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## Response to House of Lords Communications Committee - BBC Charter Review - Public Purpose and funding

1. The Radio Independents Group (RIG) represents the UK independent audio-led production sector, which is comprised of around 150 SMEs based all around the UK. The sector directly employs around 2,000 people, and produces a wide range of content including: radio programmes across all genres; radio station branding; audio games; multiplatform; audiobooks; and podcasts. It also supplies audio production expertise to the rest of the UK's media industry. The sector operates worldwide, with 32 of the 85 companies surveyed in our recent Business Census reporting overseas revenue in the previous year<sup>1</sup>.
2. RIG represents the sector on policy matters and also provides business support services, as well as skills and training via its RIGtrain programme<sup>2</sup>. RIGtrain has initially set a target of providing 800 places over 18 months and recently announced a new diversity-specific programme, to capitalise on the fact that 58% of attendees are women and around 22% from BAME backgrounds. RIG also produces the annual Radio Production Awards<sup>3</sup>, which uniquely recognise and celebrate the production skills of radio and audio producers.
3. RIG has a long-running creative relationship with the BBC, with its members currently providing around 20% of the BBC's 'eligible'<sup>4</sup> radio hours. Our members therefore have a keen interest in Charter Review and welcome the Committee's inquiry.
4. It is important to note the conclusion of Ofcom's recent Public Service Broadcasting review which stated that: "The BBC remains the cornerstone of the PSB system and is the key driver of investment across the system"<sup>5</sup>. In this context is very important that its purposes remain clear and well-defined and that its funding is sufficient to allow it to sustain the successful fulfilment of its role and purposes.
5. Radio can often be forgotten or pushed to the margins in discussion about Charter Review, as the attention centres on television. But the BBC's radio services are very much a key fact in its continuing importance to the public. The Committee will note that the recent deprivation study carried out by MTM found that participants: "were surprised by the range of services

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<sup>1</sup> RIG Indie Business Census 2015. Data analysed by Enders Analysis. P6, table Number of companies involved in each revenue generating area <http://www.radioindies.org/index.php/home-about-rig/indie-business-census>

<sup>2</sup> <http://www.rigtrain.co.uk/>

<sup>3</sup> <http://www.radioindies.org/index.php/services-open-to-all-new/rigradio-academy-radio-production-awards>

<sup>4</sup> ie total BBC radio hours excluding news and repeats

<sup>5</sup> Ofcom. Public Service Broadcasting in the Internet Age: third review of PSB. July 2015, p7

that the BBC produces (not all were aware that BBC Radio and Online services were included in the licence fee cost)"<sup>6</sup>.

6. To make the right decisions about the BBC as a whole, the importance and relevance of radio is taken into account and the right conclusions drawn about the best path for delivering it in the future.

### **The BBC's Public Purposes**

7. In principle the BBC's public purposes are a valid way to narrow down and define what the BBC is there to do - this should enable the Executive to more clearly devise its strategy regarding current and planned services. It should also enable the BBC Trust, or another such body if the Trust is replaced as a result of Charter Review, to effectively monitor the BBC's operations and determine whether it is meeting its remit as set out in those purposes.
8. In terms of the purposes themselves, RIG's position is that they largely remain relevant. We do have concerns however as to the extent to which they are currently being met.

#### ***Purpose (a): Sustaining citizenship and civil society***

9. This remains a valid purpose of the BBC, to provide information, services and the opportunity to reflect on society and help people understand how other Britons live and work. In RIG's opinion, all the BBC's stations - including the music stations - make conscious efforts to help be citizens more aware of the society in which they live.

#### ***Purpose (b): promoting education and learning***

10. Radio is a powerful medium and the BBC's role to educate remains an important one. Its radio services are uniquely informative, with Radio 5 live providing information and insight, and the music services playing a wider range of music than commercial radio<sup>7</sup> and broadening the listener's view.
11. It is important that the BBC continues to do this, and RIG has had cause to express concerns that certain genres are in danger of suffering as cuts are made to services such as Radio 3, which currently provides a unique home to certain types of classical, jazz and experimental music rarely heard elsewhere on radio<sup>8</sup>.

#### ***Purpose (c): stimulating creativity and cultural excellence***

12. All media services ultimately rely on the quality of their content and the BBC is no exception - because of its unique role and funding the BBC has more responsibility than any other public service broadcaster to ensure that it is making full use of the creativity, ideas, stories and perspectives available to it. Only through engaging people with high-quality creative content can the BBC fulfil its purposes of educating, promoting citizenship, and reflecting the UK nations and regions.

