Service review
The BBC’s national radio stations in Northern Ireland, Scotland and Wales

September 2011
| Contents |
|------------------|---|
| **Summary**      | 1 |
| Background       | 1 |
| Findings         | 1 |
| **Action points**| 9 |
| Preserving distinctiveness | 9 |
| Prioritising distinctive content | 15 |
| Maximising efficiency | 18 |
| Maximising effectiveness | 20 |
| **Scope and methodology** | 27 |
| Introduction     | 27 |
| Review scope     | 27 |
| Methodology      | 28 |
| **Findings**     | 31 |
| Radio Scotland   | 31 |
| Radio nan Gàidheal | 49 |
| Radio Wales      | 62 |
| Radio Cymru      | 76 |
| Radio Ulster/Foyle | 90 |
Summary

The BBC’s national radio stations in Northern Ireland, Scotland and Wales operate in very different cultural social and political environments. Listener numbers and audience perceptions of quality vary but each service offers licence fee payers something which they cannot get elsewhere. The challenge will be to maintain this distinctive contribution to the BBC’s public purposes and to retain listeners at a time when budgets across the BBC are under pressure.

Background

1. The BBC Trust is the governing body of the BBC and it is our responsibility to get the best out of the BBC for licence fee payers. One of the ways we do this is by carrying out an in-depth review of each of the BBC’s services at least once every five years. This time we have reviewed the BBC’s national radio stations in Northern Ireland, Scotland and Wales. These are BBC Radio Ulster/Foyle, BBC Radio Scotland, BBC Radio Wales, the Welsh language service BBC Radio Cymru and the Scottish Gaelic language service BBC Radio nan Gàidheal. The stations provide news, current affairs, a wide range of other speech-based programmes and some music to reflect the issues, events, culture and interests of people in Northern Ireland, Scotland and Wales.

Findings

2. The Trust sets out what it expects from each service in a published service licence. Our review had two broad aims: firstly to assess how well the stations are performing against commitments set out in these licences, secondly to consider the stations’ future direction.

3. We carried out a public consultation between October 2010 and January 2011 and received around 1,500 responses from licence fee payers, the commercial radio industry and a range of other organisations. We received advice from our Audience Councils in Scotland, Wales and Northern Ireland which was based on their own extensive consultation activity. We carried out a representative survey among listeners from each station to assess audience attitudes to the services and the public value they provide. We also collected performance data on usage, quality and value for money. Taken together this evidence has given us a clear picture of the stations’ strengths and weaknesses.

Each service offers licence fee payers distinctive content and makes an important contribution to the BBC’s public purposes

4. The stations operate in very different cultural social and political environments so direct comparisons between them are inappropriate. We assessed each station’s performance against the commitments set out in its service licence, considering listening figures, audience perceptions of quality, delivery of the BBC’s public purposes and value for money. We found that each station is distinctive in that it offers something more than
that which is available on other radio stations and reaches large numbers of people that do not listen to any other BBC radio station. This is important as in return for the licence fee each BBC station should provide the listener with something which cannot be heard elsewhere. Our findings are summarised below.

**Radio Scotland brings a large number of listeners to the BBC portfolio in Scotland but an eclectic schedule has been adversely affecting overall audience impressions of the station**

5. In 2010-11 Radio Scotland reached, on average, 22 per cent of adults in Scotland each week. This is equivalent to 966,000 listeners, making Radio Scotland the second most listened to radio station in Scotland after Radio 2. Over the last 10 years the station’s reach has fluctuated, with a dip in the three-year period 2007-08 to 2009-10. This dip prompted BBC management to analyse and refresh the schedule, a process which started in 2009-10 and continued throughout this service review. In 2010-11 the station showed signs of recovery, reaching around 47,000 more listeners than in 2009-10.

6. The proportion of people in Scotland who are aware of Radio Scotland fell in 2010-11 compared with the previous year and awareness levels are currently lower than for BBC Radio 1, BBC Radio 2, BBC Radio 3 and BBC Radio 4 in Scotland. The average length of time listeners stay tuned to the station is also low compared with other BBC stations.

7. A high proportion of the audience is satisfied with the station, but listeners overall impression is slightly less good than in the case of other BBC radio stations. It is likely that Radio Scotland’s eclectic mix of programmes has been having a negative impact on audience approval scores and the length of time listeners stay tuned. This is because people who stay tuned for a length of time are likely to encounter a wide range of content, some of which would have been targeted at their particular interests and some which would not.

8. Our research shows that listeners believe Radio Scotland is making an important contribution to the BBC’s public purposes. The station is the only English language radio service with a remit to address all adults in Scotland and to cover the whole of Scotland. It provides listeners with Scottish culture and a national perspective on local, national, UK and international affairs. In doing so it gives listeners something which they cannot receive anywhere else. Some 29 per cent of Radio Scotland listeners tune in to no other BBC radio station.

9. The audience believes the station offers good value for money. Costs are being reduced through efficiency savings but overall costs are high in relation to other nations’ radio stations. Direct comparisons should, however, be treated with caution due to differences in the editorial mix of each station as well as the size, diversity and culture of each nation. The reasons why Radio Scotland costs more are explored in Figure 13.

**Radio nan Gàidheal is highly appreciated by its audience and is run efficiently**

10. The station reaches around 72 per cent of its target audience each week, some 68,000 people. Our research and consultation told us that listeners generally held the station in
high regard with the vast majority agreeing that the station has well-made high-quality programmes.

11. The service is distinctive because it is the only radio station which broadcasts entirely in Gaelic, offering a wide range of programming including the only source of Gaelic news and current affairs on radio. Listeners believe that the station makes an important contribution to the public purposes, particularly through its support for Gaelic language and culture.

12. Cost per listener hour is high because the station’s audience is limited to those who speak Gaelic but low production cost per hour and high quality scores indicate that the station is run cost-effectively.

Radio Wales’s reach increased recently following a long period of stability and listeners value the station’s coverage of news and topical issues in Wales

13. Radio Wales reaches around 19 per cent of the population each week and around a third of these listen to no other BBC radio station. This reach is lower than Radio 1 and Radio 2 in Wales and broadly in line with Radio 4. These stations have near universal coverage across Wales, however, while only 68 per cent of households in Wales can receive Radio Wales on FM. The rest of Wales can only hear Radio Wales on the much less used MW frequency. BBC management estimates that Radio Wales would reach a further 2.5 per cent of the Welsh population, increasing its reach from 19 per cent to 21.5 per cent, if universal FM coverage were achieved.

14. The station’s reach increased in 2010-11 following a long period of stability. The average length of time listeners stayed tuned also increased. Before then, however, it had declined for a number of years such that listening hours are currently lower than average for the BBC’s FM radio stations. The decline in average time spent listening has increased the cost per listener hour but the audience believes the station offers good value for money.

15. Audience perceptions of Radio Wales’s quality have remained broadly stable over the last five years and there is strong evidence to suggest that the station is distinctive. Radio Wales makes an important contribution to the BBC’s public purposes particularly in relation to news and topical issues in Wales, coverage of national events, music, sport and culture.

Radio Cymru reaches more fluent Welsh speakers than any other station and makes an important contribution to the BBC’s public purposes

16. Radio Cymru is currently the most listened to radio station among fluent Welsh speakers, reaching 37 per cent of its target audience each week. Around one third of these listen to no other BBC station. Reach in absolute terms is inevitably lower than most BBC stations, however, because the audience is limited to Welsh speakers. This means that cost per listener hour is high compared with other BBC stations even though cost per production hour is low and stable.
17. The station makes an important contribution to the BBC’s public purposes and, as the sole provider of nationally focused Welsh language content on the radio, the station offers a service which cannot be found elsewhere.

18. Audience approval scores are slightly lower than for most other BBC stations in Wales. Radio Cymru has a very broad remit, being required to serve all Welsh speakers with both music and speech content. In the past the station has attempted to appeal to different audience groups with a mixed daytime schedule and a youth zone in the evening. A number of our consultation respondents thought Radio Cymru’s schedule was inconsistent, some saying that they felt that the station was trying to be all things to all Welsh speakers. It is likely that a more tightly focused daytime offer would improve listeners’ overall impression of the station as they would be less likely to encounter content which was aimed at a different audience. This issue is addressed in Figure 2.

Radio Ulster/Foyle is the most listened to radio station in Northern Ireland and audience perceptions of quality are high

19. The Radio Ulster/Foyle service is comprised of Radio Ulster and Radio Foyle. Radio Foyle broadcasts in the north-west of Northern Ireland and Radio Ulster broadcasts throughout the rest of Northern Ireland. Radio Foyle carries its own programmes for much of the daytime on weekdays and some of its own output at weekends. At other times the schedule reverts to Radio Ulster. Radio Ulster/Foyle reaches around 37 per cent of the population each week, more than any other station in Northern Ireland. Reach is slightly lower in the north-west of Northern Ireland but is still very high compared with other stations in the area.

20. Around half of Radio Ulster/Foyle’s listeners listen to no other BBC radio station and audience perceptions of quality are generally high. The station offers content which is not available from other sources and the vast majority of listeners think Radio Ulster/Foyle offers value for money. The service is already making a big impact and there is an opportunity for the station to use its wide reach to make an even greater contribution to the public purposes.

The stations’ strategies differ but each station is planning to focus on quality and distinctiveness.

21. Throughout the course of the review we challenged BBC Management to develop its strategy for each station, prompting it to react to the emerging results of our performance analysis, consultation responses and audience research. As part of this process we asked BBC Management to set out clear objectives for each service in terms of audience numbers, audience perceptions of quality and value for money. These strategies and objectives are summarised in Figures 1 to 3 and set out in more detail in the ‘Findings’ section of this report. The Trust believes these strategies are well-considered. In particular we welcome each station’s ambition either to improve or to maintain quality where performance is already strong. Our action points, set out in the following section, do, however, highlight areas where we recommend a different emphasis or suggest
further changes particularly in light of the October 2010 licence fee settlement, which is explained in paragraph 22.
Radio Scotland’s strategy is to develop a more contemporary approach and consistent schedule to improve listeners’ overall impression of the station and restore listener numbers. The station’s ambition is to stabilise then grow reach, so as to maintain it between 0.9 million and 1 million listeners a week. The station plans to achieve this by adopting a more upbeat and contemporary approach, which offers listeners both essential information and emotional engagement. The strategy is designed to lengthen the average time people stay tuned by delivering a more consistent schedule, clearly sign-posted and promoted. It is anticipated that audience approval will rise, as listeners are directed to the content which they enjoy, as presenters establish an emotional connection with them and as high-value content is accessed in popular slots. Promotion by on-air presenters and marketing activity are planned to raise awareness of the station and its content. As reach increases and the average time spent listening lengthens cost per listener hour should also improve. Early indications in 2011 are that the strategy is proving effective, with audience numbers improving.

Radio nan Gàidheal’s strategy is to work in partnership with other Gaelic language services, including BBC ALBA, to support Gaelic language and culture. Radio nan Gàidheal's strategy is focused on steps to bring in the next generation of listeners, whilst continuing to provide a wide range of content to appeal to existing listeners from across the Gaelic community.

The station plans to work in partnership with other Gaelic language providers to develop an online resource for Gaelic learners.

The station’s ambition is broadly to maintain reach, the average time people stay tuned and quality scores at current high levels. Working in partnership with other Gaelic organisations, including BBC ALBA, has the potential to bring value for money benefits.
Radio Wales's strategy is to improve quality to address the decline in the length of time people spend listening
Radio Wales aims to increase the quality of journalism in daytime, and to provide more distinctive, ambitious Welsh content including arts, entertainment and culture as well as improving FM distribution so the number of homes which are able to receive Radio Wales is increased. The station will continue to be aimed at those interested in Wales and its affairs. The station anticipates that reach will be maintained at 2009-10 levels and that enhancing quality will both increase the length of time people spend listening and slightly increase overall audience approval of the station. Maintaining reach and increasing average time spent listening is likely to drive down the cost per listener hour, thus increasing value for money.

Radio Cymru's strategy is to improve quality and increasingly to serve different audiences on different platforms.
In peak time Radio Cymru will target people who are most likely to be interested in Wales and in Welsh language content in particular. On this basis, BBC Management anticipates that the station will continue to attract mainly older listeners in peak time. In parallel with this approach the station intends to appeal to younger Welsh speakers by providing a complementary Welsh language offer both on the radio (off-peak) and online. It is anticipated that segmenting the offer in this way would allow the peak-time radio content to become more focused around those who currently choose to listen. A more focused offer is likely to enhance audience perceptions of quality as the audience will be less likely to encounter content which is not aimed at them.

Radio Cymru also intends to strengthen its commitment to high-quality and distinctive journalism and other content. This commitment includes championing Welsh language culture, continuing to playlist only Welsh language music in the daytime\(^1\) and maintaining the standard of Welsh used by presenters. The station anticipates that its strategy will lead to reach being maintained at current levels and audience approval increasing. It is anticipated that the average time listeners stay tuned will decrease from current high levels because listeners are increasingly consuming a wider range of content from different sources. In this context, the station plans to keep cost per listener hour stable by collaborating with a range of external Welsh language organisations to enrich content and maximise efficiency.

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\(^1\) The daytime music playlist is dedicated to Welsh language music, with some English language music played outside of playlisted sections and in the evening youth strand
Radio Ulster/Foyle plans to continue refreshing its offer so that the station reflects a changing Northern Ireland and maintains its current strong performance

Radio Ulster/Foyle plans to develop its offer further to reflect social and political change. This includes ensuring news, current affairs and topical programmes stay relevant, finding opportunities to support communities of interest, developing the station’s talent strategy in partnership with BBC Northern Ireland television and complementing news output with factual programming concentrating on nature, business and history. The service also plans to seek further opportunities for collaboration and cross-promotion across BBC Northern Ireland and to engage more with the audience through, for example, special seasons to attract occasional listeners and further use of social media. Radio Ulster/Foyle anticipates that this strategy will lead to the station’s reach, average time spent listening, audience approval and cost per listener hour all being maintained at current levels.

The new licence fee settlement is likely to put pressure on the strategies for the stations

22. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations. Some savings will result from more efficient working practices but it is likely that other savings will directly impact on the BBC’s output, potentially affecting quality, scope or scale. We will be carrying out a public consultation in the autumn of 2011 to give audiences an opportunity to have their say on BBC Management’s cost-cutting proposals. This consultation will be used alongside the evidence already gathered as part of our service review to help us decide the future direction of the nations’ radio stations.

23. The strategies set out above were developed prior to BBC Management developing its cost-cutting proposals and may need to be adjusted to take into account budget cuts. It is the Trust’s intention, however, to ensure that, regardless of financial pressures, the stations remain distinctive, offering something different from other radio stations and continuing to make an important contribution to the BBC’s public purposes. We have developed a number of action points to help achieve this and these are set out in the following section.
24. Our conclusions and action points are set out below. Some of these action points are common to all the national radio stations and others are service specific. It is the BBC Trust’s job to shape the BBC in the interest of licence fee payers - to challenge BBC management to make changes and achieve them quickly. Some of the action points are already being implemented while others will take longer to take effect. The implementation date for each action is set out under each action point.

25. It is not yet clear to what extent the stations will be required to make savings as a result of the 2010 licence fee settlement but the action points are designed to build on the strategies set out in Figures 1, 2 and 3 above and help minimise the impact of future pressure on funding by maximising the public value generated by each station. The action points fall into the following categories:

- **Preserving distinctiveness** - measures to safeguard the most distinctive aspects of each station
- **Prioritising distinctive content** - guidance as to where the station’s priorities should lie if budget cuts are required
- **Maximising efficiency** - opportunities to save costs
- **Maximising effectiveness** - recommendations to maximise performance without additional resources

### Preserving distinctiveness

**The stations should set themselves new performance objectives when funding plans have been determined**

26. Each station was encouraged through this review to set performance objectives for reach, quality and value for money against which to monitor the success of their strategies. These strategies were, however, based on funding assumptions which have now been superseded and should therefore be revisited when new funding plans have been determined to establish whether they are still deliverable.

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**Action point 1 - Performance objectives**

BBC Management should develop new performance objectives for each station when it is clear what level of funding will be available.

*Applies to: each station*

*Implementation date: spring 2012*
**Safeguards should be introduced to mitigate the risk that distinctiveness is jeopardised by pressure on funding and emphasis on audience numbers**

27. Our research indicates that each station is distinctive and we welcome the aspects of the stations’ strategies, set out in this report, which will enhance quality and distinctiveness further. Pressure to cut costs or sustain audience numbers has the potential, however, to jeopardise each station’s distinctive offer for the following reasons:

- **Cost** - There is not a direct correlation between cost and distinctiveness but some of the most distinctive content offered by the stations is also the most costly. Examples include current affairs, high-quality journalism, live music, drama, comedy and documentaries.

- **Audience numbers** - It is possible to make content which is both distinctive and popular and there are many examples of this across the BBC’s services. The Trust has recognised, however, that some loss of audience may be a consequence of a more distinctive selection of programmes. Each station plans either to maintain or to increase audience numbers in terms of reach or time spent listening. There are, however, a number of factors which could exert pressure on reach. Radio Scotland, for instance, operates in an environment where commercial radio is strong. Radio Wales faces new competition from Real Radio, which began broadcasting nationally across Wales in January 2011 and Radio Cymru is facing a decrease in the number of households where Welsh is the main language used. One of Radio Ulster/Foyle’s strengths has been as a source of news and information during the Troubles, so the station faces a challenge maintaining listener numbers as society in Northern Ireland changes. There is a risk therefore, that attempts to sustain reach in the face of these pressures could jeopardise distinctiveness as stations could be encouraged to prioritise more established, popular formats that are already provided by other stations.
**Action point 2 - Safeguards to preserve the most distinctive content**

The following safeguards should be put in place to prevent distinctiveness being undermined by either pressure on cost or emphasis on audience numbers:

*C清服务许可证* - BBC的全国广播服务许可证目前非常宽泛，包含的条件远少于其他BBC广播服务，包括Radio 1, Radio 2, Radio 3和Radio 4。我们将对服务许可证进行修订，使其更具可执行性并更好地反映这些服务的独特输出。我们将在进行这些修订时考虑是否需要引入或修订关于艺术、戏剧、纪录片、喜剧、宗教、专业音乐、现场音乐、新闻、时事和体育等方面最少广播时数的条件。

引入条件可能会对这些服务产生成本影响，因此应该在实施新的许可证费率时进行广泛规划。条件应设定在一种能够确保最低的输出水平，同时不限制BBC管理层灵活实施服务更广泛目标和对不断变化的观众需求作出反应的水平。条件。

在我们的治理审查中，我们将在2011年7月完成时，仅引入我们认为有必要保证关键公共服务领域最低输出水平的条件。

*增强质量衡量* - 在此审查中，BBC管理层已提出每个服务的计划，包括维持或改善观众认可度的计划，以衡量整个服务的观众态度。我们欢迎这些计划，但建议BBC管理层使用观众认可度的计划来衡量个体节目的质量，以更具体地衡量质量。审查中，我们与BBC管理层合作对每个节目分配一个特定的类型。BBC管理层应监控关键时段或特定类型节目的认可度，并且在与基础水平进行比较时，确保质量没有受到影响。为了解释成本分解的有意义方式，服务也应监测每种类型的成本，以改善理解成本节约措施对观众对质量的看法。

适用于：每个服务

实施日期：2012年春
Service licence remits should be more prescriptive about target audiences to help safeguard distinctiveness

28. Each of the stations has a broad remit. Some are required to serve all adults, others all people, in their particular nation. RadioCentre, an organisation which represents the commercial radio industry, has requested that we introduce a target age group (over 55 year olds) to help keep the stations distinct from commercial radio which tends to target a younger demographic\(^2\). The BBC has a public purpose obligation to younger listeners as well as older listeners. We believe that rather than focusing on any particular age group the stations should continue to focus on providing content which is not available elsewhere, specifically speech and music which cover the issues, events, culture and interests of Northern Ireland, Scotland and Wales. Our research indicates that the stations already do this but we consider that the service licence remits should be more prescriptive to help safeguard this contribution in the future. Rather than stating that the services are for all adults or all people the remits should specify that they are for those interested in the life, culture and affairs of Scotland, Wales or Northern Ireland and for Radio Cymru and Radio nan Gàidheal those seeking this service in Welsh or Gaelic. This is a similar approach to that of the Radio 4 licence, which has no target age but specifies that the station is a service for ‘listeners seeking intelligent programmes’.

