

The BBC's management of its coverage of major sporting and music events

Review by the Comptroller and Auditor General presented to the BBC Trust's Finance and Compliance Committee, 13 January 2010

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BBC Trust response to the National Audit Office Value for Money Study 'The BBC's management of its coverage of major sporting and music events'

Background to this study

As part of its role under the Royal Charter 2006 the BBC Trust acts as the guardian of the licence fee revenue and the public interest in the BBC. We commissioned Value for Money investigations into specific areas of BBC activity to help ensure that licence fee payers are getting the best possible return on every pound of their licence fee.

Each year the Trust commissions a series of Value for Money reviews after discussing its programme with the Comptroller and Auditor General – the Head of the National Audit Office (NAO). The reviews are undertaken by the NAO or other external agencies, reporting to the Trust. The Trust uses these reports to continuously improve the value for money provided to licence fee payers.

This study, commissioned by the Trust's Finance & Compliance Committee on behalf of the Trust and undertaken by the NAO, looked at the effectiveness of the BBC's management of its coverage of major sporting and music events, once the decision to cover an event had been taken. It considered how the BBC initiates, plans, delivers and reviews this coverage. The BBC's audiences highly value the BBC's sports and music coverage, but it is critical that the BBC continuously examines where its processes can be improved to maximise value to the licence fee payer.

The Trust thanks the NAO for undertaking this review and for the report's conclusions and recommendations.

Our views on the NAO's findings

We have considered carefully the NAO's report and we accept its key findings.

We note the NAO's recognition that the BBC delivers sports and music coverage that is valued by millions of listeners and viewers. We also note the NAO's findings that five out of the six events examined finished under budget or no more than 1% over budget (with the sixth 5% over budget).

However, notwithstanding the many positive points in the study, the Trust agrees that there are ways in which the BBC can improve its processes with regard to its management of coverage of major sports and music events – in particular to increase the rigour of the approvals process and post-event reviews, identified by the NAO as areas for potential improvement.

The Trust will now require the BBC Executive to provide a comprehensive action plan outlining how it intends to implement the NAO's recommendations. Where implementation is already in progress, we will require full details on the actions being undertaken. We will also

require the Executive to consider how these points may have relevance for other BBC projects.

One recommendation stems from the report's identification that, while all expenditure was approved, it was not collated to allow BBC management to consider total costs against achievements. The Executive has already taken action in this respect subsequent to the 2008 events reviewed; the Trust notes in particular the creation of the Popular and Classical Music Boards, which now ensure costs are collated and reviewed by a single body; for example, Glastonbury 2009 was coordinated through the Popular Music Board. In sport, the BBC plans for the 2012 Olympics are being organised and managed through a dedicated programme overseen by the BBC Director of London 2012. In addition, the Trust will require the Executive to consider ways in which such arrangements could also be applied more widely to sporting events.

As in last year's report on Radio Production, the NAO has noted the importance of external benchmarking. The Trust continues to agree that benchmarking is important but notes that, as with Radio Production, the BBC has encountered a reluctance from other broadcasters to share information. The NAO itself states that due to commercial sensitivities it was unable to benchmark the BBC's costs and approach with other broadcasters. This makes the collection and review of internal benchmarks particularly important. The Trust notes the creation of several pan-BBC groups intended to allow sharing of best practice and costs and will keep these arrangements under review.

With regard to the NAO's recommendations on benefits analysis, the Trust agrees that the BBC should take due account of materiality in deciding when and how to conduct post-event reviews. It is important to distinguish between periodic major events (such as the Olympics) and recurring annual events (such as Wimbledon). The Trust agrees that it is appropriate to carry out full pre-event options analysis and post-event reviews for periodic events, but considers that the detail required may vary for recurring annual events, where such events represent 'business as usual'. In all cases it will be important to ensure that the extent of analysis and review is proportionate, in terms of the benefits delivered relative to the time and resources required to carry it out. We will require the Executive to put forward further proposals on how the current systems can be improved in future.

Many of the NAO's recommendations have already been implemented by the Executive following the period studied. The Trust has discussed the remaining recommendations with the Executive and considered its response, which is published in this document. The Trust is satisfied that the Executive's proposed actions are an appropriate initial response to the NAO's findings, but will require the Executive to provide a more detailed action plan for Trust review which we will share with the NAO. Progress against this will be reported to the Trust.

BBC Trust
January 2010

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BBC Executive response to the National Audit Office Value for Money Study 'The BBC's management of its coverage of major sporting and music events'

The BBC Executive welcomes this review which looks at how the BBC has sought to deliver value for money through the management of its coverage of six major sporting and music events in 2008 (the Beijing Olympic Games, the UEFA European Football Championships (Euro), the Championships, Wimbledon (Wimbledon), the Glastonbury Festival of the Performing Arts (Glastonbury), the BBC Proms and Radio 1's Big Weekend). Live music and landmark sports coverage is an integral part of the promotion of the BBC public purposes, a key element of what sets the BBC apart from other broadcasters and it generates very high appreciation from audiences.

The events audited only represent part of the BBC's offering in music and sport, which also includes a very broad range of output such as Notting Hill Carnival, London Jazz Festival and live performances from Dame Kiri Te Kanawa as well as Premier League football, the Six Nations, Formula 1, the Grand National and the London Marathon. But they are paramount to the British cultural and sporting life, impacting on social cohesion. Therefore, the BBC Executive particularly welcomes the NAO's recognition of the value that is delivered to audiences from them: "the BBC delivers coverage of major sports and music events that is valued by millions of viewers and listeners, largely within the budgets that it has set".

Two decades into the multi-channel world – and despite very strong competition from satellite providers – just under half of the UK population still regard the BBC as best for sport with our presentation and commentator line-up a clear first choice.

BBC Sport improved its performance in 2008-9 compared with the previous year [2007-8] even though it missed some of the 'stretch' targets set and there was the obvious challenge of covering a Euro tournament with no home nations involved. This meant there were not individual peak audiences of over 20 million as there were during Euro 2004, but the BBC's Euro 2008 coverage still reached a total of 39 million, with 71% giving the BBC a high quality score (8 or more out of 10), compared to 44% for ITV. Coverage of the 2008 Wimbledon Championship reached 40 million viewers, the highest figure since 2004. The Beijing Olympics, the biggest and most complex outside broadcast ever mounted by the BBC, with all sorts of challenges – ranging from the political difficulties of working in China to operating an appropriately rigorous health and safety policy – was delivered on budget and attracted more than 47 million viewers on television, around 80% of the UK population.

As acknowledged by the NAO, BBC Audio & Music (A&M) has successfully delivered its reach and quality objectives, despite the rapid increase in choice available in a digital world. Audio & Music has set itself the stretching target of continuing to deliver 66% reach and achieve 16.5 hours of listening per week across the UK population. With a television audience of almost 16.5 million, the Proms achieved one of the highest audience appreciation scores of 2009, peaking at 89 (out of 100). An array of acts from Tom Jones to Dizzee Rascal inspired 16.2 million people to watch the BBC's Glastonbury coverage in 2009, almost a third of the UK audience. Radio 1's signature event continues to bring a varied mix of UK and international artists, including Lily Allen, The Prodigy and Alesha Dixon, to areas of the UK otherwise underserved by cultural events of this magnitude. We are therefore proud of the quality of events that we deliver which are recognised as world-leading in their field.

Response to the NAO's recommendations

Over the last two years, the management of all the major events run within Audio & Music and Sports has been significantly strengthened and the BBC Executive is pleased that the NAO has acknowledged the improvements in this area.

