



National Audit Office



REPORT

The BBC's implementation of 'Across the UK'

BBC

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Key facts

£700mn

the total additional amount the BBC expects to spend outside London between March 2021 and March 2028. Between March 2021 and March 2023, the BBC had transferred 9.6% of this target against its planned 12.5%

£34mn

the total cost of implementing Across the UK spent by March 2023 against a baseline budget set in October 2021 of £136 million by March 2028

£67.5mn

the expenditure that the BBC had transferred outside London by March 2023 representing 77% of its target of £87.5 million by March 2023

54%

percentage of UK adults in March 2023 who think the BBC is effective at reflecting people like them (22% think it is ineffective). The same percentage of UK adults think the BBC is effective at catering for the part of the UK they live in (20% think it is ineffective)

60%

percentage of the BBC's annual expenditure on commissioning BBC television programmes that it plans to be outside London by December 2027 (compared with 51% in 2019-20). By March 2023, it was spending 58% of its production budget outside London

50%

percentage of the BBC's annual expenditure on commissioning and producing BBC audio programmes that it plans to be outside London by March 2028 (compared with 40% in 2019-20) By March 2023 it was spending 41% outside London

60%

percentage of apprentices supported by the BBC in March 2023 who are based outside London, against a target of 80%. By March 2023, the BBC had 369 apprentices based outside London

£850 million

the additional economic benefit (local gross value added or GVA) that the BBC estimates its implementation of Across the UK will generate by March 2028

Summary

Introduction

1 The BBC is the main public service broadcaster in the UK. Its mission and public purposes are set out in its Royal Charter. In March 2021, the BBC published *The BBC Across the UK* (ATUK), setting out its ambitions to strengthen its delivery for the whole of the UK, particularly in areas where perception of the BBC's relevance are relatively low, and to ensure that every household gets value from the BBC. It plans to do this by cumulatively spending at least an extra £700 million outside London between March 2021 and March 2028. Its March 2021 plans covered television, audio (radio and music), news, local communities, online and technology, production hubs and studios, training and apprentices, and property, with impacts falling primarily on its Content, News, Technology and Product divisions and support functions.

2 The BBC's recognition that most of its decision-making and expenditure has been historically located in London is not new. In 2004, it developed plans to relocate several departments to a new regional centre, subsequently completing its move to Salford in April 2012 (which we reported on in March 2013).¹ ATUK builds on this, but the BBC considers it a much bigger transformation affecting every part of the BBC and all four UK nations. ATUK is expected to increase programming from all parts of the UK outside London, including Salford, Cardiff, Newcastle and the North-East, Birmingham and the West Midlands, Glasgow, and Belfast. Its ATUK commitments exceed existing quotas for producing television programmes outside the M25 set by Ofcom, the BBC's regulator.

¹ Comptroller and Auditor General, *The BBC's move to Salford*, National Audit Office, March 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/05/10143-001_The-BBCs-move-to-Salford.pdf

3 The BBC sees ATUK as an enabler for its September 2020 *Value for All* strategy. One of the public purposes in the BBC's Royal Charter is to serve, reflect and represent the diverse communities of the UK. Improving audience portrayal to better reflect the lives and communities of BBC audiences is the central purpose of ATUK, with the BBC's planned extra expenditure outside London a key means of achieving this. The BBC believes that moving decisions on budgets and expenditure outside London will change the culture of BBC commissioning, production and BBC News journalism. This is expected to reduce regional differences in audience portrayal perceptions, increase the BBC's regional economic footprint and support growth of local creative industries. As a result of ATUK, the BBC expects to move around 400 roles outside London. Since it sees its decision-making and expenditure as catalysts, it estimates the implementation of ATUK will generate an additional economic benefit totalling around £850 million in local economic growth.

Scope and purpose of this report

4 The BBC's implementation of ATUK has three phases spanning seven years, with phase one covering set-up and implementation up to March 2023. Phases two and three are broadly focused on delivering further moves and maximising the benefits of ATUK respectively. We have assessed the BBC's progress with its implementation of ATUK so far and sought to draw out lessons for the remaining implementation periods. We assessed the following:

- The BBC's plans for implementing ATUK.
- What the BBC has achieved so far during phase one of implementing ATUK.
- Challenges for implementing the remaining phases of ATUK.