29. Without departing from their distinctive remit, or alienating core audience groups, we would expect the stations to attempt to reach a broad demographic particularly given the ongoing need to replenish audiences. We anticipate, however, that each station’s audience will continue to be predominately over 45 on the basis that older listeners are more likely to listen to speech radio and because research indicates that these listeners are more likely to be interested in content about the area in which they live.

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\(^2\) Although it is important to note that there is little or no commercial competition in the case of Welsh language output for younger listeners.
**Action point 3 - Clearer target audiences**

We will amend the service licence remits to specify that the stations are for listeners seeking programmes about the life, culture and affairs of Scotland, Wales or Northern Ireland. We do not intend to introduce a target age group for the stations as they should be for all listeners interested in this type of content. We anticipate, however, that by providing music and speech radio which covers the issues, events, languages, culture and interests of each country the stations will continue to appeal predominantly to listeners aged over 45.

*Applies to: each station*

*Implementation date: with immediate effect*

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**Safeguards should be put in place to ensure that each station continues to play distinctive music**

30. The BBC’s national radio stations in Northern Ireland, Scotland and Wales are speech-led services with remits to broadcast only speech content at breakfast time. To varying degrees each station plays some music at other times of the day. The type of music played varies from station to station. Radio Cymru playlists only Welsh language music in daytime. Radio nan Gàidheal plays some songs in Gaelic and Radio Ulster/Foyle plays some songs in Ulster Scots or Irish language. The stations also play English language music of Welsh, Scottish and Northern Ireland origin, as well as live music and some mainstream, non-specialist, popular music.

31. RadioCentre has suggested that Radio Scotland, Radio Wales and Radio Ulster/Foyle should not broadcast any music in the daytime on the basis that this would make the stations more distinct from commercial radio. To support this argument they assert that having monitored the music played by these stations in daytime and compared it with that played by a range of commercial radio stations over one week they found significant overlap between the tracks played, particularly on Radio Wales. Analysis carried out by Radio Wales indicates that looking at music played across the whole schedule (rather than in daytime only) and looking at overlap between Radio Wales and individual commercial stations (rather than a collection of commercial radio stations) indicates a much lower level of overlap.
32. The Trust has given the issue of music overlap careful consideration as it is important that each BBC station offers something which is not available elsewhere, either on commercial radio stations or on other BBC radio stations. In this case, the BBC station most likely to play the same music is Radio 2, given that the average age of Radio 2 listeners is closer to nations’ radio listeners than that of Radio 1 and 6 Music. We have taken into account the following:

- The amount of music played on nations’ radio is lower than that on most commercial radio stations and Radio 2
- Playing music is one of a number of public purpose commitments set out in the stations’ service licences. Through our research we asked audiences to tell us how important each of these public purpose commitments was. The majority of listeners felt that that playing music was important, particularly music made in their particular nation. In the case of Radio Scotland, 81 per cent of radio listeners felt it was important that the station played music made in Scotland. For Radio Wales, 90 per cent of listeners felt it was important that the station played music of Welsh origin and 86 per cent of listeners felt it was important that the station played a wide range of music. In the case of Radio Ulster/Foyle, 88 per cent of listeners believed it was important that the station supported music from Northern Ireland.
- Radio listeners tend to stay tuned to a single radio station for extended periods rather than switching stations to find different types of content. The stations believe that mainstream popular music can be used to build audience and drive listeners to more distinctive content, either music or speech.
- Music tends to be less expensive than speech content so, even though music does not make up a large part of the schedule, moving to all speech in the daytime could result in increased costs at a time when the stations are considering how best to make savings.

33. Given these considerations we do not believe the service licences should be changed to remove all music from daytime. We do feel, however, that there is scope to make the music more distinctive on Radio Wales as our audience research indicates that there is further demand for music listeners cannot hear anywhere else. We therefore welcome the steps planned by the station to increase the proportion of music from Welsh artists from 10 per cent to 20 per cent and plans to provide more daytime live music from Welsh artists. We also welcome Radio Scotland’s plans to zone the schedule to focus on speech content in daytime and to continue playing culturally-specific music in the evenings.

34. The action point below proposes some safeguards to ensure that the music played by each radio station is kept as distinctive as possible, particularly given the risk that increased pressure on cost could act as an incentive to play more mainstream music. The issue of song overlap is less relevant for Radio Cymru which only playlists Welsh language music in daytime. The principle of distinctiveness is, however, equally relevant and our research indicates that there is further demand for a wide range of music.
**Action point 4 – Music**

There is a risk that increased pressure on cost could act as an incentive to play more recorded music as this tends to be less costly than speech content. We therefore propose that the following safeguards be put in place:

- The BBC’s national radio station service licences will be amended to emphasise the importance of offering a distinctive music proposition. This should include music made in each country but should also involve playing a wide range of different types of music. The Radio Wales and Radio Scotland service licences will be amended to remove their existing requirement to broadcast mainly popular music.

- If the stations begin to play significantly more mainstream popular music they should introduce cost-effective controls to ensure that music overlap with other stations does not increase beyond existing levels. This could involve close liaison with the *popular music network* which is the mechanism by which staff from Radio 1, Radio 2 and 6 Music co-ordinate their playlists. It could also involve some form of sample-based content analysis to monitor tracks played and overlap between themselves, other BBC stations and commercial radio.

- In line with action point 2 we will consider whether to introduce service licence conditions to set a minimum number of hours of specialist music or live music. These conditions would have cost implications for the stations and should therefore be developed alongside wider plans to implement the new licence fee settlement.

**Applies to: each station**

**Implementation date:** the licences will be amended to emphasise the importance of a distinctive wide ranging music proposition with immediate effect. The Radio Wales and Radio Scotland service licences will be amended to remove their existing requirement to broadcast mainly popular music with immediate effect. Service licence conditions will be considered in spring 2012. Other actions are ongoing.

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**Prioritising distinctive content**

**Each station should prioritise content which sets them apart from other services**

35. Pressure on funding could mean that each station will need to make difficult choices about which content and which aspects of its strategy to prioritise. As part of our research we asked listeners to identify the aspects of the services which they cannot get from any other radio station. In response, they tended to emphasise the stations’ coverage of their nation’s news and sport and in the case of Radio Cymru and Radio nan Gàidheal they emphasised the opportunity to hear programmes in Welsh or Gaelic. This provision is particularly important at a time when provision from other media outlets, particularly indigenous language provision, is in decline, an issue which was emphasised by our Audience Councils in Scotland, Wales and Northern Ireland.
With limited resources, each station should continue to focus predominantly on issues and events of national resonance rather than on local issues or events

36. Our audience research indicates that there is further demand for content which reflects local interests and concerns, particularly in Scotland and Wales. The stations’ core purpose, however, is to cover national issues, events, culture and interests. The Trust recognises, moreover, that it may not be possible fully to meet demand for local content within each nation given that:

- the stations are facing increasing financial pressure

37. if the stations were to provide more local content it is likely that this would raise unrealistic expectations among listeners, leading them to expect their own local area to be covered and generating further unmet demand. In the case of Radio nan Gàidheal, attitudes towards the station’s delivery of local content differ between those who live in the Highlands and Islands and those who live elsewhere in Scotland. Those who live outside the Highlands and Islands are less likely to agree that Radio nan Gàidheal is giving listeners a better understanding of news and topical issues in their local area and encouraging them to feel involved and interested in their local community. There are, nonetheless, a number of reasons why the station should retain its local focus:

- Audience approval scores are only slightly lower among those living outside the Highlands and Islands and are still high relative to other BBC stations.

- Gaelic culture tends to be focused in the Highlands and Islands and this cultural heritage is likely to be of interest to all Gaelic speakers, even those outside the Highlands and Islands.

- To a large extent the station’s capacity to provide content which is different from that available elsewhere lies in its ability to focus on the Highlands and Islands, which may be less well served by Radio Scotland and other BBC radio stations which are optimised for a wider audience.

38. Our research indicates that as well as demand for more local content, there is, to a lesser extent, unmet demand for coverage of events in the UK as a whole, in the Republic of Ireland or in other parts of the world. These events are covered by other BBC services but not necessarily from the perspective of audiences in Scotland, Wales and Northern Ireland and not in Welsh. It is therefore important that nations’ radio stations continue to provide coverage of events outside their nation from their own national perspective. With limited resources, however, it is likely that any enhancement of this provision would need to be delivered without additional funding.
**Action point 5 - Coverage of local, UK and international events**

Each station’s core purpose is to reflect the issues, events, culture and interests of Northern Ireland, Scotland and Wales respectively. While there is demand for greater coverage of events at a local level and at a UK and international level, there is a limit to how far this demand can be met.

With pressure on funding, coverage of national issues and events should continue to be prioritised. To help meet audience demand, however, the stations should, subject to the reservations in paragraph 36 above, consider whether local, UK, or international coverage could be enhanced without additional cost. There are numerous examples of stations having achieved this in the past by focusing on local stories with national resonance or covering UK and international stories from a national perspective.

It is important that Radio nan Gàidheal continues to cover issues in the Highlands and Islands as these are an integral part of Gaelic culture and help set the station apart from other services. As a national station, however, the service should continue to take opportunities to reflect issues of interest to Gaelic speakers in other parts of Scotland and it will be important to monitor the geographic profile of Gaelic speakers closely as the language develops to ensure that Radio nan Gàidheal is optimised for the audience as a whole.

*Applies to: each station*

*Implementation date: with immediate effect*

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**The cost-saving process should consider each station in the context of the BBC’s television and online provision in each nation**

39. Each nation’s radio station is part of a wider portfolio of BBC content specifically for audiences in Scotland, Wales and Northern Ireland. The process of determining where cost savings will fall should consider this national portfolio as a whole rather than each station in isolation. In doing so, BBC Management will be able to consider:

- areas of duplication, where the same audiences and same audience needs are being served on radio, television or online
- gaps in provision where audience needs are not being met by any BBC content
- the most efficient and effective way to meet audience needs (for example it may be less costly to meet certain needs on radio rather than on television).
**Action point 6 - Overall BBC provision in each nation**

The process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.

*Applies to: each station*

*Implementation date: with immediate effect*

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**Maximising efficiency**

There should be greater collaboration between the BBC’s radio stations as this has the potential to improve value for money

40. A number of the stations have suggested possibilities for partnerships, including Radio nan Gàidheal and Radio Cymru, which intend to work with other indigenous language organisations including MG ALBA and S4C, and Radio Ulster/Foyle, which intends to collaborate more closely with BBC Northern Ireland television to enhance talent development and cross-promotion. We welcome these plans and consider that the BBC should also take steps to improve collaboration between its national radio stations, which form part of the BBC Scotland, BBC Wales or BBC Northern Ireland divisions, and the BBC’s UK-wide ‘network’ radio stations, which form part of the BBC’s Audio and Music division.

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3 Radio 1, Radio 2, Radio 3, Radio 4, Radio 5 Live and the BBC’s digital radio stations
**Action point 7 - Working in partnership**

To improve value for money across the BBC radio portfolio BBC Management should:

- operate a joint talent development strategy for BBC radio as a whole to provide more opportunities to develop new presenters and make effective use of established presenters. Talent succession is a key risk facing many of the stations, given the popularity of some well known presenters and the risk that pressure on budgets could make it harder to attract and retain key staff
- co-commission more content with other BBC stations, exploring themes which are relevant to more than one audience, such as Celtic music or arts, without jeopardising the stations’ distinctiveness
- use more Radio Scotland, Radio Wales and Radio Ulster/Foyle content on the UK-wide radio stations if this content has wider relevance across the UK
- consider whether more programmes made for Radio 4 in the nations, particularly drama, could also be broadcast by nations’ radio stations.

**Applies to:** BBC radio

**Implementation date:** ongoing

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**BBC Management should routinely benchmark production processes between stations**

41. Each station is meeting its efficiency saving targets under the BBC-wide efficiency programme which set out to deliver 3 per cent savings a year between 2007-08 and 2012-13. There are, however, large variations in cost between the BBC’s national radio stations, with Radio Scotland in particular costing more than other stations. The reasons why Radio Scotland costs more relate to differences in national circumstances and are set out in Figure 13. These additional costs are being considered as part of the wider review of funding across the BBC which is looking at the scope and budgets of each BBC service.

42. Although there are significant differences between the BBC’s national radio stations, some aspects of their offer are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been carried out in the past but not since 2007. During the course of this review we established a process by which the stations could benchmark costs and tested it by benchmarking each station’s phone-in show. We found limited value in direct cost comparisons because of the differences in national circumstances, editorial ambition and the way each station allocates costs to its programmes. It was possible, however, to benchmark the production processes that are
used in programme making and we concluded that this should be the focus of future benchmarking work.

**Action point 8 - Benchmarking**

The BBC should establish a benchmarking group made up of finance and editorial staff from each nation. This group should meet regularly to benchmark production processes between the nations’ radio stations. Cost comparisons would need to take into account differences in the way each station allocates costs to programmes, national context and editorial ambition in different parts of the schedule. It is likely to be more productive to compare production processes for similar types of programme over the programme’s life cycle. The benchmarking group should consider staffing, time taken and equipment used, as well as each programme’s aims and the constituent elements that go towards meeting these aims, such as external contributors. Lessons learnt should be used to drive down costs in nations’ radio and could also be applied more widely across other BBC stations.

*Applies to: each station*

*Implementation date: with immediate effect*

**With pressure on funding, Radio nan Gàidheal’s ambition to fill gaps in the weekend schedule is unlikely to be feasible at the present time**

43. Radio nan Gàidheal has an ambition to fill gaps in its weekend schedule when currently the service switches to Radio Scotland. The station also has plans to increase the amount of news on Saturday and introduce news to the Sunday schedule. Responses to our public consultation indicate that there is significant demand among listeners for these changes, and, resources permitting, the Trust would endorse these ambitions. The station already achieves wide reach among its target audience, however, as well as high quality and impact scores. Given current pressure on BBC budgets the schedule should only be expanded if it can be shown that the benefits outweigh the risks of spreading resources too thinly and jeopardising quality elsewhere in the schedule.

**Maximising effectiveness**

**The stations should implement those aspects of their strategies which have the potential to enhance reach, audience perceptions of quality and impact without a significant impact on cost.**

44. Throughout this report we have emphasised the importance of providing content which is distinctive but the Trust also recognises that, as a public service broadcaster, the BBC also has a duty to reach a large number of people, to provide high-quality content that listeners enjoy and to satisfy the BBC’s public purposes under the Charter. We therefore
welcome BBC Management’s plans to enhance performance without jeopardising distinctiveness and without a significant impact on cost.

**Action point 9 - BBC Management’s plans to enhance performance**

We welcome BBC Management’s plans to enhance nations’ radio performance, as set out below:

- Radio nan Gàidheal’s plans to work in partnership with other Gaelic language providers to develop an online resource for Gaelic learners should help to meet the demand, identified through our audience research, for content which supports children and young people with what they learn at school as well as offering resources to adult learners across a range of language ability stages.

- Radio Scotland’s plans to introduce a more coherent, simplified schedule, organised into time zones, should help the audience find content which is tailored for them and therefore improve the audience’s overall impression of the station.

- Radio Scotland’s plans to attract more female listeners should help to boost reach as women are currently under-represented in the station’s audience.

- Radio Cymru’s plans to focus on its existing heartland audience in daytime should also help to boost quality scores as this audience will be less likely to encounter content which is not aimed at them. The station’s plan increasingly to serve younger listeners off-peak and online is well-considered, given that recent attempts to appeal to a younger age group have had no significant impact on reach and younger listeners are more likely to go online than older listeners.

- Radio Wales’s plans to introduce more ambitious journalism-based content in daytime should help to increase perceptions of the station’s quality.

- Radio Ulster/Foyle’s plans to refresh its offer to reflect social and political changes in Northern Ireland should help the station to stay relevant and maintain its extensive reach.

These plans are predominantly about adopting a new strategic direction rather than investing significant additional funds. We believe, therefore, that each service’s budget under the new licence fee settlement should be calculated on the basis that the plans set out above will be realised.

*Applies to: each station*

*Implementation date: ongoing*
**BBC Management should consider whether introducing shared reach objectives for the BBC’s radio stations in each nation would enhance the strategic co-ordination and overall effectiveness of the BBC portfolio**

45. Enhanced collaboration between the BBC’s radio stations has the potential to bring efficiency savings across the portfolio. Greater collaboration also has the potential to improve the effectiveness of the decision making process. One way of promoting greater collaboration might be to introduce shared reach objectives between the BBC’s national divisions, which are responsible for the nations’ radio stations, and the BBC’s Audio and Music division which is responsible for the BBC’s other radio stations.

**Action point 10 - Shared reach objectives**

To enhance co-operation and strategic co-ordination between the BBC’s radio stations BBC Management should consider the introduction of objectives for overall BBC radio reach in each nation, covering both nations’ radio stations and the BBC’s UK-wide network radio stations. To meet these objectives, the stations might be encouraged to consider how best to target different audiences, through, for example co-ordinated marketing, cross-promotion online or a joined up approach to distribution issues.

If introduced by BBC Management, these objectives should be owned jointly by the national Director and the Director of Audio and Music. Objectives should be set at a realistic level which does not provide an incentive to focus on reach at the expense of quality and distinctiveness.

*Applies to: BBC radio*

*Implementation date: spring 2012*

**Radio Ulster/ Foyle should harness its strength to make a greater contribution to the BBC’s public purposes**

46. Our research shows that Radio Ulster/Foyle already makes a significant contribution to the BBC’s public purposes. Performance is particularly strong in relation to coverage of news, events, social issues and music from Northern Ireland. Audience expectations are, however, also very high and there is further demand for:

- content which promotes learning
- fresh and new ideas, new presenters, writers performers and musical artists
- content which helps listeners make the most of new technologies.

