



NUJ briefing: competitive tendering of BBC national radio

[For House of Lords debate on question tabled by Lord Stevenson of Balmacara, 1 February 2018]

The NUJ said it:

- **Deplores the fact there has still been no review, by any body, of the "public value" of increasing competitive tendering of BBC national radio to 60 per cent by 2022, or of the impact this will have on both independent and in-house BBC radio production centres.**
- **Estimates that the additional cost to the BBC of the increase in tendering is c. £1m in the first year alone; £1m would pay for hundreds of Radio 4 programmes or almost two months of programming on 1Xtra or the Asian Network.**
- **Agrees with the judgement of former controller of Radio 5 Live Roger Mosey that the huge increase in competitive tendering is *"a daft idea that could destroy in-house expertise for little or no financial gain"*.**

The new BBC Charter and Framework Agreement, in effect since 1 January 2017, oblige the BBC to open up 60 per cent of "relevant broadcasting time" on BBC Radio to competitive tendering by 2022, with a review at that point.¹ The analogous target for BBC Television is 100 per cent by 2027, raising fears that the same could be imposed on Radio after 2022.

In 2016 c. 20 per cent of BBC national radio output was produced externally. The obligation to increase competitive tendering so rapidly gives rise to serious concerns centring on the optimum use of public money, the sustainability of the UK's fragile radio production market and the potential threat to smaller independent producers and the BBC's world-leading in-house radio production centres. These concerns were well expressed in 2016 both by the BBC Trust and by 37 leading broadcasters in a letter to The Sunday Times [both attached as supporting documents].

This briefing note covers relevant developments since 1 January 2017

It is worth noting that the competitive tendering requirements are contained not in the BBC charter but in the accompanying agreement, which can be altered by mutual agreement between the government and the BBC Board.

The NUJ deplores the fact there has still been no review, by any body, of the "public value" of increased competitive tendering in radio or of its impact on either independent or in-house BBC radio production centres.

- In February 2016 the BBC Trust confirmed its statutory obligation to subject the radio tendering proposals to a public value test;² but the BBC Trust never undertook this test.
- The new BBC charter and agreement retain requirements for a "public interest test" on such changes, although considerations of "public value" are now treated as subordinate to analysis

of the "impact on fair and effective competition".³ The relevant responsibilities are divided between Ofcom and the new BBC Board, which took over BBC governance in April 2017; but neither body has undertaken any review of the increase in competitive tendering in radio.

- Sir David Clementi, chair of the new BBC Board, rebuffed NUJ requests for a review of the increase in competitive tendering, referring us instead to the BBC executive – despite the fact that the relevant statutory responsibilities lie with the Board itself.

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Concerns about BBC management's handling of the increase in radio tendering

- BBC management has chosen to divide the tendering requirement very unequally between BBC national radio networks, from c. 45 per cent for R1 through c. 65 per cent for R4 to 100 per cent for 6Music.
- BBC management has chosen to increase tendering at a faster rate than necessary to achieve the target of 60 per cent by 2022, causing unnecessary stress and uncertainty.
- BBC management has repeatedly refused union requests to introduce safeguards into the tendering process that would prevent a race to the bottom on price, for example a "minimum price" rather than a "guide price" in commissioning briefs, to ensure bidders compete to produce the best possible programme for the budget available rather than to offer "more for less".

Results in year one of increasing tendering

- BBC in-house production departments have done better than expected in the first year, maintaining approximately the same level of output overall.
- No tendered strands changed hands on 1Xtra, R4 or 6Music.
- One strand on R1 and two on R2 were won by independents from in-house production.
- Concerns about indies' capacity to cope with live daily strands have not been allayed by recent experience regarding the R2 Early Breakfast Show. In less than six months of this strand being produced by indie Wisebuddah (who won it from in-house production), BBC staff have been obliged to step in to keep the show on air on at least five occasions.
- Two strands on R3 were won by independents from in-house production. However, the second-largest strand on R3 (Essential Classics, c. 750 hours per year), previously ring-fenced for indies, was won from indie Somethin' Else by the BBC in-house production department.

