

Synergies within BBC Radio 1,  
Radio 2, 1Xtra and 6 Music

Report prepared for Tim Davie,  
Director of BBC Audio & Music

John Myers  
May, 2011

## 1.0 Introduction

- 1.1 In December 2010, I was asked by Tim Davie, the Director of BBC Audio & Music, to review the operations of BBC Radio 1, Radio 2, 1Xtra and 6 Music. The purpose was to examine how each of the stations operated and, benchmarking these with my wide experience of commercial radio operations, suggest areas where synergies might reduce the overall cost base of the networks, while protecting the quality of the current programming output.
- 1.2 The review was carried out from 24<sup>th</sup> January to the end of March 2011. Due to the nature of the brief, this work was conducted without a support team and therefore my findings can only be seen as an overview of where the management could focus their attention going forward. It is not meant to be a detailed cost analysis of the individual networks, which would certainly require more extensive and detailed work to be carried out over a longer period of time. My review did not include any analysis of the cost of talent, neither did I focus on the minutiae.
- 1.3 When financial data was asked for, information was provided in order to support my understanding of how each department was run. I had numerous meetings with each of the individual Controllers, who were able to walk me through their networks and answer any questions I had. I later cross-checked their answers against the reality of what I found during the time I spent at the BBC, conducting this review. I also looked into areas of the operation which the staff themselves suggested I might explore.
- 1.4 Without exception, I found everyone I met within the BBC to be open and refreshingly honest and indeed opinionated about how their own particular network and the BBC Radio division as a whole operated. I was given all the appropriate access I required to conclude my task within the scope of my review.

## 2.0 Preface

- 2.1 The right to broadcast radio in the UK comes with a specific set of obligations dictated, in the case of the BBC, by the BBC Trust to its Networks, and in the case of the commercial sector, by Ofcom. Each network Service Licence is an extensive document that outlines in detail the expectations for each service. As the licence payer funds these services, they are stretching in both detail and ambition, while also encouraging high quality, challenging, original and innovative programmes that add value for the listeners. Audience levels are, therefore, important but so too is the breadth of the output and the public's appreciation of it.
- 2.2 In the commercial radio sector there is no formal requirement for delivering on an emotive phrase such as 'quality', although listeners would clearly not listen to anything they did not enjoy.
- 2.3 In general terms, once a local Service Licence has been awarded, commercial radio licences are given by way of a 'gift from Government' in exchange for the station agreeing to deliver certain public functions, namely: news, traffic, local information, a particular music format etc. Such a service requirement, for example, might be said to provide the public (and the Government of the day) with the comfort of knowing there is plurality of news to provide a counterpoint to that (say) presented by the BBC.
- 2.4 Comparing the demands on BBC Radio with those of the Commercial sector is meaningless on many levels. It is akin to comparing apples with oranges, due to the very different ways in which they operate.
- 2.5 If I had used the commercial sector as the sole comparison metric for this project, it might suggest that commercial radio had adopted the right model. This would be a poor assumption and is simply not correct. While the commercial sector has excellent national brands and many first class stations, it is also true that it is generally underfunded, understaffed and over-regulated and operates the way it does out of a drive to ensure its very survival and deliver profits to shareholders. The BBC are major competitors, well funded and well resourced. What they do can have a big effect on UK listening patterns and, quite rightly, the commercial sector take a keen interest in their actions.
- 2.6 However, in highlighting the above, I don't believe that appeasing commercial

radio should be the primary motive for change within the BBC. The more compelling reason must be that a modern BBC aims to deliver its remit by constantly reviewing its operations and seeking out value for money, through working smarter and collectively. This review is part of that process and just one aspect of good management for the organisation.

