



## **NUJ briefing on competitive tendering in BBC Radio**

The Draft BBC Framework Agreement, published by the government on 15 September 2016, states:

*"The BBC must secure competition between BBC producers and external producers (whether independent producers or not). In relation to making relevant radio programmes the BBC must secure competition for at least 60% of Total Relevant Broadcasting Time by 31st December 2022."*

Is an increase of this magnitude and rapidity in the best interests of licence fee payers?

The BBC Trust's preliminary verdict on this proposal, in their February 2016 submission to the DCMS, identified: *"clear risks to public value if competition is extended too quickly given the still limited scale of the radio supply market (the BBC being the only significant commissioner in the UK of Independent radio content). A large or rapid reduction in in-house production could put public value significantly at risk. The Trust is concerned that the BBC executive proposals may involve significant additional costs both in terms of implementation and administration."*

### **The current situation**

- The BBC has a voluntary commitment to commission a guaranteed 10 per cent of national radio output from entities independent of the BBC and to commission a further 10 per cent of national radio output through competitive tendering (the so-called Window of Creative Competition (WoCC). Percentages are measured by hours.
- The BBC has consistently exceeded these voluntary commitments. About 20 per cent of BBC national radio (c. 9,000 hours) is produced by independent entities.
- This 20 per cent level has been reached over a period of approximately 20 years since commissioning from independent entities was introduced.
- In contrast with television, there is virtually no market in radio production: more than 95 per cent of the total income from broadcast output of all independent radio production companies in the UK comes from the BBC.
- That is, the total income of these companies from non-BBC broadcasts is equivalent to c. 1 per cent of BBC national radio content spend.
- Work by Enders Analysis and others also suggests that the market in radio production is static and the BBC Trust has accepted this conclusion.

An increase in competitive tendering to 60 per cent by the end of 2022 would mean an increase of 40 percentage points over 6 years, ie an increase at a rate of c. 7 per cent of BBC

national radio output p.a. According to BBC Director of Radio, Helen Boaden, the number of competitively tendered hours of BBC radio output *"will increase threefold from 9,000 hours now to around 27,000 hours at the end of the six year period"*, ie an extra 3,000 hours of tendered output p.a.

This is a far higher annual rate of increase than has ever previously been attempted in radio. Each year, the amount of BBC radio output opened up to tendering would be many times the annual amount of output produced by independents for other broadcasters.

In this context, does the proposed magnitude and rate of increase in competitive tendering of BBC radio not appear extremely high?

Major risks of such a large and rapid increase in competitive tendering include:

#### **Destabilisation of the radio production ecology**

- Smaller independent companies fear that they will be swallowed up or driven out of business by larger companies.
- It is likely, as noted by the BBC Trust, that there will be a significant and rapid reduction in commissioning from BBC in-house radio production, the industry leader with an acclaimed public service ethic.
- It is likely that there will be large annual variations in the amount of programming commissioned from any provider, making long-term planning very difficult, and increasing casualisation of employment, with risks for quality of output.

#### **Less money will be spent on content and more money will be spent on administration**

- A stated aim of the proposals is that increased competition will achieve savings on content budgets.
- BBC radio budgets are already extremely small: members of RIG (the Radio Independents Group) describe them as "inadequate" and RIG stated in their submission to the government charter review consultation that "BBC Radio budgets, which used to keep pace with inflation, have in recent years declined in cash terms and even more so in real terms. This cannot continue without having an impact on programme creativity and quality in ways which will be noticeable by the listener."

Would a slower increase in competitive tendering (e.g. a 5–10 per cent increase over the next five years, with a review at that point) be more in the interests of licence fee payers?