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<sup>6</sup> MTM. Life Without the BBC – Household study. August 2015, P3

<sup>7</sup> BBC. The BBC's programmes and services in the next Charter. Sep 2015, p30-31  
<http://downloads.bbc.co.uk/aboutthebbc/reports/pdf/futureofthebbc2015.pdf>

<sup>8</sup> Radio Independents Group. Response to BBC Trust review of Network Music Radio.  
[http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our\\_work/music\\_radio/radio\\_independents\\_group.pdf](http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/music_radio/radio_independents_group.pdf)

13. The BBC's radio services remain very popular, with 65% of the UK adult (15+) population listening to BBC Radio each week<sup>9</sup> but as we state in the section on nations and regions below, this does not mean it is adequately meeting its purposes in terms of stimulating creativity or representing the whole of the UK.
14. Lord Hall's 'Compete or Compare' process is a recognition that with technological change and the proliferation of those able to produce high-quality content, the BBC could introduce more competition into its programme commissioning. In radio, this has resulted in the BBC proposing to make up to 60% of its eligible radio hours<sup>10</sup> open to competition from external production companies.
15. This is potentially a big step forward but for those seeking to enter the independent sector, or grow their companies, these proposals need to be a certainty and therefore we are looking to persuade the Government to include them within the next BBC Charter and Agreement. Similarly the broad principles of the Terms of Trade for independent radio producers, including the protection of their intellectual property, are voluntarily agreed between the BBC and indies, unlike in TV where they are statutory and we would wish to see this anomaly also addressed by writing the arrangements into the Charter.

*Purpose (d): representing the UK, its nations, regions and communities;*

16. This is an absolutely key purpose for the BBC - local identity and characteristics have become more, rather than less, important to the lives of many in the UK. The nations and regions have a largely untapped wealth of ideas, stories, perspectives and talent to share with the rest of the UK.
17. Currently the BBC's commissioning structure does not encourage this to happen. This is due to a number of factors including the BBC continuing to operate extensive in-house production. Plus, the channelling of content produced in the nations into the nation-specific services (eg in Wales, BBC Radio Wales and Radio Cymru) means less of it gets onto UK networks to be heard by a wider audience.
18. Ofcom stated in its recent third PSB review that: "The Nations and their regions are the areas where there is the greatest mismatch between public expectations of PSB and how it is delivering in practice"<sup>11</sup>, and RIG supports this conclusion.
19. In its recent report on content supply to the BBC, the BBC Trust called for a more effective strategy from the Corporation to improve commissioning practices and ensure better fulfilment of this purpose, saying that in TV production it would "want to ensure that the BBC has developed considered, clear-sighted plans that set out what the right commissioning mix is across the Nations and regions. The Trust will also want to see how the BBC's production centres across the UK intend to work more effectively together with the independent sector based in different parts of the UK to develop creative, sustainable, local ecologies"<sup>12</sup>.
20. RIG's recent Business Census of the indie audio-led production sector revealed that of the 85 companies surveyed, just over 81% of radio programme income was for productions made

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<sup>9</sup> RAJAR/Ipsos MORI/RSMB Q2, 2015

<sup>10</sup> ie excluding news and repeats

<sup>11</sup> Ofcom. Public Service Broadcasting in the Internet Age: third review of PSB. July 2015, p8

<sup>12</sup> BBC Trust. The supply arrangements for the production of the BBC's television content, radio content and online content and services. June 2015, pp17-18

within the M25<sup>13</sup>. RIG is therefore keen to see the Trust's recommended commissioning approach broadened to radio.

***Purpose (e): bringing the UK to the world and the world to the UK***

21. As mentioned in our introduction, RIG members produce content for organisations and broadcasters all over the world<sup>14</sup>. They are frequently told by these partners how the BBC leads the world in terms of content production.
22. This brings many benefits back to the UK, both in terms of highlighting the nations; strength and breadth in terms of content production industry, but also the portrayal of the UK in a positive way, which as the Committee knows is important in achieving the 'soft power' objectives of improving the nation's profile and gaining influence.
23. The BBC could do more to promote UK audio production content and expertise abroad. Currently the BBC operates the contradictory approach of on the one hand wanting to repeat radio programmes on services such as Radio 4 Extra for little or no payment to the indie, or allowing free podcast downloads of BBC content overseas, whilst simultaneously maintaining that there is not much value in radio content. Others disagree, with services such as Audible and Acast beginning to commission original audio content, and increasing examples of indies themselves managing to get programmes and content syndicated or commissioned from overseas.

