Review of BBC Local Radio

Report prepared for BBC Management

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February, 2012
Preface

In November 2011, I was asked by BBC management to review the operations of BBC Local Radio.

The brief was to examine the working practices of the local radio network, to investigate areas of possible savings without impacting the on-air performance and review the current levels of management and back office staff. This work was conducted over a short period of time and therefore my findings can only be considered to be an overview. Furthermore, this is my personal opinion based on what I have learned and is certainly not meant to be a detailed cost analysis of each station or the network as a whole which would require extensive and detailed work to be carried out over a longer period of time. In addition, the savings are approximate totals and are not meant to be precise.

While my task was not to review content specifically, I did so if I felt it impacted on the cost of running local radio or where it provides context, colour or background to a particular point. Where practical, I have offered a solution to any issues uncovered if it is not contained within my main findings and recommendations.

The review was carried out between the 11th November and the 9th December respectively and nine stations were visited within the network portfolio. These were Cumbria, Essex, Merseyside, Shropshire, Nottingham, Tees, Manchester, Oxford and BBC Sussex and Surrey. I was assisted in this task by the BBC’s Policy and Strategy team.

The cost of running Local Radio in England is provided by the BBC’s annual report and I have accepted that information as correct. Where additional financial or other information was required it was provided either to me or to BBC Policy and Strategy, by the Radio Stations or by BBC English Regions Finance.

Everyone I met, without exception, welcomed my involvement in this project. The staff were enormously helpful and seemed to appreciate an independent observer taking the time to visit them in their respective locations.
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Introduction

BBC Local Radio delivers an excellent service, staffed by dedicated professionals, passionate about delivering a much-valued output of local news, information and entertainment to a large appreciative audience.

Audience levels show signs of stabilizing after a long period of decline from 2005. However, while weekly data is important and is the recognised industry performance metric, audiences for BBC Local Radio over a rolling four week period are particularly impressive as lighter listeners come in for big local stories alongside Sport and Specialist programming. This longer view performance should not be discounted when evaluating the impact of local radio within the respective communities they serve.

The original Delivering Quality First (DQF) proposal requires Local Radio to find savings of £15.0m, spread between scope and productivity. I have concluded that the maximum total value of savings that can be made without affecting quality is approximately £9.0m, but this can grow to £11.0m or £4.0m short of the target if Managing Editors are shared. This is because any further savings comes with a risk of reducing current audience and importantly, damaging the quality of the output and the role of the BBC in each respective market. As a consequence I am suggesting slimming down the BBC’s initially proposed scope savings and, to compensate, an increase to the productivity savings including taking a bolder approach to the role of Managing Editors alongside some longer term initiatives.

Regarding scope, I am suggesting only £2.6m of the £8.5m original savings can be achieved without risk to quality. The DQF savings in afternoon, evening and weekend sharing and the loss of specialist programming would impact the quality and localness of the service too greatly to justify the saving. Where savings are necessary, I have suggested that they are found in the evening off-peak periods in order to keep stations local in daytime and retain sufficient budgets to protect journalism and sport output.

However, in productivity, I have increased the savings from £5.3m to £5.5m, following discussions with the stations that indicated this was achievable. A further £2.0m can be saved by sharing Managing Editors over two stations, an initiative unaccounted for in the present DQF proposals.

This does, however, leave a gap which I believe could be addressed through additional initiatives, some of which can be completed within the timeframe stipulated by DQF, others that would take more time.

These include people initiatives and further investigation into centralised costs. On the people side, there are potential initiatives around further delayering of management and reviewing remuneration levels. Centralised costs, such as HR systems, sports rights and other corporate functions, are a much larger proportion of the BBC’s local radio station budget than any commercial local radio network in the UK would expect to see and could be driven down by rethinking the incentive scheme behind the centralisation / decentralisation of costs, as well as defining a renewed negotiation strategy. Finally, I have also suggested initiatives that could be tackled in the longer term including reducing costs of the property estate and improving productivity of IT but these will not reap their benefit within the DQF savings period.

The report is in three parts:

Section 1 - Main Findings

This section will summarise my findings following visits to nine radio stations and from occasional discussions on the telephone. Where I was unable to clarify information personally I have said so. The comments are not individual to a particular station but instead sum up my overall impression. I also conducted significant desk research to qualify statements or to check facts.
Section 2 - Perspective on DQF proposals for Local Radio

This reviews the original Productivity and Scope proposals put forward in the BBC’s Delivering Quality First (DQF) programme to save £15m from the budget. I comment on how those proposals might affect the output in the future and what the impact may be in delivering the Service Licence.

Section 3 – Conclusions and Recommendations

The third and final section outlines my final conclusions and recommendations.
Section 1 - Main Findings

1.1 Background and Market Data

1.1.1 BBC Local Radio operates a network of 40 stations inclusive of BBC London. Morale is generally good although there is, perhaps naturally given the proposed cuts, some dissatisfaction that their talents are not as appreciated as highly as they could be. At times, this can create a ‘them and us’ mentality with many feeling they are second-class citizens within the Corporation compared to the more generously funded national networks.

1.1.2 While understanding that frustration, it would be wrong to approach this task by comparing BBC Local with any other BBC network. Even if that were sensible, it would only provide the wrong metric for comparison and in turn offer little value to the task I was set. Instead, the key question worth evaluating is if local radio provides value for money as a stand-alone unit and if, under its present remit and after the proposed cuts, it can maintain its core objectives and quality thresholds within its Service Licence.