47. Radio Ulster/Foyle’s extensive reach presents an opportunity to maximise its contribution in these areas and BBC Management’s strategy, developed during this review, should help to achieve this.
Action point 11 – Harnessing Radio Ulster/ Foyle’s strength

Radio Ulster/Foyle’s strength presents an opportunity to maximise the station’s contribution to the public purposes. Resources permitting, we therefore welcome the station’s plans, developed during this review, to strengthen provision in the areas where our research indicates that there is further audience demand.

- **Learning.** Radio Ulster/Foyle plans to direct listeners to existing knowledge-based content on the web and provide more opportunities for informal learning by complementing news coverage with features on nature, science, business and history.

- **Fresh and new ideas, new presenters, writers, performers and musical artists.** The station plans to continue refreshing its output and keeping it relevant as society changes. This will involve introducing new strands such as business and economics. Demand for new content will need to be balanced with the need to sustain a relationship with the audience through established presenters and programmes.

- **Helping listeners make the most of new technologies.** The station plans to make more use of appropriate social media and use the reach and strength of on-air personalities to promote media literacy.

The station should also consider whether there are further opportunities to help promote other BBC services in Northern Ireland since, with the exception of Radio 1 and Radio 5 Live, the BBC’s UK-wide radio stations tend to reach far fewer people than on average across the UK.

*Applies to: Radio Ulster/Foyle*

*Implementation date: ongoing*

As part of the wider review of BBC funding, BBC Management should undertake a definitive cost:benefit analysis, exploring the various options for addressing the lower FM coverage levels of the nations’ radio stations

50. Radio Wales’s reach and cost per listener hour are restricted by lack of FM coverage in large parts of Wales. Around 68 per cent of households in Wales can receive Radio Wales on FM, compared with near universal coverage for the BBC’s UK-wide radio stations, 98 per cent for Radio Scotland, 98 per cent for Radio Ulster/Foyle, 95 per cent for Radio Cymru and 95 per cent for Radio nan Gàidheal. The rest of Wales can only hear Radio Wales on the much less used MW frequency. This issue was raised by a number of our consultation respondents and by our Audience Council in Wales. BBC Management estimates that Radio Wales would reach a further 2.5 per cent of the Welsh population, increasing its reach from 19 per cent to 21.5 per cent, if universal FM coverage were achieved.
51. Radio Wales has plans to expand FM coverage by increasing the power of the Cardiff area transmitter. BBC Management estimates that this will extend coverage to 76 per cent, still well short of the FM coverage of the BBC's UK-wide stations.

52. As well as FM, there are also issues to be addressed regarding MW coverage and DAB digital radio coverage in the nations. Radio Foyle is not currently available on DAB. Radio Ulster, Radio Wales, Radio Scotland, Radio Cymru and Radio nan Gàidheal do broadcast on DAB but have lower coverage levels than the BBC's other radio stations. DAB coverage is particularly low in the Welsh language heartlands such as north Wales. BBC Management has plans to boost coverage but these are not entirely within the BBC's control as BBC national radio is broadcast using commercial facilities rather than BBC facilities. In Scotland, MW compensates for some of the DAB shortfall.

53. Distribution in the devolved nations is a complex issue which BBC Management has been considering for some time. The ongoing review of funding plans across the BBC which has followed the new licence fee settlement presents an opportunity to carry out a definitive cost:benefit analysis of the various options for enhancing coverage.

**Action point 12 - Distribution**

As part of the wider review of BBC funding we will ask BBC Management to undertake a definitive cost:benefit analysis exploring the various options for addressing the low coverage levels for Radio Wales on FM and each national station on DAB. These options include the possibility of exchanging FM frequencies, in Wales, between Radio Wales and another BBC radio station with more universal coverage.

*Applies to: Radio Wales on FM and each station on DAB*

*Implementation date: spring 2012*

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54. Awareness levels for Radio Scotland, Radio Wales and Radio Cymru tend to be significantly lower than awareness levels for Radio 1, Radio 2 and Radio 4. In the first nine months of 2010-11 some 55 per cent of the Scottish population were aware of Radio Scotland, some 66 per cent of the Welsh population were aware of Radio Wales and some 68 per cent of Welsh speakers were aware of Radio Cymru. These levels are likely to have been influenced by lack of FM and DAB coverage in some parts of Scotland and Wales but awareness levels have fallen since 2005-06 while coverage levels have remained broadly constant.
**Action point 13 - Awareness**

BBC Management should consider whether audience numbers for Radio Scotland, Radio Wales and Radio Cymru could be increased by raising awareness of the stations in Scotland and Wales. Efforts to market the stations should focus on their distinctive remit to reflect the issues, events, culture and interests of people in Scotland and Wales.

*Applies to: Radio Wales, Radio Cymru and Radio Scotland*

*Implementation date: ongoing*

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Radio Wales and Radio Cymru should review their editorial strategies to see whether more can be done to boost appeal in north Wales, for Radio Wales, and in south Wales for Radio Cymru

55. Radio Wales’s reach as well as audience perceptions of quality and impact are heavily skewed towards listeners in south Wales, while Radio Cymru’s are heavily skewed towards listeners in north Wales. These variations are driven in part by external factors. For Radio Wales these include poor FM reception in the north, population density in the south, and the extent to which political and sporting events are focused around south Wales, particularly Cardiff. For Radio Cymru the key external factors are the fluency of Welsh speakers and the extent to which the language is used in everyday life, both of which are more prevalent in the north than in the south. These external factors have influenced the station’s editorial approaches so that Radio Wales seems to be aimed at listeners in the south and Radio Cymru at listeners in the north.

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**Action point 14 - Wales geographical bias**

The Trust recognises that it may not be possible to achieve consistent audience numbers across every demographic group. We recommend nonetheless that the stations review their editorial strategies to see whether more can be done to extend their appeal across Wales.

*Applies to: Radio Wales and Radio Cymru*

*Implementation date: with immediate effect*

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4 Although geographical concentrations of fluent Welsh speakers are changing.
**Action point 15 - Promoting Radio nan Gàidheal’s music**

BBC Management should consider whether more could be done to direct non-Gaelic speakers or non-fluent speakers to Radio nan Gàidheal’s Gaelic and traditional music, through, for example cross-promotion on BBC Scotland’s English language web pages. This could help expand Radio nan Gàidheal’s reach and help introduce Gaelic learners to the station’s output.

*Applies to: Radio nan Gàidheal*

*Implementation date: with immediate effect*
Scope and methodology

Introduction

Review scope

57. The Trust sets out what we expect from each of the BBC’s services in published service licences. These licences help the Trust govern the BBC’s activities. They provide an open account of each BBC service's remit, scope, budget, aims and objectives.

58. At least once every five years the Trust reviews each BBC service and in this review we have focused on the BBC’s national radio stations in Northern Ireland, Scotland, and Wales. These are BBC Radio Ulster/Foyle, BBC Radio Scotland, BBC Radio Wales, the Welsh language service BBC Radio Cymru and the Scottish Gaelic language service BBC Radio nan Gàidheal.

59. Our review had three broad aims:

- to assess how well each station is performing against the commitments set out in its service licence
- to consider whether the BBC’s future plans for the stations are robust and deliverable
- to consider whether the service licences should be changed to drive performance or influence future plans

60. The detailed scope of our review was set out in its terms of reference, which were published in October 2010 and are available on the Trust website at www.bbc.co.uk/bbctrust. The scope did not include a market impact assessment or cover editorial controls and impartiality as these issues are covered by other Trust activity.

61. The remit and budget of each station is set out in Figure 4. The full service licences can be found on the Trust website.
Radio Scotland’s remit is to be a speech-led service for all adults, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Scotland. In addition to local and national concerns, output should also address matters of UK and international significance from a Scottish perspective. In 2010-11 the station had a service licence budget of £22.8million.

Radio nan Gàidheal’s remit is to deliver a comprehensive speech and music service for Gaelic speakers, covering a wide range of genres and reflecting the issues, events, cultures and interests of the people of Scotland from a Gaelic perspective, and through the medium of the Gaelic language. In 2010-11 the station had a service licence budget of £3.8million.

Radio Wales’s remit is to be a speech-led service for adults, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Wales. Programmes should focus on local and national concerns but also address matters of UK and international significance. In 2010-11 the station had a service licence budget of £12.9million.

Radio Cymru’s remit is to be a comprehensive speech and music radio service for Welsh speakers, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Wales. Programmes should focus on local and national concerns but also address matters of UK and international significance. In 2010-11 the station had a service licence budget of £12.1million.

BBC Radio Ulster/ Foyle’s remit is to be a speech-led service, covering a wide range of genres and reflecting all aspects of life and culture within Northern Ireland. Its programming should combine extensive coverage of local issues, interests and events with coverage of national and international developments. In 2010-11 the station had a service licence budget of £16.1million. BBC Radio Foyle broadcasts programmes specifically for audiences in the north-west of Northern Ireland. It carries its own programmes for much of daytime on weekdays with mainly news bulletins at weekends. At other times the schedule reverts to BBC Radio Ulster.

Methodology

62. The review was carried out for the Trust by its independent advisers in the Trust Unit under the direction of the National Trustee for Northern Ireland (Rotha Johnston), the National Trustee for Scotland (initially Jeremy Peat, then Bill Matthews) and the National Trustee for Wales (initially Janet Lewis-Jones, then Elan Closs Stephens).

63. Consultation - We used the service licences to develop a set of questions for public consultation. The consultation ran for 12 weeks from October 2010 to January 2011 and
we received over 1,500 responses from licence fee payers, the commercial radio industry and other organisations. We also consulted BBC Management and took advice from the Trust’s Audience Councils in Northern Ireland, Scotland and Wales. These Councils are chaired by the National Trustee for that nation and have links with various local communities in their area. The Councils organised events and activities to advise the Trust on how well the stations are serving licence fee payers.

64. **Performance data analysis** – We analysed performance data using the BBC’s RQIV performance framework which considers four drivers of public value – reach, quality, impact and value for money. This framework is set out in Figure 5.

**Figure 5 – The BBC’s RQIV performance framework**

*Reach* – The extent to which BBC services are used by the audience. In this report, unless otherwise stated, the reach of radio services is expressed as the percentage of the population who have listened for at least 5 consecutive minutes in an average week.

*Quality* – Quality is measured through regular BBC surveys which monitor audience perceptions of particular programmes or of services as a whole.

*Impact* – The extent to which BBC content creates public value by delivering the BBC’s public purposes. The purposes are set out in the BBC’s Royal Charter and can be summarised as follows:

- **Citizenship** - sustain citizenship and civil society
- **Education** - promote education and learning
- **Creativity** - stimulate creativity and cultural excellence
- **Diversity** - represent the UK, its nations, regions and communities
- **Global** - bring the UK to the world and the world to the UK
- **Digital** - help to deliver to the public the benefit of emerging communications technologies and services.

*Value for Money* – A consideration of performance (reach, quality and impact) alongside cost to provide a perspective on cost-effectiveness.

65. We carried out our performance analysis using the following evidence sources:

- radio audience data from Radio Joint Audience Research (RAJAR) based on listening diaries filled out by around 6,900 people in Scotland, 5,900 people in Wales and 3,600 people in Northern Ireland each year
- regular BBC audience surveys such as the pan BBC tracking survey (PBTS) or the online Pulse survey. These measure audience perceptions of content from the BBC
and other providers. PBTS data is supplemented with an additional Nations Tracker survey to ensure that sample sizes are robust. The PBTS survey was discontinued in December 2010. Therefore 2010-11 data is based on average scores for March 2010 to December 2010 rather than the full financial year.

- financial data taken from the BBC’s Annual Report and management accounting system.

66. **Audience research** – The Trust carried out audience research to supplement the data available from the sources described above. We carried out a representative survey of listeners to measure audience perceptions of quality and value for money, establish how well the services were delivering the public purposes, and assess whether the stations offer something different from content available on other radio stations. Léirsinn Research were commissioned to carry out the survey among Radio nan Gàidheal listeners and Kantar Media were commissioned to carry out the survey among listeners to Radio Scotland, Radio Wales, Radio Cymru and Radio Ulster/Foyle.

67. Further information about the Trust’s approach to service reviews can be found on the Trust website at [www.bbc.co.uk/bbctrust](http://www.bbc.co.uk/bbctrust).
Findings

Radio Scotland

Radio Scotland’s remit is to be a speech-led service for all adults, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Scotland. In addition to local and national concerns, output should also address matters of UK and international significance from a Scottish perspective. In 2010-11 the station had a service licence budget of £22.8million.

Reach

Radio Scotland reaches a large number of people but audience awareness and the length of time people stay tuned is low compared with other BBC stations. 68. In 2010-11 Radio Scotland reached, on average, some 22.2 per cent of the population, or 966,000 adults, each week. Over the last 10 years the station’s reach has fluctuated, with a dip in the three-year period 2007-08 to 2009-10. This dip prompted BBC management to analyse and refresh the schedule, a process which started in 2009-10 and continued throughout this service review. In 2010-11 the station showed signs of recovery, reaching around 47,000 more listeners than in 2009-10. As set out in Figure 6, Radio Scotland reaches more listeners than any other station in Scotland with the exception of Radio 2.
69. The BBC radio portfolio as a whole reached 58.6 per cent of the Scottish population in 2010-11. This is significantly lower than average for the UK as a whole (67 per cent) due to the strength of commercial radio, the popularity of television, and the way BBC network radio stations are optimised for a UK-wide rather than Scottish audience. Without Radio Scotland it is likely that overall BBC reach would be even lower as 28.5 per cent of Radio Scotland’s listeners tune in to no other BBC radio.

70. In the first nine months of 2010-11 some 54.8 per cent of adults in Scotland had heard of Radio Scotland. While the station’s reach has increased, awareness levels have fallen in the last year and are currently lower than for Radio 1 (73.6 per cent), Radio 2 (72.7 per cent), Radio 3 (59.7 per cent) and Radio 4 (61.5 per cent). Awareness levels are addressed in action point 13.

71. At 7 hours a week in 2010-11, the average length of time each listener stays tuned to Radio Scotland is low compared with other BBC stations (11.1 hours a week for Radio 4) and commercial radio. This is likely to be due, at least in part, to the station’s eclectic mixture of programmes, designed to appeal to different audiences, and to the functional way listeners use the station, tuning in for news or sport. BBC Management’s plans to address this are set out in paragraph 109.

Some demographic groups are more likely to listen than others

72. Like most BBC speech radio stations, Radio Scotland’s audience profile is skewed towards listeners from higher social grades (ABC1). The station’s audience profile is also skewed towards listeners in the north and, in particular, male listeners. In 2010-11 the station
reached 27.4 per cent of men compared with 17.4 per cent of women. Analysis indicates that this is influenced to a large extent by sports coverage which attracts a much larger male audience. The station has plans to appeal more to women as set out in paragraphs 109 and 111.

73. Older listeners are much more likely to listen than younger listeners. The average age of a Radio Scotland listener in 2010-11 was 54, two years older than in 2005-06. The target age of the station is considered in action point 3.

**Figure 7: 2010-11 weekly reach of Radio Scotland among different demographic groups**

![Figure 7: 2010-11 weekly reach of Radio Scotland among different demographic groups](image)

Source: RAJAR 2010-11

**Quality**

A high proportion of the audience is satisfied with Radio Scotland but audience approval scores for the station tend to be slightly lower than for other BBC radio stations.

74. Our research indicates that most listeners have a positive overall impression of the station with 96 per cent giving it a score of 5 or more out of 10. The proportion of listeners who had a high overall impression of the station was, however, lower for Radio Scotland than for the BBC’s other national radio stations. In our survey 45 per cent of listeners gave the station a score of 8 to 10. This compares with 56 per cent for Radio Wales, 58 per cent for Radio Ulster/Foyle and 52 per cent for Radio Cymru.

75. These results are consistent with the results from the BBC’s regular survey which monitors audience approval scores for each service. In 2010-11 Radio Scotland received an overall approval score of 7.6, which is higher than six years ago but lower than the scores received by Radio Wales, Radio Cymru and Radio Ulster/Foyle.
76. Cultural differences and budget variations mean that direct comparisons such as these should be treated with caution. For example, the BBC overall in Scotland receives lower approval scores than average for the UK. The relative performance of Radio Scotland compared with other BBC radio stations in Scotland (Figure 8) has, however, tended to be lower than the relative performance of Radio Wales and Radio Ulster/Foyle in Wales and Northern Ireland respectively (Figures 24 and 38).

**Figure 8: Average approval score out of 10 for Radio Scotland and other BBC radio stations in Scotland**

![Graph showing average approval scores for Radio Scotland and other BBC radio stations in Scotland from 2005-06 to 2010-11.](image)

Source: PBTS: 2010-11 data is based on March 2010 to December 2010

77. Our research indicates that a large majority of listeners (some 81 per cent) think Radio Scotland’s programmes are well made. This suggests that Radio Scotland’s lower approval scores are not necessarily caused by the inherent quality of the programmes broadcast. Radio Scotland has a very broad remit, covering a wide range of different types of programme and catering for a wide range of demographic groups. To meet these commitments the station has been providing an eclectic mix of programmes. It is likely that this eclectic mix has been having an adverse effect on overall approval scores (as well as on the length of time listeners stay tuned). This is because people who listen for a length of time are likely to encounter a wide range of content, some of which would have been targeted at their particular demographic group and some of which would not. If audiences encounter content which has not been designed for them it could have a negative impact on overall approval even though listeners feel that the programmes themselves are well made. Radio Scotland has developed a strategy to address this issue which is set out in paragraphs 109 to 111.
Audience perceptions of quality differ depending on the type of programme broadcast

78. The BBC collects audience appreciation scores for individual programmes as well as overall approval for the station as whole. We amalgamated these scores to arrive at an average audience appreciation score for each type of programme broadcast by Radio Scotland. The results, which are contained in figure 9, demonstrate that different types of programme attract different appreciation scores.

Figure 9: Radio Scotland average appreciation scores broken down by type of programme

<table>
<thead>
<tr>
<th>Genre</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comedy</td>
<td>75.0</td>
<td>78.7</td>
</tr>
<tr>
<td>Drama</td>
<td>78.6</td>
<td>86.2</td>
</tr>
<tr>
<td>Entertainment</td>
<td>76.9</td>
<td>80.4</td>
</tr>
<tr>
<td>Factual</td>
<td>76.9</td>
<td>83.0</td>
</tr>
<tr>
<td>Music and Arts</td>
<td>75.9</td>
<td>76.3</td>
</tr>
<tr>
<td>Religion</td>
<td>72.2</td>
<td>75.5</td>
</tr>
<tr>
<td>Sport</td>
<td>77.5</td>
<td>80.4</td>
</tr>
<tr>
<td>All Programmes</td>
<td>76.5</td>
<td>79.1</td>
</tr>
</tbody>
</table>

79. It would be misleading to assess the relative performance of each genre by comparing them directly because some types of programme are inherently more likely to attract higher scores than others irrespective of their quality. It would be possible to assess performance by looking at movement in the scores over time but there is insufficient data to do this as robust sample sizes are only available for two financial years. In action point 2 we recommend that BBC Management continues to monitor appreciation scores in this way to build up a pattern of performance over time broken down by genre.

