile, remains as high as ever.”<sup>8</sup>

29. The document goes on to outline how the PSBs can work more closely together, with the BBC sharing more of its resources. However the proposals have two shortcomings: firstly, they focus on television and digital media, at the expense of radio; secondly, they do not

<sup>5</sup> BBC Trust. BBC Public Purpose Remit: Stimulating Creativity and Cultural Excellence. BBC Trust, December 2007

<sup>6</sup> BBC. Code of Practice: BBC’s dealings with independent producers for television programmes commissioned by the BBC. BBC, 2004, p1

<sup>7</sup> Thomson, Caroline. The changing nature of public service content in the multiplatform era. Speech to Westminster Media Forum on Public Service Content – Funding and the changing scope of the PSBs, 10th March 2010

<sup>8</sup> BBC. Public service partnerships: Helping sustain UK PSB. BBC, 2008, p2

include the effect on the creative content industries of a downturn in the fortunes of the other PSBs.

30. This is despite the fact that this downturn has already had one major consequence for the independent radio production sector, namely the abandonment by Channel 4 of its plans to provide a series of PSB radio services. We should make it clear that no animosity is held by RIG towards Channel 4 regarding their decision to hand back the second national digital multiplex, having successfully bid for it. RIG was in regular communication with Channel 4 at the time of the 4Radio bid being put together. RIG publicly supported the bid, in recognition of the intention to use the independent radio and audio production sector to provide a significant share of the content for Channel 4's three proposed new PSB radio networks.
31. However the understandable decision by Channel 4 to hand back the multiplex has caused just the kind of lack of plurality in PSB that the BBC partnership proposals are supposed to tackle.
32. The solution to a lack of plurality in PSB radio does not purely lie in the number of competing PSB networks – it is as much down to the plurality of those supplying content to those networks. Clearly to enable the latter, it is important that the UK PSB networks have access to competing ideas, innovation and talent across all platforms, whether they originate inside or outside the BBC. On this basis, and particularly in the absence of competing official PSB networks, the BBC's partnership proposals should have been expanded to include proposals for closer working with the UK's creative industries and in particular, owing to its current position with the BBC relative to other independent content suppliers, the independent radio production sector.
33. This would be in accordance with BBC's own rationale:

“With secure income and a purpose to ‘deliver to the public the benefit of emerging communications technologies’, the BBC can be an important catalyst for partnership. Not ‘bearing gifts’ or expanding, but unlocking sustainable, underpinning benefits across the sector and to the wider creative economy.”<sup>9</sup>
34. Looking at the BBC's own three criteria for its partnership proposals<sup>10</sup>, they can very easily be applied to improved and increased commissioning of the independent radio production sector:
  - Strategic. As explained above, it is a strategic necessity for the BBC to meet its goals of encouraging the UK's creative industries and plurality in supply of PSB content, both immediately and in the longer term.
  - Deliverability and Accountability. A larger quota and WoCC, applied across all BBC Radio networks, would in accordance the BBC's own requirements that partnership proposals be “fresh obligations on the BBC, and the BBC's performance in meeting those obligations must be subject to objective and open scrutiny”<sup>11</sup>.
  - Fairness and compliance with relevant rules, including avoiding negative impacts on commercial broadcasters: an advantage of designed proposals for an expanded

---

<sup>9</sup> BBC. Public service partnerships: Helping sustain UK PSB. BBC, 2008, p2

<sup>10</sup> BBC. Public service partnerships: Helping sustain UK PSB. BBC, 2008, p7-8

<sup>11</sup> BBC. Public service partnerships: Helping sustain UK PSB. BBC, 2008, p7

quota and WoCC mirroring those already operating in Television is that there is a tried and tested example available which with the appropriate adjustment can be used to measure and police compliance. The lack of negative impact on commercial broadcasters of a growth in the independent TV sector means we not see any obstacles here to the introduction of such a policy for the radio/audio production sector.

## Part Two - Access to Commissioning

### Current State of Play

35. Having studied the BBC's remit and purposes as laid out above, RIG does not believe the current commissioning arrangements for independent producers are sufficient to achieve these purposes.
36. The current overall budget of BBC radio is around £588m pa<sup>12</sup>. No detailed breakdown of this spend is provided by the BBC as to how much of this is spent on production. Whilst 'Content' spend for the BBC's Radio services is listed in the 2008/9 annual report as being £462.9m<sup>13</sup>, the only available figures quoted publicly state that the programme budget for BBC Audio & Music is around £232m<sup>14</sup>. The BBC does not publish figures on how much of this is spent on independent production, but from the last RIG membership survey<sup>15</sup>, we estimate that independent producers receive around £17.5m of commissions from the BBC annually. The same survey indicated that this represents around 69% of the sector's total income, meaning the sector currently has a value of around £25.4m. It should be said that this is something of a conservative estimate, and we would hope that the survey of the sector currently being undertaken on behalf of the BBC Trust will shortly enable us to gain a more accurate understanding of the true level of income across the sector.
37. We believe that the combination of creativity and cost-effective production provided by independent radio companies is essential to maintaining and enhancing BBC Radio's reputation in an increasingly competitive radio market. It is also in tune with a long-term shift in the political and economic climate that increasingly recognises and values the contribution of Small and Medium Enterprises. For these reasons BBC Radio needs to move much more towards the use of a diverse range of independent suppliers. Regrettably despite improving its terms of trade, the BBC has shown little progress in providing greater access to the schedule in recent years. As a result of this lack of growth in competition, we believe suitable targets, set within realistic timetables, should be introduced. Such targets should be enforced by the BBC Trust.
38. As stated above the BBC has chosen to set its quota at 10% for Radio commissioning. In addition Radio 4 has introduced in recent years a WoCC of up to an additional 10% of its output. However the impact of both the quota and Radio 4 WoCC on competition for BBC

---

<sup>12</sup> Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p119

<sup>13</sup> Figure reproduced from Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p119

<sup>14</sup> Figure taken from Profile of Tim Davie, Director of BBC Audio & Music. Guardian.co.uk, Monday 13 July 2009 <http://www.guardian.co.uk/media/2009/jul/11/tim-davie-mediaguardian-100-2009/print>. Accessed 19 February 2010

<sup>15</sup> RIG Membership Survey. Analysis and Report. January 2009

radio commissions is significantly restricted by the low level of the quota and the application of the 'eligible hours' system.

39. RIG challenges the assumption that the BBC needs to reserve most of its programme production for in-house departments in order to guarantee a sustainable production base. The current size of the BBC's in-house operation needs to be examined, along with methods used to arrive at the current split between in-house and out-of-house. The BBC has told RIG in our discussions that it needs to reserve most of its programme production for in-house departments in order to guarantee a sustainable production base. It would provide genuine insight if the BBC could provide detailed studies showing, for example, the minimum size for a radio drama department. Such information would then allow a comparison with a successful independent radio drama unit, or indeed a successful (smaller) regional BBC department.

### 'Eligible' Hours

40. BBC Audio & Music's current stated aim is to commission at least 10% of its eligible output hours from independent suppliers. However because 'eligible' excludes a number of genres including news, this does not equate to a 'real' 10%.
41. We noted with approval the BBC's announcement in December 2004 that the quota of 10% of "eligible" output was to be extended to the National networks (eg Radio Scotland) and to the digital channels (such as 6 Music); also that sport was to be moved into the 'eligible' group. In Radio 4 a further 10% of eligible output was opened up to competition between independents and in-house suppliers as a Window of Creative Competition (WoCC).
42. Using figures supplied to RIG by the BBC for the period 07-08<sup>16</sup>, some 6,634 network hours were commissioned from a total of 78,958, meaning independents produced some 8.4% of total BBC network radio hours. This figure might be referred to as the 'True Quota'. Assuming the hours commissioned via Radio 4's WoCC are included in the above, this means 91.6% of total BBC Radio output is still restricted to in-house producers.
43. There is no justification for calculating the quota as a proportion of eligible hours instead of total output hours. The amount of independent production commissioned should be expressed as a proportion of BBC Radio's total programme output.
44. The quota should also be calculated as a percentage of value, in order to provide a clear picture of the proportion of programming budget allocated to independent productions. This will allow a comparison to be made between the amount of hours allocated to independents as opposed to budget and therefore whether the value of those commissions represents a genuine cross-section of BBC programming. RIG's members report being disproportionately offered commissions for lower-value parts of the schedule - - figures on the value of independent radio commissions would provide evidence of whether this is the case. There is a precedent available in that the BBC currently reports on its Regional production quota by giving a percentage of both hours and value of commissions<sup>17</sup>.

---

16 Figure taken from table supplied with Letter to RIG Chair Mike Hally, from Chris Burns, Group Manager BBC Audio & Music, 1 June 2009

17 Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p41

45. There is currently a stark contrast between the amount of ideas independents pitch and capacity for them to be commissioned. Producers have been told by commissioners that irrespective of how good their ideas are, or what talent is attached to them, there is no more room for them in the schedule.