1.1.3 Official audience figures since 2009 have started to improve against a long period of decline although both loyalty and market share performance continues to fall sharply, down 16.5% and 20% respectively from 2005. Surprisingly, given the remit of local radio, the sharpest decline is within the 55–64 demographic.

Table 1: BBC Local Radio England Audience data

<table>
<thead>
<tr>
<th>Year</th>
<th>Reach %</th>
<th>Reach</th>
<th>Av. Hours</th>
<th>Market share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>19.8</td>
<td>7.9m</td>
<td>11.5</td>
<td>10.5</td>
</tr>
<tr>
<td>2006</td>
<td>19.3</td>
<td>7.7m</td>
<td>10.7</td>
<td>9.7</td>
</tr>
<tr>
<td>2007</td>
<td>18.5</td>
<td>7.5m</td>
<td>10.6</td>
<td>9.6</td>
</tr>
<tr>
<td>2008</td>
<td>17.1</td>
<td>7.0m</td>
<td>10.0</td>
<td>8.5</td>
</tr>
<tr>
<td>2009</td>
<td>16.2</td>
<td>6.7m</td>
<td>9.5</td>
<td>8.0</td>
</tr>
<tr>
<td>2010</td>
<td>17.8</td>
<td>7.4m</td>
<td>9.2</td>
<td>8.2</td>
</tr>
<tr>
<td>2011</td>
<td>17.4</td>
<td>7.3m</td>
<td>9.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Percentage Change</td>
<td>-12.1</td>
<td>-7.6%</td>
<td>-16.5%</td>
<td>-20%</td>
</tr>
</tbody>
</table>

Information provided by RAJAR. Table highlights Q4 each year.

1.1.4 Over the same period, the 50-plus market has risen by 4.8% or 1.6m from 33.5m to 35.1m adults.

1.1.5 However, by way of some comfort, weekly reach figures as such fail to catch the many thousands of extra listeners that tune in over a rolling four week period. Indeed, there is no indication that light listeners, those who may tune in when a big local story breaks or for sport and specialist programmes would value their local service any less than a weekly listener and therefore their contribution to the network should not be discounted. For example, commercial radio uses this data when planning commercial campaigns and the BBC should do the same when reviewing value and market impact. When looking at four-week data, any station would expect to see a lift in total

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1 UK Population Data 2004 to 2011
audience and BBC Local Radio see figures jump from 7.3m adults a week to 11.2m\(^2\) and is perhaps a much fairer reflection of its overall performance. Furthermore, over the total 13-week period, audience levels increase again to 14.3m adults, representing a healthy 34% or just over a third of the total England adult population. While these are rounded figures and monthly data is projected, it does highlight that even though audiences are declining, it remains a very popular service.

1.1.6 The Service Licence for BBC Local Radio is an important document that outlines how each service should operate and where content is to be harvested. Such direction from The Trust has a direct effect on costs. In reviewing this document, I asked myself what structure I would have to put in place to reasonably deliver against those core objectives. I then compared my own structure with the BBC plan post DQF. Where and when there was an imbalance, I looked at how and why that occurred. I also reviewed workflow of staff, examined the infrastructure and took note of any current management direction on procedures.

1.1.7 There is no doubt that a predominantly speech-led service is going to have more staff within its ranks than a music-based service but that should not reduce any effort to bring down costs across salary levels, structures, efficiency of content delivery, buildings, facilities and IT. My report will deal with each of these areas respectively and offer conclusions on how best to address these going forward.

1.2 Service Licence

1.2.1 The BBC Local Radio Service Licence, available publicly, highlights the minimum obligations that each of the 40 local radio stations in the network must deliver. It is non-negotiable, detailed and ambitious\(^3\). The key points are:

<table>
<thead>
<tr>
<th>Local Broadcast Hours: 0500 to 0000hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primarily speech-based programmes on news, information and debate. All speech at peak time in breakfast and drive.</td>
</tr>
<tr>
<td>Target audience is listeners aged 50-plus.</td>
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<tr>
<td>Strong emphasis on interactivity and audience involvement</td>
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<tr>
<td>Programmes should be high quality, original, challenging, innovative, engaging and nurture UK talent.</td>
</tr>
<tr>
<td>Should make a valuable contribution to sustaining citizenship and a civil society.</td>
</tr>
<tr>
<td>Hold elected and non-elected decision makers to account on a regular basis</td>
</tr>
<tr>
<td>Broadcast at least 85 hours a week of local programmes (equivalent to 64% of air-time)</td>
</tr>
</tbody>
</table>

1.2.2 Management requires that the bulk of a station's resource is focused on the breakfast, mid-morning and afternoon drive programmes. This is a reasonable approach if the ambition above is to be met.

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\(^2\) Monthly data is based on predicted RAJAR cumulative audience.

\(^3\) BBC Local Radio Service Licence. [www.bbc.co.uk/bbctrust](http://www.bbc.co.uk/bbctrust)
1.3 The Local Radio Brand

1.3.1 There is a sound to BBC Local Radio that one expects to hear. It houses a confident tone suggesting quality with friendliness that provides local information and a platform for a wide range of local debate and discussion. Presenters are experienced with a number of them personalities in their own right. Most live within the community and would therefore be expected to know the area and raise the issues in an informed manner. Calling local government to account is a frequent obligation and an essential part of a local station’s output, especially when other local media is falling away. While spirited interviewing techniques can be engaged, the sound is generally courteous, with local news and dedicated content central to the output. BBC Local Radio maintains its distinctiveness in daytime in particular through delivering this remit. They are less distinctive outside of peak time hours.