Recommendation A: Identification of benefits

The BBC Executive has been introducing even more disciplined planning of event coverage, so the recommendation by the NAO to move to a more systematic approach to assessing objectives, options and costs for coverage builds on the work we are now doing and is welcomed.

Indeed, we have adopted such an approach for the London Olympics as well as for Glastonbury and Radio 1 Big Weekend from 2009. Key developments have been:

- The establishment of the Popular and Classical Music Boards – these boards coordinate the BBC's activities in these genres across platforms and ensure that strategy is clearly set and managed;
- The Live Music steering group within A&M brings together the key operational leaders for these events to coordinate approaches and to share best practice;
- The Festivals and Live Events steering group brings together people across the BBC to share best practice planning for events in both A&M and Vision;
- More formal project management systems and documentation to mitigate reliance on key, highly experienced individuals;
- Clear identification of benefits and outcomes for events and coverage at a level that is appropriate for the event;
- The setting up of a detailed programme to plan for, and manage, London 2012;
- World Cup and Sports Personality of the Year steering groups within BBC Sport bring together key managers and decision makers to review progress and risk;
- Project management system trials for 2010 World Cup and, subject to rights, the Commonwealth Games.

Recommendation B: Setting objectives for individual major events

The BBC Executive agrees with this recommendation; however, as recognised by the NAO, the audience outcome achieved by an event can be influenced by a significant number of external factors including the artist playing or the achievement of a sports competitor, and therefore it may not be possible to relate the audience performance achieved to the specific coverage options selected by the BBC. The BBC Executive accepts that, when reporting performance, managers should set out the material external factors affecting performance (e.g. the qualification of the home nations' teams for Euro 2008) and an estimate of their impact on the outcome of coverage. Indeed, this is part of the information required for post implementation reviews of these events. Since 2009, all business cases have been required to incorporate specific objectives, including measurable audience-related targets, to improve the clarity of the decision-making process when coverage budgets are approved.

Recommendation C: Options appraisal

The NAO recommends that the BBC should set out planned outcomes for a number of different budgets. We agree and, indeed, we do consider different options for coverage – the process of setting budgets is thorough and iterative. Whilst finance cases for approval generally include only the preferred option for consideration, there will always have been prior discussion of other options that have been discounted either on feasibility, cost or editorial grounds. From April 2008, the new investment guidelines require options that have been considered to be formally documented in finance cases.

Recommendation D: Application of reach guidelines

The BBC Executive agrees with the recommendation to assess whether the application of reach guidelines already introduced for Glastonbury and for coverage of certain sports can be extended to other events, and to the other indicators in the performance management framework. The Reach, Quality, Impact and Value for Money framework used by the BBC, however, was not designed to be used as a resource allocation tool for allocating budgets at an individual event level. In addition, for some coverage, particularly radio, the established systems of audience measurement, particularly for Reach, do not enable us to target performance at the event level. Where we can, we use trend data actively in planning recurring events, and commission specialist research on events where we believe that the information gained will be of sufficient value in considering the editorial options for future events (for instance for Radio 1 Big Weekend or Wimbledon).

Recommendation E: Setting overall budgets

The NAO recommends that the BBC should collate the total budget for coverage of individual major events. We agree with this recommendation, and whilst each division has to remain free to decide how it wants to cover one event, we will ensure fully allocated total costs are collated within a single document and reviewed by a single sponsoring body. For music events, this will be through either the Popular or Classical Music Boards which have already strengthened coordination of live music. Glastonbury coverage for 2009 was coordinated through the Popular Music Board and for the first time radio coverage was focused on a single

station, 6 Music. This has also increased transparency and assisted in performance appraisal as part of post-implementation reviews.

Recommendation F: Structured cost comparisons

The NAO recommends that we should identify BBC-covered events that would allow structured cost comparisons and, for annually-recurring events, carry out thorough bottom-up cost reviews periodically. Whilst a complete re-assessment of all the objectives and coverage options for such events (some of which have been covered for several decades), would not be an appropriate use of resources, and might not deliver much value, we do agree that a regular review is appropriate.

Recommendation G: Role of the BBC's Programme Management Office

The NAO recommends that the Programme Management Office (PMO) should identify those aspects of best practice which may benefit the coverage of major events and disseminate them to the relevant teams. The BBC Executive fully agrees, and has already set up pan-BBC major events groups to this effect. In addition, the Festivals and Live Events and World Cup steering groups are intended to be forums where cost comparisons and best practice can be shared and discussed with the PMO.

Recommendation H: Post implementation reviews

The NAO recommends that the BBC should carry out annual reviews bringing together cost performance and management of coverage. The BBC Executive broadly agrees with this recommendation; whilst extensive reviews might not always represent value for money on an annual basis for annual events, the BBC already undertakes, as recognised by the NAO, formal post-implementation reviews at the time the contracts are renewed, as required by the BBC's investment guidelines and local finance committee rules. The BBC also conducts formal annual reviews, such as Divisional Performance and Slate Reviews, which incorporate the outcomes of major events. In addition, informal reviews for specific events happen on an annual basis immediately after each event and before the budget round for the following year.

The events covered by this review are an important part of the BBC's sport and music coverage. The BBC Executive is pleased that the NAO has recognised the significant value generated by these events to our audiences, and that these have been delivered on time and on budget. We will continue to build upon the work already undertaken to improve the management of major events, whilst continuing to deliver the distinctive, high-quality, challenging output that BBC audiences appreciate.

BBC Executive
January 2010



National Audit Office

The BBC's management of its coverage of major sporting and music events

Report by the Comptroller and Auditor General

This report has been prepared under clause 79 (3) of the Broadcasting Agreement between the Secretary of State for Culture, Media and Sport and the BBC dated July 2006.

Amyas Morse

Comptroller and Auditor
General

National Audit Office

22 December 2009

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Summary

1 The BBC covers a wide range of major sporting and music events in pursuit of its Royal Charter commission to inform, educate and entertain viewers and listeners. The process of covering sporting and music events starts with an editorial decision to broadcast coverage of the event, subject, in some cases, to the procurement of broadcast rights. Once the BBC has the rights to broadcast coverage, it has to set the scale and nature of its coverage.

2 In 2008-09, the BBC spent £246 million on procuring rights to broadcast sporting and music events and £111 million on coverage of those events. Our examination focused on the coverage of major events – those involving a significant commitment of BBC resources to live broadcast over two or more days on more than one BBC platform (TV, radio, online). The six events were the Beijing 2008 Olympics Games, the 2008 UEFA European Football Championships (Euro 2008), The Championships, Wimbledon, the Glastonbury Festival of the Performing Arts (Glastonbury), the BBC Proms and Radio 1's Big Weekend. The cost of covering these events in 2008-09 was £35 million, or 31 per cent of the BBC's overall expenditure on the coverage of sporting and music events.

3 Across the six events we examined the BBC broadcast over 2,000 hours of television and radio coverage, supplemented by online and interactive coverage. Between four and 47 million people watched the BBC's coverage of these events. The BBC's coverage has been widely appreciated. For example, over 70 per cent of people rated the quality of the BBC's coverage of Euro 2008 as at least eight out of ten. Approximately 80 per cent of the United Kingdom's population watched at least three minutes of the Beijing Olympics coverage.

4 This review by the National Audit Office was prepared under an agreement between the Secretary of State for Culture, Media and Sport and the BBC¹. The review looks at how the BBC has sought to deliver value for money through the management of its coverage of major sporting and music events. We did not evaluate the decisions to cover the events or to buy the rights, which are editorial judgements. Our methodology is at Appendix 1, with a fuller version at www.nao.gov.uk.

¹ A 'Framework Agreement' under Article 49 of the BBC Royal Charter 2006 between the Secretary of State for Culture, Media and Sport and the BBC – Command 6872, dated July 2006.

