The BBC's management of the costs of producing continuing drama

Methodology

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This report examined the BBC's approach to delivering value for money through its management of the costs of producing continuing dramas. Specifically, we examined the BBC's processes for allocating and controlling resources spent on the six continuing dramas it produces in-house (below).

Continuing Dramas examined

Broadcast across the United Kingdom and produced by BBC Vision

Casualty

Doctors

EastEnders

Holby City

Broadcast in Scotland only and produced by BBC Scotland

River City

Broadcast in Wales only (on channel S4C) and produced by BBC Wales

Pobol y Cwm

Our fieldwork took place between July and October 2010

Method	Purpose
1 Analysis and evaluation of cost and performance data	
We analysed the total cost and the cost per hour of producing each of the six continuing dramas using data from the BBC's financial system (SAP).	
• **Total cost** includes the costs managed by the production teams as well as costs which the BBC manages centrally and apportions to each of the continuing dramas. It does not include the cost of broadcasting repeats as this does not directly relate to the production process.	To understand the impact on production cost of the BBC's approach to managing the cost of continuing drama over time.
• **Cost per hour** is the total cost of producing each continuing drama divided by the total number of hours produced of that drama and therefore does not include repeats. For the Vision dramas the number of hours is based on the actual number of minutes of each programme filmed. This was not available for the Nations' dramas, so the number of hours is based on the transmission time allocated in the television schedule.	

Method

We worked with the BBC to establish generic cost categories for use across each of the continuing dramas.

We used BARB performance data supplied to us by the BBC's Marketing, Communications & Audiences department to analyse performance and the cost per viewer hour.

- **Performance** data includes:

Audience numbers: the average number of viewers across all minutes covered by the programme. This includes initial transmission and recordings viewed within seven days, but excludes repeats, recordings of repeats and those watching on iPlayer.

Audience share: the number of viewers watching a programme as a proportion of the total number of viewers watching television at that time. Audience share data relates only to the share of viewers achieved by the initial transmission of each programme.

Audience approval: measured through the Appreciation Index, presented as a score out of 100, which since 2004 has been collected through the Pulse survey for the BBC Vision continuing dramas and River City. The scores for Pobol y Cwm are from a separate audience appreciation panel commissioned by S4C.

- **Cost per viewer** hour is the cost per hour of providing a programme divided by the audience number, and represents the cost of providing one hour's worth of that programme to each viewer.

We validated the cost and performance data which the BBC supplied to us by reconciling the numbers to the BBC's financial and performance reporting systems on a sample basis.

The main data received were series totals for: cost, audience number, average audience share and average appreciation index score. Across these four categories we tested an average of 60 per cent of the data.

Purpose

To identify the key cost drivers of continuing drama in order to make comparisons between programmes.

To establish the extent to which the BBC use performance data to inform the prices paid for continuing dramas and to examine whether changes to the cost of producing the continuing dramas had affected their performance.

To confirm that the data included our report is accurate.

Method	Purpose
2 Review of key documents We reviewed BBC documents relating to each of the continuing dramas including:	
On process: initial programme specifications, commissioning documents, budget sign-offs, risk assessments, timetables, meeting minutes and email correspondence.	To understand the production process from commission to transmission. To understand the BBC's processes for identifying the key personnel involved in the production of continuing drama and understand how accountability is allocated to both teams and individuals. To assess the BBC's monitoring processes and determine the adequacy of their authorisation and budget sign-off processes.
On cost control mechanisms: savings strategy documents, rate cards (documents setting out the minimum and maximum that the BBC is prepared to pay freelancers), procurement guidance, invitations to tender, bids from suppliers, bid assessments and contracts.	To understand the mechanisms in place to control costs.
3 Interviews with BBC staff Semi-structured interviews with key personnel involved in the production process for both BBC Vision and the Nations, including:	To understand and evaluate how the roles and responsibilities of key teams and staff were discharged.
Commissioners: responsible for determining the cost to the licence fee payer of each continuing drama.	To clarify our understanding of the production process and follow up on issues coming out of our data and document review.
Production teams: responsible for producing the dramas paid for by the commissioners.	
Central Finance: involved in the cost reporting process.	
Marketing, Communications & Audiences Department: responsible for analysing programme performance.	
4 Independent challenge We commissioned an independent consultant with experience of television production.	To provide informed independent challenge to our conclusions and findings.