1.3.2 When an important local news story breaks, communities often tune into their local service expecting a level of reporting that represents all that is good about the BBC. Quality in itself is hard to define but listeners would never expect standards to drop below what they might expect to hear across other parts of the BBC universe. This is an objective that must be maintained if the BBC brand as a whole is to avoid erosion in the minds of UK citizens.

1.3.3 An important part of a local station’s success is the individual personalities found within its output, many are currently scheduled in the afternoon slot. While news and content, quite rightly, play an integral role, very often the much-loved local personality is the glue that holds it all together. They allow local radio to smile at itself, giving listeners a chance to breathe and go about their daily routines without having to 'listen intently' to every word. As such, they are often undervalued within the overall output.

1.4 People, Programmes, Content

1.4.1 Despite obvious concern about their future, I found the staff to be generally in good spirits and the ability of those I met was impressive. Some stations were more focused than others but quality was mostly good from multi-skilled teams who seemed much more adaptable than many in the established UK networks.

1.4.2 The organization of staff appeared a little unwieldy, in that there are too many people with management responsibility of some description. I counted at least four such roles in most of the operations I visited from Managing Editor, Assistant Editor, News Editor and another with a range of programming or operational duties. For the size of each station, it is overly complicated.

1.4.3 I was particularly interested to learn how many people seemed to be away from or at the station on attachment. While I understand the ambition, and applaud it to some extent, this process can work against you when staff numbers are tight and especially if the length of attachment is longer than three months. When the attachment is not backfilled by another, this can provide a financial saving to the budget. However, if the role in question can be absorbed into the team while they are elsewhere, I would argue that saving should be permanent. I also noted at least one member was ill in each of the locations I visited. Multiplied across the network this is a significant reduction for any company to endure and it did not appear unusual. The smaller the workforce, the more profound this becomes, adding greater pressure onto everyone shoulders with a view that 80% of the staff are doing 100% of the work.

1.4.4 While at each location, I spent time meeting the team and sat in on Breakfast or Mid-morning shows or sometimes both. The general number of people working on breakfast was about seven or eight. One station I visited had a double-header breakfast show although I understand this is quite common. The breakfast show was often set up as follows:
Most stations invest in their own traffic and travel reporter at breakfast and drive which, on the whole, was beneficial if ‘the best local traffic information’ is considered a key local selling point. The bigger stations in the big cities simply used the more cost effective feed from Trafficlink and again this was sensible as they often focused on the main traffic arteries in their area. A live and dedicated sports reader at breakfast can be a luxury as is a record librarian, which I found in one location.

1.4.5 The breakfast shows are editorially sound. The structure of these offered insight into the topics under discussion and there was ambition to offer the best audio it could deliver. Of those I visited, a number of stations had a reporter out in the field gathering quality audio or interviewing someone live for the key programme of the day. Unfortunately, out of the nine I visited, at least four had a problem of some sort that prevented audio getting to air in the quality envisaged. This was not a fault of staff, but a fault of the equipment. One reporter said they never know for certain if the equipment will work on the day; a regular problem I will comment on later.

1.4.6 I came across a varied approach to the programme that links mid-morning and the drive-time show. The four-hour afternoon segment was either presented by one person on air the whole time, or it was split into two shows with two salaries. Two shows of just two hours duration at a time of the day when local content is less distinctive, and budgets are tight, is questionable.

1.4.7 The value of station sound was raised to me within each locality as important in that a local person understands the output and can shape the promos more effectively. The role is to offer up short pieces of audio that tempt listeners to tune in at a certain point or to remind us of local radio’s importance to the community. One of its core tasks is to invite lighter listeners to sample the station more often. We know from the point made earlier that BBC Local Radio enjoys a significant number of listeners who tune in for specialist programming or sport. Yet, I heard few trails promoting the station as a whole when these programmes were on – a missed opportunity. While I have some sympathy with the view that local knowledge can be a positive when producing trails, experience has taught me that, in practice, station sound is one area that can be regionalized without any loss of quality.
1.5 Journalism

1.5.1 The standard of journalism is good and indeed impressive at times. I was particularly pleased to see the attention to detail that went into the preparation of bulletins, research, thought processes and reporting. I witnessed relevant debate on why an agenda was chosen and all members of staff were encouraged to bring possible local stories to the table. Post-bulletin reviews took place on a regular basis and there was a willingness to improve.

1.5.2 Many of the really big local stories were driven across the day adding colour and context to the output. There were certainly less ‘silōed’ operations than I had expected to see with a number of staff working for the benefit of each other. I thought each station I visited housed a full complement of journalists and yet I was surprised to note so many were outside the age range of the target audience demographic. A balanced newsroom in experience and age is important if the target market is going to be well served. In addition on-line journalists seemed to be operating separately from everyone else. I understand that the BBC has a focused vision for its on-line news delivery and this, perhaps correctly, contrasts with the style of commercial radio, who often use the same radio team to deliver their on-line output. It did appear as if there was room for further debate on the role of on-line journalist within a large radio news team. It could be argued this is a doubling up of resource, even with their different objectives.

1.5.3 A number of lead stories came about after staff had time to research material beforehand. This luxury is not generally available to commercial radio which operates locally on fewer staff numbers. Audiences to BBC local radio expect their station to keep local government on their toes and it is right that the BBC fund this appropriately if journalism is to remain as a core thread within the output.

1.5.4 The producers I met were good but again were often younger or less experienced than the presenter of the show they controlled. Pleasingly, this did not detract from the quality of the output and from producing the show with great skill. They were also able to prevent the talent from going off on a tangent. This level of production has to be maintained.