## Access Across the Schedule

46. In addition to the low volume of commissioning from independent producers per se, RIG also has deep concerns about the types of commissions made available. The common perception amongst our members is of independents being offered the majority of commissions outside of peak hours. An example of this is the lack of independently-produced content on Radio 2 between 6am and 6pm Monday –Friday, and this is replicated across all BBC music stations. In discussions with the BBC, RIG has been told that part of the reason for this is the efficiency of ‘integrated networks’, and that more independent daytime commissions would allegedly drive up costs.
47. RIG challenges that assertion. There are some examples of independent-made programming slotting into schedules without any undue cost or loss of continuity, for example World’s End’s ‘Fighting Talk’ slots seamlessly into the fast-paced Saturday peaktime Five Live sports schedule. Other such examples are the Radcliffe and Maconie Show and the BBC Radio 2 folk awards (both produced by Smooth Operations for Radio 2), Pirate Johnnie Walker (Wise Buddah for Radio 2), The Christian O’Connell Solution (Above the Title for Five Live), 7 Day Sunday (Avalon Entertainment for Five Live), and Sunday Morning on 3 (Perfectly Normal Productions for Radio 3).
48. Audience research for the recent BBC Trust report on Radio 2 and 6 Music contained comment in several places on the need for those networks to improve their content in peaktime, for example:

“Just under half the responses are positive about how well 6 Music provides context for the music. Many of the DJs are specifically mentioned as being particularly knowledgeable and doing this well. However again it is commented that this is done less well during the daytime compared to the evening shows.”<sup>18</sup>

“Just over half the responses feel that Radio 2 does provide a wide range of music including familiar and specialist music. However many feel that this could be done better with some mentioning that specialist music can be marginalised in evening and weekend programmes away from the mainstream daytime programmes.”<sup>19</sup>

49. Comedy is one example of this, which we highlight in the case study below:

---

<sup>18</sup> Mather, Helen & Browell, Penny. Analysis of Public Consultation - Final Report. Public Knowledge, 19 October 2009, p17

<sup>19</sup> Mather, Helen & Browell, Penny. Analysis of Public Consultation - Final Report. Public Knowledge, 19 October 2009, p53

## Case Study: Comedy Commissioning

Analysis of the public consultation conducted for the BBC Trust, which received around 4,700 responses from licence fee payers and the radio industry, reveals that there were significant creative areas where Radio 2 was perceived to be underperforming:

“About a third of respondents feel that Radio 2 supports new song writing and comedy talent and artists well. However a further third think this is not done well or could be improved, with comedy particularly coming out as a problem area.”<sup>20</sup>

In respect of comedy in particular, the BBC Trust’s report states that:

“We have discussed the prospect of strengthening comedy output with the Executive and agreed that it would be helpful to set up a BBC comedy network that includes BBC radio stations as well as BBC Vision (who are responsible for BBC television output) and BBC Worldwide (who are responsible for generating commercial income from BBC assets). This would provide a co-ordinated approach to commissioning which would help to differentiate comedy on different services. It would also help to identify talent, new formats and partnerships.”<sup>21</sup>

RIG very much hopes that this new network will have within it the understanding of the range of talent and ideas that the independent sector can bring to comedy content, and that this will be factored in to how commissioning in this area is taken forward across all BBC networks and services. This is particularly important bearing in mind the fact that the BBC has promised to include BBC Worldwide in deciding how commissioning is shaped, and BBC Worldwide’s recent statement regarding how well independent productions do in terms of international sales<sup>22</sup>.

50. One method of ensuring that there was better access to the schedules would be to change the measurement of the quota from being just hours to hours and value, as stated above. This would help to ensure a greater spread of independent productions across the schedules.

## **BBC Independent Production Quotas: a Comparison**

51. There is an enormous disparity between both the statutory and voluntary arrangements for independent TV and online, and those for radio commissioning.

---

<sup>20</sup> Mather, Helen & Browell, Penny. Analysis of Public Consultation - Final Report. Public Knowledge, 19 October 2009, p72

<sup>21</sup> BBC Trust. Service review: BBC Radio 2 and BBC 6 Music. BBC Trust, February 2010, p31

<sup>22</sup> See paragraph 96 below

## BBC Television Commissioning

52. BBC TV commissioning manages a far more equitable split. The BBC Trust should examine why a very different approach has been taken by the BBC to meet its corresponding requirements for television commissioning. This difference in approach is demonstrated by the 25% independent TV production quota and corresponding 25% Window of Creative Competition.
53. The 1990 Broadcasting Act, and subsequent 2003 Communications Act, required that the BBC commissions 25% of its television production from independent producers.
54. Since the 25% independent television production quota was introduced, there have been numerous re-examinations of the policy, including during the ITC Programme Supply Review and the two subsequent Ofcom Reviews of Public Service Broadcasting, in addition to the last two Reviews of the BBC Charter. On no occasion has any reason been found not to continue with the policy and as a consequence the independent television production sector has been able to grow and demonstrate its ability to provide a larger amount of quality cost-effective programming, such that it was able to justify the introduction of the additional 25% WoCC and then to win around 75% of the available commissions within it.
55. Alongside this growth in the independent sector, BBC in-house television production has been able to continue to produce successfully across the schedule and maintain specialisms in a number of areas including period drama, natural history and news.

## BBC Online commissioning

56. Particularly striking is that, whilst the 25% independent television production quota is statutory for PSB licence holders and correspondingly in the BBC agreement, the same is not the case for online commissioning.
57. In fact the same clause of the BBC agreement, Clause 58, covers *both* radio and online commissioning<sup>23</sup>. Despite this fact, the BBC has found it reasonable to set a voluntary quota level of 25% of online commissioning, but just 10% for radio.
58. The report by Phillip Graf into the BBC Online services, commissioned by DCMS, had this to say about the level of independent production that should be commissioned:

“Much more content production should be outsourced: this should not only help develop more innovative content, and the development of the independent sector, it may also, if the contracts are of sufficient magnitude and the terms co-operatively drawn, help reduce overall service costs. BBC Online should aim to outsource, at least, 25% of its non-news output. The BBC should work with the independent sector to produce an agreement similar in concept to that for

---

<sup>23</sup> See Appendix 1



independent TV production. I found no reason why this target should not be met by the 2006/07 financial year.”<sup>24</sup>

59. Graf includes among his reasons for the recommendation:

“A higher level of contribution from external suppliers will promote the diversity, plurality, and quality of content offered by BBC Online, and will help to drive innovation and creativity, much as it has done in the TV sector.”<sup>25</sup>

### BBC Radio Commissioning

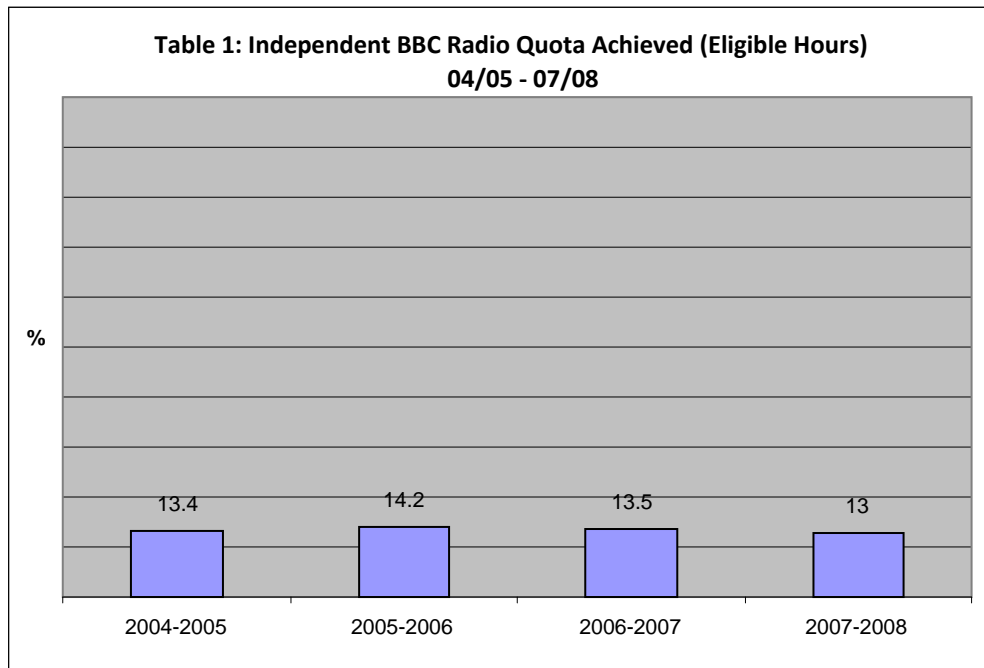
60. It is not clear to RIG why the figure of 10% was chosen for radio, but we would note that it corresponds to the EU level of 10% for independent TV production commissioning, and it may therefore be the case that the BBC saw fit to introduce the same level for radio. However, as TV commissioning demonstrates, UK governments, regulatory bodies, and independent research such as the Graf Report (quoted above) have long taken the view that 25% is a necessary level to stimulate the right amount of activity in the creative sector and allow a good starting level for an influx of innovation, new ideas and talent.
61. Again RIG would point to the fact that once such a level was established for television and, subsequently, online commissioning, producers have responded strongly, providing quality innovative content to the licence payer.
62. Figures for independent radio commissioning indicate that the BBC would tend to reach a figure on or just above the quota for eligible hours, but never exceed it in any meaningful way. Figures submitted by the BBC for the last Charter Review show a variation of only 4% of eligible hours over a five year period<sup>26</sup> from 99/00 to 03/04.
63. The chart below, compiled using figures reported since then, demonstrates that the BBC continues to operate to its quota fairly strictly, with no significant deviation from just above 10% of eligible hours, ie around 8.4% of total hours.