5 ATUK is rooted in the BBC's Public Service Broadcasting Group and we have not therefore assessed its impact on the BBC's commercial activities.

Key findings

The BBC's plans for implementing ATUK

6 **The BBC took an informed approach to targeting its interventions on areas of the UK where it could make the most impact.** The BBC used audience data about viewing habits, portrayal and perception to inform its decisions to intervene in specific regions, also taking account of regions where it had historically spent less, such as the West Midlands, compared with others. It also commissioned research into the BBC's economic impact in the creative sector and local economies, forecasting the growth it expects ATUK to stimulate. It set up ATUK activities focusing on areas where it already had some presence and at a scale it considered sufficient to make an impact on the local creative economy, rather than being thinly spread across many areas (paragraphs 1.8 and 1.9).

7 The BBC's business case for ATUK was underdeveloped. The BBC first set out its approach to ATUK in March 2021 and announced targets following consultation with BBC divisions. By October 2021, the BBC had finalised its baseline ATUK plan, budget and business case, setting out the basis for the previously announced target numbers. The BBC's plan drew on its experience from previous approaches covering staff and role moves, such as its move to Salford in 2012. The BBC took its ATUK business case through its governance structures and processes, including its Audit and Risk Committee and Executive Committee which reviewed and approved it respectively. BBC divisions subsequently produced more developed business cases for their areas, applying a BBC business case template. However, when compared with NAO-identified good practice, the BBC's October 2021 business case was underdeveloped. For instance, there was no appraisal of different options for meeting the programme objectives nor an assessment of local labour market skills to deliver ATUK (although the BBC told us it undertook a range of interventions to grow and develop talent and suppliers across the UK). The BBC's lack of initial planning created delivery risks. For example, the lack of market assessment led to unrealistic timelines for moving roles and local recruitment in some parts of the programme (paragraphs 1.11 and 1.12, Figure 4).

8 The BBC decided to implement ATUK through its divisions, as these are best placed to understand audiences, but has recognised the delivery risks this presents and has progressively strengthened its governance and oversight. Responsibility for implementing ATUK – in terms of making programming decisions and the transfer of budgets outside London – rests with BBC divisions on the basis that they are closest to understanding the BBC's audiences. The ATUK director is responsible for programme delivery and manages a small central team that reviews divisional plans and supports implementation of ATUK. The team also manages stakeholders and reports progress to the BBC's Executive Committee, including the director of nations as executive sponsor of ATUK. Given ATUK's strategic importance to UK-wide audiences and the BBC's culture and relevance, the BBC placed ATUK into its Critical Projects Portfolio in September 2021. In January 2023, a BBC project assurance review reported that the devolved delivery structure risked restricting the flow of information between divisions and the central team. It also found that while the ATUK director maintains a firm handle on delivery, overall the ATUK central team had insufficient capacity to support all the components of ATUK. Towards the end of phase one, the BBC recognised these risks and strengthened resourcing and governance, introducing a Steering Committee to join up BBC strategic thinking, and to decide how to prioritise budgets. These arrangements have only been in place since early 2023 and so it is too early to say whether they will fully mitigate the identified risks (paragraphs 1.17 and 1.21, Figure 5).

What the BBC has achieved with ATUK so far

9 By March 2023, the BBC was £20 million short of its key phase one target for transferring expenditure outside London, reaching its target three months later in June 2023. The BBC planned for phase one of ATUK to focus on setting up for future delivery in later phases. It nevertheless set itself a phase one target of transferring £87.5 million of expenditure outside London, against which it transferred £67.5 million by March 2023, representing 77% of its target. The BBC has moved some phase one activities into phase two and deferred its expenditure on these, primarily due to delayed audio moves and associated support costs. By the end of phase one, it had therefore transferred 9.6% (against a planned 12.5%) of its total £700 million target by March 2028. The £67.5 million expenditure has mostly been transferred to the north of England, the West Midlands and Wales. By June 2023, it had transferred £88.1 million outside London, meeting its phase one target three months later than planned (paragraph 2.6, Figure 7).