1.5.5 The quality of the audio was generally high with a real ambition to not just deliver clips or comment but to find a story that enriched the output. I particularly enjoyed the desire to bring a range of voices to air. Local voices, relevant stories and interesting debate must remain central to the output and is part of their distinctive sound.

1.6 Sport

1.6.1 Sport is clearly a trump card. Many listeners tune into local radio for their sport fix with commentaries and reporting often exceptional. Research confirms that listeners see real value from their BBC station as a direct result of this particular part of the output.

1.6.2 The urge to have a local sports reporter reading live on the air all day is somewhat extravagant unless the story is exceptionally complicated or a 1-2-1 with the presenter is required. Where I would continue to invest is in the production of the sports programmes themselves and local commentary teams. BBC Local Radio often delivers a different tone to that of their commercial competitors but as so many in Independent Local Radio (ILR) have turned their back on local sport coverage (not all), the BBC is very often the only avenue for real time information for local supporters.

1.6.3 I believe the BBC does not achieve value for money for some commentary rights and can fail to negotiate for Premiership rights within a reasonable cost window. It is precisely because local sports coverage is deemed to be so important to a local radio station’s output, that the local management team should not be involved in the negotiation of those rights. There is some evidence that the BBC are trying to resolve this issue by asking the BBC Head of Sport to become
more involved with the setting of local pricing parameters as the cost sits within the centre. This would be positive if it were not for the fact that none of the cost of these rights are recharged back to the station, negating any ambition to achieve the best price by anyone locally. The BBC must recharge the costs to each station accordingly so that budgets are monitored more effectively, a proper evaluation of sports rights and content can be determined and furthermore, it must adopt one of two strategies in order to keep costs as low as possible.

The first is to place local football rights into the central BBC Sports deal when negotiating the national agreement with The Premier League or, the second is to have one experienced and skilled negotiator in place that handles all negotiations with the clubs on each station’s behalf.

1.7 Compliance

1.7.1 I was heartened to see lower levels of compliance taking place than I experienced at the national networks. While it is still excessive against the risk involved, the amount of time in this area is approximately only four hours a week. Managers felt it was not intrusive to their workload but it was a task they would rather not be doing. I have some sympathy with that view, as anyone listening to pre-recorded shows is adding extra cost to delivering that show to air. I would negate this by removing permission for specialist shows to be pre-recorded at all, especially as some are recorded for the benefit of the presenter and not that of the listener or the station. Of course a few are unable to be delivered in this way and I recognize that but the ambition must be set if you are going to reduce the compliance burden. Having said that, it is not a big issue in local radio and it was rarely raised as one.

1.8 Management

1.8.1 When I first began this project I thought the position of Managing Editors within a renewed management structure could be a potential saving. While it is, I have come to the end route described is a slightly different way, mainly because I believe they have more to offer. What is absolutely clear is that there are too many people with management responsibilities and that a slimmer structure is required.

1.8.2 In evaluating the best senior management structure for local radio, there are two possible routes one could adopt. The first is to have one Managing Editor for each site, taking on more of the day-to-day editorial responsibilities than is currently the case and erasing the role of Assistant Editor. I could see how this might work and there is some logic to this approach. The second, and my preferred route, is to share the role and the vast experience of the Managing Editor over more than one station, perhaps over a cluster of two or three. It brings with it a far greater cost saving, retains experience and lower level staff can grow more quickly into a new structure.

1.8.3 One of the current difficulties for Managing Editors with an Assistant Editor in place is that a single station may not provide a sufficient workload. The result is that they can overly interfere with the people charged with getting on with the job. Any station that houses editorially strong teams should be more than sufficient to manage the day to day operation, even with their editorial objective. However, some of the Managing Editors are so good and so experienced their knowledge should be passed on to a wider audience as a priority before it is lost in their impending retirement. For example, a single Managing Editor across Nottingham, Leicester and Derby would seem far more sensible than staffing up with individual expensive senior management in each location. In this way, the new regional editors would stop micro-managing, the managers manage the output and the team benefit from a clearer reporting line. In effect you remove duplication, increase value and retain and share vast experience where it matters. You also save the roles of staff at the shop floor level.

1.8.4 Of course, the above proposal would require that Assistant Editors have the right level of experience. In this regard further training may be required in certain areas.
1.8.5 On a general management note, Managing Editors rarely knew the costs of anything outside of their own particular remit. So much has been centralised – that it now works against them in running an effective unit. Tales of window cleaners travelling hundreds of miles with a bucket, companies taking three days to fix a door, and coming from a different county to do so, are now part of local radio folklore, but it does highlight how centralization can appear destructive, whatever the central benefits. The BBC should properly assess what is centralised and what is best looked after locally in order to speed up productivity and save costs.

1.8.6 The role of Head of Regional and Local Programmes (HRLP’s) is outside of my scope and I did not spend any time evaluating their positions. However, I understand that the total number and the shape of the regions is currently under review and this is a sensible evaluation, especially if my regional editor positions were put in place A reduced structure allows for a greater speed of decision-making and is a much more creative use of their talent and time, not to mention a significant cost saving. It should be noted that in all of the management points above, a new structure is not automatically a threat to the editorial management of content.

1.8.7 I came across a number of instances where the difficulty of removing underperforming staff was raised. Managers complained that it was slow and in the end, some of them just gave up trying or hoped to move on the under-performing staff member via an attachment. Nothing disappointed me more than this comment. A good manager must invest this time for the benefit of all those who perform brilliantly. It gives an impression that poor performance is tolerated rather than dealt with and a time-consuming system is never an excuse to avoid responsibilities.