- 2.7 One might assume that finding synergies within these large public service networks, with their guaranteed funding, should be an easy task. That was certainly what I thought would be the case and while operational efficiencies can be unearthed, the reality is that it is complicated due to the detailed requirements for each individual service.
- 2.8 The scope of my review did not require me to question the creative process behind the choice of programming on each of the networks. Neither was I required to review the cost of talent. Views on both are heavily subjective of course and, on reflection, I believe that excluding the latter was a good decision, as any comments on this aspect might well have overshadowed the main points of the report itself. However, I have commented on the creative process in relation to how programmes are made, as this does have an effect on the operating structures within each network. Any recommendations that I propose come with an over-riding consideration to protect the range, diversity and quality of each network's output. There is nothing to be gained from reducing programming quality and diversity for the listener.
- 2.9 Throughout the time I spent at the BBC, staff took pride in informing me about their desire to deliver programmes of the highest quality. In fact, the word "quality" was the most commonly used word I came across in my numerous discussions with personnel and while it was pleasing to hear, it was also interesting to note that few, if any, could succinctly tell me what that meant to their particular network or indeed to their listeners. Delivering "quality" is so dominant in the minds of staff, that there is an opportunity for a clearer outline of what people should be aiming to achieve, especially as it plays an important role in how structures, budgets and methods of working are set up.
- 2.10 I decided to tackle this project from the bottom up, which included sitting in with, or talking to a number of producers and presenters from each network, so that I could fully understand the make-up of each service. I watched how some of the programmes were put together, who was involved and under what structure. I then compared the networks with each other and (where it was possible to do so), with similar structures within the commercial radio

sector.

- 2.11 In terms of skills, passion and knowledge, I was genuinely impressed by what I found. The staff at each of the BBC networks were, broadly, the best of the best - intelligent, entertaining, bold, enthusiastic and ambitious, and importantly, proud of what they do and who they do it for. I witnessed firsthand the detail that went into producing the best audio experience possible for the listener.
- 2.12 Such freedom of expression and the time it took to produce programmes comes through not having the burden of complicated commercial briefs and the need to produce a commercial return. The atmosphere I found was extremely positive. Those I met had no fears about airing their views, both on their own particular network but also on the BBC as a whole.
- 2.13 Generic quotes from staff ranged from:

*"There is absolutely no room for savings in this network. We have already saved money and are now down to the bone. Any cuts would have an effect on the quality of the service we provide and affect the morale of the staff. Millions of listeners love it and that's all the proof you need."*

*"There are lots of things to look at in the BBC and I can help you, but these are mostly on the 'other network'. Not ours! Have you looked at that . . . Did you know they did this . . ."*

*"I am surprised it has taken the BBC this long to look at how things are done here. No one talks to any of the other networks. There are lots of synergies to be found and I would love to be part of that, I would be open to ideas, especially if it's fair to all networks"*.

*"Working for the BBC is now hard work. The systems and compliance issues are so complicated it is exasperating"*.

All the staff I talked to were acutely aware of the difficulties the commercial sector is facing and, for many, they understood and valued their present position within the BBC. Most, if not all, knew that the BBC had to change and adapt and this was highlighted when, at the time of my review, the BBC announced the closure of a number of BBC World Service positions along with a reduced and refined on-line presence, which meant a large number of job losses. If anything, it brought the reality of life in 2011 into sharp focus.

- 2.14 My recommendations are not based on detailing the minutiae of cost savings within the overall scale of this large network. Instead I have concentrated on

synergies that could deliver significant savings while retaining the quality of programming. They will also, I believe, preserve many of the positive cultural aspects of why working within the BBC is so important to so many.