Impact on BBC in-house radio production and the independent radio production sector

- Despite the good performance of in-house production so far, more than 20 redundancies are already being made in BBC radio content production departments.
- In-house production staff report that the new commissioning process has infantilised their relationship with commissioners, replacing creative dialogue with enforced deference.
- Anecdotal evidence suggests that there was a significant increase in cases of stress-related illness in BBC in-house radio production departments in 2017.
- The new process has also introduced extra layers of editorial oversight, resulting in duplication of work and a waste of time and money.
- According to a 2015 survey by Enders Analysis, whose findings still appear valid, over 95 per cent of the total income from broadcast output of all independent UK radio production companies comes from the BBC; and the market in UK radio production beyond the BBC is static.⁴
- Since indies – then and now – produce around 20 per cent of BBC National Radio output, the total income of UK radio indies from non-BBC broadcasts equates to c. 1 per cent of BBC national radio content spend. Therefore the amount of additional BBC radio output being tendered each year is many times the annual output produced by independents for other broadcasters.

The NUJ agrees with the judgement of former controller of Radio 5 Live Roger Mosey that the huge increase in competitive tendering is "a daft idea that could destroy in-house expertise for little or no financial gain" (The BBC faces down the digital disrupters, FT, 12 July 2017).

Supporting documents

1. The BBC Trust's preliminary verdict on the proposal to require 60 per cent tendering in BBC Radio 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."*⁵

2. Fears over plans for BBC Radio (Letters to the Editor, The Sunday Times, 6 November 2016) www.thetimes.co.uk/article/letters-to-the-editor-lrfdxdnv

"As radio professionals, we are extremely worried about the proposal (in the draft BBC Charter and Agreement) to put 60% of BBC national radio output out to competitive tender. Over the past 20 years BBC Radio has gradually increased external commissioning from zero to around 20% of output. This gradual increase has fostered evolution while maintaining stability, allowing BBC Radio to sustain its international reputation for excellence. The proposal to increase competition to 60% by 2022 threatens severe damage to that excellence."

The BBC Trust advised the government that "There are 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 proposal as it stands would mean an extra 3,000 hours of output being put out to tender every year. This is poor value for money: the cost of commissioning-related administration will increase, but money spent on actual programmes will be cut, squeezing radio budgets that both external and in-house producers already find barely adequate. It makes no sense to spend less on making programmes while spending more on the cost of commissioning them. This sets bureaucracy above creativity."

Furthermore, the inevitable large fluctuations in commissioning will imperil both BBC in-house production – not least its role as training ground for the wider radio industry – and smaller independent production companies. Long-term planning will be extremely difficult and the resulting increase in the casualisation of staff will further endanger programme quality."

We urge the government to reconsider the present proposal and approve a significantly slower change to protect the interests of BBC licence fee payers."

Dame Jenny Abramsky, Dame Joan Bakewell, Sir John Tusa, Andrew Marr, Misha Glenny, Professor Jim Al-Khalili, Roger Mosey, Nikki Bedi, Jarvis Cocker, Richard Coles, Sheila Dillon, Dr Kevin Fong, Frances Fyfield, Robin Ince, Paul Jackson, Dr Heather Jones, Suzy Klein, Kirsty Lang, Andrew McGregor, Maria Margaronis, Professor Mark Miodownik, Aasmah Mir, Libby Purves, Sean Rafferty, Nick Rankin, Tom Robinson, Martin Sixsmith, Francis Spufford, Sean Street, Tom Sutcliffe, Fiona Talkington, Laurie Taylor, Geoff Watts, Peter White, John Wilson, Julian Worricker, Naomi Alderman"

¹ "(1) The BBC must secure competition between BBC producers and external producers (whether independent producers or not) as follows- [...]"

(b) 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; [...]" [from para 7 (1), on p. 61 of

http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/2016/agreement.pdf; terms are defined on pp. 61 and 62; the provisions apply only to BBC national Radio, not local radio].

² See para 2.3.5 on p. 16 of [Options for changes to the supply arrangements for the production of the BBC's television content, radio content and online content and services](#). This document was submitted by the BBC Trust to the DCMS in February 2016. Discussion relevant to the proposal for competitive tendering of 60% of BBC Radio can be found on pp. 15–16 [Key findings and conclusions] and pp. 34–41 [detailed discussion].

³ See, for example, pp. 8–11 of the Agreement cited in note 1.

⁴ p. 9 of [RIG Business Census](#); pp. 7, 8, 9, 13 of [Opening up BBC Radio production to the independent sector](#).

⁵ Paras 2.3.3, 2.3.4 on p. 16 of [Options for changes to the supply arrangements for the production of the BBC's television content, radio content and online content and services](#).