---

<sup>24</sup> Graf, Phillip. Report of the Independent Review of BBC Online. DCMS, 2006, p13

<sup>25</sup> Graf, Phillip. Report of the Independent Review of BBC Online. DCMS, 2006, p77

<sup>26</sup> See Appendix 2



Source: Graph compiled by RIG using figures from BBC Annual Reports

## The Window of Creative Competition

64. At the time of the last Charter Review the BBC unveiled its proposals to allow a more competitive commissioning process for television. The WoCC provided for an additional 25% of commissioning to be open to competition over and above the statutory 25% quota. At the same time the BBC introduced an In-House Guarantee (IHG) of 50%.
65. The BBC Trust's 2008 review of the TV WoCC involved a wide range of stakeholders in addition to a public consultation. In its summary of the Review in its last Annual report, the Trust stated that:
- “Overall, we concluded that, under the current system, ideas are treated equally and commissioning decisions are being made on merit. Commissioners have clear incentives to pick the best ideas and there is no obvious bias towards accepting in-house ideas over independent ones or vice versa. As well as delivering benefits to audiences through better programming, our stakeholder analysis revealed that the WoCC is also broadly welcomed by commissioners, in-house and independent producers.”<sup>27</sup>
66. The success of the WoCC is clear to see from the BBC's own figures, reproduced below. Given the opportunity, independent TV producers have competed in every genre, and more than held their own, with around 75% of WoCC commissions being won by independents in the two full years for which figures are available.

<sup>27</sup> Consulting with You/Delivering for You: Part One: Annual Report and Accounts 2008/09 The BBC Trust's review and assessment. BBC Trust, 2009, p41

<b>Table 2: Proportion of WoCC Hours produced by Independent producers for BBC television<sup>28</sup></b>					
Entertainment	Comedy	Children's	Drama	Knowledge	<b>Total Share of WoCC</b>
<b>2007/8</b>					
64%	62%	100%	45%	66%	<b>74%</b>
<b>2008/9</b>					
59%	76%	70%	59%	75%	<b>73%</b>

### Relative Costs of Production

67. Both through its own efforts and also discussion with external experts, RIG has discovered that it is currently not possible to determine the overall cost of an in-house BBC radio production. This is due to a lack of publicly available data, although it is not clear whether the BBC holds this information internally or does not currently carry out the necessary data collection.
68. Either way the lack of this information means it is not possible to make a genuine comparison between the cost of an independent production and a BBC in-house production.
69. Bearing in mind the Trust's and the BBC's remit to provide value for money to the licence fee payer, it is important that the Review is able to assess current radio production supply on a value-for-money basis.
70. RIG hopes the BBC will make available a detailed breakdown of the cost of an in-house production, including associated overheads.
71. RIG has correspondingly provided information relating to the costs of an independent production, all of which are clearly accounted for under current contractual agreements. The form is provided as an appendix. In-house producers fill in an identical form, but RIG has continuing concerns, which under current circumstances are impossible to verify, that there are also hidden overhead and executive costs involved in BBC productions which are not overtly accounted for. In substantiating this we would point to the fact that the BBC system of having budgets of distribution, marketing and general overheads allows for a degree of cross-subsidisation of departments. Also within Audio & Music itself, there is a listed budget of £462.9m for 'Content'<sup>29</sup>, but the figure for BBC Audio and Music's production budget is quoted as around £232m<sup>30</sup>. RIG would welcome a breakdown of how the remaining £230.9m is spent.

<sup>28</sup> Figures reproduced from Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p18

<sup>29</sup> Figure reproduced from Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p119

<sup>30</sup> Figure taken from Profile of Tim Davie, Director of BBC Audio & Music. Guardian.co.uk, Monday 13 July 2009 <http://www.guardian.co.uk/media/2009/jul/11/tim-davie-mediaguardian-100-2009/print>. Accessed 19 February 2010

## Why commission more Independents?

72. BBC director general Mark Thompson told the House of Lords Select Committee during the BBC Charter review:

"It is absolutely important from the point of view of the producers that the BBC should have a system which is fair to them. Also, it is in the interests of the licence payer that the licence fee investment should go to the best ideas and the best talent".<sup>31</sup>

73. RIG agrees wholeheartedly with this statement. The value to the licence fee payer of which Mr Thompson was speaking relates directly to his other point concerning fairness, in that the BBC is prepared to allow fair competition to supply content to its radio networks, the interests of the licence fee payer cannot be fully served.
74. Over and above the core principle of the need for genuine competition for ideas, we can cite a number of clear reasons why the licence fee payer could benefit from independent producers having greater access to the schedule, including: creativity; the public service goal of UK-wide content; cost-effectiveness; and the potential market value of independent productions.

### Creativity

75. RIG believes that critical acclaim, evidence from international sales and awards, as well as the parallel examples from the result of opening up the BBC television to more competition, all give a strong indication that independent content producers punch above their weight when it comes to quality innovative productions.
76. Independents have over the last three years performed extremely well at the Sony Radio Academy Awards, the industry's 'Oscars', for which all producers compete, both BBC and independent. Average figures for the three years from 2007-09 show that, in the categories for which they were eligible, independents represented 18.7% of nominations, from which they constituted 24.6% of the eventual nominations, and ultimately won an even more disproportionately high 32.6% of Gold Awards<sup>32</sup>.
77. Increasing the independent quota is therefore not a way of forcing the BBC to commission programmes from any other than the best qualified. There are many highly qualified and talented people with some of the best ideas in the independent sector. However they do not currently have equal access to commissions.
78. However in its discussions with the BBC, RIG has been told that BBC networks are a 'success', rendering unnecessary any change to the way radio content is produced. This indicates an alarming complacency which appears to disregard the need for the BBC to continue to look ahead, improve its networks and innovate further, seeking ever-better ways of providing the best services to the licence fee payer.
79. It should be noted that although some audience figures are robust, and the BBC have informed RIG that their own audience surveys indicate satisfaction with the amount of

---

<sup>31</sup> House of Lords Select Committee on the BBC Charter Review: First Report - HL Paper 50-I. The Stationary Office 2005, p64 Section 255.

<sup>32</sup> See Appendix 3 for full breakdown of figures

creativity on the BBC's networks, the BBC Trust's own review on BBC 2 and 6 Music<sup>33</sup> has identified areas in which the programming needs to be more "distinctive" during peak time, and that the BBC should adopt "a more ambitious approach to non-music content in peak time". Perhaps not totally coincidentally, this is the part of the schedule which independents find particularly hard to access.

80. The duty of the BBC to be ever seeking better ways of providing the best services to the licence fee payer is echoed by the report from the BBC Trust on Radio 2:

"On the whole, Radio 2 performs well and we believe that this strong performance gives the station an opportunity to raise the bar still further... this scale, alongside the privilege of licence fee funding, gives Radio 2 an opportunity to make a greater contribution to the BBC's public purposes... We would like Radio 2 to provide the peak time audience with more content that the licence fee payer cannot hear anywhere else... while it is vital that the BBC reaches large audiences doing so is not an end in itself for a public service broadcaster and we accept that some loss of audience may be a consequence of a more varied and challenging selection of programmes."<sup>34</sup>

[NB emphasis added by RIG]

81. RIG welcomes this recognition by the Trust that audience research does not tell the whole story either of the effectiveness of a network or its potential to supply an even better service. In fact the only way to guarantee this is for the BBC to allow the widest range of ideas and talent to be available to the listener, which by definition would seem to imply that there needs to be greater competition between in-house and independent producers.
82. The Trust report also states that:

"6 Music's documentary output is currently not meeting audience expectations. This output is important as it helps the station to meet its service licence obligation to develop an understanding of popular music and its context. Working within the constraints of the station's budget the Executive should seek to address this shortfall."<sup>35</sup>

This again would suggest that the BBC in-house base has not been able to supply the creative content needed in this respect.

83. Despite the above, some may contest that innovation and creativity can be difficult to 'prove' in any conventional sense. However partial or complete acceptance of this argument in itself justifies why there should be more, not less competition to supply content to the BBC's radio services. Ultimately, the structure we would like to see would, by combining an enhanced quota and WOCC with the appropriate accompanying commissioning practices, allow the best ideas and talent to make it on the air, thus giving the licence fee payer the full return on their money.
84. When a network does open itself up fully to competition, independent producers do well. In the case of the BBC World Service for example, for which there is no in-house

<sup>33</sup> BBC Trust. Service review: BBC Radio 2 and BBC 6 Music. BBC Trust, February 2010

<sup>34</sup> BBC Trust. Service review: BBC Radio 2 and BBC 6 Music. BBC Trust, February 2010, p52

<sup>35</sup> BBC Trust. Service review: BBC Radio 2 and BBC 6 Music. BBC Trust, February 2010, p7

guarantee, in the last commissioning round in summer 2009 independent producers won 33 (58%) of the 57 available commissions<sup>36</sup>.

## Genres

85. Independent producers are also delivering quality cost-effective content in many different genres, including coverage of live events, comedy, drama, factual, sports and many others.

