

31st March 2004

Dear Sir,

BBC Charter Review

I write in support of the paper submitted to the BBC Charter Review by the Commercial Radio Companies Association. CRCA is the trade body for UK commercial radio: GWR Group is an active member and has a director on the Board of the organisation.

The objective of this letter is to provide additional information from the perspective of the UK's largest radio group: GWR has a bigger audience and more stations than any other company. We operate the national stations Classic FM, Core and Planet Rock, and 31 local radio stations from Plymouth to Nottingham and Wrexham to Southend. We are the majority shareholder in Digital One, the national digital radio multiplex company, and operate 16 local multiplexes.

A **plurality of funding mechanisms** should bring about a plurality of programme types. GWR supports the public funding of the BBC, but this funding should give more distinctive results. BBC Radio must have a clear and distinct purpose: it should complement commercial radio and not overlap with it, but for BBC Radio this is not the case, especially for BBC Radio 1 and Radio 2.

Spectrum is a scarce resource: for two operators to provide similar programmes is a waste of that resource when it could be used to provide separate programme types to separate audiences. The BBC can unilaterally move its programme formats to overlap with output already provided by the commercial sector (as in the case of Radio 2), demonstrating the need for equivalent levels of regulation between the BBC and the commercial sector. A common regulator – or an independent BBC regulator with close ties to Ofcom – could plan the formats of BBC services so that they complement those offered by commercial radio. Spending licence payers' money on BBC services that could be provided at no charge by commercial radio is not an effective use of resources.

Commercial funding is an increasing problem: commercial radio is concerned that the BBC takes money from its actual and potential advertising and sponsorship clients. At Classic FM, Renault's spending on advertising

and sponsorship of concert series amounted, at its peak, to **£830,000** a year. After they transferred their sponsorship to BBC Radio 2's "Proms in the Park", Renault's spending on Classic FM fell to **£290,000**.

Commercial funding is also a problem for the BBC: you are what you eat, and in taking commercial money the BBC's ability to act independently and reflect all areas of society – whatever their economic significance – is compromised. In a truly plural broadcasting ecology, if one part of the sector is concerned with advertisers and delivering audiences for commercial interests, then the other part of the sector must be completely divorced from those concerns.

Much effort will be expended on the Charter Review, but after the many pages of consultation responses, the objective should be to produce:

- Healthy BBC Radio with a clearly defined, **distinct purpose**
- BBC Radio which **complements** what commercial radio can provide
- **Properly funded** BBC Radio without the need for commercial income
- **Independently regulated** BBC Radio with clear accountability and control.

If these objectives can be met, a sustainable broadcasting ecology will be produced, benefiting listeners, advertisers and society as a whole.