Main findings

5 Two BBC Divisions, BBC Sport and Audio & Music, are responsible for its coverage of major sporting and music events. The annual targets for each Division reflect what the BBC considers should be achieved by its coverage across its whole portfolio of events, not just major events. For example BBC Sport has a target that 50 per cent of adults who follow sport on TV should think the BBC is best for sport. Audio & Music met almost all its coverage-related targets for 2008-09 but BBC Sport missed nine of its 15 2008-09 targets for quality and reach of its coverage.

6 Coverage of individual major events can involve significant expenditure and the outcomes of coverage can have a material impact on the achievement of Divisional targets. In line with the performance management framework set by the BBC Trust, the BBC has not set quantified targets for its coverage of individual events, and viewers' and listeners' appreciation is hard to predict with any certainty because of the unpredictable impact of external factors, such as the performance or appearance of individual athletes or pop stars. The BBC does, however, use the coverage information from post-event reviews on, for example, numbers of viewers or audience reaction, to inform its expectations for future events, albeit without, in the past, setting quantified targets for future events based on that research.

7 Non-quantified coverage objectives were established for only one of the events we reviewed, although they were not supported by measurable indicators that could be used to assess whether the objectives had been met. More recently, since the events covered in this report, the BBC has set quantified targets for Glastonbury in 2009 and for Radio 1's Big Weekend from 2010. It has also started to set indicative reach guidelines for some sports events.

8 Several BBC Divisions can be involved in coverage of major events. Individual budgets are included in Divisional plans for TV, radio and interactive coverage in line with platform priorities. For example the BBC Sport plan included TV (including HD), radio and interactive plans of £13.7 million for coverage of the Beijing Olympics. However this figure did not include additional budgets of £2.5 million for some talent, BBC staff and online coverage, which were approved separately. The total budget of £16.2 million was not brought together anywhere.

9 For events with significant rights costs – generally the sports events – an outline coverage budget is approved when the rights are procured, based on the cost of covering previous events. Expenditure on Euro 2008 was within the indicative original budget but that for Wimbledon was £0.7 million over the indicative original budget for television coverage on a like-for-like basis, excluding long-term talent costs which were not in the indicative budget (although total final expenditure was almost exactly in line with the final budget). Actual coverage budgets tend to start as rolled forward versions of previous budgets for annual events at the same location each year and there was a more comprehensive budget-building process for the four-yearly Olympics and Euro football finals. While there is consideration of alternatives for elements of coverage as part of budget preparation, for example which cameras to use or staffing decisions, and in practice some choices may be ruled out on editorial grounds, there is almost no formal cost-benefit consideration of different coverage options when budgets are approved.

10 A large proportion of the BBC's coverage costs for major events is for outside broadcast services and technology to capture, edit, and transmit pictures. Some costs are unavoidable because the BBC is required to use host broadcaster services and, sometimes, broadcast centres. Other costs are necessary consequences of live broadcasting from remote locations, for which the BBC uses existing contracts or competitive tender for new contracts. In addition there are other costs arising from BBC editorial decisions, for example for studios or presenters. Costs are incurred on an event-by-event basis and, while changes in location can make comparisons difficult, the BBC made only limited use of the potential for using internal benchmarking of costs to improve efficiency. The BBC believes it can take assurance on cost control from the fact that the same production teams oversee coverage of similar events so knowledge is built up over time but it does not have documented comparisons for similar events.

11 The BBC delivered coverage of all six major events on time and largely within final budgets. Whilst the BBC uses experienced production personnel to deliver its coverage, the BBC has recognised that the absence of a formal documented control framework or a formal planning procedure may have exposed the BBC to unnecessary risks. The BBC has now put more formal planning processes in place for its coverage of Radio 1's Big Weekend, the London 2012 Olympics and the Proms.

12 The BBC completed a number of post-event reviews, including those by its marketing division, internal audit and the production teams, to learn lessons and to inform target setting for future event coverage. However it did not carry out the key post-implementation review of its coverage of major events, bringing together all aspects of performance. It carried out a review on only two of the six 2008 events. Whilst the BBC reported achievements in its post-event reviews, the value of the analysis was limited by the absence of baselines against which performance could be assessed.

Conclusion on value for money

13 The BBC spent £357 million in 2008-09 on the rights for and coverage of sporting and music events. It delivers coverage that is valued by millions of viewers and listeners, largely within the budgets that it has set. The BBC does set, and report on whether it has achieved, coverage objectives at a divisional level. However, as coverage options are not developed and considered for cost-effectiveness against alternatives when budgets are approved, quantified objectives are not set and there is limited structural review of costs, the BBC is not making the best use of the information available to it to test and demonstrate the value for money of its coverage. To improve the cost-effectiveness of its coverage the BBC needs to adopt a more systematic approach to assessing objectives, options and costs for its coverage of major events.

Recommendations

14 To enhance its ability to assess and improve the value for money of its expenditure, and to assist it in allocating resources, the BBC should adopt a more structured approach to the management of its coverage of major events.

- a** **The BBC measures performance at a divisional level but when approving budgets to cover individual major events does not identify the intended benefits from its coverage.** Without active consideration of the benefits and the costs of coverage when it approves expenditure limits the BBC is not in a position to evaluate the cost effectiveness of expenditure on individual events. Using the trend information on performance it collects at an event level and already uses to inform expectations of coverage outcomes, the BBC should, when approving coverage budgets, build on the work it has started for Glastonbury and Big Weekend and set measurable objectives for individual major events so that it has a clear basis for assessing the success of its coverage and the value for money it has secured.
- b** **Setting measurable objectives for coverage is not a precise science. The outcome of coverage may be affected by factors beyond the BBC's control, such as the presence and performance of outstanding athletes or pop stars.** When reporting performance, managers should set out the material external factors affecting performance and an estimate of their impact on the outcome of coverage, taking account of trends for similar coverage in the past.
- c** **The BBC does not consider a range of costed options when it approves its coverage of major sporting and music events.** By considering just one option for approval, the BBC is limiting its ability to make informed judgements about the best use of its funds. The BBC should set out planned outcomes for a number of different budgets.

- d** For 2009-10, the BBC introduced quantified reach guidelines for its coverage of four sports as these were material to the achievement of the BBC's overall reach target. The BBC should assess whether the application of reach guidelines for some individual events can be extended to other events and to the other indicators in its performance management framework, ideally moving towards setting quantified objectives as for its Glastonbury coverage from 2009 onwards.
- e** The BBC does not have transparency over the total budget for coverage of individual major events. Approvals processes for expenditure mean that all expenditure is approved but not gathered together to allow the BBC to consider total costs against achievements. The BBC should collate total costs, ideally for a single coverage sponsor to support full reviews of performance against cost.
- f** The BBC has used only limited and informal internal benchmarking to compare the costs and production processes of recurring and similar major sporting and music events it covers. The BBC should identify BBC-covered events that would allow structured cost comparisons and, for annually-recurring events, carry out thorough bottom-up cost reviews periodically.
- g** The BBC's Programme Management Office, established in 2008, supports the delivery of the BBC's strategic projects through the provision of general and specific guidance and the dissemination of good practice. The coverage of individual major events sits outside the Programme Management Office's remit. The Programme Management Office should however identify those aspects of best practice which may benefit the coverage of major events and disseminate them to the relevant teams.
- h** The BBC uses a number of different methods for assessing the quality and management of its coverage of individual events and learn lessons but does not systematically carry out integrated reviews combining costs, performance and management on an annual basis. Post-implementation reviews of major events, which cover these elements, are triggered by renewal or termination of rights deals but this is not necessarily an annual process. The BBC should, taking materiality into account, carry out annual reviews bringing together cost performance and management of coverage.