1.8.8 Similarly, presenters who are staff and not under contract offer some support of my point although they are a slightly different case. Some stations have talent on the air that managers believe are no longer the right person for the role yet as they sit under the staff line, they feel unable to tackle this problem without a great deal of hassle. As one staff presenter told me: “I am staff, they cannot sack me and if anyone is going, it will have to be someone under contract or a freelance’. One even believed his staff status meant he was ‘Teflon’ and no redundancy notice could be stuck on him. While this is incorrect, his belief is part of the problem and the perceived lack of action to date underlines this. A small number of the stations within the portfolio are well on the way to having only contract staff on air and this is good management. No radio station that aims to deliver the very best product to the community it serves should ever find itself in a position where structure and staffing legalities dictate output.

1.9 Employment Costs

1.9.1 The cost of employment within BBC Local Radio is a very high proportion of its total costs. It is, in my view, out of kilter with the market as a whole and in particular at the higher pay grades. It is greater than I expected to see and note here, that I am taking into account the level of journalism and content they broadcast.

1.9.2 Where there may be a valid argument that salary levels as such reflect the true skill and experience of some staff, it is the total cost of employment that is more worrying. In this regard, the cost of individual salaries can jump by as much as 25% and this covers pension rights, unpredictability allowances and for some, even a scheme called ‘growth in job’ payments which can give a member of staff who hasn’t been promoted an additional payment of £4,600 after six years’ service. These schemes are not the fault of the people, but the fault of out dated working practices contained within national agreements and as such, they need urgently addressing. Taking all of the above into account and while recognizing that the majority of staff may earn a basic salary of under £30,000 a year, these practices ensure employment costs soar. Put simply, the cost of employing staff to run a local radio station is expensive. Staff that, on the face of it, may be earning £30,000 a year cost a lot more than that in reality. Because of this, those earning over £30,000 actually cost over £40,000 with a handful tipping over into £50,000. While there may be a counter argument that journalists in commercial radio are underpaid, few would not agree that these pay and conditions are surprisingly
generous when compared with digital, commercial radio and the print media in general. In addition, and perhaps most worrying of all, I discovered management are powerless to control salary increases to any member of their NUJ staff due to national agreements, even if they believe these increases are non-deserving. No-one within a publicly funded organisation in 2012 should expect an automatic increase in salary without management approval.

1.10 Recharges

1.10.1 Of the £115m budget, 38% is made up of central costs. This includes transmissions, central management functions, network departments, buildings, contribution of news content and facilities and much more.

1.10.2 38% appears to be higher than one would expect to see for central charges although it depends very much on what is included. In trying to determine what a realistic figure might be I contacted the Finance Directors of a number of commercial radio groups in the UK. While specific detail was withheld under confidentiality, they all confirmed that on a best like for like (non-commercial roles) comparisons, their recharge floated somewhere between 21-25%, dependent on the structure they employed. Even taking into account a risk of discrepancy and adding in extra value of being part of the BBC structure, it is hard to imagine why central costs would exceed 30% of the total £115m budget.

1.10.3 On further investigation, the answer would appear that the central costs do not reflect the true charge of the central functions at all. Instead, the BBC has a policy of allocating a proportion of all its costs across its many operations and in doing so clouds the water somewhat. While this internal policy may help the BBC in the round it does not help anyone in determining the real cost of local radio. Importantly, this policy of operation highlights that the costs of BBC local radio could be disproportionately high and not as expensive as the Service Licence would suggest.

1.10.4 In saying this, I found that the present total budget for local radio is more than adequate especially as it is not the real cost in any case. As with the national networks there are some anomalies. For example, local radio has an important role to play in local sport and, in particular, football. I learned that the cost for commentary is negotiated via the Managing Editor of the station meeting with the local football club and a price is determined. That cost is forwarded internally within the BBC for approval. When approval is given, this cost is never recharged back to the station budget but held somewhere in the recharge line. The point is this practice removes any incentive for anyone at a local level to achieve any saving whatsoever.

1.11 Facilities

1.11.1 Changes in broadcast and information technologies have been the main drivers for cost reduction over recent years. The latest studios, all matched up in technology terms, journalists able to report stories direct to air and on line at the same time, automatic music reporting software and of course the latest editing facilities used in the field and in the studio, are now common place as they bring down costs. Indeed, such is the speed of development, a modern radio station progresses in giant leaps, often on an annual basis. Both TV and Radio have reduced staff numbers over the past two decades as these facilities came on line. This benefit is further enhanced when broadcast facilities are housed within a modern building that allows for all forms of technology and modern workplace practices to come together. This is especially so when content rather than music is central to the output.

1.11.2 I was genuinely surprised by the lack of investment in facilities in BBC Local Radio and in many ways this is a barrier to reducing staff numbers. Facilities can fall below that found in community radio and one or two, I am told, are close to not being fit for purpose. 15 stations within the 40 are operating analogue desks that were invented over 30 years ago. There is a very small handful of commercial companies in the same boat but as music forms the main part of their daily diet, they
can often make it work. It is very different when delivering speech-based content and what many BBC stations do now is jam digital technology into an analogue system – never a good idea. It could be argued that staff deliver their output in spite of the equipment and credit is due to the many technical and engineering staff that they continue to work to any effective level at all but stories from staff and my experience in this tour have shown that this old equipment is starting to affect output directly.