***Purpose (f): in promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television***

24. The BBC in the past has been well-placed to seek to research and develop new technology which it can then use to distribute its services and fulfil various public service objectives, for example in terms of education. However the technological landscape has changed and by the BBC's own admission much larger organisations are now operating in the media and technology space, including content production. Netflix, Apple, and many others are increasingly becoming part of that picture and in that context we question whether it is realistic for the BBC to be trying to create new technology and software which it does not have the resources to effectively develop or market.

**Deciding on the Public Purposes**

25. In terms of who should decide what the public purposes are, going forward we believe the purposes should be agreed by a body independent of Government and Parliament. Depending on the shape of the future governance and regulatory structure of the BBC, it is reasonable for it to play a part in determining the BBC's public purposes going forward.

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<sup>13</sup> RIG Indie Business Census 2015. Data analysed by Enders Analysis. P9, table Share of commissioned radio programming, by location of main office (%) <http://www.radioindies.org/index.php/home-about-rig/indie-business-census>

<sup>14</sup> As just one example the Jamie Cullum Show, made for Radio 2 by the indie company Folded Wing, is syndicated to many parts of the globe

## The Licence Fee

26. The TV Licence Fee has been a useful mechanism to provide universal services to the British public. Research shows public support for the Licence Fee still remains higher than subscription or other proposed funding mechanisms<sup>15</sup>.
27. However there are clear issues in terms of making sure that the use of catch-up services are encompassed within the funding mechanism in the future, and RIG therefore agrees that a type of household levy might well be the way forward. It should be more explicitly explained with any new mechanism that the funding provides not just TV services but also radio and online.
28. What certainly does need reform is the method by which the BBC agrees its level of funding. The two Licence Fee deals of 2010 and 2015 were conducted in short order and without any due consultation process or detailed analysis. The BBC concluded that the net result of the July 2015 Licence Fee deal was a 10% loss in its funding<sup>16</sup>.
29. In the case of BBC Radio, programmes have much smaller budgets which in consequence more quickly reach the point at which they cannot be forced lower without large amounts of content becoming unviable. It is for this reason that the BBC Trust recently concluded that:

“Radio 4’s content costs are higher than other BBC radio stations due to the volume of short programmes with relatively high production costs ... It is important that future budget plans do not affect the quality of Radio 4’s output, particularly in new drama and comedy, where it has a unique role on UK radio”<sup>17</sup>.
30. Whatever the other consequences of the reduction in BBC funding, RIG is arguing strongly that any cuts made to content and services should not include radio. In addition many of RIG’s members in Wales also make TV and online content for the Welsh language broadcaster S4C, and whilst S4C receives part of its funding from the TV Licence Fee, this is separate to BBC funding and we would argue could be similarly ring-fenced.
31. In terms of an alternative funding mechanism for the BBC, the household levy, which is supported by the BBC Director General and was recommended by the last Committee’s report, is something which could serve to continue the existence of universal funding for a free-to-air BBC. Furthermore RIG is interested in the suggestion of the Secretary of State for Culture Media & Sport during his appearance before the House of Commons Culture Media & Sport Select Committee on September 9th, namely that the levy could be collected alongside the council tax, and similarly banded in order that it is more progressive in nature.
32. This something with which we agree in principle. Obviously care should be taken to ensure there was no net loss in funding as a result of this and in fact we would argue that a move to a progressive structure could be an opportunity to restore BBC funding levels to their previous level.
33. Clearly things will continue to develop over the next ten years and it may be that there needs to be a more detailed conversation about the way the BBC is funded after the expiration of the current Licence Fee period.

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<sup>15</sup> Ipsos MORI research <http://www.bbc.co.uk/blogs/aboutthebbc/entries/9637e45d-c96c-36c6-9e3f-af141e81cab4>

<sup>16</sup> BBC funding arrangements. Blog by BBC Director of Policy James Heath 9 July 2010.

<http://www.bbc.co.uk/blogs/aboutthebbc/entries/efa49056-e32f-4e8a-b2b4-cb215e6a0bc1>

<sup>17</sup> BBC Trust review of BBC Radios 4, 4 Extra, 5Live, 5Live Sports Extra. August 15, P4