## UK-wide

86. To reiterate, one of the BBC's six public purposes is 'Representing the UK, its nations, regions and communities'.
87. Essential to fulfilling this objective is to ensure that audiences around the UK are hearing voices and stories that reflect their local areas and backgrounds. By definition this involves people from different areas of the UK making programmes set in, and addressing the issues and stories relevant to, that area. RIG acknowledges that, in recognition that this purpose cannot be achieved from a concentrated production base, the BBC has taken steps to move more of its production out of London, for example to the new Media City in Manchester.
88. However the limits on the extent to which the BBC can establish such a presence in every area of the country are clear. The solution therefore lies in allowing the sustainable creation of a network of production hubs around the UK. For radio this requires the existence of a long-term commitment to commissioning production from outside the BBC's main geographical bases. It is notable that significant strides have been taken to commission TV programming from a range of locations outside London.
89. Compared with television, the technology now available makes it comparatively simple and cost-effective for a radio producer to be based in a location away from a main population centre. The range of perspectives this in turn provides adds an invaluable aspect of originality to independent radio production.
90. RIG members are distributed around the UK. The map below illustrates that the wide range of locations in which radio independents are based is far in excess of the locations covered by the BBC's own production centres.

---

<sup>36</sup> Figures provided by Tony Phillips, World Service commissioning editor, in a meeting with RIG on 14th January 2010

Fig. 1: Location of Out-of-London Production Centres<sup>37</sup>



91. However the main concentration of radio independents remains in or around London, and RIG is aware of a perception amongst some of its membership that some independents feel compelled to be based in London, rather than moving there through choice, through a fear that to be based away from the BBC's geographical centres would make it much more difficult to be commissioned.
92. One of the consequences for diversity of content of the BBC's concentration on a few production centres was identified by the findings of the audience research for the BBC Trust review of Radio 2 and 6music, which found that:

“A small proportion of respondents felt that Radio 2 could do more to support live performance. Some suggestions were that the live performances should be from a

<sup>37</sup> Full list of out-of-London Independent Production companies used is supplied as Appendix 4

different variety of genres and that these performances should not just be London based but spread around the country.”<sup>38</sup>

93. RIG does of course welcome the recent announcement by the BBC of a £40,000 fund for independents in the Manchester area, but maintains that the only way to effect real change is to make significantly more commissioning available to independents.

### Independents are cost-effective

94. Programme costs are agreed between the BBC and independent producers in two different ways:
- As part of the contractual arrangements for producing a programme, independent producers produce a detailed financial breakdown of the costs of each separate production. This is required under the terms of the producer’s contract with the BBC.
  - The BBC has also begun using a system of batch commissioning, within which a number of programmes will be agreed with a producer across a particular strand, and the cost calculated at the average price per programme based on a formula of past costs plus inflation and other factors.
95. Under both systems, the producer is incentivised to work as efficiently as possible to keep costs within acceptable limits and produce quality content within a workable level of budget. Any overspend is borne by the independent producer.
96. RIG therefore believes the industry is highly competitive in applying the licence fee to putting the maximum value ‘on-air’. We have been very keen to gain a greater understanding of the comparative costs of a BBC in-house production. However to date we have not been able to identify any clear figures, despite our requests to the BBC to provide them.

### Potential value of sector

97. Although the audio content market is not of the same scale as television, there are increasingly signs that greater revenue can be raised from sales of audio content, with the advent of digital formats and platforms such as Audible.co.uk and the soon-to-be launched SpokenWorld Audio content aggregation service.
98. At the conference ‘Monetising Audio Content: The Way Forward’ Stephen Davies, Director, Audio & Music, BBC Worldwide, made it clear that BBC Worldwide existed to maximise revenue from all content: “whether it’s independently produced, or in-house produced it’s essentially no different to me”<sup>39</sup>.
99. He went on to make it clear that Worldwide’s experience of selling independently-produced spoken-word content was extremely positive:

---

<sup>38</sup> Mather, Helen & Browell, Penny. Analysis of Public Consultation - Final Report. Public Knowledge, 19 October 2009, p66

<sup>39</sup> Davies, Stephen. Transcribed from recording of presentation at ‘Monetising Audio Content: The Way Forward’, RIG/C&binet conference, held at Department for Culture, Media & Sport, 30 November 2009



“The majority of our independent exploitation is in spoken word sector, that’s about 20% of our radio international sales. Independents are about 20% of our spoken word sales – punching above its weight considering the 10% voluntary ratios that the public service work against [ie 10% voluntary quota for the BBC UK radio networks] – all the feedback from clients through my sales team is that the independent content we sell internationally tends to punch above its weight - it tends to be perceived as extremely high quality and has greater demand internationally than in-house produced content”<sup>40</sup>.

100. Davies also said that there would be new opportunities opening up:

“[The BBC is] actively considering how we can bring bringing audio spoken world to the international consumer via mobile apps – [we] would expect and like independently-produced content to be very much part of that kind of commercial offer”.

101. With BBC Worldwide being a major international player in the content market, this is clear evidence that there is recognition internationally that independently-produced programmes are more saleable, and therefore any increase in independent commissioning could bring beneficial results in terms of extra income to the BBC. RIG recognises that the spoken word content market is not as large as some other content markets, nevertheless as part of the BBC’s commitment to bring maximum value to the licence fee payer, every effort should be made to maximise revenue. In addition as the opportunities to monetise audio content grow, it is reasonable to suggest that such revenues are likely to increase going forward.

#### Case Study: UK Television

The level of commissioning provided by the 25% quota and the 25% WoCC, coupled with the ability to retain their intellectual property rights, has enabled independent TV producers to become a highly successful industry which has done much to grow and strengthen the UK’s creative and economic output. The change these policies have effected in the Television sector was summarised in last year’s Pact submission to the House of Lords Communications Committee:

##### **“Economic contribution of television”<sup>41</sup>**

- According to new analysis commissioned by Pact from Oliver & Ohlbaum Associates (O&O), the £3.5 billion UK television content sector is the largest in the world in proportion to GDP – even higher than the US.<sup>42</sup>
- The independent sector (comprising production companies that are external to broadcasters) plays an increasingly important role in creating UK content. The independent sector has an annual turnover of more than £2 billion and

<sup>40</sup> Davies, Stephen. Transcribed from recording of presentation at ‘Monetising Audio Content: The Way Forward’, RIG/C&binet conference, held at Department for Culture, Media & Sport, 30 November 2009

<sup>41</sup> Submission to House of Lords Select Committee on Communications Inquiry into UK film and TV content. Pact, March 2009, p11

<sup>42</sup> The Economics of UK TV content supply: interim report. Oliver & Ohlbaum Associates, March 2009.

creates around half of all UK television programmes each year across the BBC, ITV1, Channel 4 and Five.<sup>43</sup> The sector employs 20,950 people – more than the terrestrial broadcasting and the cable and satellite sectors respectively.<sup>44</sup>

- This is due to a combination of a well-financed licence fee broadcaster in the BBC, commercial public service broadcasters with a traditionally significant commitment to originated output, plus a reasonably well developed secondary and ancillary market for content rights. Additionally, since the 2003 Communications Act introduced Codes of Practice between broadcasters and independent producers, independent television producers have been able to own and exploit Intellectual Property (IP) rights to the content they create. This has enabled them to drive a pronounced increase in UK exports – since the 2003 Communications Act, UK television global exports have risen nearly 39% to hit around £800m a year.<sup>45</sup> In addition, indies have used IP rights to open up innovative new media services (independents launched online video-on-demand services before the commercial PSB broadcasters, for example).
- Independents are using the resulting revenues to become significant investors in the creation of UK content creation, and invested £126m in 2008 in the development and production of UK television content.”<sup>46</sup>

## Can Independents meet the challenge of greater commissioning?

### Capacity

102. The Independent Sector has significant capacity to supply a far greater amount of quality cost-effective content for BBC radio services. RIG’s own last membership survey<sup>47</sup> revealed that its members earned around 31% of their income from non-radio programme production, demonstrating that there is already, in theory at least a sizeable amount of extra capacity that could be refocused to radio production if the demand was present.
103. There is a clear example provided in the extent to which the TV independent production sector grew rapidly in response to the creation in 1982 of Channel 4, a new national TV channel set up with a publisher-broadcaster model to produce challenging, innovative and distinctive PSB content. The sector was able to rapidly scale up further to meet the demands of the 25% independent production quota introduced for all UK public service broadcasters in the early 1990s.
104. There are many skilled freelancers and in the radio production market who are ready and able to take on more work with independent production companies, either in a freelance, contracted or permanent capacity. Many of these freelances have ideas and

---

<sup>43</sup> Ibid.

<sup>44</sup> Employment Census. Skillset, 2006.

<sup>45</sup> UKTI/Pact annual exports survey 2008.

<sup>46</sup> Pact survey 2009.

<sup>47</sup> RIG Membership Survey. Analysis and Report. January 2009

talents that are currently underused, due to the lack of slots for which producers can pitch ideas.