1.11.3 As an example, of the nine radio stations I visited, four had equipment failures on their key breakfast programme. In addition, reporters were recording interviews in the field with no obvious means of sending the recordings back without physically having to return to base. Frankly this is an amazing observation to write about in these high-tech times. Editing facilities are antiquated and slow and Quick Edit is ‘quick’ by name only. Studios are clunky and time-consuming. Radioman, the BBC in-house system was good a decade ago but it is now outdated. The BBC does not have to invent the wheel each time and for an affordable cost they could buy any number of reliable systems that have been tested around the world and work brilliantly - even for stations with high content demands. It also provides far greater time management potential and a quick music reporting facility. At one point I watched as audio from one part of the BBC had to be put through a time-consuming conversion system as the technology is not matched up across the networks. Hardly one BBC!

1.11.4 Surprisingly, a large number of the BBC Local stations suffer from being housed in buildings that are outdated, unwieldy and expensive to run. Desk research and information provided by the BBC shows many had originally been secured under very long leases of 20, 30 and even 40 years. Many were signed off without a single break in their long contracts, although I understand this was the product of an arrangement to release cash back into the BBC under a sale and leaseback scheme. While these leases are now reducing over time and some still have more than 10 years to run, it does hamper the ambition to provide the very best facilities to all local stations within the network as it is difficult to move to new premises without it being hugely costly to exit. Rental terms for new buildings are often lower than the BBC currently pay for these over-sized, outdated and ill equipped facilities and as such they miss out on the opportunity of operating within a reduced staffing structure and delivering content to air quickly. I have suggested in section three how to deal with this.

1.12 BBC Contracts

1.12.1 In an effort to reduce costs, the BBC has contracted itself to a range of companies and service agreements that are always going to be more expensive for local stations to operate within. Experience tells me a central procurement team will always increase costs for smaller stations as they have to take into account the greater good of their much bigger role. I can understand therefore how the BBC decided that the number of buildings, platforms, detail and more should be outsourced as an objective and how this could have generated significant financial savings in the round. Indeed, the big city/big buildings/big task projects should continue to be operated in this way. However, local radio suffers from this style of centralisation.

1.12.2 The BBC should consider putting in place a system where they can lift their local radio stations out of selected national contracts and work regionally to more effect by putting some of that national budget into local hands. In doing so they would get greater speed of service, much more dedicated teams and ensure maximum cost efficiency.

1.13 Radio England

1.13.1 The demand for reducing the operating budget within BBC Local Radio will not go away. Tough choices have to be made and I believe retaining a local output in daytime and weekends is paramount to the future of the local radio network. Radio England is a working title for the new network show across the evening and yet, I found very little opposition to this as an idea internally
and indeed it has great value and should be explored further. The evidence is compelling. Local radio is mostly regionalized post 2200hrs and as such presently offers the listener very little by way of localness at all. There is absolutely no evidence to suggest that keeping it local with good but not great talent will alter listening patterns. It is also true that some regions are more suited to regionalization that others, but after extensive listening over a three-week period, I found very little content that can be accurately construed as distinctive or local in this time band.

1.13.2 It follows that a new evening show delivered for the local radio network should be considered carefully with stations able to opt out for local sports coverage. I have highlighted the drop in popularity of BBC local radio since 2005. Furthermore, the biggest loser is the older demographic who are turning away from their local services as stations are no longer airing content aimed at their age group. A truly distinctive programme presented by engaging talent with a radio background and a format aimed directly at the 50-plus market will go some way to address this point. Furthermore the programme should have a high degree of speech content so that it is truly original and the show should not be commissioned until significant research has been carried out on the available audience gap. This proposal may not suit the local radio purist or those who value certain programmes or presenters, but if you have to save money then tough choices have to be made. It is time to think differently and if the present offering is not delivering, then you are faced with a stark choice. It is purely emotional and perhaps even political to stick with the present offering.

1.13.3 In fulfilling this Radio England objective, I would recommend that the Independent Production Sector is not overlooked as they very often have the ability and talent to deliver programming of this scale and quality. The presenter must not be pulled from TV but instead have knowledge, understanding and empathy with radio to make this show sparkle. After all, other BBC networks hand over many of their hours to the Independent Sector because they deliver outstanding programmes within a cost-effective budget. There is no reason why local radio should not benefit from this. To aid this approach I have added back into the savings 0.3m to fund this programme so that appropriate talent and production resource can be engaged.
2.0 **Section 2 - Perspective on DQF proposals for Local Radio**

In this section I first analyse the specific productivity and scope cuts suggested by the BBC in DQF, following onto my own perspective on the matter, and finally summarising it all into a table.

2.1 **Summary of the BBC’s Local Radio DQF proposals.**

2.1.1 The current cost to the licence payer for BBC local radio is £115m\(^4\). £71m is dedicated to content and people and £44m to central costs or 38% of the total.

2.1.2 I note that the BBC aims to reduce the central cost figure and this task is outside of my remit.

2.1.3 £15m from the content budget alone is expected to come from a range of what is called Productivity and Scope objectives made up as follows:

<table>
<thead>
<tr>
<th>Table 2: Total savings across BBC Local Radio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope Savings</td>
</tr>
<tr>
<td>Productivity Savings</td>
</tr>
<tr>
<td>Other Savings</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

2.2 **Perspective on Proposals**

While there has been an improvement over the past two years in audience terms, the fact is BBC Local Radio’s popularity is in decline when reviewed over a longer period of time (see page 5). While I have no specific research to call on to explain why this is occurring, it is likely to be a programming and perception issue. As my brief specifically excluded content appraisal, I would need to spend more time on this particular topic and evaluate any research available before I could offer a considered view. What I am confident about is that it is not a funding issue and the answer is not to play more music but to ensure the content is more distinctive.