Main Report

15 This review examines whether the BBC's approach to its coverage of sporting and music events provides value for money by looking at how the BBC initiates, plans, delivers and reviews its coverage of major events. We did not, as part of our examination, review the BBC's decision to purchase the rights to broadcast or commission events as this is primarily an editorial decision – our focus was on the management of coverage once the decision to cover the event had been taken.

The BBC's coverage of sporting and music events

16 The BBC covers a wide range of sporting and music events as part of its remit to entertain and inform. In 2008-09, the BBC spent covering these events – £91 million on sporting and £20 million on music events. In the same year, it spent £246 million securing the associated rights to broadcast these events.

17 BBC Sport is responsible for delivering the coverage for sporting events and Audio & Music is responsible for delivering the coverage of music events. The BBC broadcasts its coverage of major events through one or all of three separate platforms: television, radio, and online. Outside of Audio & Music and BBC Sport, the Future Media & Technology division has oversight of BBC online, iPlayer, the 'red button' facilities and mobile content; in addition BBC Vision commissions the TV coverage of the music events.

18 **Figure 1** overleaf shows the organisational and accountability structure of the BBC, as it relates to the coverage of sporting and music events.

19 For the purposes of this report, we agreed with the BBC the definition of major events in **Box 1**.

Box 1

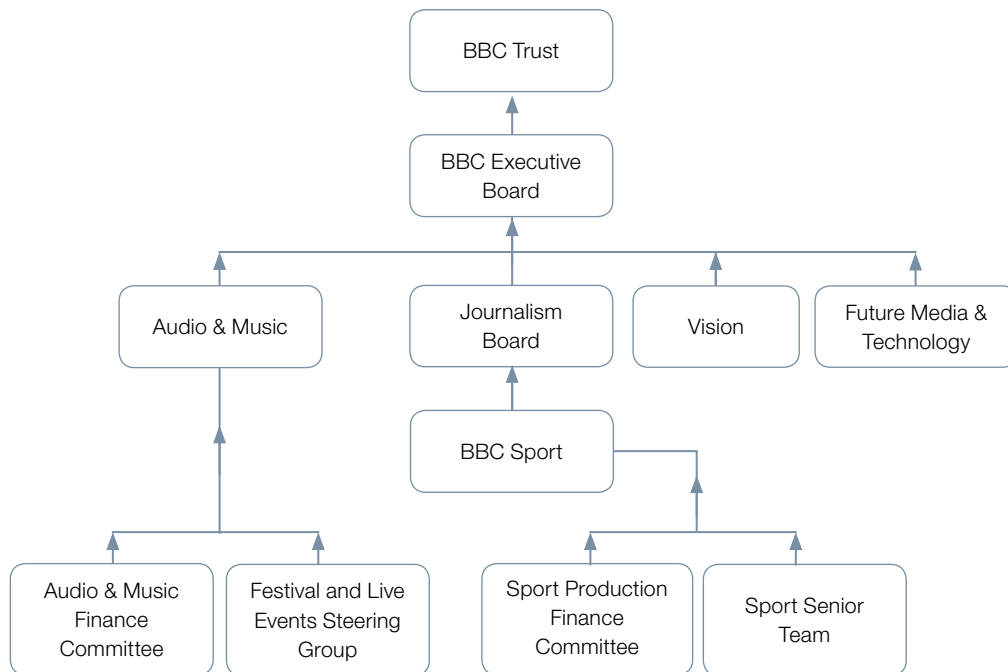
A definition of a major sporting or music event

A sporting or music event is a major event if the BBC's coverage is

- of significant size and complexity, requiring the assembly of specific resources and management beyond that required for continuous 'day to day activities';
- broadcast live, at least in part, over two days or more; and
- multi-platform and/or cross-departmental.

Source: National Audit Office/BBC

Figure 1
How coverage of sport and music output is organised at the BBC



Source: National Audit Office

20 The production costs of covering sporting and music major events in 2008-09² were £40.4 million and the six events we examined, selected on the basis of the importance of the event and the cost of coverage, accounted for 86 per cent of that cost.

21 For the six events we reviewed, **Box 2** summarises the nature of the event itself, the BBC's coverage, what it achieved and the financial position. Across the six events, the BBC achieved large audiences, the majority of whom appreciated the coverage. For each of the six events, the cost was within five per cent of budget.

² We focused on events that took place in this period so that the fieldwork for our review did not impinge on the BBC's delivery of four of the events during 2009.

Box 2

A summary of the event and the BBC's coverage

	Description of event	BBC coverage	Achievements	Budget (£m)	Outturn (£m)	Over/(under) budget (percentage)
The Beijing 2008 Olympic Games (8–24 August 2008)	The Games included 28 summer sports and approximately 10,500 athletes.	The BBC broadcast 548 hours of television, 332 hours of radio and also provided coverage through its website, iPlayer, and interactive television.	Forty seven million people watched at least three minutes of the BBC's coverage.	16,245,000	15,565,000	(4)
The 2008 UEFA European Football Championship (7–29 June 2008)	The Euros, in Austria and Switzerland, involved 16 teams playing 31 matches at eight venues.	The BBC broadcast 89 hours of television and 93 hours of radio coverage, provided coverage on its website, interactive facilities and the iPlayer.	Thirty nine million people watched at least three minutes of the BBC's coverage. Seventy-one per cent of people rated the BBC's coverage as eight or more out of ten.	8,728,000	8,682,000	(1)
The 2008 Championships, Wimbledon (23 June–6 July 2008)	Wimbledon is one of four grand-slam tennis tournaments. It features 13 competitions played out through 658 matches over 13 days.	The BBC broadcast 270 hours of television and 143 hours coverage and covered the event on their website, iPlayer and interactive television.	Forty million people watched at least three minutes of the BBC's coverage, with an average of a 7.8 million watching the men's final. Sixty-four per cent of people rated their enjoyment of the coverage as eight or more out of ten.	4,207,000	4,217,000	Less than 1
The BBC Proms 2008 (18 July–13 September 2008)	Music, spanning seven centuries and 120 composers, was performed in 84 concerts by orchestras and artists from around the world.	The BBC broadcast 67 hours of television, 303 hours of radio and also provided coverage on their website, iPlayer and interactive television.	Over 17 million people watched at least three minutes of the BBC's television coverage and over one million listened on the radio.	3,745,000	3,712,000	(1)
Glastonbury 2008 (25–29 June 2008)	Over 100,000 festival-goers had access to 474 groups or individual artists during the five-day festival.	The BBC broadcast 55 hours of television, 43 hours of radio and also provided coverage on their website, iPlayer and interactive television.	Over fourteen million viewers watched at least three minutes of the BBC's coverage, with a further 5.7 million listening to the radio coverage. Forty-one per cent of people rated the BBC's coverage as eight or more out of ten.	1,722,000	1,737,000	1
Radio 1's Big Weekend 2008 (10–11 May 2008)	Sixty-three groups or individual artists performed across four stages during the two-day event.	The BBC broadcast 25 hours of television, 58 hours of radio and also provided coverage on their website, iPlayer and interactive television.	Over five million people watched the BBC's coverage, and almost four million people listened on radio. Forty-one per cent of people rated the BBC's coverage as eight or more out of ten.	845,000	888,000	5

Source: National Audit Office

NOTE

BBC Worldwide sells the BBC's coverage of Euro 2008, Wimbledon, Glastonbury, and Radio 1's Big Weekend which generates income for the BBC.

