



**ON SCREEN AND ON AIR TALENT**  
**AN ASSESSMENT OF THE BBC'S APPROACH AND IMPACT**  
**A REPORT FOR THE BBC TRUST**

**APPENDIX III –**  
**BBC TRENDS ANALYSIS**

**BY OLIVER & OHLBAUM ASSOCIATES**

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## **APPENDIX III - BBC TRENDS ANALYSIS**

### **The Purpose of BBC Trends Analysis**

From October 2007 to March 2009, Oliver & Ohlbaum requested, received and analysed data from the BBC in order to examine the interaction of the BBC with the market for on-screen and on-air talent. Analysis was conducted on the data received in order to test certain hypotheses relating to the BBC's interaction with the UK talent market. The key trends assessed included absolute spending on various categories of talent over time, the changing relationship between spending on certain categories and also the inflation of overall talent spending by the BBC as well as individual categories.

BBC data was only feasibly available from financial years 2004/5 to 2006/7 due to the implementation of new BBC data management systems in around 2003. Therefore most of the detailed trends analysis conducted looks at this three year time period. Analysis of BBC radio talent spending is outlined separately in appendix 1V.

### **Key Categories Assessed**

Oliver & Ohlbaum assessed certain core trends in BBC talent spending across several key categories to analyse macro level talent spending at one end of the scale and micro level talent spending trends at the other end of the scale. The key categories assessed were:

- Macro spending by broad category (TV, Radio, Sport, Music etc)
- Distribution of BBC talent spend on contracts, by value and volume in ranges
- News talent spending by volume and value of contracts in ranges
- Top 150 individuals talent spending
- Top 50 individuals talent spending
- Analysis of talent spending in 492 individual television programme strands, 2004/5-2006/7

### **Macro Spending by Category Analysis**

In order to assess macro level BBC talent spend, Oliver & Ohlbaum were provided with data relating to all core categories of BBC operations and associated total talent spending from BBC financial years 2004/5 to 2006/7. The data provided related to all talent spending by the BBC for in-house production only, where the BBC has complete visibility of talent payments, and so excludes any talent payments relating to independently produced programmes for the BBC. The data provided included total talent spend for:

- Total television talent spending, segmented by genre
- News and journalism
- Nations and regions
- Sport
- Radio
- Music
- Others

Oliver & Ohlbaum analysed the data to assess the absolute levels of macro talent spending by category in relation to total spending on each category by the BBC. Secondly, changes in the macro level talent spending over the three year period in question were assessed in order to measure any inflation in spending on each category.

Oliver & Ohlbaum also assessed relevant changes in overall BBC spending and output hours for each major category in order to assess the context of any talent spending inflation or deflation in relation to changes in overall category spending. Within the television category talent spending as a proportion of total spending (and in relation to any changes in output hours) was measured for key drama, entertainment and comedy, children's and factual genres, in order to assess any genre specific trends in BBC talent spending.

### **Top Talent Spending Trend Analysis**

A key hypothesis of this study is that spending on top lead and key talent might be inflating at a different rate to spending on middle and low tier talent, usually covered by standard industry agreements. In order to test this hypothesis, Oliver & Ohlbaum requested data relating to payments to the top 200 individuals paid by the BBC in each of the three years 2004/5 to 2006/7.

The BBC provided two data sets, the first relating to the top 50 individuals in each year, ranked by primary payments and second, a database relating to the top 200 contracts to individuals including an additional data set relating to all contracts raised in each year relating to those 200 individuals. Oliver & Ohlbaum assessed the top 200 individuals data received and removed any duplicated individuals and also removed any data relating to none on-screen and on-air talent which left between 150 and 170 individuals for each year covered. Therefore, all analysis of the second data set was of the BBC's top 150 talent individuals in each year.

It was noted by Oliver & Ohlbaum that certain notable individuals were not included in either data-set, especially certain key news presenters, and the BBC provided additional data in relation to such individuals paid as staff members rather than through talent contracting systems.

Oliver & Ohlbaum analysed the resulting data sets to assess relative spending on the top 50, top 51-100 and top 101-150 individuals and measured absolute and changes to spending on each in relation to total macro BBC spending by category. For example, individuals were ranked according to category (television, radio etc) and for the television category by genre. Spending on top talent was then compared to total spending on and also output hours of each category and television genre. In addition, by stripping out spending on the top 150 talent individuals from macro talent spending data, it was possible to assess relative talent inflation levels for the mid and low tier talent groups.

### **Distribution of spending on talent by contracts volume and value**

In order to understand BBC talent spending trends across all tiers of talent, Oliver & Ohlbaum requested data relating to macro total talent spending by ranges of payments and also volumes of contracts by ranges of payments. The relative distribution of talent payments by both volume of contracts and value of contracts was then analysed in order to assess any relative changes to the absolute values and distribution of payments by range of payments. It was therefore possible to compare total spending by range to the top 150 data set (outlined above) in order to compare certain tiers of talent spending and assess the relationship between spending on each tier, compared to the top tier as well as assess spending over the three year time frame covered by the study. In addition, contracts value and volume distribution analysis was also carried out for news specific talent.

The data provided by the BBC for contracts distribution analysis and macro talent spending analysis was inconsistent making direct comparative analysis difficult. The contracts distribution data provided by the BBC totalled talent spend at £171 million for financial year 2006/7, compared to total talent spending of £204 million from the data set provided for macro talent spending by category. The difference relates to talent spending on staff and

short talks contracts which are included in the macro total talent spending figure but are not included in the contracts distribution data set.

### **Programme Strand Spending**

Oliver & Ohlbaum requested and received data relating to 492 individual in-house programme strands from 2004/5 to 2006/7. The data received related to the strand title, channel of broadcast, total programme commission spend and also total talent spend and output hours for each title. No data was provided for independently produced programmes due to the BBC's lack of visibility of talent payments for such productions.

The data provided was combined with Oliver & Ohlbaum sourced BARB audience data and the following key calculations were made relating to analysis of strand-by-strand talent spending:

- Total programme costs per hour of output
- Total talent costs per hour of output
- Total talent costs as a proportion of total programme cost
- Programme cost per viewer hour
- Talent cost per viewer hour

The resulting data base was also coded by BARB genre and sub-genre in order to assess trends in BBC television strand talent payments by genre over the three year period in question. From the resulting data base the following analysis was conducted in order to assess detailed trends in talent spending on television programming:

- Differences in talent spending as a proportion of total programme spending by sub-genre and the relative changes over time between genres compared to the average of all strands over the three year period.
- Both total talent and total programme inflation for 492 strands over the three year period.
- Total talent cost per hour of output, by genre over the three year period.
- Talent cost per output hour for new strands in each year, compared to strands returning for a second series, third series or airing for a fourth or subsequent time.
- The relationship between total talent costs per hour of output compared to talent cost as a proportion of programme cost for each key genre.
- The relationship between programme cost per viewer hour and total talent cost per viewer hour by genre.
- The relationship between talent cost per output hour and programme cost per viewer hour by genre for BBC1 and separately for BBC2/3&4.