### Batch Commissioning

105. Batch commissioning has the advantage of creating greater stability for an independent, giving it guaranteed amount of commissioning over a 1-2 year period. In addition the removal of the need to organise individual contracts for every programme saves BBC executive time which, provided the savings are used to maintain production budgets, is a of real benefit. It is obviously important that batches are spread across a good number of different producers, in order to allow sufficient competition for ideas.
106. Strands such as Radio 4's Afternoon Play, the Arts features and Book of the Week have already been put out as batch commissions. With it has come closer co-operation between commissioners and independents, for example in terms of discussions on ideas and talent, which RIG welcomes.
107. However there is a limit to the extent to which it can be rolled out elsewhere in BBC radio commissioning, as the size of certain strands would only benefit from batch commissioning in the case of a much larger proportion of BBC radio commissioning being placed out-of-house. Only then could a greater proportion of the programme strands be offered to independent producers.

### **RIG's Proposals**

108. Overseen by the BBC Trust, we would like to see a commitment to move to 25% of all radio output being open to competition (a WoCC or "Window of Creative Competition). This would be underpinned by an additional 'True Quota', calculated by hours and value, of 25% across each individual network, including digital stations and the nations & regions, to be achieved by a defined date. This should be backed up by a commitment to more transparency in the way the quota figures are calculated.
109. There is an important proviso of course that the commissioning process needs to be sufficiently open and auditable to be sure that the 25% is genuinely open to competition. If that is the case then it will be an excellent means of comparison between the independent and in-house suppliers, creating a true meritocracy that may in time render quotas unnecessary.
110. Increasing the independent quota is not a way of forcing the BBC to commission programmes from any other than the best qualified. There are many highly qualified and talented people with some of the best ideas in the independent sector. However they do not currently have equal access to commissions.

### Implementation

111. We recognise that this would represent a significant shift in the BBC's in-house production base. We also recognise the concerns about loss of jobs within the BBC in-house production departments. It has also been pointed out to RIG by the BBC that a large percentage of BBC Audio & Music staff are on permanent contracts, making it difficult to effect significant reduction of the in-house production base.

112. Many of our members began their working lives in the BBC and we are clearly not in the business of encouraging anything other than a strategically planned introduction of increased quotas, where natural wastage and migration into independent companies would have a major part to play over a reasonable number of years.
113. In order to minimise the impact on in-house staff and facilitate the transfer of those who want to work in the independent sector to do so, we would therefore propose that the change be phased in over a three-year period, perhaps according to the following formula:

<b>Table 3: Proposed phasing-in of expanded Quota and WoCC for BBC Radio commissioning</b>	
Year 1	15% WoCC + 15% quota = maximum 30%
Year 2	20% WoCC + 20% quota = maximum 40%
Year 3	25% WoCC + 25% quota = maximum 50%

114. These measures should be applied in terms of both hours and value across all existing BBC radio networks and audio content.
115. In the event of any new BBC Radio/Audio services being established, the 25% WoCC and 25% Quota should be applied at the outset, on the basis that such measures would not involve any reduction in current BBC in-house capacity.
116. It is worth pointing out that where some BBC radio producers have chosen to leave and become independent, they have done so at enormous risk, precisely because so little of the BBC schedule is open to independent producers. It is not unreasonable to speculate that there may be a significant additional contingent of production talent within the BBC that would welcome the opportunity to 'spread their wings' in the wider creative environment, and in more locations around the UK, if they felt that there was a market large enough to support a further growth in the sector.
117. Ultimately, although the shift to more out-of-house production will present a challenge in certain ways, the BBC itself has demonstrated that where public service imperatives demand it, the means can be found to effect such change. The moving of BBC services to Manchester is an example of this, with the BBC being prepared to make a significant number of employees redundant in cases where they quite understandably do not wish to move to another geographical location.
118. Key to allowing producers to build companies around the UK is financial stability. A greater level of commissioning of independents, coupled with a growth in sustainable commissioning methods such as batch commissioning, would go a long way to providing such stability for people to set up and build their companies, developing new perspectives, ideas and talent which the BBC can employ to provide the best PSB content to the licence fee payer.

## Training

119. RIG acknowledges that in considering the likely effect of a reduction of the BBC in-house production base, one area that should be examined is training.
120. With so much of the BBC's programming being made in-house it would appear to follow that much of the training of radio/audio specialists is carried out by the BBC. However although the BBC does indeed provide a lot of training, it is important to identify how much of this is directly associated with their improving their skills as radio producers specifically, as opposed to their being kept informed of current BBC guidelines and working practices. It is important to examine the detail of BBC in-service training, in terms of its effectiveness and how much is actually spends per head per year. For example mass "training" seminars/workshops on the latest management initiative should be seen as information sharing rather than 'training'.
121. Small companies also provide training, when it's needed, and by their very nature of work, independent production companies allow people to see the whole production process, as well as pick up the basics of how a production company is run as efficiently as possible, which is something internal BBC staff do not necessarily encounter. Some highly effective course are funded and/or run by such organisations as the National Union of Journalists and Skillset. It is very important for training in radio to be well targeted and not to be thought of as a replacement for on-the-job experience. The independent TV and online production sectors have demonstrated that, in markets where they are able to be successful and grow their industry, they are then in a position to create their own training arrangements, setting up and maintaining viable and practical training courses for independent employees, for example through the Independent Training Fund (ITF).
122. There are also alternative systems that could be put in place in which the whole audio production industry could be engaged with the training agenda. Some large industries have a system where a levy on all companies goes into a central fund, and is paid back out in proportion to accredited training offered. A possible role for the BBC could be to lead the type of pan-industry training fund to be found in many other sectors.
123. Lastly, the extent to which the sector can adequately provide training is naturally affected by its overall financial position. All independents are naturally keen to find and develop new production talent, but with limited resources and instability caused by irregular commissioning, many independents will struggle to do so. It therefore follows that a significant expansion in commissioning would create greater resource in the sector to provide training, either individually or through additional services provided by RIG or another body.

## Editorial Compliance

124. Whilst not necessarily accepting that the situation was the fault of the independent producer involved, RIG recognises that the high publicity event featuring Jonathan Ross and Russell Brand gave rise to a review of the editorial procedures in place for both in-house and independent productions. As a result the BBC has established an elaborate

new system to seek to prevent any such future episodes occurring<sup>48</sup>. RIG does not therefore see an increased use of independents as presenting any type of threat concerning the BBC's continued ability to maintain high standards in this regard.

125. RIG notes the publication in March 2010 of the independent report on Compliance for the BBC Trust, and welcome its recommendation regarding BBC Audio & Music:

“A&M management should reconsider its expectation of the role of executive producers in independent production companies, and review the budget allocation for this role in the commissioning process”<sup>49</sup>

126. RIG also welcomes the fact that BBC Audio & Music states it is reviewing “the role of executive producers within indies, as well as the way this function is resourced. We hope to move to a system where the commissioning network agrees appropriate levels and types of staffing with the indie at commissioning stage”<sup>50</sup>.

127. Set against this however should be the insistence on the part of Paul Smith, BBC A&M Head of Editorial and Standards, who in March 2010 told the Radio production in the North conference that the BBC “will not pay for compliance” on the grounds that it is considered to be part of the cost of delivering the programme<sup>51</sup>. Indeed when BBC Radio first brought in the requirement for a specified 'Executive Producer' to oversee compliance and sign-off programmes, they insisted both that the production company insert a line in the budget for a named Executive Producer, and in addition that the cost of this would be taken out of the rest of the production company's budget. This was in spite of the fact that the compliance procedures require more Executive Producer time than previously and in some cases require the payment of an outside executive.

128. RIG has accepted the compliance procedures now in place, and the requirement that every programme be signed off by an Executive Producer. However, the new requirements come with a cost. In some instances this can be handled within a fixed budget, although it should be noted that if the Executive Producer's compliance work includes checking all the paperwork from the Promotion Note onwards, discussing the shape of the programme, reading the script and listening to the final programme, then one day is a minimum. But in the case of programmes on the “at risk register” it has been estimated that the process can take up to 40 hours of Executive Producer and Producer time with a severe impact on a fixed Indie budget (see example provided in box below). The BBC needs to recognise the scale of these requirements and put sufficient funds in place to enable this work to be undertaken without impacting on the programme budget.

---

<sup>48</sup> See Appendix 5

<sup>49</sup> Suter, Tim and Stoller, Tony. Independent Audit of Compliance in BBC Audio & Music. BBC Trust, March 2010, para 64

<sup>50</sup> **BBC Executive. Response to Audit of Compliance in Audio & Music. BBC 2010, p5**

<sup>51</sup> Smith, Paul. Are we choking under compliance? Speech given at the 'Radio Production in the North' conference, 23rd March 2010, Manchester

### CASE STUDY

#### Compliance documentation for the drama **THE CONFLICT IS OVER** by Michael Eaton for the Saturday Play (1 hour in length).

Produced by Promenade Productions and broadcast on 12<sup>th</sup> September 2009 on BBC Radio 4.

A factual drama based on the events that led up to the signing of the Downing Street Declaration in December, 1993 in which the personal relationship between the British Prime Minister, John Major, and his Irish counterpart, Albert Reynolds played a significant role.

