



14 August 2017

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Dear Jacquie,

Further to the BBC's interim Annual Plan, we thought it would be helpful to set out further detail on our plans to improve the BBC's distinctiveness across BBC Radio.

In their most recent PSB review, 'Public Service Broadcasting in the Internet Age', Ofcom endorsed the effectiveness of the PSB system in the UK, but highlighted three broad areas of focus for the BBC: Distinctiveness, serving all audiences, and diversity. These conclusions were endorsed during Charter Review and reaffirmed in the new Charter and Agreement for the BBC.

The BBC prides itself on its distinctiveness of its services – it is the foundation of our output and key to the BBC's work in building public value on behalf of the UK creative sector. Recent independent audience research by both the BBC Trust in its Service Reviews for both BBC Music and Speech Radio services, and more recently Ofcom with its Ipsos MORI distinctiveness research, confirmed that the BBC is doing very well on distinctiveness. BBC Radio services are 'viewed as being highly distinctive in terms of both their range and the quality of their programmes...serving a broad range of audiences of different ages and with different interests and tastes'¹. This suggests that broadly speaking, the previous regulatory framework for the BBC has succeeded in creating a distinctive BBC Radio portfolio which provides quality and choice to a broad range of audiences.

The most recent Ipsos MORI study commissioned by Ofcom concluded that 'most [respondents] were very positive towards BBC Radio, suggesting no significant changes to improve distinctiveness'². Within this context, we would advocate carefully judged interventions to increase BBC distinctiveness, recognising that BBC Radio already performs strongly in this respect.

However, BBC Radio is doing less well on universality. Overall reach has fallen over the past 5 years across all demographics, but sharply among the young as competition has strengthened from our commercial competitors, but particularly new digital music entrants. The loss of BBC Radio reach to young audiences has shrunk the radio market overall as audiences have migrated to digital music services, not commercial radio.

The 'noticeable drift of younger people away from broadcast radio'³ has led to calls for deregulation within commercial radio. Based, on recent advice from Ofcom, and evidence published by DCMS as part of its consultation, the future for commercial radio will be highly deregulatory, freeing the BBC's closest competitors from the majority of their current licence requirements, bar the provision of news content. This includes important parts of the radio mix

¹ https://www.ofcom.org.uk/data/assets/pdf_file/0026/99521/bbc-distinctiveness-research-executive-summary.pdf

² https://www.ofcom.org.uk/data/assets/pdf_file/0026/99521/bbc-distinctiveness-research-executive-summary.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591508/RadioDereg-Final13Feb.pdf

such as music formats and locally made content, which could reduce audience choice and service distinctiveness in the future.

BBC Radio has been more significantly affected by this digital disruption than our commercial radio peers. Commercial radio is thriving, with record revenues and greater audience choice than ever before, providing strong and effective competition to the BBC. The BBC believes that if Ofcom is supportive of commercial radio deregulation because of wider structural pressures on the market, it has a duty to grant the BBC similar flexibility to respond to changing audience behaviours if the market is to operate with fair and effective competition. We are wholly committed to achieving the goals set by the BBC's new Charter, but the best way to achieve this is to grant the BBC greater creative freedom, with Ofcom holding the BBC to account on performance. Ofcom as an independent regulator has more powers than ever before to regulate the activities of the BBC. As Ofcom itself has said, it is important for the BBC's regulation to be robust, but flexible, allowing the BBC 'to exercise its creative discretion, innovate and take risks'. The Operating Licence will also 'continue to evolve over time to reflect changes in the tastes and consumption habits of BBC users, wider developments in broadcasting markets and the BBC's performance over time'⁴.

The BBC will also need greater flexibility as it faces the financial challenges involved in a new Charter, and a need to make c.£800m savings across BBC services. Our view is that the market will need a relevant and competitive BBC to remain healthy and thriving. We caution against distinctiveness or a rigid Operating Licence being used as a tool to reduce BBC competitiveness rather than stimulating creative excellence and high quality content for a wide range of audiences of all ages. There is a balance to be struck between the number of input measures used as part of the BBC's operating licence, and editorial flexibility which can also result in distinctive content and creative impact.

Our interim Annual Plan sets out the BBC's broad approach to increasing its distinctiveness, universality and diversity, and the BBC's approach will evolve in the future as required by the changing audiences we serve and the market in which we operate. The BBC's draft Operating Licence has prompted some comment from interested parties on the changes to quotas and obligations. The BBC broadly welcomes Ofcom's alterations to its Licence; the removal of some quotas does not indicate a softening of BBC commitment to certain activities. To provide reassurance, particularly with respect to the distinctiveness of BBC services, we are happy to make additional commitments to provide reassurance to audiences and the market and provide certainty under its new regulatory arrangements. These additional commitments are subject to subsequent approval by the BBC Board.

Strengthening BBC distinctiveness within the BBC Annual Plan

As part of the BBC's ongoing commitment to the distinctiveness of its programmes and services, the BBC is happy to make further clarifications and commitments relating to BBC Radio services over the next 12 months as part of the final Annual Plan.