2.2.1 **Perspective on Scope Proposals**

2.2.1.1 There is always a fine balance between making cuts and retaining an output that is popular, valued and distinctive. Programming is an art and not a science therefore in the end it is simply an informed judgment call. However, the risk in this instance is that any proposal that encourages listeners to tune out or not tune in at all, on a network that is already losing popularity, is a brave strategy to adopt. The objective is to work smarter, keep what is good, remove waste and focus on content that is distinctive, especially in peak time. The proposal to share afternoon programmes will simply accelerate the decline in listening and damage further the overall offering. The network cannot fall much more in terms of share and average hours without opening up a wider debate.

2.2.1.2 In Scope, I am also worried about the saving objective through sharing more on Saturday and Sundays as the attraction of engaging relevant content at this time of the week is undervalued. It is so often the place where diversity lives and many light listeners tune into their particular local station for this experience. These specialist programmes (some are currently aired on weeknights) are inexpensive and is a possible explanation why monthly audience figures jump so much from its weekly base. Carving out such a large saving from this part of the weekend schedule at the expense of localness, and at a time when listeners have more opportunity to listen, is high risk. If market share and loyalty is under threat, one must tackle that head on by evaluating, investing and delivering content that will attract an audience. It also has an additional benefit of offering the

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\(^4\) BBC Annual Report and Accounts 2010/11 page 2-73
weekday team a reason to promote the weekend itself, other than for Sport. I do agree with the
ambition to make savings in this area although again this is a judgment call. I have added some of
this funding back into the pot so that the majority of the saving can still be directed to this area.
Furthermore, you cannot undervalue the impact on a community by ensuring respected coverage is
maintained in dedicated sports programmes with individual commentary teams in place and a wide
range of specialist and unique programming is available. Sharing the commentary of individual
passionate reporters would weaken the offering substantially both emotionally and in content
knowledge.

2.2.1.3 While trying to protect the output I do believe savings can be achieved within Scope that will reduce
the risk of audience loss. While I cannot agree with the potential for £8.5m for the reasons stated
above, there is £2.6m of reductions to be collected. However, there are greater savings to be made
in Productivity.

2.2.2 Perspective on Productivity Proposals

2.2.2.1 Where we might disagree on Scope, we are at one on the productivity target although I get there
via a different route. Again there are some anomalies within this proposal as outlined.

2.2.2.2 As I understand it the aim within Productivity is to protect the staffing levels of the key breakfast,
mid-morning and drive-time output by saving in areas of Scope already highlighted. In theory this
might work but in practice it does not as the level of proposed cuts mean you are forced to move up
through the schedule taking out a number of staff dedicated to delivering the shows you hoped to
protect.

2.2.2.3 The debate therefore centres on what is the right number of staff for each station. The Managing
Editors tell me they may have to cut between 5 up to 12 staff respectively to achieve their target
and this varied number appears correct as there is no one organogram that fits all. Some are
different sizes with different output requirements for example. Furthermore five of the forty stations
are so small that they are not what I would call ‘full size’ operations and their budgets are less
accordingly. These are Surrey (breakfast split only), Jersey, Guernsey, Somerset and Berkshire.

Experience tells me there is room for a restructuring of roles and from the evidence I have seen and
collated it is hard to see why staff budgets could not be cut by c£150,000 per unit x 35 stations and
by £50,000 for each of the smaller ones. In total this saves a total of £5.475m. I have rounded this
to £5.5m for ease. This figure is more than the anticipated target within the original DQF savings
proposals.

2.2.2.4 While there is a slight variance to each station structures, Managing Editors also have differing
views on how to achieve their productivity goal. I believe the centre could help them with this task
by outlining a standard template of the basic level of staff required for each location. The Managing
Editors should use that template as a starting position for working through any future plan.

2.2.2.5 I fear there is a deep reluctance to move away from having individual Managing Editors for each
station although I have not heard any convincing argument why they could not successfully manage
a larger portfolio, if only two stations at a time. The risk of losing quality of oversight and their
contribution within a community is small and indeed the reverse is true in that the reporting line and
the workflow becomes easier for all concerned below this position. If the BBC were to address this
point it would, at a stroke, deliver up to an additional £2.0m in total cost savings and is perhaps a
more prudent way of achieving the savings plan. (Note: average basic salary for Managing Editors
is circa £60,000 but my numbers take into account the full cost to the BBC of their employment).

2.2.2.6 At the same time, the BBC has to make cuts and it was interesting to note that NOT ONE person I
spoke to disagreed with this ambition or the possibility of achieving staff savings. While they would
not offer up individual roles for discussion they were at one in raising their concern about the
number of people with management responsibility. This comment in not unexpected as staff do
have a tendency to blame management personnel when cuts are looming but in this case, it has
merit. If the number of people at the front end were protected so that content could be delivered, quality may be maintained. Nevertheless, where that is compromised, management have to balance the risk against the savings objective.

2.2.2.7 Suggestions to improve productivity:

- Streamlining internal management structures up to senior director level.
- Reducing the staff budget line in each station by £150,000.
- Improving sickness and absence levels and re-thinking attachment durations.
- Introducing Radio England off-peak.
3.0 Section 3 – Conclusions and Recommendations

3.1 Conclusions

BBC fulfills an important role across England with a range of programmes and journalism that is both appealing and highly valued. However, it does not have to be local 24 hours a day (it isn’t) and neither does it have to be expensive. It also has a duty to deliver its respected service licence at a reasonable cost while maintaining quality. I believe it can make savings without affecting journalism or the depth of coverage that is required. In addition, I have not monitored the speech levels but the requirement for a minimum of 60% in peak time is an essential part of the local radio output, indeed in my view the ambition should be set higher still.