- 
- Checklist for Factual Drama - completed
  - Checklist for 9 real characters completed - completed
  - 24 transcripts of interviews with Principals - submitted
  - BBC Radio & Music Compliance form - completed
  - 3 versions of the script (v1 & 2 amended following consultation with Executive Producer and Compliance lawyers at the BBC) – final version submitted
  - 57 Emails between Executive producer, producer and Compliance Executives at the BBC
  - 2 Meetings with BBC Compliance Lawyers (one cancelled at short notice), Compliance staff, Commissioning Editor and Author – 2 hours + travelling
  - **Time spent by Executive producer and Producer on Compliance issues = 40 hours**

19 October 2009  
Nicholas Newton  
Producer  
Promenade Productions

## Part Three – Programme Budgets

129. While it is tempting, and would no doubt be popular in some circles, to promise to undercut in-house production costs, RIG does not believe this is a sensible approach. Radio has long been known as a “shoestring” operation and that is more the case than ever after a number of years of annual real-terms budget cuts. Indeed we would caution against prolonging the regime of blanket cuts that penalise the efficient and the under-financed as much as the inefficient and generously provided-for. Rather what we already offer is more of each production budget actually going into the final programme, thanks to leaner companies and lower overheads; this is no doubt a factor in our above-average success rate in winning industry awards and we intend to continue competing primarily on quality of production.
130. Both in-house and out of house production budgets have been squeezed in recent times. Whatever external factors may have played a part in the curbs on BBC spending, RIG would nevertheless question the extent to which it is right that the burden of balancing the BBC’s books should fall on production budgets.

131. Cuts in budgets are at a critical point, are counter productive and not necessarily mirrored by cuts elsewhere in BBC. The recently announced 25% cut in the critically-acclaimed Radcliffe and Maconie Show, and the demise of the Friday Play are arguably both examples of this.
132. There is also the question of how the BBC uses the money from such 'savings'. There currently appears to be a contradiction between the level of the BBC's above-inflation licence fee payments and the extent to which it is implementing such cuts. RIG would like to see the Trust place a clear requirement on the BBC's accounting procedures to 'follow the money' and demonstrate that the money saved on, say, the Friday play really does go back into other radio drama production.
133. The Friday Play has been cut from 32 programmes in 2007/8 to Nil in 2011/12, a cut of £704,000 per annum in drama budgets for BBC Radio 4. Even allowing for replacement programme costs this is an estimated cut of £352,000 per annum in BBC Radio 4's budget over the period<sup>52</sup>.
134. RIG has some concern that it has been stated by the BBC that some of the money saved from the proposed axing of 6Music and the Asian Network would, rather than being distributed to other BBC radio networks, be used in other ways. At the Westminster Media Forum on 10<sup>th</sup> March 2010, BBC Chief Operating Officer Caroline Thomson said:
- "In 6 Music's case, the funds released will be kept within radio and specifically within digital radio to build quality in the remaining digital stations and drive digital take-up."<sup>53</sup>
- It would be interesting to know what to 'drive digital take-up' involves, but the assumption is that the funds would be used in the promotion and marketing of digital radio, rather than being spent on the content itself, content which is ultimately going to be the chief determining factor in gaining and retaining listeners to the BBC's digital offering. RIG hopes that the Trust will require the BBC to clearly account for how the funds are reallocated.
135. RIG is aware of the work of the National Audit Office in looking at BBC radio budgets. Our comments on the NAO's findings were submitted to the House of Commons Public Accounts Committee last year and are included here as an Appendix<sup>54</sup>.

## Part Four - Relationship between the BBC and the Independent Sector

136. Supplementary to the amount of independent production commissioning is the nature of the relationship between the BBC and independent producers. Although there has been some progress since RIG began dealing with BBC, there are a number of highly significant areas where further improvement is needed, including commissioning structures,

<sup>52</sup> The network price for drama on BBC R4 is £22,000 per hour (published in the BBC R4 Commissioning Guidelines 2008 and annually thereafter). RIG has multiplied this figure by the amount of commissions (32) to arrive at the total cut of £704,000. RIG has assumed that the programmes that are supplanting the Friday play – features – have an average price of half this price of drama i.e. £11,000 (in fact most features are priced at £8,200) to give the estimated cut of £352,000. (If RIG had used the published feature price, the cut would work out at £441,000 per annum)

<sup>53</sup> Thomson, Caroline. The changing nature of public service content in the multiplatform era. Speech to Westminster Media Forum on Public Service Content – Funding and the changing scope of the PSBs, 10th March 2010

<sup>54</sup> See Appendix 6



production credits, and sharing information, in addition to the need for a formally recognised 'radio indie champion' within the BBC to ensure that independent radio producers have someone to whom they can turn in cases where problems arise.

### Terms of Trade

137. Since RIG renegotiated the Terms of Trade in 2005, the BBC has a 10 year licence with public service rights including a package of transmissions paid for as part of the licence fee. As the producer, the independent production company owns the copyright in the programme and the distribution rights.
138. Broadly speaking the rights indies own include:
- Programme Distribution Rights
  - Audio Publishing Rights
  - Commercial Download Rights
  - Commercial Website Rights
  - Audio On Demand Rights
  - Promotional On-line Rights
  - Foreign Version Rights
  - Library Sales Rights
  - Merchandising Rights
139. Although it is generally felt that the terms of trade are working well, it is important to review them regularly. This is particularly the case where issues relating to rights are concerned, as new markets for audio content production emerge alongside new means of international digital distribution.

### BBC Commissioning Structure

140. In terms of those BBC executives in charge of commissioning independent content, our members have expressed concerns that they are not in the best position to objectively choose between in-house and independent ideas, due to their also being involved with in-house production processes.
141. RIG proposes that the Trust require BBC Audio & Music to introduce a commissioning process that ensures that there is not a conflict of interest between making commissioning decisions and being responsible for in-house departments.
142. In addition the BBC needs to ensure it commissions a range of external producers, both established companies and new businesses. In relation to the latter, the Trust should examine whether the BBC offers sufficient support to newer companies, whilst offering equal executive freedom for both smaller and larger operators to use their experience and knowledge to take risks and innovate.
143. From our discussions with the BBC Audio and Music team, there has been mutual recognition that there are currently problems in terms of communication, relating for example to the way in which commissioning opportunities are publicised to in-house and out-of-house producers respectively. We welcome the BBC's acknowledgement of this and look forward to working with them to resolve these issues.

144. Another way in which communication is a problem is when Network Controllers or Commissioning Editors make decisions without considering the effect on independent suppliers or consulting them in advance. An example of this occurred in the autumn of 2009 over the decision to axe 100 editions of 'Book of the Week' during 2010 to make way for "A History of the World in 100 Objects", in contravention of commitments made to six independent production companies<sup>55</sup>. What was concerning about this episode was the failure of Radio 4 management to comprehend the financial damage this decision would do to those suppliers - a failure that could have been avoided by better communication and advance consultation. It is symptomatic, RIG believes, of the mindset within BBC Audio & Music that is predominantly concerned with in-house production units as they currently have the overwhelming share of the output.

### Production Credits

145. Another area of concern is BBC Audio & Music's failure to properly acknowledge the small but significant part the independent sector currently plays in its schedules. Bearing in mind its remit to stimulate and encourage the creative sector, and the fact that independent radio producers punch well above their weight in terms of winning critical acclaim, for example in the Sony Radio Academy Awards<sup>56</sup>, and international spoken word content sales, the BBC should ensure that independent productions and producers are credited as such in all circumstances.
146. The name of the production company is given at the 'back announcement' of a programme when aired, something which was agreed in the Terms of Trade in 2005. However during those same Terms of Trade negotiations, RIG was unable to get commitment to any other credits, in particular in the Programme Information that goes out to the press each week, and in Radio Times billings. In both cases the company's synopsis of the programme is normally reproduced word for word, but the company name is always stripped out. Independent producers are not credited in many other instances where it would be possible, and indeed productive, to do so. For example:
- While some independent productions are credited as such on the BBC website, others are not, even though the information is supplied
  - In the last BBC Annual Report, the 18-page section covering radio<sup>57</sup> failed to acknowledge the impact of its work with independent radio producers on the BBC's output
147. This failure to acknowledge the part independent producers play would appear to run counter to the BBC's new partnership agenda, as well as the idea that it is seeking to encourage the development of the creative industries.

### Sharing Information

148. During RIG's work since 2005 to fully assess the extent to which the BBC currently commissions independent producers, it has proved difficult to extract various key types of information from the BBC. Various requests submitted by RIG using the Freedom of Information Act have been turned down due to the exemption provided for 'journalism,

---

<sup>55</sup> See Appendix 7 for full background

<sup>56</sup> See Appendix 3

<sup>57</sup> Sharing Ideas/Creating Value: Part Two: Annual Report and Accounts 2008/09 The BBC Executive's review and assessment. BBC, 2009, p46-63

art or literature'. RIG accepts the rationale for allowing journalistic and artistic integrity to be protected, however we struggle to understand why this should allow the BBC, for example to prevent its suppliers from knowing the value of indie hours that have been commissioned.

149. We acknowledge that the BBC has supplied some information to us voluntarily, and is reviewing its information-sharing practices, nevertheless we would urge the BBC Trust to examine any such proposals carefully with the inbuilt assumption that unless there is a valid reason (valid taken to be in the genuine interests of the licence fee payer and listener) to withhold information, such information should be made available.
150. In making this point we do recognise that there are some isolated production costs, such as talent fees, that the BBC does and should keep confidential in order to provide best value to the licence fee payer, but as stated above this should be a rare exception to the overall rule.