As part of its Charter and Annual Plan discussions with Ofcom, the BBC has already committed to increase the level of New and UK music broadcast in Daytime, to 50% and 45% respectively. This is a significant expansion of BBC distinctiveness and it is worth noting that key stakeholders with the UK music industry, another part of a wider market impacted by BBC activity, raised concerns during the Charter consultation of any regulatory changes to either Radio 1 or Radio 2 which impacted their independent editorial decisions on either music or programming. In particular, Geoff Taylor, Chief Executive of the BPI said the following:

⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0021/105339/Reply-to-Secretary-of-State-from-Sharon-White.pdf

‘Radio 1 and Radio 2 in particular play vital roles in connecting our new music and artists to a broad range of audiences across a national listenership, and any threat to their make-up, reach and remit could have severe repercussions, not just to the music industry but to the success of British music globally – both culturally and in economic terms.’⁵

However, the BBC is happy to further measure the distinctiveness of Radio 1 and Radio 2 as part of further commitments within the BBC Annual Plan:

- We will measure the overlap of the Top 100 most played tracks on Radio 1 and Radio 2 against a range of key commercial radio competitors on a monthly basis; and commit to ensuring that on average at least half of these tracks on both Radio 1 and Radio 2 are distinct from the most played tracks on each relevant competitor.
- We will report on the range and depth of support for new music on Radio 1 and Radio 2 through analysis of their respective published Playlists; and compare performance against the Playlists of key commercial stations.
- We will also explore the feasibility of creating live distinctiveness monitoring of BBC music radio output in comparison with the market. Specifically, we would hope this tool would be able to measure the volume of unique tracks on BBC against commercial stations. We will need to fully explore the costs involved, and whether any existing data sources exist which would provide robust and value for money information sources. We will report back to Ofcom on this within the next 6 months.
- We will commit to 2 social action campaigns on Radio 1 for 2017/18. We would also welcome a conversation with Ofcom over the next 12 months on defining what we mean by social action content, ensuring we remain relevant to our younger audiences.

We are also happy within the final Annual Plan to make the following commitments with respect to other BBC Radio services:

- We propose that, subject to Ofcom’s decision on the definition of new music, 6Music will broadcast a minimum of 30% new music across daytime as part of its plans over the next 12 months. Previously, this threshold acted as a ceiling, not a floor on 6Music’s overall music output. We believe that this undervalues the key role that 6Music plays in supporting new and alternative music, much of which is sourced from specialist and independent labels. We believe our proposals would receive widespread support within the UK music industry.
- For 1Xtra we propose to will commit to the same stretching quota within the previous Service Licence that at least 35% of daytime music will be from UK artists; however, in addition, we believe the current depth of UK urban music talent allows us to commit to ensuring at least half of the UK music played in daytime will be ‘new’ over the next 12 months.
- The BBC Asian Network plays a key role in providing a platform for new and established British Asian talent and we propose to commit to the same stretching levels for New and UK music as applied under the station’s Service Licence, ensuring at least 30% of daytime music is from UK artists and 30% of daytime music is new.
- For the period of the current Annual Plan, we are happy to commit to 600 hours of original drama and readings and 180 hours of original comedy on Radio 4; 55 hours of comedy and 55 hours of drama per week on Radio 4 Extra; and 25 new drama productions broadcast on Radio 3, i.e. the same level as contained in the previous Trust Service Licence quotas. Longer term, we question whether volumetric input measures are the best approach to maximising the distinctiveness of expensive programme genres such as Drama and Comedy. The BBC has no plans to reduce its commitment to Drama or Comedy, but may wish to allocate its budgets

⁵ <https://www.bpi.co.uk/blog/a-letter-about-the-bbc-by-ged-doherty.aspx>

differently to achieve distinctiveness and impact. Likewise, a volumetric focus on Radio 3 and Radio 4 can limit the style and focus of output, and the range of audiences the BBC reaches with both genres.

- For Radio 3, we note that the station has already seen a significant tightening of its Operating Licence by Ofcom within the draft Licence and don't propose to add additional measures.
- We note that 5live Sports Extra is a temporary overflow service for 5live. As such, it is difficult to commit to minimum measurable targets for the station. However, we are happy to report on the additional sporting breadth added by the station alongside similar commitments made on 5live. We plan to review 5live Sports Extra during the course of the current Annual Plan, as referenced within the interim plan itself. This would include the station's remit and range of content broadcast by the station. We propose that this would be an appropriate time to consider whether to introduce additional measures for the station.

In terms of the pan-BBC impact of BBC Radio spend, we note that Ofcom has widened the definition of out of London spend, from a quota that covered Network Radio, to a wider Public Radio definition which encompasses Network, Nations and Local Radio. According to the BBC's latest calculations, supplied as part of Ofcom's recent informal request for information, BBC Radio spent 38% of its Network spend out of London, and 61% across all Public Radio services. This is a significant investment by the BBC in the creative industries across the UK, and distinct as our commercial radio peers consolidate and deregulate their services with a potentially weaker emphasis on diversity and localness. At the same time, the BBC is supporting building the plurality of production supply around the UK with its more open and competitive supply model.

I hope the above is evidence that the BBC takes its distinctiveness commitments extremely seriously, whether they are imposed formally through the BBC's Operating Licence, or not. Just to reiterate, BBC Radio is already considered distinctive by its audience and the general public, and we are wary of imposing too many input measures which could act as an editorial straightjacket and limit creativity. Instead, we would rather be judged by our output. Examples of this in the past week includes content across BBC radio, including Gay Britannia season on across BBC Radio, the ongoing Radio 4 season on Indian partition, Radio 1's dance music coverage from Ibiza, and special Radio 2 output celebrating the life of Glen Campbell.

The additional commitments above are specific and measurable, and Ofcom will be able to hold the BBC to account on its performance and delivery. As stated above, we will continue to consult with Ofcom as some of our proposals evolve over the next 12 months.

Yours sincerely

Clare Sumner
Director, BBC Policy