22 The BBC is required by the BBC Trust to set targets for, and evaluate the performance of, its television channels and radio stations through Service Licences which guide editorial decisions. The BBC uses four indicators of public value – reach, quality, impact, and value for money (**Box 3**) – to set the targets for the overall performance of the portfolio of programmes for each television channel and radio station.

Box 3

The BBC's public value performance indicators

Reach is a measure of the uptake of BBC services by the population

Quality is a measure of the characteristics of public service broadcasting – excellence, distinctiveness, originality and innovation.

Impact is a measure of the extent to which BBC programmes are memorable, challenging, engaging and supportive of the BBC's purposes.

Value for money is a measure of the efficiency and effectiveness of the BBC in delivering public value for the licence fee payer.

Source: BBC

23 **Figure 2** shows the performance for 2008-09 for BBC Sport and Audio & Music against those targets which will be materially affected by performance in major events. In summary, Audio & Music met six of its seven targets for reach and quality; BBC Sport met six of its 15 targets, Audio & Music and BBC Sport have Divisional targets for value for money but none is directly relevant to the coverage of major events as they focus on delivering corporate efficiency targets. Audio & Music has an impact target to drive awareness of DAB digital radio but BBC Sport has no impact target.

Assessing costs and benefits for major events

24 This section of the report assesses how the BBC approves its spending on the coverage of major sporting and music events. The coverage requires significant expenditure, from the procurement of broadcast rights to the cost of running internally commissioned events.

25 In April 2008 the BBC issued new investment appraisal guidance to help inform the development of business cases for consideration by the BBC's Finance Committee. The guidance explains that the business cases should include measurable objectives linked to the four elements of its public value performance management framework and information on the range of options considered as part of the financial assessment of the options under consideration.

Figure 2

Performance against Divisional coverage targets for 2008-09

Performance indicator	Indicator	Target for 2008-09	Achievement in 2008-09
BBC Sport			
Reach	Weekly reach for adults 15+	45%	40%
	Weekly reach among 15 to 34 year olds	44%	38%
	Weekly reach of sport on BBC TV (adults watching at least 4 minutes of coverage)	32%	29%
	Weekly reach of live sport on BBC radio	4.1m	3.9m
	Weekly unique users of bbc.co.uk/sport	7.0m	7.7m
	Monthly BBC Sport mobile users	1.9m	1.8m
Quality	BBC Sport approval (average score out of 10 from adults interested in sport)	7.0	6.9
	Maintain level of high approvers for BBC Sport (8 out of ten) – all interested in sport	38%	38%
	Best for Sport on TV (adults 15+ who follow sport on TV)	50%	46%
	Best for Sport on radio (adults 15+ who follow sport on radio)	62%	60%
	Best for Sport online (adults 15+ who follow sport online)	Number one	Number one
	Best for great presenters	Number one	Number one
	Best for expert opinions	Number one	Number one
	Best for innovative and dynamic sports coverage	Number one	Number two
	NetPromotor for Sport on bbc.co.uk	60	62
Audio & Music			
Reach	Maintain BBC Network reach at or above the 2007-08 average	58.6%	58.8%
	Grow the overall reach of the BBC's digital radio services	Greater than 5.5%	5.9%
	Grow reach to Audio & Music websites, on interactive TV, and on mobile devices	Greater than 2m unique users	3.1m
	Maintain the Network Radio approval score at the 2007-08 level (8.1 out of ten)	8.1	8.1
Quality	Maintain quality scores across a range of areas, including		
	• live music;	40%	41%
	• live events; and	41%	40%
	• sport.	38%	38%

Source: National Audit Office summary of the BBC's performance data.

26 The guidelines do not require explicit approval of production budgets as budgetary authority for all programme spend, regardless of level, is delegated to divisional finance committees (such as those for BBC Sport and Audio & Music). However the guidelines, which embody good practice in the development and subsequent approval of business cases for organisations considering making significant resource commitments, encourage divisional boards to incorporate aspects of the guidance into their own approval processes.

Identifying the likely costs of coverage

27 A formal approvals process allows the BBC the opportunity to consider the nature and scale of investment needed to cover an event to the standard required, although financial thresholds differ between Divisions. Audio & Music's Finance Committee must approve expenditure with external suppliers and contributors in excess of £500,000 but no such requirements exist for the commitment of expenditure involving internal resources, which are considered as part of the Divisional annual budget setting process. BBC Sport's Production Finance Committee must approve internal or external expenditure in excess of £200,000.

28 The BBC does not prepare a single budget for individual events that gathers together the total cost of coverage across platforms. Separate budgets are prepared and approved for each platform (television channel, radio station, online), and the BBC told us some talent costs are approved separately as part of long-term contracts.

29 For sporting events where the BBC procures coverage rights an initial business case is considered by the pan BBC Finance Committee. The business case will include a 'mandate' figure indicating the scale of the production budget involved, largely based on the budget for the previous event as a starting point, adjusted to reflect new circumstances and any change of location. A more detailed coverage budget is prepared nearer the event and approved at Divisional level. For the sports events we examined:

- The approved budget for Euro 2008 was within the approved mandate budget but that for television coverage of Wimbledon was £0.7 million above the approved mandate of £2.5 million. The BBC told us it was unable to locate the documentation giving the approved production mandate budget for the Beijing Olympics.
- The BBC has told us the budgets for its coverage of the Beijing 2008 Games, Wimbledon, and Euro 2008 were approved at divisional level, but could not provide documentary evidence of this as the approval was not minuted.

30 For Audio & Music, coverage budgets for the Proms and Glastonbury were approved by the divisional board as part of station budgets (for example the Proms within the annual Radio 3 budget). Radio 1's Big Weekend required specific approval because of the financial and reputational risk running the event presented to the BBC. The BBC approved the contract for management of Radio 1's Big Weekend on 21 April 2008, only four weeks before the event, when significant costs had already been either incurred or committed. The budget for the coverage of the event was approved in 2007, as part of the approval of the Radio 1 budget for 2008.

31 The BBC needs processes designed to assess overall cost effectiveness, as value for money is not always about choosing the lowest-cost coverage. Consideration of options allows those approving expenditure to consider whether there is more than one way of covering an event and to see what trade-offs may be available. For the budget submissions we examined there was an iterative consideration of different cost elements of its coverage – for example, high definition television at the Beijing Games, Wimbledon, Glastonbury, and Radio 1's Big Weekend; a studio in Vienna for Euro 2008; and the impact of no home nations qualifying for Euro 2008 (**Box 4**). However there was no structured consideration of distinct budget options or cost and quality trade offs as part of the approvals document. Only the preferred coverage option is presented for approval.

Box 4

The impact of no home nations qualifying for Euro 2008 on the BBC's coverage

- The BBC estimated the likely decline in viewer numbers as a result of England's failure to qualify for Euro 2008 and recalculated the cost per viewer hour.
- The BBC removed the highlights programme on nights where it broadcast a live peak hour game and dropped the proposed Football Focus on Sundays. These changes were reflected in the final budget for approval.

Source: National Audit Office

32 The six events we examined as case studies are regular features in the sporting and music calendars, following broadly the same format from one event to the next. For the four annual events the BBC took the outturn for the previous event as a starting point, and then adjusted elements of it to reflect new circumstances and developments in technology. For the two non annual events, the Beijing Games and Euro 2008, the BBC constructed new budgets to reflect the changes in circumstance and technology over the previous four years. The risk of routinely rolling forward budgets for recurring events is that it will reinforce rather than challenge basic cost assumptions, although this should be balanced against the potential cost of an annual budget setting process, particularly for the lower-cost events. The budget should therefore be tested by a periodic 'bottom-up' review of costs. For BBC Sport, the Head of Production both inputs to budgets submitted to the Production Finance Committee and, as part of the five person Committee, has a role in budgetary approval, weakening the independent scrutiny of budgets.