### Independent Executive

151. Lastly RIG has raised directly with the BBC the need for a BBC Independent Executive for radio, ie the sector's own 'independent champion' within the BBC. Such a post has been in place for independent TV commissioning for around five years, and whilst it is also important for producers to have meritocratic access to commissioners, the role is generally recognised to have been beneficial to independent-BBC relations. A dedicated executive should be in place for independent radio commissioning, to build and strengthen relationships with the sector, and act as troubleshooter in the event of any misunderstandings or disputes between commissioner and supplier.
152. At the time the TV post was originally announced, the key points of the role were described<sup>58</sup> as:

“championing the interests of the independent sector within the BBC;

being a formal point of contact for the independent sector and their associated bodies;

providing authoritative advice to independent producers in respect of working practices, financial procedures, legal requirements, and editorial and business trading compliance issues;

and establishing effective means of communication to the independent sector on BBC practices.

The post does not involve any direct commissioning or individual rights negotiation.”

153. It should be emphasised that this executive should be a 'backstop' in the event of an intermediary being needed, and should not in any way affect producers' ability to directly communicate whenever necessary with commissioners.
154. It should be noted that as a result of the discussions held with the BBC so far, a BBC executive has in effect been given the job of liaising with RIG on some of the above key communications issues. However this is not an arrangement that has been made public

---

<sup>58</sup> Elaine Bedell appointed as BBC Independent Executive. BBC Press Release, 24 February 2003

and does not appear to involve the same duties or power to question practices within the Corporation as the BBC Independent Executive has regarding television commissioning.

155. Although we meet annually with Radio 4 and are now meeting with Radio 2, RIG would also like to see regular meetings established with all the other BBC networks.

## Appendices

### Appendix 1

#### Excerpt from the BBC Agreement – clause concerning radio and online quotas

##### 58. Production of radio programmes and material for online services<sup>59</sup>

- (1) The Trust must impose on the Executive Board the requirements it considers appropriate for securing—
- (a) that what appears to the Trust to be a suitable proportion of—
    - (i) the programmes included in those radio services (taken together) which are UK Public Services, and
    - (ii) the material available to members of the public as part of those online services (taken together) which are UK Public Services, consists of programmes or, as the case may be, material made by producers external to the BBC; and
  - (b) that what appears to the Trust to be a suitable range and diversity of such programmes and material is made by such persons.
- (2) In determining for the purposes of paragraph (1) what is a suitable proportion of programmes or material, and what is a suitable range and diversity of programmes or material, the Trust must have regard (in particular) to the desirability (in the interests of listeners and users of the BBC's online services) of both—
- (a) encouraging an appropriate degree of competition in the provision of radio programmes and of material to be included in online services; and
  - (b) maintaining within the BBC in-house capacity for making such programmes and material on a substantial scale.
- (3) In this clause, “range”, in relation to programmes or material, means a range of programmes or (as the case may be) material in terms of cost of acquisition as well as in terms of the types of programmes or material involved.

---

<sup>59</sup> HM Government. BBC Agreement. The Stationery Office, Jul 2006 pp30-31, Clause 58

## Appendix 2

### Independent Production<sup>60</sup>

	99/00	00/01	01/02	02/03	03/04
<u>Independent Hours</u>	Hours	Hours	Hours	Hours	Hours
Radio 1	1,536	1,585	1,564	483	1,079
Radio 2	1,036	984	924	883	900
Radio 3	590	548	541	565	662
Radio 4	368	358	356	348	368
Radio Five Live	214	165	165	272	299
<b>Total Independent Hours</b>	<b>3,744</b>	<b>3,640</b>	<b>3,550</b>	<b>2,551</b>	<b>3,308</b>
<u>Total Eligible Hours</u>					
Radio 1	8,465	8,492	8,533	8,515	8,557
Radio 2	8,035	8,027	8,050	8,052	7,962
Radio 3	5,868	5,787	5,885	5,790	5,854
Radio 4	3,579	3,591	3,539	3,570	3,519
Radio Five Live	941	513	615	755	768
<b>Total Eligible Hours</b>	<b>26,888</b>	<b>26,410</b>	<b>26,622</b>	<b>26,682</b>	<b>26,660</b>
Indie Proportion %	14%	14%	13%	10%	12%
Radio Target %	10%	10%	10%	10%	10%

Eligible hours represent total hours of output less core news, sport, weather, social action and EBU output.

<sup>60</sup> Reproduced from: BBC Radio Analogue Services. Finance Data Pack for the period April 1999/00 to March 2003/04. BBC, 2004, p40

## Appendix 3

### Sony Gold Awards won by independent radio producers 2007-2009

The Sony Radio Academy Awards seek “to recognise the very best of the UK radio industry, nationally, regionally and locally... covering the wealth of UK radio output from speech and drama through to news, comedy and of course music. Reflecting the triumphs and developments of the current radio landscape, the Awards also aim to identify future leading practitioners and celebrate lifetime contributions”<sup>61</sup>.

Each year, entries are submitted into the Awards for consideration as Gold, Silver or Bronze winners.

Categories change slightly from year to year, but the figures below represent all categories for which independent radio producers are eligible from 2007-2009.

<b>Performance of independent radio/audio producers in Sony Radio Academy Gold Awards 2007-2009</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Eligible categories</b>	20	22	22
<b>Entries</b>	17%	18%	21%
<b>Nominations</b>	23%	25%	26%
<b>Gold Awards won</b>	<b>32%</b>	<b>36%</b>	<b>30%</b>

Source: Figures supplied to RIG by Sony Radio Academy Awards, November 2009

<b>Averages for independent radio/audio producers in Sony Radio Academy Gold Awards in the period 2007-09</b>	
<b>Entries</b>	<b>18.7%</b>
<b>Nominations</b>	<b>24.6%</b>
<b>Gold Awards won</b>	<b>32.6%</b>

Source: Figures compiled by RIG using data supplied by Sony Radio Academy Awards, November 2009

<sup>61</sup> Sony Radio Academy Awards website. Accessed 9 Feb 2010. <http://www.radioawards.org/aboutus/>

## Appendix 4

### List of Independent Production Companies used to compile Figure 1: Location of Out-of-London Production Centres.

Company Name	Location
Alfi Media Lts	Cookham, Berks
All Out Productions	Manchester
Allegra Productions	Framlingham, Suffolk
Andrew Green	Henley, Oxon
Associated Rediffusion	Millom, Cumbria
Athena Media	Dublin
Autolycus	Stockport
BFM Productions	Stoke-on-Trent
Bona Broadcasting Ltd	Edinburgh
Boomerang	Cardiff
Channel K	Manchester
City Broadcasting	Manchester
Classic Arts Productions	Droitwich, Worcs.
Crosslab Productions	Cheshire
Demus Productions	Glasgow
Down The Line Productions	Newport, Isle of Wight
Feisty Productions	Dundee
First Writes	Cambs
Foldback Media	Perthshire
GC Media	Newton Stewart
Glass Mirror Productions	Manchester
Green Bay	Cardiff
Jane Marshall Productions	Leamington Spa
Kalliope	Sunderland
Komedia Entertainment	Brighton
Ladbroke Radio Productions	Surrey
Made in Manchester	Manchester
Neon Productions	Glasgow
News Network International	Monmouth
Parrog Ltd	Cardiff
Pennine Productions [east]	Sheffield
Pennine Productions [west]	Cheshire
Pete Atkin	Bristol
Pier Productions	Brighton
Presentable Ltd	Cardiff
Red Productions	Manchester
Redbird Productions	Winchester
Ruth Evans Productions	Oxon
Smooth Operations	Cambridge
Soundscape Productions	York
Square Dog Radio [north]	Hebden Bridge
Square Dog Radio [Scotland]	Kinross, Perth & Kinross
Sugar Productions	Kingston
Sweet Talk Productions	Brighton
Tattimoon	Glasgow



TBI	Stoke Hammond,Bucks
the Comedy Unit	Glasgow
Tidy Productions Ltd	Cardiff
Tinderbox Broadcast	Cardiff
Top Dog Radio	Warwick
Torpedo	Cardiff
Triple Echo Productions	Newtonmore, Inverness
TS Productions	North Somerset
UKEMI Productions	Welwyn,Herts
Vision Thing	Cardiff
Wantok Productions	Montrose, Angus
Woolyback Productions Ltd	St Helens, Lancs
Zygon Radio	Petworth, Sussex

## Appendix 5

### BBC Audio & Music: Plans to strengthen Audio & Music compliance procedures<sup>62</sup>

All independent producers must now:

- have a named BBC staff member responsible for each production, named in contract
- have a named person responsible for delivering a compliant programme, named in contract
- conform to BBC 'Talent/Exec Producer' policy.

New job descriptions have been issued to all production staff which set out their compliance responsibilities.

All programmes, both in-house and independent, now have a senior editorial figure (Executive Producer or Editor) in charge of them, resulting in the appointment of three new Executive Producers for Radio 2 and 6 Music.

A new High Risk list is now discussed at a weekly controllers' meeting, where the identification of risk and mitigating actions are discussed.

The completion of a compliance form and 'second listen' by a senior editorial figure are now strictly enforced. Statistics are reported to the Audio & Music board on a monthly basis and action taken against people who have not followed processes.

The recommendations from the Taste and Standards report relating to Audio & Music have been communicated at six London sessions and four regional sessions.