Most listeners think the station is meeting its service licence commitments to provide engaging, challenging and innovative programmes

80. As well looking at overall audience approval of the station and individual programmes’ appreciation scores we asked questions in our audience survey to gauge whether programmes are considered to be engaging, challenging and innovative, as these are characteristics specified in the station’s service licence. Some 82 per cent agreed that Radio Scotland had programmes they wanted to listen to (engaging) and some 73 per cent agreed that the station had programmes which made them think (challenging). Some 55 per cent thought the station had programmes with new ideas and different approaches (innovative), which is lower than Radio Scotland’s other scores, and

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5 Drama has a lower sample size than other genres in 2009-10 and 2010-11
6 We see evidence of this across the BBC’s services on both television and radio.
consistent with our audience research on the BBC’s public purposes, set out in the Impact 
section below. This research indicates that there is unmet demand among the audience 
for fresh and new ideas (paragraph 94).

Distinctiveness

Radio Scotland provides listeners with content which they cannot receive 
anywhere else

81. The station brings a significant number of new listeners to the BBC portfolio. In 2010-11, 
some 29 per cent of Radio Scotland’s listeners tuned in to no other BBC radio, and 11 per 
cent tuned in to no other radio at all.

82. Radio Scotland is the only English language radio service with a remit to address all adults 
in Scotland and to cover the whole of Scotland. During this review BBC Management has 
emphasised the unique role that Radio Scotland plays in providing listeners with Scottish 
culture and a national perspective on local, national, UK and international affairs. This 
role is becoming increasingly important as the devolved political settlement develops, 
particularly in view of the decline of the local print sector.

83. Our audience research supports this view. Some 86 per cent of listeners believe that 
Radio Scotland offers something that they cannot get from any other radio station. In 
contrast to other BBC nations’ radio stations, there were few mentions of specific 
programmes or personalities in response to this question for Radio Scotland. Instead, 
listeners tended to focus on coverage of sport in Scotland, Scottish news and a Scottish 
focus in general. One aspect of Radio Scotland’s strategy set out below in paragraph 110 
is to introduce more high-impact presenters.

84. As well as asking listeners what Radio Scotland currently offers which sets the station 
apart, we also asked what listeners felt could not easily be replaced by another radio 
station. The top two programmes that listeners felt could not easily be replaced were 
related to sport: Sportsound and Off the Ball. In response to our public consultation, 
commercial radio stations in Scotland raised concerns about Radio Scotland’s provision of 
sport. In particular, they expressed their view that Radio Scotland should not bid for 
exclusive rights to commentate on sporting fixtures7. This issue was also raised by 
RadioCentre, an organisation which represents the commercial radio industry, who 
suggested it was an issue facing nations’ radio as a whole. Although our audience 
research indicates that sport is considered by audiences to be a distinctive part of Radio 
Scotland’s offer, we recognise that sports rights in general are a separate issue which 
affects a range of different BBC services. This issue has been addressed by the Trust 
through the National Audit Office report on the BBC’s processes for the management of 
sports rights, published in March 2011, and the Trust’s ongoing Fair Trading policy review.

7 Radio Scotland does not have exclusive football rights. In the past two seasons, commercial radio has also bid for and 
secured football commentary rights.
Further information can be found on the Trust's website at http://www.bbc.co.uk/bbctrust.
Impact

Radio Scotland has met its service licence conditions relating to news, current affairs and arts programming

85. The Trust measures impact by considering how well a service delivers the BBC's public purposes, set out in the BBC’s Charter as requirements concerning citizenship, diversity, learning, creativity, media literacy and bringing the world to the UK. These requirements are summarised in Figure 5.

86. Radio Scotland is required to make a contribution to each of the public purposes by meeting commitments which are set out in the station’s service licence. These commitments include the following two hours-based conditions, which the station has consistently met:

- **Citizenship** - Broadcast at least 43 hours of news and current affairs each week
- **Creativity and cultural excellence** - Broadcast at least 200 hours of arts coverage each year including a daily arts show

87. The station has also met its objective to commission at least 10 per cent of eligible content from independent producers contributing to its service licence commitment to support the creative economy in Scotland.

88. During our public consultation commercial radio respondents raised concerns that the nations' radio stations have too few service licence conditions, particularly when compared with other BBC radio stations and given that the funding available to BBC national radio stations generally exceeds that available to commercial radio stations. They have asked that more hours-based conditions should be introduced to preserve existing levels of public service output. Service licence conditions are considered in action point 2.

89. A separate consultation response submitted during our review raised concerns that Radio Scotland was not meeting its condition to deliver news and current affairs. We looked into this and found that during 2009-10 the station broadcast, on average, 59 hours of news and current affairs a week, thus meeting its 43 hour condition. For Radio Scotland this condition is monitored by adding together news summaries, bulletins and headlines, travel news, sport news, business news, fortnightly Investigations, the debate show Brian Taylor’s Big Debate, the politics show Scotland at Ten and the topical phone-in show Call Kaye. Call Kaye aims to deliver current affairs content in an accessible way by mixing more challenging topics with lighter content. The show reaches a significant number of female listeners who, as shown, tend to be under-represented in Radio Scotland’s audience. Our research, set out in Figure 10, indicates that listeners believe this news and current affairs output, taken together, is performing well.

Our research shows that listeners to the station believe it is making an important contribution to the public purposes

90. Through our audience research we asked a representative sample of listeners to tell us whether the station was meeting the various public purpose objectives set out its service
licence and whether they felt these objectives were important. Comparing performance and importance scores for each objective told us whether the station was meeting audience expectations in that area. The results are set out in Figure 10.

91. We found that the station performed well, particularly in relation to news and Scottish culture. Around 9 out of 10 listeners agreed that the station provides: high-quality news; a better understanding of Scottish news; and support for art and culture in Scotland.

92. We used our research to help us consider some of the issues raised by respondents to our public consultation. Some of these respondents argued that that Radio Scotland lacks impartiality and suggested that news coverage is biased against the Scottish National Party. Although this is certainly a strongly held view among some listeners, our research indicates that this view is not representative of the station’s audience as a whole. As set out in Figure 10 some 88 per cent of listeners trust the station to provide them with impartial news.

93. Another strongly held view which emerged through the consultation is that some people feel Radio Scotland is too focussed on the central belt and more specifically on Glasgow. In response, we analysed the results of our audience research based on the region where people live. We found that there were no consistent differences in audience perceptions of performance between different parts of Scotland.
Figure 10 The percentage of survey respondents who agreed that Radio Scotland’s public purpose aims were being delivered compared with the percentage who thought those aims were important

Radio Scotland provides high quality news
I trust Radio Scotland to provide me with impartial news
Radio Scotland has enjoyable and entertaining programmes and content
Radio Scotland provides content and programming that caters for the population of Scotland
Radio Scotland supports Scottish music (including Celtic, Folk, piping)
Radio Scotland supports arts and culture in Scotland
When I listen to Radio Scotland, I hear a range of accents from around Scotland
Radio Scotland gives me a better understanding of news and topical issues in Scotland
Radio Scotland provides coverage of events and anniversaries that are important to the people of Scotland
Radio Scotland provides coverage of football teams from around Scotland
Radio Scotland highlights to me important social issues
I have learned new things while enjoying programmes on Radio Scotland
Radio Scotland helps me to understand what is going on in the wider world such as international news/events
Radio Scotland gives me a better understanding of news and topical issues in the UK
Radio Scotland provides coverage of a variety of sport
Radio Scotland reflects the diverse faiths, cultures and communities of Scotland
Radio Scotland helps me understand politics in Scotland
Radio Scotland provides opportunities to participate in its programmes
Radio Scotland’s coverage of news and current affairs has got me talking about them
Radio Scotland introduces me to new presenters, performers, writers and musical artists from Scotland
Radio Scotland tells me about events and activities in which I could participate
Radio Scotland reflects my local interests and concerns
Radio Scotland helps me understand UK-wide politics
Radio Scotland is good at portraying my particular culture or community to other people in Scotland
Radio Scotland provides music I don’t hear anywhere else
Radio Scotland has lots of fresh and new ideas
Radio Scotland has helped me make the most of new technologies such as interactive TV and the internet

Source: Kantar Research Agency
Note: A difference between importance and performance scores greater than 5 should be considered significant
Although public purpose delivery is generally strong there is further audience demand for particular types of content

94. While performance scores are high, audience perceptions of importance are also high and in some areas the station is not meeting audience expectations. Notable performance gaps relate to the areas set out below:

- **Coverage of non-national issues**, both local community issues and UK-wide or international issues. Potentially, there is a tension between providing a high-quality national service and also meeting audience demand for more local and more UK-wide/international content. Radio Scotland provides programming tailored for a local audience in Selkirk, Dumfries, Aberdeen, Inverness, Orkney and Shetland. Consultation carried out by Audience Council Scotland indicates that listeners value these local opt-outs but some people felt that their quality and depth of coverage could be improved. Local representation is addressed in action point 5.

- **Providing fresh and new ideas as well as introducing new presenters, performers, writers and musical artists.** We anticipate that BBC Management’s plans to enhance quality and distinctiveness, set out in the strategy section at paragraph 107, will go some way to meet the demand for fresh and new ideas. We recognise, however, that the extent to which audience demand in this area can be met is limited by the need to sustain a relationship with the audience through established presenters and programmes.

- **Providing music not heard anywhere else.** This issue is addressed in action point 4

- **Helping listeners to learn new things whilst enjoying programmes on Radio Scotland.** Radio Scotland’s plans, set out in paragraph 111, to split the schedule into different zones, focusing on speech in the daytime and music in the evenings, should help to direct listeners to content that could help fill this performance gap.

- **Helping listeners make the most of new technology.** Although there is some unmet demand in this area it should be noted that the proportion of listeners who thought this objective was important was low compared with Radio Scotland’s other objectives. This indicates that this objective should not be a priority for the station at this time although it will be important to retain the flexibility to react to audience needs should these change in the future.

Value for money

**Radio Scotland is operating within the service licence budget limits set by the Trust**

95. The Trust controls each service’s expenditure through service licence budgets. We monitor annual expenditure against these budgets and any over or under-spend greater than 10 per cent requires the Trust’s approval. Figure 11 compares Radio Scotland’s expenditure with the station’s service licence budget and shows that with the exception of 2007-08 Radio Scotland’s expenditure has remained within this 10 per cent tolerance for the past five years. The 2007-08 over-spend was the result of change in the way the BBC
allocated overheads to each service. A 2007 review of contribution rates led the BBC to conclude that it was under-recovering production overheads by some £84 million. The year-end reallocation of overheads, which was reviewed by the accounting firm KPMG, resulted in a number of licences exceeding their tolerance. These included the BBC’s national radio stations in Scotland, Wales and Northern Ireland. The impact in the nations was particularly significant as a result of new properties such as Pacific Quay and other increases in the identified property costs and local overheads.

96. Radio Scotland operates standard budgetary control procedures. The annual editorial and financial plan for Radio Scotland is presented to BBC Management Board, BBC Scotland, and approved formally by the Chief Operating Officer and Head of Radio. The financial position is reviewed quarterly with BBC Scotland’s Finance Partner, including expenditure against budget and efficiency savings plans. The financial position is updated monthly with the finance team, and any variances are reported monthly to the Executive Board, and quarterly to the corporate centre.

97. To gain a greater understanding of Radio Scotland’s costs we reviewed expenditure broken down by programme genre between 2007-08 and 2010-11 and received satisfactory explanations for movements in cost over time.

98. In 2010-11 the direct cost of making Radio Scotland’s programmes was £14.6 million. Centrally-allocated costs such as property costs and royalty payments to collecting societies payments for music royalties are added to this figure to arrive at the full cost of the station’s content, some £23.8 million. Radio Scotland’s share of distribution, infrastructure and support costs, added to this content expenditure, results in a total cost to the licence fee payer of £32.3 million. This total excludes expenditure on Radio Scotland’s website which falls under the BBC Online service licence.

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8 Collecting societies collect royalty payments from various individuals and groups on behalf of rights holders.
Figure 11: Radio Scotland expenditure compared with the station’s service licence budget 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Direct programme making costs (i)</td>
<td>16.4</td>
<td>15.0</td>
<td>14.8</td>
<td>14.7</td>
</tr>
<tr>
<td>Centrally allocated programme related expenditure (ii)</td>
<td>1.7</td>
<td>1.7</td>
<td>1.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Programme related overheads (iii)</td>
<td>11.4</td>
<td>8.3</td>
<td>8.2</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>29.5</strong></td>
<td><strong>25</strong></td>
<td><strong>24.9</strong></td>
<td><strong>23.8</strong></td>
</tr>
<tr>
<td><strong>Service Licence budget</strong></td>
<td><strong>21.3</strong></td>
<td><strong>23</strong></td>
<td><strong>23</strong></td>
<td><strong>22.8</strong></td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>29.5</strong></td>
<td><strong>25</strong></td>
<td><strong>24.9</strong></td>
<td><strong>23.8</strong></td>
</tr>
<tr>
<td>Distribution (v)</td>
<td>2.9</td>
<td>2.4</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Infrastructure/support (vi)</td>
<td>6.1</td>
<td>4.9</td>
<td>5.2</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38.5</strong></td>
<td><strong>32.3</strong></td>
<td><strong>33.1</strong></td>
<td><strong>32.3</strong></td>
</tr>
</tbody>
</table>

*Source: BBC Annual Reports and management accounts*

**Notes**

(i) Expenditure controlled by Radio Scotland’s management team
(ii) These costs include the station’s share of central BBC costs such as royalty payments to collecting societies
(iii) These costs include the station’s share of overheads such as buildings and support staff
(iv) This expenditure is monitored against Radio Scotland’s service licence budget
(v) Radio Scotland’s share of broadcast transmission costs
(vi) Radio Scotland’s share of non-programme-specific overheads including non-programme-related property, technology, finance, HR, training, legal, marketing (which is controlled centrally), executive management, licence fee collection, governance, sale of assets and restructuring costs

The majority of licence fee payers believe that Radio Scotland represents value for money

99. Radio Scotland’s total cost, including its allocation of BBC overheads, amounted to around 0.9 per cent of the total licence fee or around £1.31 per UK licence fee payer in 2009-10. As part of our audience research we asked a representative sample of listeners whether they felt this represented value for money and the vast majority, some 94 per cent, agreed that it did.

The relationship between cost and reach indicates that value for money is improving

100. To assess value for money it is important to consider consumption alongside cost to provide a perspective on cost-effectiveness. Figure 12 shows the cost per listener hour and the cost per listener reached for Radio Scotland between 2007-08 and 2010-11.
These measures draw on cost and usage data to arrive at the average cost for every hour that the audience spends listening to the station or every user reached. Comparing these metrics over time shows a reduction in both cost per listener hour and cost per user reached, indicating that value for money is improving.

**Figure 12: Radio Scotland’s cost per listener hour and cost per listener reached**

<table>
<thead>
<tr>
<th></th>
<th>2007-08 Pence</th>
<th>2008-09 Pence</th>
<th>2009-10 Pence</th>
<th>2010-11 Pence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per listener hour</td>
<td>9</td>
<td>7.1</td>
<td>7.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Cost per user reached</td>
<td>62</td>
<td>51.6</td>
<td>52.1</td>
<td>47.4</td>
</tr>
</tbody>
</table>

*Source: BBC Annual Reports*

*Note: Prior to 2007-08 cost data becomes less comparable due to changes in the way the BBC accounts for costs.*

**Overall costs are being reduced through efficiency savings but costs are still high in relation to other nations’ radio stations**

101. Radio Scotland has met front-loaded efficiency targets to contribute to the BBC-wide commitment to deliver 3 per cent savings a year between 2007-08 and 2012-13. Overall content expenditure has decreased as set out in Figure 11 above. The overall cost per hour of programme broadcast has also fallen from £2,400 in 2008-09 to £2,300 in 2010-11. Nevertheless, overall costs are high in relation to the BBC’s other nations’ radio stations even though public purpose delivery, measured through our audience research, is broadly comparable. We asked BBC Management to explain why Radio Scotland costs more and the explanation is set out in Figure 13.
Figure 13 – Radio Scotland’s explanation for the station’s higher costs

**More ambitious schedule to meet audience demands**

Radio Scotland operates in the largest of the devolved nations, caters for a geographically diverse population, faces strong competition from commercial stations, and sets out to extend the reach of the BBC radio portfolio in Scotland where, as a whole, it reaches significantly fewer people than on average across the UK. To meet these demands the station offers a more costly schedule which delivers the following:

- a service licence condition to provide 43 hours a week of news and current affairs, which is higher than that for the other nations’ radio services, and a condition to deliver 200 hours of arts coverage a year, which is not required of other nations’ radio stations
- additional content tailored for a local audience in Selkirk, Dumfries, Aberdeen and Inverness. This content is broadcast instead of Radio Scotland’s usual service in these areas at certain times of day. Radio Scotland also runs Community stations for Orkney and Shetland, where there is no alternative commercial supply
- more live music than all the commercial stations combined, and less music than the other BBC national radio stations
- extensive sports coverage including regional sport with non-exclusive rights
- a schedule that extends throughout the night in contrast to other nations’ radio stations, most of which stop broadcasting at 1 am

**Additional costs**

As well as providing a more ambitious schedule, Radio Scotland incurs the following additional costs:

- transmission costs on both FM and MW to overcome transmission difficulties
- high costs of travel and distribution due to the size and topography of the country
- four production centres around the country, each with a technical and managerial infrastructure
- significant additional investment in the property and broadcast technology infrastructure costs at the BBC’s new building at Pacific Quay. It is anticipated that this investment will bring savings in the longer term.
Radio Scotland’s costs are being considered alongside those of every other service as part of a BBC-wide review to reduce costs following the latest licence fee settlement

102. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations.

103. The Trust will be carrying out a public consultation in autumn 2011 to give the audience an opportunity to have their say on BBC Management’s cost-cutting proposals. The reasons why Radio Scotland costs more, set out in Figure 13, will be considered as part of this process alongside cost drivers for every other BBC service.

104. To assess these cost drivers it is necessary to consider the wider offer for audiences in Scotland on television, radio and online. In action point 7 we recommend that the process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.

Benchmarking production processes between nations’ radio stations could help to identify opportunities to reduce costs

105. Figure 13 above highlights some of the reasons why direct cost comparisons between stations should be treated with caution. A comparison of costs between radio stations would need to take into account national circumstances, differences in editorial ambition and variations in overhead allocation. In spite of these differences some aspects of the stations’ processes and content are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been carried out in the past but not since 2007. Lessons learnt could also have wider application to the BBC’s UK-wide network radio stations. Benchmarking is addressed in action point 8.

106. Closer working between BBC services, particularly other BBC radio stations, could offer other opportunities to improve value for money either through efficiency savings or enhanced effectiveness. Some of these opportunities are outlined in action points 7 and 10.