Identifying the expected benefits of expenditure

33 Setting out the expected benefits from expenditure is central to assessing the cost-effectiveness of expenditure proposals and provides a basis for assessing performance. Without clear quantified objectives for the coverage of individual events, the BBC does not have a complete basis for evaluating the cost effectiveness of proposed coverage and for assessing performance. While the BBC sets coverage targets at a Divisional level (paragraph 22), it did not set measurable event specific coverage targets for major sporting and music events in 2008/09 for a number of reasons.

- The BBC Trust does not require the BBC to set coverage targets for, or monitor performance at the level of, individual programmes;
- Performance outcomes can be influenced by the content of the event as well as the coverage. For example, the failure of any home nations to qualify for Euro 2008 and the absence at Wimbledon of a competitor from one of the home countries may lead to lower audience figures and viewer satisfaction;
- The pace of technological change – particularly development of on-demand access, use of mobile devices and interactive ‘red button’ television – can make tracking performance difficult.
- It can be difficult to measure the performance of specific events broadcast on radio because the radio industry’s standard measure of reach is for a three-month period and so, unlike television, does not identify reach for individual programmes³.

34 Although the BBC faces difficulty setting targets for individual events in terms set out in its own performance measurement framework, it receives daily returns on the reach achieved by its television programmes (but not available for radio) and post event feedback on the quality of its coverage, which provides the BBC with information to inform objectives for individual events. The BBC has taken initial steps to consider objectives as part of its approach to the coverage of major sporting and music events.

- For 2009-10, BBC Sport set reach guidelines for each of four sporting events (Formula 1, Wimbledon, Six Nations rugby, and the Winter Olympics) on the basis that if it does not achieve these figures it will be unlikely to achieve its overall Divisional reach targets⁴. The BBC sees these as indicators for management rather than targets for which Executive Producers are accountable.
- The business case for the procurement of the rights to broadcast Glastonbury between 2009 and 2011 establishes targets for reach, quality and impact.

³ Audience reach is measured by Radio Joint Audience Research Limited – RAJAR – which is jointly owned by the BBC and the Radio Centre, the representative body for the commercial radio sector.

⁴ BBC Sport has not set any guideline *quality, impact or value for money* indicators.

35 Whilst the BBC did not set measurable objectives for individual events as part of its finance cases for events covered in 2008-09, it did set high level coverage objectives for Radio 1's Big Weekend (**Box 5**). However, they lacked measures or baselines against which performance could be assessed. We are unable to comment on objectives for the Beijing Olympics, as the BBC was unable to locate the original business case documentation (paragraph 28). The BBC did not establish coverage objectives for any of the other four events we reviewed.

Box 5

Event level performance objectives for Radio 1's Big Weekend 2009

The business case for the event outlined that coverage of the event should:

- showcase the best contemporary music artists from the UK and internationally at an exclusive, strongly branded event to be exploited on Radio, TV and online;
- gather exclusive audio and visual material;
- raise awareness and listening in a key area of underperformance;
- build team loyalty amongst Radio 1 DJs; and
- create a strong brand for the future of the BBC's young offering.

Source: National Audit Office review of the BBC's business cases

Managing the costs

36 We worked with the BBC to identify the principal cost categories for coverage of six major events we reviewed⁵. **Figure 3** overleaf shows that the cost breakdown of each event varies considerably, reflecting the differences in the nature of the coverage and in the logistical challenges faced by the BBC. Analysis of the contribution of each element of expenditure makes to the overall cost shows that:

- the majority of major event costs are in outside broadcast and infrastructure and technology cost;
- for events held in the United Kingdom, the outside broadcast costs dominated, especially for Wimbledon for which the BBC was the host broadcaster'. Infrastructure costs dominated for events held overseas;
- BBC Sport's expenditure on talent, as a percentage of total coverage costs, was higher and more variable than Audio & Music's; and
- music events have a higher proportion of staff costs than sporting events.

⁵ Appendix 1 – on the study's methodology – describes the approach in more detail. To protect the BBC's commercial position in ongoing contract negotiations we have amalgamated the expenditure categories in Figure 3 for outside broadcast expenditure with those for infrastructure and technology.

Figure 3

An analysis of the coverage costs (outturn) of six major sporting and music events

	The Beijing 2008 Olympic Games		Euro 2008		Wimbledon	
	Outturn £'000	Percentage of total cost (%)	Outturn £'000	Percentage of total cost (%)	Outturn £'000	Percentage of total cost (%)
Talent and other staff	3,583	23	2,129	25	949	23
Outside broadcast, infrastructure and technology, and studios	9,485	61	4,843	56	2,996	71
Travel and accommodation	1,993	13	1,254	14	100	2
Miscellaneous	504	3	457	5	171	4
Total	15,565	100	8,682	100	4,217	100

Source: National Audit Office

37 In paragraphs 38 to 51 we examine the steps the BBC has taken to control the cost of the four largest elements of the budget for the coverage of major events: infrastructure and technology, outside broadcast facilities, talent and other staff. We have focused, in particular, on the discretionary elements of expenditure, while recognising that these may reflect the BBC's editorial judgements of the audience's expectations and the audience targeted.

Infrastructure, technology and studios

38 For each event, the BBC needs technological infrastructure for collecting, producing and transmitting pictures and sound from the venue. This was 45 per cent of the total cost of the events we examined (£15.6 million). For international events such as the Olympics and Euro 2008 the BBC used space in a purpose-built broadcast centre provided for broadcasters by the event organiser or host broadcaster. The BBC has limited control over such costs, as it has to use the facilities provided at the rate set by the provider, and in some cases will have paid for them as part of the rights agreement. For example, for the Beijing Olympics, the European Broadcasting Union⁶ co-ordinated basic TV coverage for European countries, including the construction of the International Broadcasting Centre and accommodation in China.

⁶ The European Broadcasting Union is an association of national broadcasters that, among other activities, procures rights to sporting events on behalf of its members.

Radio 1's Big Weekend		Glastonbury		The Proms	
Outturn £'000	Percentage of total cost (%)	Outturn £'000	Percentage of total cost (%)	Outturn £'000	Percentage of total cost (%)
276	31	271	16	770	21
473	53	961	55	2,482	67
102	12	282	16	67	2
37	4	223	13	394	10
888	100	1,737	100	3,712	100

39 For events covered by BBC Sport, where the BBC does not have host-technology services provided, it has to provide facilities itself to collect, process and transmit coverage back to its distribution network in the United Kingdom. The bulk of this is done by the BBC's technology partner, Siemens, under the terms of its competitively procured ten-year Technology Framework Contract with the BBC.⁷ Siemens were also the BBC's preferred partner for project managing the design and build of the BBC's requirements at the International Broadcast Centres (see paragraph 37).

40 Under that contract, the BBC provides specifications for its technical output to Siemens, who then draw up detailed specifications which the BBC can use to seek bids through an open tendering process. For coverage of the Beijing Olympics and Euro 2008, Siemens, working under instructions from and with the approval of the BBC, contracted directly with third parties.

⁷ BBC Outsourcing: The contract between the BBC and Siemens Business Services for the provision of technology services, National Audit Office July 2006.

41 Where Siemens carries out work requested by the BBC under the terms of the Technology Framework Contract it does so at rates agreed as part of a competitive procurement process. For other work Siemens may be part of any competitive tendering exercise that the BBC runs. For those areas where Siemens worked directly for the BBC under the Technology Framework Contract, the BBC paid Siemens £1.6 million for the six events and a total of £2.5 million in technology services was procured under competitive contracting arrangements.