### **3.0 Findings and Executive Summary**

- 3.1 Each network has a stated obligation to deliver its output as outlined in their Service Licence and signed off by the BBC Trust, in much the same way the commercial sector has a Format or as it used to be called, a Promise of Performance. However, this is where any similarity ends. The BBC document is a formidable and challenging tablet of stone, as it sets out in some detail the specific requirements for each service, including an ambitious quality remit that does nothing to encourage a reduction in its cost base.
- 3.2 The Service Licence, (publicly available), creates, in my opinion, a very detailed obligation on each network controller. The demands are diverse, costly, time consuming and prescriptive, not only as to the minimum provision levels for the expected service, but also in detailing its production and quality objectives. Clearly, there is a need for each service to have direction, but this does appear to be overly prescriptive. Radio 2, for example, has a specific obligation to air comedy, when BBC network radio as a whole more than adequately provides for this within its current output. Such duplication of output, not to mention the cost involved, may be preventing Radio 2 from diversifying into other programming areas that are not covered elsewhere, by either the BBC or the commercial sector.
- 3.3 I have made no recommendation on how to challenge the objectives stipulated within the Service Licence, as it is outside of the scope of my review, and even if it were not, any suggestion I made to reconfigure this document might lay me open to accusations of trying to 'dumb down' the BBC, when that would absolutely not be the case.
- 3.4 Operationally, I found the networks themselves to be well run and expertly managed. While different on the air, they are also different behind the scenes in terms of structure and operational roles, although their respective organograms are easy to follow. Radio 1 and 1Xtra, for example, have much more defined cross-promotional styles compared with Radio 2 and 6 Music, even though the latter two networks still enjoy a certain camaraderie and a close working bond with each other. It is slightly confusing for someone from

outside the BBC to understand why 6 Music is not sitting within the Radio 1 family, as there is clearly more connection musically within that team than with Radio 2.

- 3.5 Radio 1 has more Executive Producers than Radio 2. At Radio 2, the Exec Producers have direct responsibility for a programme, in addition to other duties, while over at Radio 1, Exec Producers, do not have direct responsibility for any specific programme. Instead they take up some of the roles of middle management, supervising younger production teams and concentrating on future planning that may involve live broadcasts such as the Big Weekend, Glastonbury, or Ibiza and other smaller festivals. This takes up considerable time and effort, in particular in relation to health and safety matters, which are all handled internally by the Executive team. Taken across both Radio 1 and 1Xtra, there does appear to be the opportunity for savings in this area.
- 3.6 Communication down the line at Radio 1 is particularly good and much of their output, and that of 1Xtra, is live. At Radio 2 there is a relaxed working environment that also brings out the best in people. Management allow some of their talent the freedom of being able to record their shows in advance, particularly those broadcast at weekends. Live programming saves hours of compliance listening before transmission, so Radio 1's way of working is less costly and less time-consuming. Radio 2 might wish to consider adopting the same approach, by encouraging more of its non-daytime talent to broadcast live more often.
- 3.7 Within each network there is a huge amount of experience and professionalism that goes unshared across the other networks. Each main network works in a silo and rarely works with others at any level, with the result that both the staff and the BBC lose out. Things go unlearned and untaught and real value and experience is wasted particularly below middle management although there are signs that senior management are starting to think about this issue with the development of the cross network Leadership Group and Editorial Forum.
- 3.8 Overall, the structure up to middle management across all networks is a good one. Big stations require solid programming and production teams in place, alongside a support structure to ensure the investment in talent is given the best platform to succeed.
- 3.9 From middle management upwards, both networks have a separate management structure, larger than I expected but I understand this is driven by

the requirement to deliver processes, compliance, cost management, managing up and running individual broadcasting buildings and programming units. This could all be simplified as outlined in my recommendations.

3.10 Whilst I am very aware that commercial radio would run things differently, and recognising that the service format is what it is for the reasons stated, I have approached the task before me through the following route:

- *What structure would I have to put in place that would allow me to meet and deliver the minimum requirements outlined in the Character of Service, demanded by the BBC Trust?*
- *How do I organise the network to meet the quality and diversity thresholds and what changes, if any, could I implement that would not simply be a movement of money around the BBC?*
- *How can I deliver this while providing value for money to the licence payer and retaining the very real ethos of the values and quality ambitions currently adopted within the BBC?*

3.11 I concluded that considering the detail involved and the obligations imposed by the BBC Trust on the individual networks, it was easy to understand how the present structures came about. In addition, I was also very aware of the culture within the BBC. It plays an important part and, many could argue, allows the Corporation to be what it is today. To others, it breeds familiarity and a reluctance to seek out new ways of working. I am pleased to say I did not find this to be true. Most of the people I met were very aware that change is coming and provided it comes with a powerful vision and protects the quality and diversity of the network's output, would be accepted and acted upon, indeed for many it would be welcomed.