Strategy

Radio Scotland has developed a strategy and clear performance objectives based on analysis and research

107. Throughout the course of the review we challenged BBC Management to develop its strategy for Radio Scotland, building on work to enhance the station that was already underway and included extensive Executive-led audience research.
We prompted the station to respond to the emerging results of our performance analysis, consultation responses and Trust-led audience research. As part of this process we asked BBC Management to set out clear objectives for the station in terms of audience numbers, audience perceptions of quality, and value for money.

**The station has developed plans to increase reach and extend the length of time listeners stay tuned to it**

Radio Scotland’s objective is to restore reach to previous levels of between 0.9 million and 1 million listeners a week (an increase of between 1 and 2 percentage points) and increase the average length of time listeners stay tuned to 7.4 hours\(^9\) a week by:

- increasing awareness through promotion (on and off-air) and using presenters to direct listeners around the schedule
- developing more emotional engagement with the audience by offering more personal relevance and enjoyment, not just functional information (such as news and sport) which currently encourages listeners to dip in and out of the station
- focusing on attracting female listeners who are currently significantly under-represented in the audience.

**Radio Scotland plans to develop a more consistent, more focused offer to improve audience perceptions of quality**

BBC Management plans to improve overall audience approval scores from 7.6 to 8 out of 10. It is anticipated that introducing a more coherent, simplified schedule will improve perceptions of quality because listeners will be less likely to encounter content which is not aimed at them. For the same reason, it is likely that this greater coherence will help extend the length of time people listen to the station.

BBC Management also plans to improve audience perceptions of quality by:

- introducing more high-impact presenters
- enhancing the quality of journalism
- continuing to rejuvenate the offer and give it a contemporary feel
- counterbalancing the male bias of news and sport by commissioning ambitious drama, documentaries and comedy and scheduling these in popular slots
- continuing the process which has already begun to split the schedule into different zones, offering speech in the daytime and music in the evenings, reducing the proportion of music from 35 per cent to 25 per cent. This is intended to offer listeners an alternative to commercial radio and Radio 2 in peak listening hours. The evening music will be made distinctive by focusing on culturally-specific and live music with intelligent interpretation and audience interaction

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\(^9\) This is the station’s long-term aspiration (by 2015-16). In the short term the objective is to increase hours to 7.2 hours a week.
• directing listeners to high-quality content in different parts of the schedule through clearer sign-posting and promotion.

112. These steps could help to bridge the gap between performance and importance scores for ‘fresh and new content’ although, as mentioned above, there is a limit to how much a radio station can consistently provide fresh and new content because it is important also to develop a relationship with listeners through established programmes and presenters.

**Extending reach and the length of time listeners stay tuned and taking steps to reduce costs should improve the station’s value for money metrics**

113. Radio Scotland plans to improve value for money by extending programme durations, increasing repeat patterns out of peak and off-season, re-transmitting network commissions (without jeopardising distinctiveness), exploring content-sharing between nations, and increasing cross-platform exploitation. The station also plans to review the impact of MW sport on DAB and investigate the technical feasibility and affordability of broadcasting Radio Scotland on the BBC’s network DAB multiplex which has 92.5 per cent coverage in Scotland, rather than the network of local commercial multiplexes which has 75 per cent coverage. Distribution is addressed in action point 12.

**Radio Scotland’s strategy is well-considered but will need to be revisited in light of the latest licence fee settlement**

114. The Trust believes that this strategy is well-considered. In particular, we welcome Radio Scotland’s ambition to improve quality and safeguard distinctiveness. Our action points set out in paragraphs 24 to 56 set out areas where we recommend a different emphasis or suggest further changes. In particular, these action points respond to the latest licence fee settlement between the BBC and the government, which has meant that significant cost savings will need to be found across the BBC. The extent of cost savings required from each service is uncertain and has not been taken into account in the strategy set out above, which is based on existing levels of funding. We would expect many aspects of the strategy to be preserved including those emphasised in action point 9. As set out in action point 1, however, we recommend that BBC Management develops new performance objectives for each station when it is clear what level of funding will be available.
Radio nan Gàidheal

Radio nan Gàidheal’s remit is to deliver a comprehensive speech and music service for Gaelic speakers covering a wide range of genres and reflecting the issues, events, cultures and interests of the people of Scotland from a Gaelic perspective, and through the medium of the Gaelic language. In 2010-11 the station had a service licence budget of £3.8 million.

Reach

Radio nan Gàidheal reaches a very high proportion of its target audience

115. On average, the station reached some 72.4 per cent of the Gaelic community each week in 2010-11. This is a very high proportion of the station’s target audience. This audience is, however, limited to the number of Gaelic speakers in Scotland, which is estimated to be some 93,000. This means that reach in absolute terms is low at around 68,000.

116. The average length of time listeners stay tuned to the station increased in 2010-11 to 8.0 hours compared with 6.8 hours in 2008-09. It is likely that this reflects the expansion of the weekday schedule to fill the gap which used to exist between 12:00 and 14:00.

Figure 14: Weekly reach and average time spent listening

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<tbody>
<tr>
<td>Weekly Reach (%)</td>
<td>66.0</td>
<td>65.6</td>
<td>68.0</td>
<td>68.8</td>
<td>68.6</td>
<td>72.4</td>
</tr>
<tr>
<td>Weekly Reach (000's)</td>
<td>61,566</td>
<td>61,193</td>
<td>63,432</td>
<td>64,178</td>
<td>63,991</td>
<td>67,536</td>
</tr>
<tr>
<td>Listener Hours</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.8</td>
<td>7.8</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Source: Leirsinn. Data on time spent listening was not available prior to 2008-09

Some demographic groups are more likely to listen than others but the station has widespread appeal

117. Figure 15 shows what proportion of each demographic group listened to Radio nan Gàidheal in an average week during 2010-11. Over 45 year olds, women, fluent Gaelic speakers and those from the Highlands and Islands were more likely to listen but reach is still high among other demographic groups.
Quality

Listeners generally hold the station in high regard

In 2010-11 Radio nan Gàidheal received a high overall audience appreciation score of 8.5 out of 10. As set out in Figure 16 audience appreciation levels have been consistently high over the last five years.

Figure 16 Average approval score of Radio nan Gàidheal among listeners

Source: Leirsinn (Radio nan Gàidheal) / PBTS (all other stations). Different surveys have been used to compare average approval scores as Radio nan Gàidheal data is not available on PBTS.
119. Audience appreciation scores are consistent with the results of responses to our consultation and with our audience research, which indicated that around 91 per cent of respondents thought that the station had well-made high-quality programmes.

**Most listeners think the station is meeting its service licence commitments to provide innovative, engaging, challenging programmes**

120. Our research indicates that the majority of listeners regard the station as innovative, challenging and engaging. Some 82 per cent agreed that Radio nan Gàidheal had programmes with new ideas and different approaches (innovative), some 78 per cent agreed that the station had programmes that made them think (challenging) and some 92 per cent agreed that it had programmes that I want to listen to (engaging).

**Distinctiveness**

*Radio nan Gàidheal offers listeners content which they cannot receive elsewhere*

121. While there are other local radio stations which broadcast some Gaelic content. Radio nan Gàidheal is the only source of Gaelic news, features, current affairs, religion, and sport on the radio.

122. Our audience research supports the premise that the station offers something which is not available elsewhere. The vast majority of respondents to our survey said that they rarely listen or never listen to Gaelic programming on any other radio station and some 91 per cent of listeners agreed that they would miss BBC Radio nan Gàidheal if it was no longer there.

123. In order to understand better which aspects of the station are distinctive, we asked listeners why they choose to tune in to Radio nan Gàidheal. Some 70 per cent said they listened to hear the Gaelic language. This was the most common response, followed by tuning in to hear the music (57 per cent) and to find out what is happening in the Gaelic-speaking communities (47 per cent).

**Impact**

*Radio nan Gàidheal makes an important contribution to Gaelic language and culture*

124. The Trust measures impact by considering how well a service delivers the BBC’s public purposes, set out in the BBC’s Charter requirements concerning citizenship, diversity, learning, creativity, media literacy and bringing the world to the UK. These requirements are summarised in Figure 5.

125. Radio nan Gàidheal is required to make a contribution to each of the public purposes by meeting commitments which are set out in the station’s service licence. Unlike the other nations’ radio services, Radio nan Gàidheal does not have to meet any conditions stipulating provision of a specified number of hours of particular types of content (such as news and current affairs). Service licence conditions are considered in action point 2.
126. We carried out a survey among Radio nan Gàidheal’s listeners to establish how well the station was delivering its public purpose commitments. We asked respondents to tell us whether the station was meeting its various public purpose objectives and whether they felt these objectives were important. The results, which are set out in Figure 17 below, show that performance is strong. In particular the station supports the Gaelic community, language and culture successfully, as well as being a well-regarded source of news and specialist music. These research findings are consistent with our consultation responses from licence fee payers and organisations, which generally praised the station for its contribution to Gaelic culture. In action point 15 we ask whether the impact of the station could be widened by directing non-Gaelic speakers or non-fluent speakers to Radio nan Gàidheal’s Gaelic and traditional music through, for example cross-promotion on BBC Scotland’s English language web pages.
Figure 17: The percentage of survey respondents who agreed that Radio nan Gàidheal’s public purpose aims were being delivered compared with the percentage who thought those aims were important.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Importance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBCRNG provides programming and content that caters for the Gaelic community</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>BBCRNG supports and reflect Gaelic culture</td>
<td>92%</td>
<td>93%</td>
</tr>
<tr>
<td>BBCRNG supports and reflect the Gaelic language</td>
<td>92%</td>
<td>92%</td>
</tr>
<tr>
<td>BBCRNG provides high quality news</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>BBCRNG helps to promote the Gaelic culture and language to the rest of the UK and world through bbc.co.uk</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>I Trust BBCRNG to provide me with impartial news</td>
<td>89%</td>
<td>90%</td>
</tr>
<tr>
<td>BBCRNG supports a range of different types of music found in Scotland including traditional, folk, contemporary and folk</td>
<td>84%</td>
<td>85%</td>
</tr>
<tr>
<td>BBCRNG provides programmes and content which cover a wide range of arts and cultural activities</td>
<td>83%</td>
<td>82%</td>
</tr>
<tr>
<td>I have learned new things whilst enjoying programmes on BBCRNG</td>
<td>81%</td>
<td>82%</td>
</tr>
<tr>
<td>BBCRNG gives me a better understanding of news and topical issues in the UK</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>BBCRNG provides coverage of sport in Scotland</td>
<td>78%</td>
<td>82%</td>
</tr>
<tr>
<td>BBCRNG has lots of fresh and new ideas</td>
<td>64%</td>
<td>76%</td>
</tr>
<tr>
<td>BBCRNG helps children with what they learn at school</td>
<td>76%</td>
<td>83%</td>
</tr>
<tr>
<td>BBCRNG helps me understand politics in Scotland</td>
<td>71%</td>
<td>70%</td>
</tr>
<tr>
<td>BBCRNG provides me with the opportunity to share the same experiences with other people (major events)</td>
<td>70%</td>
<td>67%</td>
</tr>
<tr>
<td>BBCRNG helps me understand what’s going on in the wider world, such as international news and events</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>BBCRNG gives me a better understanding of news and topical issues in my local area</td>
<td>67%</td>
<td>74%</td>
</tr>
<tr>
<td>BBCRNG gives me a better understanding of news and topical issues in the UK</td>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>BBCRNG helps me feel involved and interested in my local community</td>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>BBCRNG reflects a range of religious and other beliefs</td>
<td>66%</td>
<td>73%</td>
</tr>
<tr>
<td>BBCRNG helps me understand UK wide politics</td>
<td>62%</td>
<td>65%</td>
</tr>
<tr>
<td>BBCRNG helps me understand politics in Europe</td>
<td>58%</td>
<td>62%</td>
</tr>
<tr>
<td>BBCRNG has helped me make the most of new technologies such as interactive TV and the internet</td>
<td>53%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: Leirsinn (Radio nan Gàidheal)

Note: A difference between importance and performance scores greater than 5 should be considered significant.
127. Although performance is strong, audience expectations of the service are also high and our research indicates that the station is not currently meeting these with regard to some aspects of the public purposes. The most notable performance gaps are set out below.

**There is further audience demand for educational content**

128. Audience perceptions of importance are higher than audience perceptions of performance for content which supports children and young people with what they learn at school. This is consistent with the comments made by Bòrd na Gàidhlig, the statutory body charged with securing the status of Gaelic as an official language of Scotland. The Bòrd generally commended Radio nan Gàidheal for delivering its remit but identified some areas where, with greater resources, the station could do more to help increase the number of people speaking and using Gaelic. The Bòrd recommended that the station fill the gaps in its schedule, provide more pre-recorded programmes such as documentaries and features, more drama, more news bulletins on weekends and, specifically in relation to learning, felt that there was scope for further development in the station’s support for children in Gaelic Medium Education and the Curriculum for Excellence and also for adult Gaelic learners.

129. The extent to which resources will be available to fulfil these ambitions is uncertain, particularly in the wake of the new licence fee settlement. The station has plans, however, to work in partnership with Gaelic organisations to develop a web-based learning resource (set out in the strategy section below) which should help meet audience expectations in this area. Partnership funding should not be relied upon to deliver recurring content, but if it is possible to find funding for more pre-recorded programmes such as documentaries, features and drama, possibly in partnership with Gaelic organisations, this type of programming is likely to be well-suited to an online learning resource. Working in partnership with others to develop these programmes could also help to develop programme-making skills to the benefit of the wider Gaelic media industry including television and online. Partnership working and Radio nan Gàidheal’s online learning resource are endorsed in action point 9.

**There is further audience demand for content relating to listeners’ local area or community**

130. Importance scores exceed performance scores for giving listeners a better understanding of news and topical issues in their local area and encouraging listeners to feel involved and interested in their local community. This gap is largely the result of views expressed by listeners who live outside the Highlands and Islands. Some consultation respondents said that Radio nan Gàidheal’s focus on Highlands and Islands presents a slightly dated view of Gaelic speakers. There are, nonetheless, a number of reasons why the station should retain its local focus.

- Many consultation respondents praised the station for its coverage of issues and events in the Highlands and Islands.
• Audience approval scores are only slightly lower among those living outside the Highlands and Islands and are still high relative to other BBC stations.

• Gaelic culture tends to be focused in the Highlands and Islands and this cultural heritage is likely to be of interest to all Gaelic speakers, even those outside the Highlands and Islands.

• To a large extent the station’s capacity to provide content which is different from that available elsewhere lies in its ability to focus on the Highlands and Islands, which may be less well served by Radio Scotland and BBC network radio, which are optimised for a wider audience.

Radio nan Gàidheal’s approach to local content is addressed in action point 5

**There is also further demand for fresh and new ideas and helping people make the most of new technology**

131. Like each of the other nations’ radio services, performance scores for the station’s delivery of fresh and new ideas are lower than those for importance. Filling this gap would be a challenge because listeners tend to build a relationship with a radio station and are likely to react negatively to fundamental changes to established presenters or formats.

132. We anticipate that BBC Management’s plans to refresh its output to reflect the future needs of the Gaelic community (set out in the strategy section at paragraph 146) will go some way to meet this demand for fresh and new ideas. We recognise, however, that some parts of the schedule will be more suited to experimentation than others and that the extent to which audience demand in this area can be met is limited by the need to sustain a relationship with the audience through established presenters and programmes.

133. Importance scores also exceed performance scores for the station’s commitment to help people make the most of new technology. It should be noted that, relative to other public purpose commitments, the importance listeners attach to this objective is low, indicating that this should not be a priority for the station at this time although it will be important to retain the flexibility to react to audience needs should these change in the future.

**Radio nan Gàidheal contributes to the Gaelic economy of the Western Isles**

134. The Radio nan Gàidheal service is delivered from a number of different production centres around Scotland, including Stornoway, Uist, Inverness, Skye, Oban, Glasgow and Edinburgh. BBC Management considers that Radio nan Gàidheal makes a significant contribution to the Gaelic economy of the Western Isles, estimated at nearly £3 million of economic benefit a year. Currently Radio nan Gàidheal commissions 10 per cent of its eligible output, including short-run strands and weekly live sequences in speech and music, from independent production companies.

135. In August 2010 the Trust published its review of independent radio supply. The review concluded that the BBC should introduce a Window of Creative Competition, or WoCC, in addition to its existing commitment to commission 10 per cent of eligible radio output from independent suppliers. Through the WoCC, a further 10 per cent of BBC
Radio’s eligible output would be available for competition between independent suppliers and in-house production teams. The Trust asked BBC Management to report back to them on how the WoCC would be implemented in practice across the BBC’s radio services. Radio nan Gàidheal has expressed concern about the impact of new independent supply targets, should these be applied to the station, on the basis that available programme budgets would not be viable for production companies.

**Value for money**

**Radio nan Gàidheal is operating within the service licence budget limits set by the Trust**

136. The Trust controls each service’s expenditure through service licence budgets. We monitor annual expenditure against these budgets and any over or under-spend greater than 10 per cent requires the Trust’s approval. Figure 18 compares Radio nan Gàidheal’s expenditure with the station’s service licence budget and shows that with the exception of 2007-08 Radio nan Gàidheal’s expenditure has remained within this 10 per cent tolerance for the past five years. The 2007-08 over-spend was the result of change in the way the BBC allocated overheads to each service. A 2007 review of contribution rates led the BBC to conclude that it was under-recovering production overheads by some £84million. The year-end reallocation of overheads, which was reviewed by the accounting firm KPMG resulted in a number of licences exceeding their tolerance including the BBC’s national radio stations in Scotland, Wales and Northern Ireland. The impact in the nations was particularly significant as a result of new properties such as Pacific Quay and other increases in the identified property costs and local overhead.

137. Radio nan Gàidheal operates standard budgetary control procedures. The annual editorial and financial plan for Radio nan Gàidheal is presented to the Executive Board, BBC Scotland, and approved formally by the Chief Operating Officer and Head of Radio nan Gàidheal. The financial position is reviewed quarterly with BBC Scotland’s Finance Partner, including expenditure against budget and efficiency savings plans. This is updated monthly and any variances are reported monthly to the Executive Board, and quarterly to the corporate centre.

138. To gain a greater understanding Radio nan Gàidheal’s costs we reviewed expenditure broken down by programme genre between 2007-08 and 2010-11 and received satisfactory explanations for movements in cost over time.