42 One discretionary area of technology and infrastructure expenditure linked to editorial judgements and the BBC's view of audience expectations is the use of studios. The BBC needs to have some basic studio space but may choose to construct temporary studio facilities to meet its editorial vision for coverage. Support services, such as telecommunications, will also be required. For example, for Euro 2008, the BBC was allocated space and facilities in the International Broadcasting Centre, some four miles from the centre of Vienna and without, in the BBC's opinion, an editorially suitable camera shot of key buildings. The BBC therefore paid an additional £250,000 for the construction and operation of its local studio in Vienna, with a backdrop of the city skyline. For Beijing, the construction and operation of the BBC's own studio, which it considered editorially necessary, was approximately £160,000⁸. For Wimbledon, the All England Lawn Tennis Club has purpose-built broadcasting facilities and studios and the use of these facilities is included in the rights contract to cover the event.

Outside broadcast facilities

43 The other key external contracts for the events we examined – in terms of value and their importance to the successful delivery of the coverage of the major event – were for outside broadcast facilities, at £5.7 million of spend across the six events⁹. Outside broadcast facilities include equipment such as cameras, track on which to mount cameras to increase mobility, and facilities for monitoring and managing live coverage and for mixing sound and pictures.

44 For the events we examined, 84 per cent of the BBC's outside broadcast expenditure was with SIS, a private sector company that was formerly part of BBC Resources. The BBC's five year contract with SIS guarantees it a minimum amount of business across the BBC, not just Audio & Music and BBC Sport. While the BBC is not obliged to use SISLive, and can therefore competitively tender the work, it will incur a financial penalty if the minimum expenditure threshold across the BBC is not met. This was agreed as part of the sale of BBC Resources, and may diminish the advantages that can accrue from competitive tendering. The BBC's rationale for placing a high volume of provision with one provider was that it secured what the BBC believed to be a competitive price on the disposal of this part of BBC Resources, as well as competitive work rates for guaranteed business, and gave the BBC access to a certain level of service from key and experienced talent who understand the BBC's needs as well as a degree of protection against price inflation through to the London 2012 Games.

⁸ The BBC shared the studio with another international broadcaster.

⁹ For Euro 2008 and the Beijing Olympics outside broadcast facilities for the core coverage was included in 'technology costs' provided by the host broadcaster rather than procured directly by the BBC. The outside broadcast costs for the Euro 2008 and the Beijing Olympics represent additional costs incurred by the BBC above the core event coverage.

45 Audio & Music and BBC Sport outside broadcast provision reflected the logistical issues of the events covered.

- For BBC Sport, outside broadcast facilities for the core coverage of Euro 2008 and the Beijing Olympics were provided by the host broadcaster as part of the rights package (so the outside broadcast costs for Euro 2008 and the Beijing Olympics represent the additional cost of the BBC's decision to broadcast additional coverage, reflecting its editorial ambition). BBC Sport bought its outside broadcast facilities for its coverage of the Beijing Olympics, Euro 2008, and Wimbledon (2008) mainly from SIS.
- For Audio & Music SIS provided outside broadcast facilities for the Proms which were not competitively tendered as it was provided under the contract with the BBC. Audio & Music did competitively tender the outside broadcast facilities for Glastonbury and Radio 1's Big Weekend. SIS successfully bid, outside of its contract with the BBC, for one element of the Glastonbury coverage. In 2009 television outside broadcast services at Radio 1's Big Weekend were competitively tendered and were awarded to Arena TV.

Talent

46 Following legal advice, the BBC Trust has asked that the National Audit Office not disclose the aggregate figure for talent costs for each event. It believes that in this case such aggregate disclosure, when combined with other information the Trust believes to be either in the public domain or potentially available, could constitute disclosure of talent fees for individuals, which would be in breach of the Data Protection Act. As a matter of prudence, we have therefore in Figure 3 aggregated talent and staff costs into a single figure for each event.

47 The cost of talent (presenters and commentators) can be a significant element of coverage expenditure, particularly for the events covered by BBC Sport. The cost of talent was either two or three per cent of total coverage costs for music events and between six and 20 per cent for sporting events. The BBC's editorial decisions about which talent to use are informed by its talent strategy, under which it has identified the value of presenters to the BBC, for example on the basis of audience appreciation research and the wider market, and then paying presenters accordingly. Although the choice of presenters is an editorial decision, the choice and number of presenters will still have cost implications and comparisons with other BBC events provides an opportunity for benchmarking, particularly for sporting events, the talent market which the BBC has described as 'inflated and visible'.

48 For the events we reviewed the BBC did not compare the proportions spent on the cost of talent with the added value of using those presenters. The added value was particularly important given the BBC had exclusive free to air coverage for two of the three sporting events¹⁰. There was no inter-event comparison even though the proportions varied markedly. While such comparisons clearly have to take into account the editorial ambition for the programme, a systematic analysis of the added value from high proportionate talent costs could help the BBC make best use of its resources.

Staff costs

49 In addition to talent, the BBC employs a range of editorial and technical in house and freelance staff to deliver its coverage of major events. **Figure 4** summarises the number of front line and support staff the BBC sent to cover each event. We did not seek to second guess technical and editorial decisions made by the BBC as to the number of people to cover an event or whether the mix of skills was “right”. Rather, we looked to see what steps the BBC had taken to control staff numbers and associated costs.

50 The BBC told us that it assesses the need for individual staff to attend events based on the production requirements and editorial vision for the coverage. The control over the number of BBC staff attending major events as part of the coverage team is that staff have to have their application for accreditation approved by a senior BBC executive. For example the Controller of Radio 1 had to approve all individuals supporting or providing coverage of Radio 1's Big Weekend and Glastonbury.

51 The BBC challenged the staff numbers required to deliver its coverage of the Beijing Games (491), comparing them with those required to deliver its coverage of the Athens Games (412). The analysis considered factors such as the time difference, the need for additional drivers and interpreters, and scheduling requirements. The BBC did the same for Euro 2008 in Austria/Switzerland when no home nation qualified (142 attending, compared with 145 for Euro 2004 in Portugal, when England qualified).

Figure 4
BBC front line and support staff covering each event

The Beijing 2008 Olympic Games	Euro 2008	Wimbledon	Glastonbury (2009)	Radio 1's Big Weekend	The Proms
491	142	358	277	271	145

Source: BBC

NOTE

The BBC is the host broadcaster for Wimbledon, and is therefore responsible for supplying coverage to overseas broadcasters.

10 ITV covered different matches at Euro 2008 than the BBC so there was no competition for audiences but this was finalised at a late stage, after the BBC had made commitments to use certain presenters.

Benchmarking costs to identify savings

52 We looked at the extent to which the BBC had considered benchmarking as part of its cost-management process, allowing for differences in the nature of the coverage from event to event. Opportunities do exist for the BBC to compare the coverage costs of events in two ways:

- comparing the cost elements of similar events covered by the BBC; and
- seeking opportunities outside the BBC for comparisons.

53 Internally, editorial ambition will have an impact on the coverage the BBC considers necessary and the consequent cost of that coverage. The BBC believes it can take assurance on cost control from the fact that the same production teams oversee coverage of similar events so knowledge is built up over time. We found no evidence of any structured or documented comparison of the coverage cost categories to explain the differences in costs of the type described below but recognise that the nature of the event and editorial choices might explain some differences.

- The staff and talent cost per day for Radio 1's Big Weekend was £138,000, whereas for Glastonbury it was £90,000.
- The cost of presenters for all three music events was similar at between two and three per cent of the total coverage budgets.