A new mandatory Creative Leadership course for senior editorial figures has been introduced.

Preparations for a 'Visualisation of Radio' course are being made to highlight editorial issues around pictures.

New Executive Producer-Editor forum meetings have been introduced.

---

<sup>62</sup> Reproduced from: BBC Trust. Service review: BBC Radio 2 and BBC 6 Music. BBC Trust, February 2010, p23, Fig 8

## Appendix 6

### Radio Independents Group response to NAO report on “The Efficiency of Radio Production at the BBC”

March 2009

The Radio Independents Group was pleased to be consulted in the preparation of the above report. We welcomed the opportunity to discuss with the National Audit Office some of the workings of the independent radio production sector.

However, having examined the report we feel that there is more work to be done by the NAO to ensure that it is clear how the sector works, in particular its economics.

Independent radio production companies are structured to provide value for money. RIG is therefore highly supportive of the basic premise of ensuring best value for money for the licence-payer. We therefore welcome the point in paragraph 50 which, although stating that “In considering where and how the BBC might identify efficiency savings, the most expensive programmes by genre could be a reasonable place for the BBC to start”, does go on to say that “This is not to suggest that the most expensive programmes are produced inefficiently”.

However other than this statement we are deeply concerned that ‘value for money’ seems to be interpreted throughout the rest of the report as primarily about finding the minimum possible cost. These two things are not necessarily the same. In addition comparisons of costs across different BBC networks are bound to be misleading, and much more so with the commercial sector, which does not have to comply with the same PSB remits as BBC services, in terms of making a wide range of programming which appeals at some point or other to every licence-payer.

In radio production, as in many areas of business, the cheapest solution is not necessarily the best, and the extraordinary reputation that BBC Radio enjoys around the world has not been built by an emphasis on minimum expenditure above all other considerations. Radio production is already a shoestring operation and long has been, achieving high quality results with budgets that cannot take further reductions.

It is important to consider the cost in real terms to the listener. For Radio 4, for example, the report quotes the cost per listener as being 0.01 pounds per hour. That means that a listener can hear 24 hours of Radio 4 for less than 25 pence, which we think very much represents value for money.

That value and quality is achieved by creative production teams who are passionate about radio as a medium and are not primarily motivated by the financial rewards, routinely devoting much more time to each programme than they are paid for. That applies to both in-house staff and independents, although we would also argue that our lower overheads and minimal management hierarchy mean that more of each programme budget goes into the final product from an independent – and our consistently above-average success rate in the annual Sony Radio Academy Awards supports that claim.

Bearing this in mind, we would question whether it is appropriate to concentrate on “efficiency drives” within the BBC when Radio is already such good value. It would have been beneficial if in the report the NAO had chosen to consider the effect upon the quality of radio programming of 3 per cent-per-year rolling cuts on the professionals at the bottom end of the chain. Unlike television, a radio programme is ultimately made by two or three people and the budget pays primarily for their time: a reduction in budget necessarily leads to a reduction in income, a phenomenon which is affecting companies across our industry.

Although technology has as in many industries brought some modest cost efficiencies, these have now already been applied – and even the real value of these savings is debatable, as we are now on a treadmill of constantly upgrading equipment where the old analogue tape-recording machinery lasted for many years without major expense. The major cost in the programmes we make comes from people’s time, and we cannot reduce the time we spend with interviewees by 3 per cent every year, or ask our actors to speak 3 per cent faster every year.

We also note with considerable concern at least one fundamental error in the section headed "Drama". The report says (par 40) "Our analysis of drama productions shows that the median cost per hour of drama on Radio 3 is £23,965, 60 per cent higher than that for Radio 4 (£14,969, the cost per hour of *The Archers*)". But in par 43 it states "the median cost per hour of in-house productions of plays for Radio 3 and Radio 4 are £23,965 and £24,000 respectively." Therefore it appears to state in one place that the "median cost per hour of drama" on Radio 4 is £14,969, and in another that it is £24,000. We wonder whether the report has confused "drama serials" such as *The Archers* with single plays, the latter being the mainstay of drama on both Radio 3 and Radio 4.

RIG would also question the accuracy of the claim that "for Radio 4 there is no range ...in cost per hour of drama output ... as *The Archers* occupies the entire middle 50 per cent of this station's output". First we cannot see any analysis of Radio 4 drama, whether by hours or budget, with or without repeats, that has *The Archers* occupying the entire middle 50 per cent. Even if there were figures that indicated this, they would merely demonstrate that choosing the inter-quartile range as the measure of range of costs per hour is a very poor use of statistics, excluding as it does the bulk of single play production at around £24,000 per hour.

Finally we were puzzled by the statement "in-house dramas in London and in Manchester are ... over three times those in Scotland". We have since confirmed that those figures bore no relation to actual costs which were similar to the cost of drama production anywhere else in the BBC.

Leaving aside these specific problems with the report's calculations, we would also ask the NAO to consider whether this kind of analysis has any relevance in the light of recent events in the economy, which have cast doubt on the effectiveness of stringent budget cuts.

There is not any sign that in general the overall cost of radio programming is in any case an issue. There is no indication of concern from the radio audience about the cost of their programmes, and we are confident they would want all who make them to be properly and fairly rewarded. Indeed the 2006 Barwise report contained audience research indicating people's willingness to pay current or even increased licence fee rates to preserve quality public service broadcasting<sup>63</sup>.

In conclusion RIG wishes to express its concerns about the accuracy of certain sections of this report. As a result we would not welcome its being used as a basis for reducing the programme budgets available to independent radio producers, in a sector where economies of scale or departmental efficiencies are limited in terms of their positive effects.

Instead we would welcome at its earliest convenience a conversation with the NAO to discuss how further work might be done to examine genuine value for money issues of BBC radio production, as opposed to simple cost reduction. We would recommend that a key component of any such work would be to reflect upon the implications for the quality of public service radio if production costs continue to be squeezed year-on-year.

---

<sup>63</sup> The BBC Licence Fee Bid: What does the public think? An Independent Report by Professor Patrick Barwise (London Business School) for the BBC Board of Governors. BBC Governance Unit, April 2006

## Appendix 7

### Case Study

#### Radio 4 'Book of the Week' and 'A History of the World in 100 Objects'

On 5 September 2008, BBC Radio 4 invited audio producers to bid for 'Book of the Week' (BotW) for the period April 2009-March 2011. The results were published on 9 January 2009: six successful companies were each told: "we have commissioned 50 episodes over two years, to be split as 25 episodes in each year. That is five books per annum" [specimen figures, not a specific company]. No contract was issued for the two-year period, because the custom and practice, established over very many years and many tenders, was for the BBC to issue a contract for each individual 'Book of the Week' close to transmission, once the title was finally agreed. The system therefore worked on trust, with producers having to contract staff for the 2-year period on the basis of the commissioner's promise, and often having to commence production on a specific reading ahead of contract.

On 6 October 2009 all six companies received emails to say that 100 editions of the programme were to be cancelled during 2010 (out of approx 250 over the year) to make room for a special narrative history series; 'A History of the World in 100 objects'. Accordingly the independent producers were to lose a corresponding proportion of the BotWs they had been promised.

Radio 4 appeared to think that there was no problem for suppliers since the commissions were simply being moved. Although Radio 4 confirmed that the companies could have the same number of commissions from April 2011 onwards, the lack of consultation by Radio 4 prior to this announcement had serious implications for the companies involved. Radio 4 did not realise that such a cancellation would seriously jeopardise the financial stability of the companies involved, each of whom had entered into various commitments, taking on staff or contracting freelancers to meet the promised workload. The 40% reduction in income resulting from the BotW cancellations could mean total loss of profit and/or breaking contracts or agreements with third parties, often individuals, whose own financial interests would be damaged.

Radio 4 appeared to think that since the commissions were simply being "moved" from 2010 to 2011, not realising that where a company had recruited staff for 2010, they would be seriously under-employed and still need paying in full.

The BBC appeared to believe, no doubt on the basis of legal advice, that they could break that undertaking because there were no contracts in place. However that took no account of the long established custom over many years and previous tenders, as explained above, that the independent producer can rely on such an undertaking for long-term financial planning.

It should be noted that whilst the decision to cancel 100 BotWs also affected in-house departments and production staff, none faced any financial problem as a consequence.

When RIG met Radio 4 on behalf of the affected producers, it quickly became clear that Radio 4 regarded the issue as primarily about the Controller's right to make editorial decisions, rather than the breach of an undertaking to commission a specific number of programmes from those producers over a defined period, as a result of a competitive tendering process. It took some considerable debate before the BBC side accepted that was not the case, and that the producers entirely accepted Radio 4's right to make schedule changes, provided they respected previous commitments.

As a result of that meeting, and further representations from individual indies, Radio 4 agreed to look at ways of alleviating the financial hardship by for example enabling companies to produce BotW within the original 2-year period (for later broadcast). However this was not a complete solution and did not entirely make up for the loss of trust brought about by the episode.

RIG believes this episode is symptomatic of the way in which independents occupy a peripheral position in the minds of BBC Radio managers, because of the low proportion of programming they are allowed to compete for. When the network and controllers get 91.6% of their programmes from in-house departments with which they are closely integrated, it is hardly surprising that they do not comprehend the business ethics that should underlie relations with independent suppliers, or they simply forget to take them into account.