139. In 2010-11 the direct cost of making Radio nan Gàidheal’s programmes was £2.3million. To arrive at the full cost of the station’s content, some £3.8million, centrally allocated costs such as property overheads and music royalty payments to collecting societies,10 are added to this figure. Radio nan Gàidheal’s share of distribution, infrastructure and support costs, added to this content expenditure, results in a total cost to the licence fee payer of

10 Collecting societies collect royalty payments from various individuals and groups on behalf of rights holders.
£6.1 million. This total excludes expenditure on Radio nan Gàidheal’s website which falls under the BBC Online service licence.
Figure 18 Radio nan Gàidheal’s expenditure compared with the station’s service licence budget 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Direct programme making costs (i)</td>
<td>2.5</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Centrally allocated programme related expenditure (ii)</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Programme related overheads (iii)</td>
<td>2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>4.7</strong></td>
<td><strong>4</strong></td>
<td><strong>4.2</strong></td>
<td><strong>3.8</strong></td>
</tr>
<tr>
<td>Service Licence budget</td>
<td><strong>3.6</strong></td>
<td><strong>3.7</strong></td>
<td><strong>3.9</strong></td>
<td><strong>3.8</strong></td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>4.7</strong></td>
<td><strong>4</strong></td>
<td><strong>4.2</strong></td>
<td><strong>3.8</strong></td>
</tr>
<tr>
<td>Distribution (v)</td>
<td>1.2</td>
<td>0.9</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Infrastructure/support (vi)</td>
<td>1</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.9</strong></td>
<td><strong>5.7</strong></td>
<td><strong>6.3</strong></td>
<td><strong>6.1</strong></td>
</tr>
</tbody>
</table>

Source: BBC Annual Reports and management accounts

Notes

(i) Expenditure controlled by Radio nan Gàidheal’s management team
(ii) These costs include the station’s share of central BBC costs such as royalty payments to collecting societies
(iii) These costs include the station’s share of overheads such as buildings and support staff
(iv) This expenditure is monitored against Radio nan Gàidheal’s service licence budget
(v) Radio nan Gàidheal’s share of broadcast transmission costs
(vi) Radio nan Gàidheal’s share of non-programme-specific overheads including non-programme-related property, technology, finance, HR, training, legal, marketing (which is controlled centrally), executive management, licence fee collection, governance, sale of assets and restructuring costs

Cost per listener hour is high but low cost per hour and high quality scores indicate that the station is run in a cost-effective way

140. Figure 19 shows the cost per listener hour and the cost per listener reached for Radio nan Gàidheal between 2007-08 and 2010-11. These measures draw on cost and usage data to arrive at the average cost for every hour that the audience spends listening to the station or every user reached. Radio nan Gàidheal’s results are among the highest in the BBC radio portfolio but this is because the station has a narrow target audience (Gaelic speakers) and consequently it has a low number of listeners in absolute terms.
Figure 19: Radio nan Gàidheal’s cost per listener hour and cost per listener reached

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost per listener hour</th>
<th>Cost per user reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>12 Pence</td>
<td>142.49 Pence</td>
</tr>
<tr>
<td>2008-09</td>
<td>18.2 Pence</td>
<td>119.86 Pence</td>
</tr>
<tr>
<td>2009-10</td>
<td>16.7 Pence</td>
<td>126.22 Pence</td>
</tr>
<tr>
<td>2010-11</td>
<td>13.7 Pence</td>
<td>109.1 Pence</td>
</tr>
</tbody>
</table>

Source: BBC Annual Reports

Note: Prior to 2007-08 cost data becomes less comparable due to changes in the way the BBC accounts for costs.

141. In 2009-10 Radio nan Gàidheal’s cost per hour was £757 (£966 for originations). This is very low compared with other BBC stations. In spite of this low cost per hour Radio nan Gàidheal reaches a high proportion of its target audience and, as set out above, audience approval scores are very high. This relationship between cost and performance indicates that the station is run cost-effectively.

The majority of licence fee payers believe that Radio nan Gàidheal represents value for money

142. Radio nan Gàidheal’s total cost including its allocation of BBC overheads amounted to around 0.2 per cent of the total licence fee or around 24 pence per UK licence fee payer in 2009-10. As part of our audience research we asked a representative sample of listeners whether they felt this represented value for money and the vast majority, some 93 per cent, agreed that it did.

Radio nan Gàidheal’s costs are being considered alongside every other service as part of a BBC-wide review to reduce costs following the latest licence fee settlement

143. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations. We will be carrying out a public consultation in the autumn to give the audience an opportunity to have their say on BBC Management’s cost-cutting proposals. Radio nan Gàidheal’s funding is being considered as part of this process alongside every other BBC service.

144. In action point 7 we recommend that the process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.

Benchmarking production processes between nations’ radio stations could help to identify opportunities to reduce costs

145. Cost comparisons between the BBC’s national radio stations should be treated with caution as they need to take into account national circumstances, differences in editorial...
ambition and variations in overhead allocation. In spite of these differences some aspects of the stations’ processes and content are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been carried out in the past but not since 2007. Lessons learnt could also have wider application to the BBC’s UK-wide network radio stations. Benchmarking is addressed in action point 8. Closer working between BBC services, particularly other BBC radio stations could offer other opportunities to improve value for money either through efficiency savings or enhanced effectiveness. Some of these opportunities are outlined in action points 7 and 10.

Strategy

Radio nan Gàidheal has set out a strategy to maintain current high levels of performance

146. Throughout the course of the review we challenged BBC Management to develop its strategy for Radio nan Gàidheal, prompting the station to react to the emerging results of our performance analysis, consultation responses and audience research. As part of this process we asked BBC Management to set out clear objectives for the station. Radio nan Gàidheal’s objectives are to maintain reach and listening hours at their current levels, and sustain an 8 out of 10 audience appreciation score.

The station intends to refresh its offer to reflect the future needs of the Gaelic community

147. Radio nan Gàidheal’s strategy has broadly three themes. Firstly BBC Management plans to refresh its offer in order to replenish the audience with the next generation of listeners, whilst continuing to meet the needs of existing listeners. This includes plans to:

- fill gaps in the weekend schedule when currently the service switches to Radio Scotland, increase the amount of news on Saturday and introduce news to the Sunday schedule
- develop the cross-platform approach to learning to meet the needs of advanced Gaelic learners with a zone of re-packaged speech material, supported by online text and podcast
- work in partnership with MG ALBA and others to develop a learning website external to BBC online.
- replenish the Gaelic archive with pre-recorded programmes which are better suited to this purpose than live broadcasts as they have greater longevity.

148. Radio nan Gàidheal recognises that the station’s ambition to extend the schedule is dependent on additional resources being available. This will be challenging given the cost savings required under the new licence fee settlement. This issue is addressed in paragraph 43.

149. The station’s plans to provide further learning resources would help meet the demand expressed by listeners, through our research, and from stakeholders for a greater contribution to Gaelic learning. The regulatory and governance implications of an online
learning resource in partnership with MG ALBA would depend upon detail of the proposal put forward, but in principle this website seems to offer the potential for added value at little extra cost or market impact given the lack of alternative Gaelic learning content.

Radio nan Gàidheal also plans to work in partnership with Gaelic language organisations to improve value for money and investigate whether DAB distribution could be improved

150. The station’s second strategic theme is to improve value for money by working in partnership with organisations such as MG ALBA and the Bòrd na Gàidhlig (the Gaelic Language Board), as well as through complementary commissioning and scheduling with BBC ALBA.

151. Finally, the station intends to investigate the feasibility and affordability of broadcasting Radio nan Gàidheal on the BBC’s network DAB multiplex rather than on the network of local commercial DAB multiplexes, which has 75 per cent coverage of Scotland and excludes the critical Gaelic-speaking areas. Distribution is addressed in action point 12.

Radio nan Gaidheal’s strategy is well-considered but will need to be revisited in light of the latest licence fee settlement

152. The Trust broadly welcomes Radio nan Gàidheal’s plans, set out above, to maintain the station’s high reach among its target audience and high approval scores. Our action points in paragraphs 24 to 56 set out areas where we recommend a different emphasis or suggest further changes. In particular, these action points respond to the latest licence fee settlement between the BBC and the government which has meant that significant cost savings will need to be found across the BBC. The extent of cost savings required from each service is uncertain and has not been taken into account in the strategy set out above, which is based on existing levels of funding. We would expect many aspects of the strategy to be preserved including those emphasised in action point 9. As set out in action point 1, however, we recommend that BBC Management develops new performance objectives for each station when it is clear what level of funding will be available.
Radio Wales

Radio Wales’s remit is to be a speech-led service for adults, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Wales. Programmes should focus on local and national concerns but also address matters of UK and international significance. In 2010-11 the station had a service licence budget of £12.9million.

Reach

Radio Wales’s reach has increased recently following a long period of stability

153. BBC radio as a whole is relatively strong in Wales, reaching 73.5 per cent of the adult population in 2010-11. This performance is driven by Radio 2 and Radio 1 with Radio Wales the third most listened to BBC radio station in Wales. Radio Wales’s reach remained relatively stable between 2005-06 and 2009-10 before increasing in 2010-11 to an average of 18.6 per cent, or 468,000 adults, each week. In comparison, the most listened to commercial radio station in Wales, Real Radio, reached 17.6 per cent.

Figure 20 The percentage of the adult population reached by Radio Wales and other radio stations in Wales

Source: RAJAR

154. Although reach remained broadly stable between 2005-06 and 2009-10, the proportion of the adult population who were aware of Radio Wales’s existence fell nearly 10 percentage points to 60 per cent of the population in 2009-10. In the same year,
some 89.5 per cent were aware of Radio 1 and 87.2 per cent aware of Radio 2. More recently, in the first nine months of 2010-11, Radio Wales’s awareness levels have increased to 66 per cent but are still low compared with BBC Radio 1, 2, 3 and 4. There may be scope to increase Radio Wales’s reach further by increasing awareness, but management has raised concerns that levels of promotion for Radio Wales are already fairly high. Awareness levels are addressed in action point 13

The average length of time listeners stay tuned to Radio Wales is relatively low and is declining

155. As set out in Figure 21, the average amount of time listeners spend tuned in to Radio Wales has fallen over the last five years from 11.3 hours in 2005-06 to 9.4 hours in 2010-11. Listening hours are low compared with Radio 4 (13.6 hours) and Radio 2 (13.1 hours)

**Figure 21: Average listener hours per week for Radio Wales and other radio stations in Wales**

![Graph showing listener hours per week for Radio Wales and other stations in Wales](image)

**Source:** RAJAR

Older listeners and those living in south Wales are more likely to listen to Radio Wales

156. In line with the BBC’s other nations’ radio stations, Radio Wales’s audience is skewed towards older listeners. In 2010-11 the average age of a Radio Wales listener was 57.
This is younger than in 2009-10 when the average age was 60 but is still relatively high compared with the average age of the population as a whole in Wales. The station’s age profile is addressed in action point 3.

157. There are large differences in reach in different parts of Wales, with listeners in the south much more likely to listen than those in the north. This issue is addressed in action point 14.

**Figure 22: 2010-11 Weekly reach of Radio Wales split by demographic groups**

Source: RAJAR 2010-11

**The station’s reach is restricted by lack of FM coverage in large parts of Wales**

158. Radio Wales’s reach is restricted by lack of FM coverage in large parts of Wales. Around 68 per cent of households in Wales can receive Radio Wales on FM, compared with near universal coverage for BBC network radio in Wales 98 per cent for Radio Scotland in its area, 98 per cent for Radio Ulster/ Foyle, 95 per cent for Radio Cymru and 95 per cent for Radio nan Gàidheal. The rest of Wales can only hear Radio Wales on the much less used MW frequency. This issue was raised by a number of our consultation respondents and was emphasised by our Audience Council in Wales.

159. BBC Management estimates that Radio Wales would reach a further 2.5 per cent of the Welsh population, increasing its reach from 19 per cent to 21.5 per cent if universal FM coverage were achieved. There are also large gaps in DAB coverage with some 40 per cent of households able to receive the station on DAB. Distribution issues are addressed in action point 12.
Quality

A high proportion of the audience is satisfied with Radio Wales and believes its programmes are of high quality

160. Our research indicates that most listeners have a positive overall impression of the station. Ninety-five per cent gave it a score of 5 or more out of 10. Most listeners had a high overall impression of the station, with 56 per cent awarding it a score of 8 or more out of 10. A large majority of listeners (some 80 per cent) thought the station had well-made high-quality programmes.

161. The BBC routinely measures audience approval scores for its radio stations. Figure 23 shows that among Welsh listeners, audience approval scores for Radio Wales have, over time, tended to be lower than those for Radio 4 but similar to those for other BBC network radio stations. Approval scores decreased slightly in 2010-11 and the station has developed a strategy to increase them. This is set out in paragraphs 188 and 189. Approval, like reach, tends to be higher among listeners from the south of Wales. This issue is addressed in Action point 14.

**Figure 23: Average approval score out of 10 for Radio Wales and other BBC radio stations in Wales**

Source: PBTS: 2010-11 data is based on March 2010-December 2010

**Audience perceptions of quality differ depending on the type of programme broadcast**

162. The BBC collects audience appreciation scores for individual programmes as well as overall approval for the station as whole. We amalgamated these scores to arrive at an average audience appreciation score for each type of programme broadcast by Radio
Wales. The results, which are contained in Figure 24, demonstrate that different types of programme attract different appreciation scores.

**Figure 24: Radio Wales average appreciation scores broken down by type of programme**

<table>
<thead>
<tr>
<th>Genre</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-recorded Factual</td>
<td>74.7</td>
<td>77.0</td>
</tr>
<tr>
<td>Lifestyle, Entertainment, Comedy, Music</td>
<td>83.9</td>
<td>84.7</td>
</tr>
<tr>
<td>News, Current Affairs, Phone In</td>
<td>79.4</td>
<td>79.6</td>
</tr>
<tr>
<td>Specialist Music and Arts</td>
<td>83.6</td>
<td>82.5</td>
</tr>
<tr>
<td>Sport</td>
<td>88.4</td>
<td>88.0</td>
</tr>
<tr>
<td>All Programmes</td>
<td>82.3</td>
<td>82.8</td>
</tr>
</tbody>
</table>

Source: Pulse

163. It would be misleading to assess the relative performance of each genre by comparing them directly because some types of programme are inherently more likely to attract higher scores than others irrespective of their quality\(^{12}\). It would be possible to assess performance by looking at movement in the scores over time but there is insufficient data to do this as robust sample sizes are only available for two financial years. In action point 2 we recommend that BBC Management continues to monitor appreciation scores in this way to build up a pattern of performance over time broken down by genre.

**Most listeners think the station is meeting its service licence commitments to provide engaging, challenging and innovative programmes**

164. As well looking at overall audience approval of the station and individual programmes’ appreciation scores we asked questions in our audience survey to gauge whether programmes are considered to be engaging, challenging and innovative. These are characteristics specified in the station’s service licence.

165. Some 83 per cent agreed that Radio Wales had programmes they wanted to listen to (engaging) and some 75 per cent thought Radio Wales had programmes which made them think (challenging). Some 67 per cent thought the station had programmes with new ideas and different approaches (innovative), which is lower than the station’s other scores. This is consistent with our audience research on the BBC’s public purposes, set out in the Impact section below, which indicates that there is further demand among the audience for fresh and new ideas (paragraph175).

\(^{12}\) There is evidence of this across the BBC’s portfolio of services on both television and radio.
Distinctiveness

There is strong evidence to suggest that the station is distinctive

166. Radio Wales is the only BBC station to provide English language news, culture and information purely from a Welsh perspective. An increasingly devolved political settlement and a reduction in locally-produced commercial media mean that the station’s role is becoming increasingly important.

167. The station brings a significant number of new listeners to the BBC portfolio. Around 30 per cent of Radio Wales listeners do not listen to any other BBC station and around a fifth listen to no other radio at all.

168. Through our audience research survey, we asked listeners questions to assess whether the station offers them something different from that which is available elsewhere on the radio. Some 82 per cent of our survey respondents said that they would miss the station if it was not there and 86 per cent identified something that Radio Wales offers that they could not get from any other radio station. In particular, listeners felt that the station’s local or Welsh focus, especially in relation to news and sport coverage, set Radio Wales apart.

Impact

Radio Wales is meeting its service licence condition relating to news and current affairs

169. The Trust measures impact by considering how well a service delivers the BBC’s public purposes, set out in the BBC’s Charter requirements concerning citizenship, diversity, learning, creativity, media literacy and bringing the world to the UK. These requirements are summarised in Figure 5.

170. Radio Wales is required to make a contribution to each of the public purposes by meeting commitments which are set out in the station’s service licence. These commitments include a condition that the station should contribute to the citizenship purpose by broadcasting at least 24 hours of news and current affairs each week. The station has consistently met this condition and has also met its objective to commission at least 10 per cent of eligible content from independent producers, contributing to its service licence commitment to support the creative economy in Wales.

171. During our public consultation commercial radio stations raised concerns that the BBC’s national radio stations have too few service licence conditions, particularly when compared with other BBC radio stations and given that the funding available to nations’ radio stations generally exceeds that available to commercial radio stations. They asked that more hours-based conditions should be introduced to preserve existing levels of public service output. More specifically for Radio Wales, they suggested that the station’s condition to broadcast a minimum of 24 hours of news and current affairs each week was too low, on the basis and that Radio Wales currently exceeds this level of output by some
way and that both Radio Ulster/Foyle and, particularly, Radio Scotland have higher news
and current affairs conditions. Service licence conditions are considered in action point 2.

**Our research shows that listeners to the station believe it is making an
important contribution to the public purposes**

172. Through our audience research we asked a representative sample of listeners to tell
us whether the station was meeting the various public purpose objectives set out in its
service licence and whether they felt these objectives were important. Comparing
performance and importance scores for each objective told us whether the station was
meeting audience expectations in that area. We found that the station performed well,
particularly in relation to news and topical issues in Wales, coverage of national events,
music, sport and culture. The results are summarised in Figure 25.
Figure 25: The percentage of survey respondents who agreed that Radio Wales’s public purpose aims were being delivered compared with the percentage who thought those aims were important.