54 There are events which could offer the BBC opportunities to benchmark the costs of its coverage of major events with external comparators. For example major sporting events covered by the BBC such as Euro 2008 and the Beijing Olympics are covered by overseas broadcasters and Euro 2008 was also covered by ITV in the United Kingdom. There may also be close parallels to Wimbledon, such as the three Grand Slam tennis tournaments in the United States of America, Australia, and France which all have their own host broadcaster with live and highlights coverage of a two week tournament. The BBC told us it has been in discussion with NBC (USA) and ARD and ZDF (Germany) on their staffing levels at the Beijing Olympics, which were higher than those of the BBC.

55 We attempted to benchmark the BBC's costs and approach with those other broadcasters but were unable to secure any results due to commercial sensitivities. Following on from our report on BBC radio production efficiency¹¹, the BBC has taken steps to engage with the commercial sector to review the cost of radio programmes, working through an industry umbrella organisation. Such an approach could provide a model for benchmarking the coverage costs of major events.

¹¹ *The efficiency of radio production at the BBC*, National Audit Office, February 2009.

Planning and reviewing major events

Planning coverage

56 To deliver its coverage of major sporting and music events successfully the BBC needs to plan for and then coordinate a number of disparate activities, including logistics, technology, studios and staff planning. Presenters, commentators, and production staff need to be allocated to the coverage of particular events. The BBC tends to use highly experienced staff to manage the coverage of events. For example, BBC Sport's Head of Major Events has covered every Olympics since 1976 for the BBC. There are, however, notable differences in the way events are planned and managed as the BBC relies on locally developed planning processes. For example, the BBC has, for the past three years, used an off the shelf software package to manage its coverage of the Proms.

57 The BBC's Internal Audit completed reviews of the Beijing Games and Radio 1's Big Weekend. For both, it concluded that management controls over the operational, financial and occupational risks operated satisfactorily, although it identified areas for improvement.

- **The Beijing Olympic Games 2008.** Planning and preparation for the broadcast of the Games was effectively implemented by a very experienced and knowledgeable management team. However the design, implementation and successful operation of the detailed processes and controls for planning and preparation relied on the knowledge and experience of key production management staff, as no documented control framework based on project management principles was in place.

In response, the BBC introduced a new planning approach for its coverage of the London 2012 Games and created the new post of Director of London 2012.

- **Radio 1's Big Weekend in 2008.** Internal Audit concluded that, overall, the operation of management controls was satisfactory. However, it identified an absence of a formal planning procedure for the event as a whole which meant that some key activities, such as the agreement of the contract between the BBC and its event organiser and the preparation of the event budget, were not carried out at an appropriate point in time to manage all potential risks including financial loss, legal action or loss of reputation. While the risks did not crystallise on this occasion, the BBC recognised that this was an unsatisfactory situation.

In response the Radio 1 Big Weekend team, in 2009, introduced a more formal approach to project management, using off the shelf project management software and mandatory project management training for senior staff with responsibility for the event. Similar training has been provided to the team responsible for covering the Proms.

58 During 2009, the BBC took steps to enhance its programme and project management capabilities by establishing the pan-BBC Programme Management Office. The Office supports the delivery of the BBC's strategic priorities through guidance on approaches to specific tasks, bespoke support to specific programmes, and the identification and dissemination of good practice but does not yet cover production management. Whilst the initiative is embryonic, as it develops the BBC expects that it will make available best practice guidelines, tools and techniques across the BBC, with the potential to include complex production events in its remit.

Assessing performance

59 Once the coverage of an event has been completed, lessons for the future should be identified. Due to the 'repeat' nature of the music and sporting events covered by the BBC, post-event reviews could be particularly helpful.

60 Marketing, Communications and Audiences is a division of the BBC which provides detailed coverage of audience reaction to the BBC's broadcasts along with trends. It produces standard reviews for each event, and teams with responsibility for individual events can commission more detailed and targeted research such as the impact of Radio 1's Big Weekend on local Radio 1 audiences.

61 Post coverage reviews should be completed by the team responsible. For five of the six events we reviewed, the teams responsible for the coverage conducted debriefing meetings to identify lessons learnt. More formal Post-Implementation Reviews – to assess the success of the coverage against financial and performance objectives, and identify lessons from four different stages in the management of the event – initiation, planning, execution, and closure – should also be completed, either as part of the business case to renew a rights contracts, or at the end of a contract when a decision is taken not to renew the rights. Euro 2008 and Radio 1 Big Weekend were the two events of the six 2008 events we reviewed where this was done, in line with the BBC's requirements. The integrated lessons-learned content of a post-implementation review is not carried out unless it meets this rights 'trigger point'.

62 A Post-Implementation Review was prepared for Radio 1 Big Weekend in 2009. The review identified lessons learnt, such as the need for the Radio 1 team to continue to develop project management plans. The Review also reported successful achievement of objectives (see Box 5 on page 17), using quantified assessments of actual performance even though the objectives had not been quantified and a baseline against which success could be measured had not been established. A Post Implementation Review was also completed in 2009 as part of the renewal of the rights contract for Glastonbury and for Wimbledon.

Appendix One

Methodology

The main elements of our methodology are set out below.

Selected method	Purpose
<p>1 Developing good practice criteria</p> <p>We commissioned Arup to develop a set of good practice criteria for assessing the BBC's approach to its management of coverage of major events.</p>	<p>To test the robustness of the BBC's approach to management of its coverage of the six case study events.</p>
<p>2 Evaluation of financial and performance data for coverage of six case study events</p> <p>Working with the BBC, we developed comparable budget and outturn data for each event.</p> <p>We reviewed performance reports produced by the BBC's Marketing, Communication and Audiences division for each event.</p>	<p>To identify the most significant cost drivers.</p> <p>To make comparisons between events.</p> <p>To evaluate the BBC's actual financial performance against their plans.</p>
<p>3 Review of key documents</p> <p>We reviewed documents held by the BBC including strategy documents, business plans, board papers, internal business management and performance reports, risk assessments, minutes of meetings, email correspondence, and post project reviews.</p>	<p>To follow the process of covering an event from start to finish.</p> <p>To assess the processes, considerations and decisions involved in the BBC's planning and management of coverage.</p> <p>To identify the key staff involved in managing coverage projects and witness the enacting of roles and responsibilities.</p>
<p>4 Interviews with BBC staff</p> <p>We interviewed BBC staff with responsibility for the management and delivery of the BBC's coverage of major events</p> <ul style="list-style-type: none"> ● Staff in Audio & Music and BBC Sport with responsibilities for the management of the six case study events. ● Staff in Future Media & Technology with responsibility for the interactive aspect of the BBC's coverage. ● Staff in Marketing Communications and Audiences with responsibility for researching audience numbers and their appreciation of the BBC's coverage. 	<p>To understand and evaluate how roles and responsibilities were discharged.</p> <p>To make further enquiries based upon evaluation of data and documents.</p> <p>To seek the perspectives of key stakeholders on the BBC's management of its coverage.</p>

Selected method	Purpose
5 Interviews with external stakeholders	
We interviewed key contractors and rights holders.	To seek the perspectives of key stakeholders on the BBC's coverage.
6 Benchmarking	
We commissioned PMP Genesis to explore the scope for comparisons with overseas broadcasters of major events.	To complete a literature review to benchmark the approach taken and the costs incurred by overseas broadcasters in covering major events
We explored the scope for benchmarking the BBC's approach to and costs of broadcasting major events with another UK public service broadcaster.	
7 Visits to major events	
We visited production facilities at Radio 1's Big Weekend 2009 in Swindon, the European Golf tournament at Wentworth, Wimbledon, and the Proms.	To understand first hand the challenges and complexities in broadcasting major sporting and music events.