3.12 The current Service Licence budgets for the four networks I was reviewing are:

Station	Budget
BBC Radio 1	£37.0m
BBC 1Xtra	£8.5m
BBC Radio 2	£48.3m
BBC 6 Music	£7.4m



- 3.13 These are large numbers, but they do not represent, the actual budget each controller has at his discretion. In reality, these figures contain significant 'allocated and recharged' costs that are centrally managed within A&M and the rest of the BBC. Network controllers do not manage these, nor determine the recharges. The actual budget under the individual controllers' discretion is sometimes less than 50% of the figure stated above.
- 3.14 Each network is allocated costs for housing, general services, transmitters, finance, royalty payments, provision of news, etc. Those costs are, in my view, high compared with what a reasonable practitioner would expect to see within the accounts of any commercial operation, even allowing for the relevance of scale. I fully accept that this is a very big organisation and there is merit in the suggestion that there is an unseen cost of being part of the BBC and all that it represents. However, while it is impractical to consider going outside for key services, especially when the Corporation is a world leader in a number of areas, such as news, a much more detailed assessment of internal re-charges and the model used would be beneficial. In my short time on this project, I was never able to fully satisfy myself of either the model or mechanism of recharges.
- 3.15 My comments about recharges should not distract from the fact that each primary network is expensive to run. Both Radio 1 and Radio 2 are national radio stations at the top of their game, with large audiences to whom they deliver a large number of high quality, distinctive programmes. This cannot be achieved without considerable investment and while the public would not expect them to be run cheaply, they would, I believe, expect them to be run prudently. In this respect, I found it difficult to understand how both can continue to be run as truly independent "silo" units, with some areas of operation that mirror each other. There is limited evidence of sharing best practice or ideas.
- 3.16 There is a counter-argument that suggests individual units are essential to delivering the distinctive features of their brands and, to a point, I have some sympathy for that view, especially at Radio 1. However, in a modern BBC, where the future must involve a multi-skilled workforce dealing with a range of multi-media tools across a broad range of platforms, the rationale of keeping to separate silos versus the cost-reduction opportunities of sharing talent, management, information and skills cannot be justified. The demands of the industry and the comments from BBC staff tell me they want to work across a

wider remit. Indeed, the BBC would face accusations of tokenism if it were not to explore the enormous cost-saving opportunity this presents.

- 3.17 The quality of the BBC's radio programmes is hugely important to the audience it serves. Competitors wish to be assured that the Corporation is providing value for money, while the consumer wants to be assured that the BBC continually offers programming at the high quality they expect. Some of the documentaries and 'specials', for example, are so good you wonder why they are not repeated within the schedules more often, to ensure the widest possible audience and to reduce costs. BBC internal research confirms the internal quality bar is being met but it is worth noting that during the time I was present at the BBC, few people routinely questioned if this quality could be produced for less.
- 3.18 Compliance issues are, without doubt, the source of the biggest complaints within the networks I reviewed. All the staff I talked to acknowledged the need for good basic control and the importance of effective compliance. But many are exasperated by the scale of procedures and they argue it works against them taking personal responsibility as many issues are 'referred up' for clearance. I agree it is quite right for the BBC to have good, workable systems in place but a review is required if morale is to be protected and producers can continue to do what they do best. The best way of achieving this goal, I believe, is to restore much more responsibility back to the producers at the front line, while still retaining some sort of red flag system.
- 3.19 The delivery of news within BBC popular music radio is set up very differently from the networks themselves. The result is that it is expensive to run and both structurally and financially complicated. Outside of the breakfast shows, Radio 1 and 1Xtra both produce (in the main) hourly bulletins of approximately 90 seconds, with the exception of an extended Newsbeat programme, which is broadcast for fifteen-minutes twice daily. Currently 1Xtra has its own news bulletins, but this may change shortly with the proposal that 1Xtra takes the same bulletins as Radio 1, outside of breakfast .
- 3.20 The production qualities of the bulletins and the extended programmes are all first class with very modern techniques and delivery and excellent journalistic content delivered from a highly motivated and committed team led by Rod McKenzie, an established manager with a great deal of experience and skill.
- 3.21 However, to deliver this commitment, 'Newsbeat' employs 52 full time staff, in

addition to its own technical and production personnel. Over at Radio 2, they have a team of announcers who read the news on the hour (outside of breakfast) but do not write any of the news material themselves. Instead, the BBC Newsroom writes the news and feed this to the newsreaders for them to read out from their own broadcasting booths. They have very little interplay with the general presenters, and due to the nature of their structure, they do little else until the next hour's bulletin. 6 Music has its own music journalists but alongside this, they also host 5 people paid for by BBC News and recharged back to the network, who also read the news on the network but don't write it. The combined cost of providing the news service to all four networks, including recharges and staffing is significant.