10 The BBC has met many of the other targets that it set for phase one of ATUK. By March 2023, the BBC had made good progress in implementing many activities, including:

- spending 58% (£921 million) of its television network production budget outside London, (March 2020: 51%) already close to its target of 60% by December 2027 (paragraph 2.8, Figure 8);
- commissioning 110 new and returning drama and comedy programmes reflecting communities outside London. Of these, 68 programmes have already been aired on television, 29 of which specifically portray the devolved nations. It has also moved or commissioned 25 network programmes to new locations such as Cardiff, Glasgow and Brighton (paragraph 2.11, Figure 6);
- moving 269 full-time equivalent (FTE) roles outside London which, together with recruiting for 22 roles in its new North-East Technology Hub, exceeded its phase one total target of 288.5 FTE roles. Most roles (222) were moved in the News division. Moves outside London were mostly to English regions (73%), with some to Wales (16%), Scotland (11%) and Northern Ireland (less than 1%) (paragraphs 2.14 and 2.15, Figure 10); and
- agreeing two published memoranda of understanding during 2021 setting out how to better serve local audiences and creative economies. These are with the West Midlands Combined Authority and Create Central; and with the North-East Screen Industries Partnership (paragraph 2.18).

11 In some areas, however, the BBC has not been able to make the progress it planned for against its phase one targets. These include:

- audio: Expenditure in the nations and regions is at the same level as it was in March 2020 at 41% (March 2020: 40%), with some way to go to reach its target expenditure of 50% of audio production outside London by March 2028 (paragraph 2.9, Figure 8); and
- BBC apprentices: Recruitment has been below March 2023 targets, both in terms of absolute numbers (617 against a total target of 713) and the percentage recruited outside London (overall 60% against a target of 80%) (paragraph 2.21, Figure 11).

12 By March 2023, implementation of ATUK had cost the BBC £34 million, 42% of its phase one forecast cost of £81 million. ATUK requires initial one-off costs, such as technology and human resources costs, investment in infrastructure and administration costs. In October 2021, the BBC set a baseline budget of £136 million for implementing ATUK to March 2028, with a forecast cost to the end of March 2023 of £81 million. By the end of phase one in March 2023, the BBC had spent £34 million, 42% of its baseline forecast cost and 25% of its baseline budget for implementing ATUK. This underspend is largely due to lower-than-expected support and investment costs required in phase one as a result of the BBC not carrying out all planned activities to meet its targets for transferring expenditure outside London by March 2023. However, the BBC told us it had also carefully managed programme budgets, resulting in efficiencies. In May 2023, the BBC had reduced its then forecast lifetime cost of delivering ATUK from £131 million to £126 million by March 2028 as a result of identified savings (paragraphs 2.25 and 2.26, Figure 12).

13 The BBC has rightly shown flexibility in its delivery approach for ATUK but changes to its plans may make it harder to track implementation and benefits accurately. Since announcing ATUK in March 2021, the BBC subsequently decided to remove or modify some elements, such as its announcement in June 2023 not to move the BBC Concert Orchestra outside London as it had originally planned, which the BBC had expected would transfer £23 million of its spending outside London. It also reduced its target for recruiting staff apprentices outside London from 80% to 51%. While it is usual for plans to change and adapt, the BBC did not have an agreed process for requesting changes to ATUK until October 2022 and decided not to review any changes made prior to this being adopted. Without a proper system in place for much of phase one of ATUK, there is a risk that the BBC has not properly understood the risks and impacts of making changes on its strategic objectives. The BBC believes it has now improved the tracking of the benefits of ATUK (paragraphs 2.2, 2.3 and 2.21).