<table>
<thead>
<tr>
<th>Importance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC Radio Wales gives me a better understanding of news and topical issues in Wales</td>
<td>93%</td>
</tr>
<tr>
<td>BBC Radio Wales provides coverage of events and anniversaries that are important to the people of Wales</td>
<td>91%</td>
</tr>
<tr>
<td>BBC Radio Wales has enjoyable and entertaining programmes and content</td>
<td>88%</td>
</tr>
<tr>
<td>BBC Radio Wales supports music from Wales</td>
<td>88%</td>
</tr>
<tr>
<td>BBC Radio Wales provides content and programming that caters for the population of Wales</td>
<td>88%</td>
</tr>
<tr>
<td>BBC Radio Wales provides high quality news</td>
<td>88%</td>
</tr>
<tr>
<td>BBC Radio Wales provides extensive coverage of sport</td>
<td>87%</td>
</tr>
<tr>
<td>When I listen to BBC Radio Wales, I hear a range of accents from around Wales</td>
<td>72%</td>
</tr>
<tr>
<td>I trust BBC Radio Wales to provide me with impartial news</td>
<td>86%</td>
</tr>
<tr>
<td>BBC Radio Wales supports arts and culture in Wales</td>
<td>84%</td>
</tr>
<tr>
<td>BBC Radio Wales highlights to me important social issues</td>
<td>84%</td>
</tr>
<tr>
<td>BBC Radio Wales provides a wide range of music</td>
<td>83%</td>
</tr>
<tr>
<td>BBC Radio Wales reflects the diverse faiths, cultures and communities of Wales</td>
<td>83%</td>
</tr>
<tr>
<td>BBC Radio Wales coverage of news and current affairs has got me talking about them</td>
<td>81%</td>
</tr>
<tr>
<td>BBC Radio Wales helps me understand what’s going on in the wider world, such as international news and BBC Radio Wales introduces me to new presenters, performers, writers and musical artists from Wales</td>
<td>80%</td>
</tr>
<tr>
<td>I have learned new things whilst enjoying programmes on BBC Radio Wales</td>
<td>80%</td>
</tr>
<tr>
<td>BBC Radio Wales reflects my local interests and concerns</td>
<td>80%</td>
</tr>
<tr>
<td>BBC Radio Wales is good at portraying my particular culture or community to other people in Wales</td>
<td>78%</td>
</tr>
<tr>
<td>BBC Radio Wales provides opportunities to participate in its programmes</td>
<td>77%</td>
</tr>
<tr>
<td>BBC Radio Wales tells me about events and activities in which I could participate</td>
<td>77%</td>
</tr>
<tr>
<td>BBC Radio Wales gives me a better understanding of news and topical issues in the UK</td>
<td>77%</td>
</tr>
<tr>
<td>BBC Radio Wales helps me understand politics in Wales</td>
<td>76%</td>
</tr>
<tr>
<td>BBC Radio Wales has lots of fresh and new ideas</td>
<td>68%</td>
</tr>
<tr>
<td>BBC Radio Wales helps me understand UK-wide politics</td>
<td>66%</td>
</tr>
<tr>
<td>BBC Radio Wales provides music I don’t hear anywhere else</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: Kantar Research Agency
Note: A difference between importance and performance scores greater than 5 should be considered significant
Although public purpose delivery is generally strong there is further audience demand for particular types of content

173. While performance scores are high, audience perceptions of importance are also high and in some areas expectations are not currently being met. In particular there is a large gap when it comes to reflecting local interests and concerns. This is addressed in action point 14 which considers variations in Radio Wales’s performance in different parts of the country and in action point 5 which considers coverage of local, UK and international events. To a lesser extent there are also gaps relating to UK-wide politics, addressed in action point 5, and to music which cannot be heard elsewhere. Music is addressed in action point 4.

174. Audience perceptions of importance exceed performance for the provision of high-quality news and the impartiality of news but in both these areas performance is nonetheless very strong, with around 9 out of 10 listeners agreeing that the station meets these aims.

175. In line with the BBC’s other nations’ radio stations, there is further audience demand for fresh and new ideas. We anticipate that BBC Management’s plans to enhance quality and distinctiveness, set out in the strategy section at paragraph 188, will go some way to meet this demand. We recognise, however, that the extent to which audience demand in this area can be met is limited by the need to sustain a relationship with the audience through established presenters and programmes.

176. Finally, there is a gap between importance scores and performance scores for helping the audience make the most of new technology. Importance scores in this area are very low, indicating that it should not be priority for the station at this time although it will be important to retain the flexibility to react to audience needs should these change in the future.

Value for money

Radio Wales is operating within the service licence budget limits set by the Trust

177. The Trust controls each service’s expenditure through service licence budgets. We monitor annual expenditure against these budgets and any over or under-spend greater than 10 per cent requires the Trust’s approval. Figure 26 compares Radio Wales’s expenditure with the station’s service licence budget and shows that with the exception of 2007-08 the station’s expenditure has remained within this 10 per cent tolerance for the past five years. The 2007-08 over-spend was the result of change in the way the BBC allocated overheads to each service. A 2007 review of contribution rates led the BBC to conclude that it was under-recovering production overheads by some £84million. The year-end reallocation of overheads, which was reviewed by the accounting firm KPMG resulted in a number of licences exceeding their tolerance, including the BBC’s national radio stations in Wales, Scotland and Northern Ireland. The impact in the nations was particularly significant as a result of new properties such as Pacific Quay and other increases in the identified property costs and local overhead.
178. Radio Wales operates standard budgetary control procedures. The annual editorial and financial plan for Radio Wales is developed using information from previous budgets and cost reports and the station’s strategic decisions. The plan is submitted for approval at an annual budget meeting, led by the BBC Wales Director. Actual, committed and forecast costs are compared with budget on a continuous basis by finance and production staff and at a formal monthly meeting with the BBC Finance Centre. The financial information is also reviewed by the BBC Wales Board.

179. To gain a greater understanding of Radio Wales’s costs we reviewed expenditure broken down by programme genre between 2007-08 and 2010-11 and received satisfactory explanations for movements in cost over time.

180. In 2010-11 the direct cost of making Radio Wales’s programmes was £8.4million. To arrive at the full cost of the station’s content, some £13million, centrally allocated costs such as property costs and music royalty payments to collecting societies, are added to this figure. Radio Wales’s share of distribution, infrastructure and support costs, added to this content expenditure, results in a total cost to the licence fee payer of £17million (Figure 26). This total excludes expenditure on Radio Wales’s website which falls under the BBC Online service licence.

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13 Collecting societies collect royalty payments from various individuals and groups on behalf of rights holders.
Figure 26 Radio Wales’s expenditure compared with the station’s service licence budget 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct programme making costs (i)</td>
<td>8.4</td>
<td>8.3</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Centrally allocated programme related expenditure (ii)</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Programme related overheads (iii)</td>
<td>4.0</td>
<td>3.4</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>13.6</strong></td>
<td><strong>12.9</strong></td>
<td><strong>13.1</strong></td>
<td><strong>13.0</strong></td>
</tr>
<tr>
<td><strong>Service Licence budget</strong></td>
<td><strong>11.0</strong></td>
<td><strong>13.7</strong></td>
<td><strong>13.7</strong></td>
<td><strong>12.9</strong></td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>13.6</strong></td>
<td><strong>12.9</strong></td>
<td><strong>13.1</strong></td>
<td><strong>13.0</strong></td>
</tr>
<tr>
<td>Distribution (v)</td>
<td>1.3</td>
<td>1.0</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Infrastructure/support (vi)</td>
<td>2.6</td>
<td>2.3</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17.5</strong></td>
<td><strong>16.2</strong></td>
<td><strong>16.7</strong></td>
<td><strong>17.0</strong></td>
</tr>
</tbody>
</table>

**Source:** BBC Annual Reports and management accounts

**Notes**

(i) Expenditure controlled by the Radio Wales management team
(ii) These costs include the station’s share of central BBC costs such as royalty payments to collecting societies
(iii) These costs include the station’s share of overheads such as buildings and support staff
(iv) This expenditure is monitored against Radio Wales’s service licence budget
(v) Radio Wales’s share of broadcast transmission costs
(vi) Radio Wales’s share of non-programme-specific overheads including non-programme-related property, technology, finance, HR, training, legal, marketing (which is controlled centrally), executive management, licence fee collection, governance, sale of assets and restructuring costs

The majority of licence fee payers believe that Radio Wales represents value for money

181. Radio Wales’s total cost including its allocation of BBC overheads amounted to around 0.5 per cent of the total licence fee or around 66 pence per UK licence fee payer in 2009-10. As part of our audience research we asked a representative sample of listeners whether they felt this represented value for money and the vast majority, some 97 per cent, agreed that it did.
Radio Wales's costs are decreasing but a gradual reduction in the length of time listeners stay tuned and the station's lack of coverage in large parts of Wales are adversely affecting value for money metrics

182. Radio Wales is meeting efficiency targets under the BBC-wide commitment to deliver 3 per cent savings a year between 2007-08 and 2012-13. Overall content expenditure decreased between 2007-08 and 2010-11 as set out in Figure 26 above.

183. Figure 27 shows the cost per listener hour and the cost per listener reached for Radio Wales between 2007-08 and 2010-11. These measures draw on cost and usage data to arrive at the average cost for every hour that the audience spends listening to the station or every user reached. The reduction in Radio Wales's costs has not resulted in a significant improvement in cost per listener hour because the average length of time listeners have stayed tuned to the station has declined. The station has developed a strategy to increase the length of time listeners stay tuned and this is set out in paragraphs 188 and 189. In 2010-11 cost per user reached improved because the station’s increased reach at the same time as reducing costs.

**Figure 27: Radio Wales’s cost per listener hour and cost per listener reached**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per listener hour</td>
<td>5 Pence</td>
<td>5 Pence</td>
<td>5.9 Pence</td>
<td>5.7 Pence</td>
</tr>
<tr>
<td>Cost per user reached</td>
<td>59.85 Pence</td>
<td>55.87 Pence</td>
<td>59.98 Pence</td>
<td>53.4 Pence</td>
</tr>
</tbody>
</table>

*Source: BBC Annual Reports*

*Note: Prior to 2007-08 cost data becomes less comparable due to changes in the way the BBC accounts for costs.*

184. Radio Wales’s cost per listener hour and cost per listener reached are restricted by lack of FM coverage in large parts of Wales. This issue is set out in paragraph 158 and addressed in action point 12.

Radio Wales’s costs are being considered alongside every other service as part of a BBC-wide review to reduce costs following the latest licence fee settlement

185. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations. We will be carrying out a public consultation in the autumn to give the audience an opportunity to have their say on BBC Management’s cost-cutting proposals. Radio Wales’s funding is being considered as part of this process alongside every other BBC service.

186. In action point 7 we recommend that the process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation
on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.

**Benchmarking production processes between nations’ radio stations could help to identify opportunities to reduce costs**

187. Cost comparisons between the BBC’s national radio stations should be treated with caution as they need to take into account national circumstances, differences in editorial ambition and variations in overhead allocation. In spite of these differences, some aspects of the stations’ processes and content are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been carried out in the past but not since 2007. Lessons learnt could also have wider application to the BBC’s UK-wide network radio stations. Benchmarking is addressed in action point 8. Closer working between BBC services, particularly other BBC radio stations, could offer other opportunities to improve value for money either through efficiency savings or enhanced effectiveness. Some of these opportunities are outlined in action points 7 and 10.

**Strategy**

**Radio Wales aims to increase the length of time listeners stay tuned, without a loss of audience approval, reach or value for money**

188. Throughout the course of the review we challenged BBC Management to develop its strategy for Radio Wales, prompting the station to react to the emerging results of our performance analysis, consultation responses and audience research. As part of this process we asked BBC Management to set out clear objectives for the station in terms of audience numbers, audience perceptions of quality and value for money. The station’s objectives are to maintain reach at 2009-10 levels, increase the length of time listeners stay tuned to the average level attained over the last five years, and increase audience approval slightly by 0.1 out of 10. Maintaining reach and increasing average time spent listening is likely to drive down the cost per listener hour.

**The station plans to secure audience through enhanced quality and by increasing the number of households which can receive Radio Wales**

189. Radio Wales’s strategy has the following components:

- *Enhance the quality of journalism in peak time, particularly at breakfast to maintain reach and enhance impact.* As set out in Figure 25, our research indicates that Radio Wales’s journalism is already greatly appreciated by the audience but expectations are also very high which means that there is further demand for impartial, quality journalism. BBC Management’s plans to enhance the quality of journalism should help to address this.

- *Address FM and DAB distribution issues.* As set out in paragraph 158, large parts of Wales cannot currently receive Radio Wales on FM or DAB. BBC Management has
approved investment to increase FM coverage by increasing the power of the Cardiff area transmitter. It is estimated that this will extend coverage to 76 per cent, still well short of that of the BBC’s UK-wide stations. In addition, management has approved funding for carriage of Radio Wales on the local commercial DAB multiplex for north and north-east Wales, but this is not entirely within BBC control as it is dependent on the development of local commercial DAB transmission which carries the Radio Wales signal. Distribution is addressed in action point 12.

- **Provide more distinctive and ambitious Welsh content in daytime.** Radio Wales plans to introduce greater journalistic rigour and cultural perspectives across all its daytime output, not just the key news strands, to build knowledge and to reflect contemporary life across Wales. BBC Management anticipates that this will boost the length of time people spend listening to the station.

- **Champion Welsh arts, entertainment and culture.** The station plans to strengthen its contribution to the cultural life of Wales with a greater commitment to cultural content in daytime, including coverage of events. This content includes the arts, drama, comedy, entertainment and music including more live music from Welsh artists. Music is addressed in action point 4.

**Radio Wales’s strategy would benefit the audience but will need to be revisited in light of the latest licence fee settlement**

190. The Trust broadly welcomes the station’s plans, set out above, particularly the emphasis on maintaining quality and distinctiveness. Our action points in paragraphs 24 to 56 set out areas where we recommend a different emphasis or suggest further changes. In particular, these action points respond to the latest licence fee settlement between the BBC and the government which has meant that significant cost savings will need to be found across the BBC. The extent of cost savings required from each service is uncertain and has not been taken into account in the strategy set out above, which is based on existing levels of funding. We would expect many aspects of the strategy to be preserved including those emphasised in action point 9. As set out in action point 1, however, we recommend that BBC Management develops new performance objectives for each station when it is clear what level of funding will be available.
Radio Cymru’s remit is to be a comprehensive speech and music radio service for Welsh speakers, covering a wide range of genres and reflecting the issues, events, culture and interests of the people of Wales. Programmes should focus on local and national concerns but also address matters of UK and international significance. In 2010-11 the station had a service licence budget of £12.1 million.

Reach

Radio Cymru is currently the most listened to radio station among fluent Welsh speakers

191. In 2010-11 Radio Cymru reached 150,000 adults which is equivalent to 5.9 per cent of the population in Wales. The service is the most listened to radio station among fluent Welsh speakers with an average of 36.8 per cent tuning in each week in 2010-11.

192. As set out in Figure 28, before 2010-11, reach had been declining gradually for a number of years. Maintaining or increasing reach will be a challenge given that the number of households where Welsh is the main language used is decreasing. Awareness levels indicate, however, that there is still some capacity for growth. In 2010-11 some 68 per cent of Welsh speakers were aware that Radio Cymru existed. These levels are higher than in 2009-10 (56 per cent) but are still low compared with BBC Radio 1, 2, and 4 in Wales. BBC Management has been trying to raise awareness by promoting the station more frequently on BBC1 Wales and BBC2 Wales. Awareness levels are addressed in action point 13.

193. On average, each Radio Cymru listener tuned in for 11.8 hours each week in 2010-11. This is lower than in 2005-06 but still high compared with other BBC radio stations and with commercial radio in Wales. In 2010-11 the Welsh audience of BBC Radio 1, 2, 3, 4 and 5 Live listened for 11.3 hours on average each week and Real Radio’s audience listened for 9.2 hours on average each week.

14 January to December 2010
Figure 28: The percentage of the adult population in Wales reached by Radio Cymru and average length of time people listen to the station each week (listener hours)

![Graph showing the percentage of the adult population reached by Radio Cymru and average length of time people listen to the station each week.]

Source: RAJAR

Older listeners and those living in north Wales are more likely to listen to Radio Cymru

194. As with the BBC’s other national radio stations Radio Cymru’s audience is skewed towards older listeners. In 2010-11 the average age of a listener was 54. This is younger than in 2005-06 when the average age was 55 but is still higher than average for the Welsh population as a whole. The station’s target audience is addressed in action point 3.

195. There are large differences in reach in different parts of Wales with Welsh speakers in the north more likely to listen than those in the south. This issue is addressed in action point 14.
**Quality**

The station’s broad remit is likely to be adversely affecting the audience’s overall impression of it

196. In our audience survey the vast majority of listeners gave the station an overall rating of 5 or more out of 10 and around half gave the station a score of between 8 and 10. The BBC routinely monitors overall approval scores for each service. As set out in Figure 30, approval scores have fluctuated, due in part to relatively small sample sizes, but in 2009-10 and 2010-11 Radio Cymru’s scores were slightly lower than Radio Wales’s and each of the BBC’s network radio stations in Wales, with the exception of Radio 3.
Radio Cymru currently has a very broad remit. The station is required to serve all Welsh speakers with both music and speech content. The station has attempted to appeal to different age groups with a mixed schedule in peak and a youth zone in the evening. Delivering this mixed remit during daytime has been a challenge as there is a risk of an eclectic mix of programmes adversely affecting overall perceptions of quality and listener hours among the station’s core audience because they encounter content which is not aimed at them. A number of our consultation respondents thought Radio Cymru’s schedule was inconsistent, some saying that they felt that the station was trying to be all things to all Welsh speakers. The station has developed a strategy to address this issue which is set out in paragraph 223.

Most listeners think that the station is meeting its service licence commitments to provide engaging, challenging and innovative programmes and that the standard of Welsh is high.

As well as looking at overall audience approval of the station and individual programmes’ appreciation scores, we asked questions in our audience survey to gauge whether programmes are considered to be engaging, challenging and innovative. These are characteristics specified in the station’s service licence. Some 83 per cent agreed that

\[\text{Radio Cymru does not provide programmes specifically designed for children}\]
Radio Cymru had programmes they wanted to listen to (engaging) and some 74 per cent thought Radio Cymru had programmes which made them think (challenging). Some 64 per cent thought the station had programmes with new ideas and different approaches (innovative). This score is lower the station’s other scores which is consistent with our audience research on the BBC’s public purposes, set out in the Impact section below, which indicates that there is further demand among the audience for fresh and new ideas (paragraph 210).

199. We also asked our survey respondents about the quality of the Welsh language spoken on Radio Cymru. Although there is a strongly-held view among some of our consultation respondents that the standard of Welsh has fallen this view is not shared by the majority of listeners as 85 per cent agreed that the Welsh language is spoken to a high standard on Radio Cymru.

**Distinctiveness**

Radio Cymru offers a service which is not available elsewhere

200. As the sole provider of Welsh language news and other content on the radio from a national perspective, Radio Cymru offers a service which cannot be found elsewhere.

201. Our audience research supports this with some 88 per cent of our survey respondents identifying something that Radio Cymru offers that they could not get from any other radio station. Over half of these identified the Welsh language and accent as a distinctive element but other characteristics were also mentioned, including the type of music and the local, regional or national focus. The vast majority of respondents (87 per cent) said that they would miss Radio Cymru if it was not there.

202. The station brings a significant number of Welsh speakers to the BBC radio portfolio. In an average week 32 per cent of Radio Cymru listeners do not listen to any other BBC stations and 26 per cent listen to no other radio at all.

**Impact**

Radio Cymru is meeting its service licence condition relating to news and current affairs

203. The Trust measures impact by considering how well a service delivers the BBC’s public purposes, set out in the BBC’s Charter requirements concerning citizenship, diversity, learning, creativity, media literacy and bringing the world to the UK. These requirements are summarised in Figure 5.

204. Radio Cymru is required to make a contribution to each of the public purposes by meeting commitments which are set out in the station’s service licence. These commitments include a condition that the station should contribute to the citizenship purpose by broadcasting at least 16 hours of news and current affairs each week. The station has consistently met this condition and has also met its objective to commission at least 10 per cent of eligible content from independent producers, contributing to its service licence commitment to support the creative economy in Wales.
205. During our public consultation respondents from the commercial radio industry raised concerns that the nations’ radio stations have too few service licence conditions, particularly when compared with other BBC radio stations and given that the funding available to BBC national radio stations generally exceeds that available to commercial radio stations. They asked that more hours-based conditions should be introduced to preserve existing levels of public service output. Service licence conditions are considered in action point 2.