However, in cutting as deeply as anticipated in DQF, there is a significant risk of reducing the level of audience even further and damaging the range and quality of programmes that sets these stations apart from other networks and competitors. Savings can be delivered less through Scope and more through Productivity. I have not agreed with the removal of the afternoon show as the risk of audience decline is too great and this therefore affects staff numbers. I am also unconvinced by the scale of ambition to share programmes on Saturday and Sundays.

Radio is an art form and the best practitioners have a knack of understanding their remit on pure emotion and gut feel. Research can help but the best in the world only use this as a guide, it is never their slave. There are good programmers in BBC Local Radio, significant research tools are used and the network has some great presenters, yet the audience figures for BBC local radio have been in decline for some time. It points to the need to revisit the core vision and content strategy if this is to be halted. Listeners must be served a range of distinctive programmes on local radio that offer choice and companionship and it must be delivered brilliantly and in a style that is all of its own. The fastest growing demographic is the over 50-age group, yet they now appear less well served than ever before so it is confusing why the network is not moving more quickly to fill this gap.

I have concluded that the maximum total value of savings that can be made without affecting quality is approximately £9.0m, £5.4m less than currently envisaged, but this can grow to £11.0m or £4.0m short of the target if Managing Editors are shared.

Staffing numbers can be reduced through cutting local budgets by £150,000 respectively (averaged out over 35) excluding any saving potential from the sharing of Managing Editors. Journalism and content within local radio is good with room for improvement in terms of structure and efficiency

Local radio must be more ambitious in the future. It must continue to invest in relevant content, exploring opportunities for more distinctive output at weekends and be brave enough to deliver network programming off-peak that, while less local, would be more appealing overall to the target demographic.
3.2 Key Recommendations

1. Protect the diversity of the output, reduce the risk of further audience decline and continue to invest in local programming in peak hours and weekends. Improve productivity by reviewing organograms, introducing sharper working practices and reducing general staff budgets at each of the 35 full service stations by £150,000 (£50,000 from the five smaller stations) saving c£5.5m (rounded figures).

2. This delivers savings of £11.0m if Managing Editors are shared or £9.0m if not with the proposed Radio England investment support.

3. Regionalise the role of trails and station production.

4. Introduce a ‘contract only’ system for all on-air talent within two years.

5. Review how Sports rights are negotiated and use the collective power of the BBC to negotiate a better deal with the Premier League and the FA either by adding this to their current radio rights discussions or employing a skilled negotiator to deal with football rights for all their local services. The BBC must avoid over paying both for content and against the market demand in local communities.

6. Invest in a distinctive evening programme directly relatable to the networks core audience. Provide sufficient budget to ensure the talent and ideas are supported to add value to the overall proposition. Increased spend potential £0.3m.

7. Introduce a simplified management structure within each station and give them the discretion and power to manage effectively. Introduce relevant management training below Managing Editor level and have a goal of a maximum of only 3 people with managerial responsibility at each site.

8. Deliver a considered list of services that could be better delivered under local budgets and provide appropriate support for placing under local control. Retain the benefits of centralisation where there is merit.

9. Maintain specialist programming and continue to regionalize this where appropriate.

10. Evaluate the current HR systems and work smarter to remove non-performing staff more quickly.

11. Investigate how staff salary levels can be reduced within the current agreements. Deliver a plan to pay staff according to skill, talent and local market conditions.

12. Re-evaluate the role of attachments within local radio and introduce a maximum three-month duration per person.

13. Ensure no specialist programme goes to air without the station delivering compelling audio trails that invite lighter listeners to sample the station at other times.

Future tasks

In business you do what you can achieve now and plan for the events of tomorrow. The areas listed above in my recommendations may take some time to implement but should be achievable well within the stipulated DQF time frame.

However, more savings can be found by:

1. Moving out of outdated buildings and into modern facilities with studios that are fit for purpose. I would urge the BBC to move from current lease and maintenance contracts at the earliest opportunity, through a range of effective measures and negotiation. It would be futile to update studio facilities without first evaluating the cost of moving to a new home.
2. Introduce modern IT and facility management locally. Buy studio equipment ‘off-rack’ and do not reinvent the technology wheel within a local framework.

3. Ensure reporters can send their audio back from the field using a range of modern communications including Smartphones and a range of other cost effective devices. Encourage an entrepreneurial spirit to develop.

4. Offer spare office space to the commercial sector where appropriate and share costs and back office systems.

5. Look again at how on-line journalists work within local radio and investigate the possibility of the present staff undertaking a number of their roles within their current workload.

Final note:

I was impressed with BBC Local Radio. The respective teams work hard and I enjoyed the experience of visiting the various centres across the duration of this project. The audience decline is worrying and it is one that requires further attention.

I would urge the BBC to move with its audience more effectively. People of all ages tune in to local radio but the growth of the 50-plus demographic is only going to increase and the opportunity is enormous for those who make this their home.

To win the BBC needs to invest in a mixed ecology of programmes, the right facilities, the most modern equipment, the best and appropriate number of staff and all within a reasonable reward structure that delivers compelling and distinctive local radio. If it can achieve this goal both the BBC and the licence payer will benefit. There is no future in flying low into a storm of competition when so many people over 50 are just waiting for a radio station they can call their own.