14 The BBC is confident that it is starting to open up new opportunities for staff outside London and it is increasing recruitment of staff locally. For its move to Salford in 2012, the BBC relocated 854 BBC staff (compared with 254 recruited locally) at considerable relocation expense and made 548 BBC staff redundant. Its approach to ATUK has been different. It has made the overall decision to move expenditure in line with its *Value for All* strategy, while moving fewer roles than for the move to Salford. Of the 291 FTE roles that the BBC moved outside London in phase one, 84 roles were filled by staff relocating and 207 roles by local recruitment. So far, it has spent £13 million in redundancy and relocation costs across its news and audio divisions. Within its News division, it has made 98 roles redundant. The BBC has also created new opportunities for developing careers in network broadcasting by moving BBC programmes outside London, such as *Newsbeat*. The BBC expects to see changes in culture and ways of working as it creates more such opportunities outside London (paragraphs 2.11, 2.14, 2.17, Figure 10).

Challenges for implementing the next phases of ATUK

15 While the BBC now expects to transfer more television production expenditure outside London than originally planned, it is yet to finalise its plans to get audio back on track. The BBC has reviewed phase one of ATUK and set out the lessons it has learned and key areas for improvement. Overall, it is confident that it is broadly on track to deliver on its ATUK commitments and that it has achieved strong momentum with ATUK, almost reaching its target for moving television production expenditure after just two years. The BBC is now considering possible 'stretch targets' and has already identified additional transfer expenditure for television to be delivered over phases two and three. However, it has not met all its phase one milestones (paragraph 11), notably in transferring audio production expenditure outside London and, although divisions remain accountable for achieving their targets (paragraph 8), it has not yet finalised its plans to get back on track where shortfalls and delays have occurred. This means that the final profile of transferred expenditure for ATUK could look different from what was originally planned in March 2021. The BBC has not, however, assessed whether and how this change may affect the outcomes it is seeking with ATUK (paragraphs 3.1 to 3.5).

16 The BBC is behind on its ATUK targets for recruiting apprentices. The BBC has fallen short of its targets for BBC apprentice schemes both in terms of absolute numbers and the percentage outside London (paragraph 11). The BBC has set itself an ambitious target by committing to support 1,000 in-house apprentices in any given year across the UK by 2025. The BBC has two in-house apprentice schemes: for new joiners at the start of their careers and for existing staff. For its Early Careers apprentices, 69% (275) were recruited outside London and for BBC staff apprentices it was 43% (94). Its difficulties have been due to factors that include ongoing reorganisations within the BBC, low levels of awareness among staff and BBC divisions being unable to offer enough placements outside London, rather than a lack of interest from potential apprentices. Its separate West Midlands pilot Apprentice Hub, aiming to support local creative industry employers, achieved 27 apprentice placements against a target of 50 by March 2023. Demand was less than the BBC anticipated for reasons including the sector not growing at a fast enough rate, potential employers finding it unaffordable given recent economic conditions and other competing local skills initiatives. The BBC is reviewing the model for its pilot hub to see how it can deliver its commitment to skills development and incentivise demand for apprentices from small- and medium-sized enterprises (paragraphs 2.20 to 2.22, 3.6 and 3.7).

17 The BBC does not yet have a fully developed evaluation plan to assess its progress with implementing ATUK and to capture the intended benefits. The BBC's October 2021 baseline plan described high-level metrics to measure improvements in audience portrayal, how ATUK adds value in the creative and production sectors, and potential proxy metrics for tracking additional economic growth. The BBC is now in phase two of ATUK where, as it planned, it will develop its main methodologies for measuring benefits and impacts, to use alongside those for audience impact where some measurements are already in place. This will include how and when it will apply more granular versions of these measures in practice. The BBC considers that ATUK benefits will not flow until its later phases and that evaluating certain benefits too soon will not be helpful. However, without a robust evaluation framework and accurate reporting of data the BBC will not be able to capture benefits or change course if needed. Such a framework would establish the baseline for measurement and demonstrate how benefits measured relate back to ATUK's objectives. It would also establish the information needed to evaluate benefits as well as a strategy to assess the risks of not achieving key benefits and potential mitigating actions (paragraphs 3.8, 3.9 and 3.12, Figure 3).