- 3.22 Studio Managers are a highly skilled group of people who manage sound and reproduction quality; they can make a network sparkle and give the presenter confidence that, on a national network, someone other than themselves is looking at the controls and making sure everything is going to air correctly. Some programmes are clearly more difficult to manage than others and when a studio manager is in place, their expertise is highly valued.
- 3.23 Radio 1, 1Xtra and 6 Music have very few studio managers, while Radio 2 has them present on practically every programme. The Radio 1 and 1Xtra approach comes from a mindset of only hiring talent who can self-operate studio equipment. They also benefit from having a younger and more flexible attitude to broadcasting and "self-op" is not a big issue for these three networks overall.
- 3.24 At Radio 2, studio managers may sometimes be used as a comfort blanket,. Of course some programmes do require assistance and it is right that on those occasions a studio manager is present, but in my view, the broadcasting talent should be encouraged to self-operate wherever possible.
- 3.25 Radio 2 has increased its commitment to the Independent Sector. This is a good way of measuring the market to ensure that the BBC delivers value across its range of programmes. Friday Night is Music Night is the network's most expensive programme in real cost terms. It is high production with specific quality thresholds in place. There is an opportunity to test the cost requirements by asking the Independent Sector to provide a comparison pricing metric for a show of similar quality
- 3.26 Radio 1 broadcasts programmes two hours a week on its network that is

produced by the Nations. This programme is expensive in cost per hour terms and management should explore the opportunities that exist for savings by reducing in-house costs; placing this within the WoCC and allowing the Independent sector to bid for the output, or by reviewing its importance within the schedule.

## 4 Recommendations

I list below my recommendations for consideration:

4.1 Explore improving coordination of the popular music network radio stations (Radio 1, 1Xtra, Radio 2 and 6 Music) through a common operating model, delivering:

- Significant reduction of overheads
- Slimmed down management structure
- Removal of all mirrored departments within each network
- Reduced recharges from News
- Operational efficiencies
- Sharing of expertise at all levels

In my judgement, this would best be achieved through co-location in a single building

4.2 Examine the advantages of operating under a single tier management structure across all four popular music networks.

4.3 Ask the network controllers to define the term 'quality' to their respective staff, to ensure costs are managed within an agreed framework.

4.4 Review the model and the level of recharges across each network to improve simplicity and effectiveness.

4.5 Explore the possibility of Newsbeat becoming the central newsroom for all four popular music networks within its current staffing levels and with independent network readers approved by each controller.

4.6 Re-plan the operational needs of studio managers within Radio 2. Ask presenters to "self-op" whenever possible, unless there are specific production issues, or they are only occasional presenters or complicated programming exists.

4.7 Continue to reduce the compliance burden appropriately. Wherever possible return the decision-making process back to the producer, especially for obviously low risk programming.

#### 4.8 Use WoCC to seek out further cost reductions by putting more programmes out to the Independent Sector.

### **Conclusion**

The BBC's four popular music radio networks are producing high quality output, with a great team at every level working alongside the best talent in the UK. However, the current method of operation means there are opportunities for savings.

Broadcasting all four networks from a single location under a refined management structure would undoubtedly have the biggest impact on costs with the benefit of departments being merged and best practice and expertise shared.

I have noted a change in how benchmarking and business reviews are accepted by the network teams and this will make a difference. There is a real determination to explore all areas of cost control and it is good to note that action is already starting to be taken.

I trust my specific recommendations will add into that particular work for the management team to consider and action if they think appropriate.