18 The BBC needs to do more to communicate ATUK's changes and benefits to secure greater buy-in, particularly from its external stakeholders. The BBC is seeking significant internal change but also in its engagement with the creative sector and other external stakeholders. We found that the BBC had engaged with external stakeholders across the nations and regions. Stakeholders expressed support for ATUK and pointed to improvements it was bringing about, such as creating new opportunities for local investment, employment and creativity, but perceptions of the quality of the BBC's engagement varied. Perceptions were that the BBC had formed good relationships with key local bodies in each region but, for example, trade bodies were less positive about the BBC's engagement. The stakeholders want more collaboration, transparency and communication from the BBC. The BBC also recognises that it needs effective, ongoing communication with its staff to embed the benefits of ATUK and is making changes to address this including developing a communications plan for 2022-23 and beyond. However, it was unable to provide data on staff perceptions of ATUK. The BBC knows it will need to do more in this area and told us it will look to put in place a system for collecting data on staff views that is specific to ATUK as it moves into phases two and three (paragraphs 3.14 to 3.16, Figure 13).

Conclusion on value for money

19 The BBC has made progress in setting up ATUK and making decisions which it expects to result in extra expenditure and decision-making outside London, particularly in terms of television production expenditure and News. By the end of phase one in March 2023 the BBC was £20 million short of its planned target for transfer of expenditure outside London but had met this three months later by June 2023. Overall, at the end of phase one, the BBC has transferred 9.6% of its total £700 million target for March 2028, with the remaining transfer of expenditure planned for phases two and three. The BBC is confident that through continuing to hold its divisions to their individual targets it will meet its £700 million target. Meeting this target remains possible if the BBC can quickly put in place a plan to overcome challenges to date in transferring expenditure in some areas, notably audio production. Conversely, it also expects to exceed its transferred expenditure target for television production and so the BBC will need to understand whether this has any impact in terms of achieving its strategic objectives for ATUK.

20 The BBC is seeking to make investments at a scale which stimulates local change, and it acknowledges that it will take some time for ATUK activities and expenditure to fully contribute to local creative, cultural and economic impact and ultimately benefit audiences in targeted areas. To secure value for money and to achieve real transformation through ATUK, the BBC will need to sustain momentum: following through on its commitments and sustaining trust and communication with its own staff, local communities and partners. It also needs to work out how to track its objectives to improve value for audiences and secure economic value, including developing an improved approach to its evaluation of medium- and long-term outcomes while also planning for how it will sustain the benefits of ATUK beyond March 2028.

Recommendations

- 21** Building on the work the BBC has underway as it moves into phase two of ATUK, it should:
- a review changes it has made to ATUK since March 2021, including the underlying data it is using to track these, to ensure it will still achieve its intended strategic objectives.** This should include assessing whether it has adequate processes in place to measure the impacts of changes made against its original plans. It also needs to assess whether improvements to its change control mechanism as well as changes to its governance following the phase one review are working effectively;
 - b reassess how it will achieve its target of supporting 1,000 apprentices in any given year by the end of 2025 and the capacity the BBC has to recruit at such a scale.** This should include reviewing how it will achieve its targets for outside London. It should also finalise its ongoing work to examine its model for the Apprentice Hub with creative industry partners about how it can incentivise industry recruitment so that its intentions to encourage sector apprentices and commitment to skills development can be a success;
 - c set out a benefits management strategy and plans for measuring changes in audience portrayal and economic growth without further delay.** The plan should set out the baseline against which benefits will be measured, how benefits measured relate back to ATUK's objectives, the information needed to evaluate benefits as well as a strategy to assess the risks of not achieving key benefits and potential mitigating actions. The BBC should also develop how it will revisit and retest ATUK's benefits at key stages of the programme;

- d examine how it will capture other benefits arising from ATUK.** Recognising that ATUK is not intended as a savings programme, the BBC should assess ATUK's alignment with other BBC-wide initiatives, for example any scope for financial efficiencies and other non-financial benefits presented by the new ways of working. It should also consider how it identifies any disbenefits created by ATUK; and
- e set out a revised communications and engagement strategy.** Building on its learning from phase one, the BBC should set out plans for sustaining culture change from ATUK. As it moves into phases two and three, it needs to collect ATUK-specific data to help it understand the views of staff on ATUK as well as its impact on staff who are directly and indirectly affected by it. The plan should also assess our stakeholder feedback and what more it can do to engage as it implements further phases of ATUK.