206. Also through our public consultation, the Radio Independent Group, a representative body for independent radio suppliers, raised concerns that Radio Cymru’s processes for commissioning content from the independent sector were not sufficiently robust. In April 2011, the National Trustee for Wales met with RIG to discuss these concerns and these have been fed back to BBC Management.

Our research shows that listeners to Radio Cymru believe it is making an important contribution to the public purposes

207. Through our audience research we asked a representative sample of listeners to tell us whether the station was meeting the various public purpose objectives set out in its service licence and whether they felt these objectives were important. Comparing performance and importance scores for each objective told us whether the station was meeting audience expectations in that area. We found that the station performed well, and that, in particular, its support of the Welsh language and Welsh culture, especially Welsh language music, are highly regarded by the audience. Our research indicates that the station’s provision of Welsh language news is also strong. Our research results are summarised in Figure 31.
Figure 31: The percentage of survey respondents who agreed that Radio Cymru’s public purpose aims were being delivered compared with the percentage who thought those aims were important.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Importance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBC Radio Cymru provides content and programming that caters for Welsh speakers</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>BBC Radio Cymru supports Welsh language music</td>
<td>92%</td>
<td>94%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides coverage of events and anniversaries that are important to the people of Wales</td>
<td>91%</td>
<td>93%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides high quality news</td>
<td>91%</td>
<td>92%</td>
</tr>
<tr>
<td>BBC Radio Cymru supports arts and culture in Wales</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>When I listen to BBC Radio Cymru, I hear a range of accents from around Wales</td>
<td>90%</td>
<td>85%</td>
</tr>
<tr>
<td>BBC Radio Cymru gives me a better understanding of news and topical issues in Wales</td>
<td>89%</td>
<td>93%</td>
</tr>
<tr>
<td>BBC Radio Cymru has enjoyable and entertaining programmes and content</td>
<td>87%</td>
<td>93%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides music I don’t hear anywhere else</td>
<td>86%</td>
<td>93%</td>
</tr>
<tr>
<td>I trust BBC Radio Cymru to provide me with impartial news</td>
<td>86%</td>
<td>90%</td>
</tr>
<tr>
<td>BBC Radio Cymru introduces me to new presenters, performers, writers and musical artists from Wales</td>
<td>85%</td>
<td>89%</td>
</tr>
<tr>
<td>BBC Radio Cymru highlights to me important social issues</td>
<td>85%</td>
<td>89%</td>
</tr>
<tr>
<td>BBC Radio Cymru reflects the diverse faiths, cultures and communities of Wales</td>
<td>85%</td>
<td>89%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides a wide range of music</td>
<td>84%</td>
<td>90%</td>
</tr>
<tr>
<td>I have learned new things whilst enjoying programmes on BBC Radio Cymru</td>
<td>83%</td>
<td>88%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides opprotunities to participate in its programmes</td>
<td>82%</td>
<td>77%</td>
</tr>
<tr>
<td>BBC Radio Cymru provides extensive coverage of sport</td>
<td>81%</td>
<td>74%</td>
</tr>
<tr>
<td>BBC Radio Cymru tells me about events and activities in which I could participate</td>
<td>79%</td>
<td>83%</td>
</tr>
<tr>
<td>BBC Radio Cymru reflects my local interests and concerns</td>
<td>79%</td>
<td>92%</td>
</tr>
<tr>
<td>BBC Radio Cymru is good at portraying my particular culture or community to other people in Wales</td>
<td>79%</td>
<td>89%</td>
</tr>
<tr>
<td>BBC Radio Cymru gives me a better understanding of news and topical issues in the UK</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>BBC Radio Cymru coverage of news and current affairs has got me talking about them</td>
<td>78%</td>
<td>86%</td>
</tr>
<tr>
<td>BBC Radio Cymru helps me understand what’s going on in the wider world, such as international news and Wales</td>
<td>75%</td>
<td>81%</td>
</tr>
<tr>
<td>BBC Radio Cymru helps me understand politics in Wales</td>
<td>75%</td>
<td>83%</td>
</tr>
<tr>
<td>BBC Radio Cymru has lots of fresh and new ideas</td>
<td>69%</td>
<td>83%</td>
</tr>
<tr>
<td>BBC Radio Cymru helps me understand UK-wide politics</td>
<td>68%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Source: Kantar Research Agency
Note: A difference between importance and performance scores greater than 5 should be considered significant
Although public purpose delivery is generally strong there is further audience demand for particular types of content

208. While performance scores are high, audience perceptions of importance are also high and in some areas audience expectations are not currently being met. In particular, there is further demand for content which reflects local interests and concerns. This is addressed in action point 14, which considers variations in Radio Cymru’s performance in different parts of the country, and action point 5, which considers coverage of local, UK and international events. To a lesser extent, there is also demand for coverage of international events and UK-wide politics which is also addressed in action point 5.

209. As set out above, the station’s Welsh language music is highly regarded by the audience but some respondents to our public consultation said that they would like there to be more variety in the type of Welsh language music played. This is consistent with the results of our research (Figure 31) which indicates that there is demand for a wider range of music. Music is addressed in action point 4.

210. Around 9 out of 10 listeners agreed that the station provided high-quality, impartial news and a better understanding of news and topical issues in Wales. Audience expectations exceed performance scores for some aspects of news provision, however, particularly in relation to helping listeners understand politics in Wales and encouraging listeners to talk about news and current affairs. As set out in paragraph 225, the station plans to strengthen its commitment to high-quality and distinctive journalism across the schedule and this should help to address these gaps.

211. As with the BBC’s other nations’ radio stations there is further audience demand for fresh and new ideas. We anticipate that BBC Management’s plans to enhance quality and distinctiveness, set out in the strategy section at paragraph 222, will go some way to meet this demand. We recognise, however, that the extent to which audience demand in this area can be met is limited by the need to sustain a relationship with the audience through established presenters and programmes.

212. Also in keeping with results for the BBC’s other nations’ radio stations, there is a gap between importance scores and performance scores for helping the audience make the most of new technology. Importance scores in this area are very low, indicating that it should not be a priority for the station at this time although it will be important to retain the flexibility to react to audience needs should these change in the future.

Value for money

Radio Cymru is operating within the service licence budget limits set by the Trust

213. The Trust controls each service’s expenditure through service licence budgets. We monitor annual expenditure against these budgets and any over or under-spend greater than 10 per cent requires the Trust’s approval. Figure 32 compares Radio Cymru’s
expenditure with the station’s service licence budget and shows that, with the exception of 2007-08, Radio Cymru’s expenditure has remained within this 10 per cent tolerance for the past five years. The 2007-08 over-spend was the result of change in the way the BBC allocated overheads to each service. A 2007 review of contribution rates led the BBC to conclude that it was under-recovering production overheads by some £84million. The year-end reallocation of overheads, which was reviewed by the accounting firm KPMG resulted in a number of licences exceeding their tolerance, including the BBC’s national radio stations in Scotland, Wales and Northern Ireland. The impact in the nations was particularly significant as a result of new properties such as Pacific Quay and other increases in the identified property costs and local overhead.

214. Radio Cymru operates standard budgetary control procedures. The annual editorial and financial plan for Radio Cymru is developed using information from previous budgets and cost reports and the station’s strategic decisions. The plan is submitted for approval at an annual budget meeting, led by the BBC Wales Director. Actual, committed and forecast costs are compared with budget on a continuous basis by finance and production staff and at a formal monthly meeting with the BBC Finance Centre. The financial information is also reviewed by the BBC Wales Board.

215. To gain a greater understanding of Radio Cymru’s costs we reviewed expenditure broken down by programme genre between 2007-08 and 2010-11 and received satisfactory explanations for movements in cost over time.

216. In 2010-11 the direct cost of making Radio Cymru’s programmes was £7.9million. Centrally allocated costs such as property costs and payment of music royalties to collecting societies\(^{16}\) are added to this figure to arrive at the full cost of the station’s content, some £11.8million. Radio Cymru’s share of distribution, infrastructure and support costs added to this content expenditure results in a total cost to the licence fee payer of £16million (Figure 32). This total excludes expenditure on Radio Cymru’s website which falls under the BBC Online service licence.

\(^{16}\) Collecting societies collect royalty payments from various individuals and groups on behalf of rights holders.
Figure 32: Radio Cymru expenditure compared with the station's service licence budget 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct programme making costs</strong>&lt;sup&gt;(i)&lt;/sup&gt;</td>
<td>7.8</td>
<td>7.7</td>
<td>7.8</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Centrally allocated programme related expenditure</strong>&lt;sup&gt;(ii)&lt;/sup&gt;</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Programme related overheads</strong>&lt;sup&gt;(iii)&lt;/sup&gt;</td>
<td>3.8</td>
<td>3.2</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total content expenditure</strong>&lt;sup&gt;(iv)&lt;/sup&gt;</td>
<td>12.7</td>
<td>12</td>
<td>12.3</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Service Licence budget</strong></td>
<td>10.2</td>
<td>13</td>
<td>13</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>Total content expenditure</strong>&lt;sup&gt;(iv)&lt;/sup&gt;</td>
<td>12.7</td>
<td>12</td>
<td>12.3</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Distribution</strong>&lt;sup&gt;(v)&lt;/sup&gt;</td>
<td>1.7</td>
<td>1.3</td>
<td>1.3</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Infrastructure/support</strong>&lt;sup&gt;(vi)&lt;/sup&gt;</td>
<td>2.4</td>
<td>2.1</td>
<td>2.3</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16.8</td>
<td>15.4</td>
<td>15.9</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: BBC Annual Reports and management accounts

**Notes**

(i) Expenditure controlled by the Radio Cymru management team
(ii) These costs include the station’s share of central BBC costs such as royalty payments to collecting societies
(iii) These costs include the station’s share of overheads such as buildings and support staff
(iv) This expenditure is monitored against Radio Cymru’s service licence budget
(v) Radio Cymru’s share of broadcast transmission costs
(vi) Radio Cymru’s share of non-programme-specific overheads including non-programme-related property, technology, finance, HR, training, legal, marketing (which is controlled centrally), executive management, licence fee collection, governance, sale of assets and restructuring costs

Radio Cymru’s costs are decreasing but value for money metrics are high compared with other BBC stations because the station has a narrow target audience.

217. Radio Cymru is meeting efficiency targets under the BBC-wide commitment to deliver 3 per cent savings a year between 2007-08 and 2012-13. Overall content expenditure decreased between 2007-08 and 2010-11 as set out in Figure 32 above. Although overall costs fell, the station’s cost per hour of programme broadcast increased from £1,570 in 2007-08 to £1,650 in 2009-10. This is because the station stopped broadcasting three hours of additional programming each weekday for the south-west region and because this local programming was less costly than average for the station as a whole.
Nevertheless cost per hour is still relatively low compared with other BBC FM radio stations indicating that the station is operated in a cost-effective way.

218. Figure 33 shows the cost per listener hour and the cost per listener reached for Radio Cymru between 2007-08 and 2010-11. These measures draw on cost and usage data to arrive at the average cost for every hour that the audience spends listening to the station or every user reached. Radio Cymru’s results have fluctuated over the last four years in response to changes in listener numbers. The figures are high compared with other BBC radio stations but this is because the station has a narrow target audience (Welsh speakers) and consequently a low number of listeners in absolute terms.

**Figure 33: Radio Cymru’s cost per listener hour and cost per listener reached**

<table>
<thead>
<tr>
<th></th>
<th>2007-08 Pence</th>
<th>2008-09 Pence</th>
<th>2009-10 Pence</th>
<th>2010-11 Pence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per listener hour</td>
<td>13</td>
<td>11.5</td>
<td>13.7</td>
<td>12.9</td>
</tr>
<tr>
<td>Cost per user reached</td>
<td>161.7</td>
<td>146.1</td>
<td>157.7</td>
<td>151.3</td>
</tr>
</tbody>
</table>

Source: BBC Annual Reports

Note: Prior to 2007-08 cost data becomes less comparable due to changes in the way the BBC accounts for costs.

The majority of licence fee payers believe that Radio Cymru represents value for money

219. Radio Cymru’s total cost including its allocation of BBC overheads amounted to around 0.4 per cent of the total licence fee or around 63 pence per UK licence fee payer in 2009-10. As part of our audience research we asked a representative sample of listeners whether they felt this represented value for money and the vast majority, some 95 per cent, agreed that it did.

Radio Cymru’s costs are being considered alongside every other service as part of a BBC-wide review to reduce costs following the latest licence fee settlement

220. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations. We will be carrying out a public consultation in the autumn to give the audience an opportunity to have their say on BBC Management’s cost-cutting proposals. Radio Cymru’s funding is being considered as part of this process alongside every other BBC service.

221. In action point 7 we recommend that the process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.
Benchmarking production processes between nations’ radio stations could help to identify opportunities to reduce costs

222. Cost comparisons between the BBC’s national radio stations should be treated with caution as they need to take into account national circumstances, differences in editorial ambition and variations in overhead allocation. In spite of these differences some aspects of the stations’ processes and content are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been carried out in the past but not since 2007. Lessons learnt could also have wider application to the BBC’s UK-wide network radio stations. Benchmarking is addressed in action point 8. Closer working between BBC services, particularly other BBC radio stations, could offer other opportunities to improve value for money either through efficiency savings or enhanced effectiveness. Some of these opportunities are outlined in action points 7 and 10.

Strategy

Radio Cymru aims to stabilise reach and cost per listener hour and increase overall audience approval

223. Throughout the course of the review we challenged BBC Management to develop its strategy for Radio Cymru, prompting the station to react to the emerging results of our performance analysis, consultation responses and audience research. As part of this process we asked BBC Management to set out clear objectives for the station in terms of audience numbers, audience perceptions of quality, and value for money. Radio Cymru’s aim is to stabilise reach which, until recently had been in long-term decline, increase audience approval scores slightly by 0.2 out of 10, and keep cost per listener hour stable. The station anticipates that the average time people spend listening will fall from traditionally high levels because listeners are consuming an increasingly wide range of content from different sources.

The station plans to improve the audience’s overall impression of it by developing a more focused schedule and increasingly serving different audiences through different media

224. The station’s strategy has four main elements. Firstly, Radio Cymru proposes that in peak time it will target listeners who are most likely to be interested in Wales and Welsh language content in particular. On this basis, BBC Management anticipates that the audience will remain largely, but not exclusively, aged over 45. In parallel with this approach the station intends to appeal to younger Welsh speakers by providing a complementary Welsh language offer both on the radio (off-peak) and online. This offer would have a common editorial agenda across radio and online in Welsh, focussing on news, debate, music and learning. This approach seems well-considered given that:

• Recent attempts to appeal to a younger age group have had no significant impact.
Younger listeners are more likely to go online than older listeners. The BBC’s Welsh language online service already attracts a young age profile, with three-quarters of its users aged under 45.

Segmenting the Radio Cymru offer in this way would allow the peak-time radio content to become more focused around those who currently choose to listen. A more focused offer is likely to enhance audience perceptions of quality as the audience will be less likely to encounter content which is not aimed at them. This approach is endorsed in action point 9.

The station also plans to enhance quality, improve DAB coverage, and work in partnership with Welsh language organisations to enhance value for money

225. The second element of the station’s strategy is a strengthened commitment to high-quality and distinctive journalism and other content across the schedule. This includes:

- Delivering a greater proportion of original stories from within Wales. This is because Welsh language audiences are increasingly turning to English language media for coverage of UK and international affairs.

- Maintaining the quality of Welsh used by presenters. The station is currently a service for fluent Welsh speakers and BBC Management does not consider that Radio Cymru should have a direct responsibility to increase the number of Welsh speakers through, for example, additional learning content on-air or simplifying the language used. Instead, management believe the station should be a place where existing speakers and learners can go to be immersed in the language with strong links to learning resources on the web.

- Championing Welsh language culture including books, drama, films, poetry and music. This will be achieved by increasing the prominence and impact of documentaries, comedy, features and specialist music. The daytime music playlist would be dedicated to Welsh language music, with some English language music played outside playlisted sections and in the evening youth strand.

226. The third element of the strategy is to extend access to Radio Cymru on DAB. New investment has been approved to fund carriage of Radio Cymru on the local commercial DAB multiplex for north and north-east Wales when this multiplex is launched. This expansion is not, however, entirely within BBC control as it is dependent on the development of local commercial DAB transmission which carries the Radio Cymru signal. Distribution is addressed in action point 12.

227. Lastly, BBC Management plans to improve value for money by seeking opportunities to collaborate with a wide range of external bodies including Welsh language organisations and S4C.

Radio Cymru’s strategy is well-considered but will need to be revisited in light of the latest licence fee settlement

228. The Trust broadly welcomes the station’s plans, set out above, particularly the strategy’s emphasis on maintaining quality and distinctiveness. Our action points in paragraphs 24 to 56 set out areas where we recommend a different emphasis or suggest
further changes. In particular, these action points respond to the latest licence fee settlement between the BBC and the government which has meant that significant cost savings will need to be found across the BBC. The extent of cost savings required from each service is uncertain and has not been taken into account in the strategy set out above, which is based on existing levels of funding. We would expect many aspects of the strategy to be preserved including those emphasised in action point 9. As set out in action point 1, however, we recommend that BBC Management develops new performance objectives for each station when it is clear what level of funding will be available.
Radio Ulster/ Foyle

BBC Radio Ulster/Foyle's remit is to be a speech-led service, covering a wide range of genres and reflecting all aspects of life and culture within Northern Ireland. Its programming should combine extensive coverage of local issues, interests and events with coverage of national and international developments. In 2010-11 the station had a service licence budget of £16.1 million. BBC Radio Foyle broadcasts programmes specifically for audiences in the north-west of Northern Ireland. It carries its own programmes for much of daytime on weekdays with some output at weekends. At other times the schedule reverts to BBC Radio Ulster.

Reach

Radio Ulster/ Foyle is the most listened to radio station in Northern Ireland

229. In 2010-11 Radio Ulster and Radio Foyle together reached around 533,000 people or 37 per cent of the population each week, more than any other station in Northern Ireland. Radio Ulster/Foyle's broad reach is particularly important as, with the exception of Radio 1 and Radio 5 Live, BBC radio tends to reach fewer listeners in Northern Ireland compared with the rest of the UK. In 2010-11, Radio 1 reached 26.6 per cent, Radio 2 reached 13.3 per cent and Radio 4 reached 9.7 per cent (Figure 34).

230. Reach in 2010-11 was 4.5 percentage points lower than in 2005-06 when the station reached 41.4 per cent. It is important to note, however, that 2005-06 was a particularly strong year, audience numbers having been driven up by a strong news agenda including IRA decommissioning and the death of George Best, as well as by promotion to celebrate the station's 30th anniversary. In 2004-05 reach was 36.8 per cent; 10 years ago, in 2000-01, reach was lower than current levels at 33.3 per cent.
Figure 34: The percentage of the adult population reached by Radio Ulster/Foyle and other radio stations in Northern Ireland

<table>
<thead>
<tr>
<th>Year</th>
<th>Radio Ulster/Foyle</th>
<th>Radio 1</th>
<th>Radio 2</th>
<th>Radio 3</th>
<th>Radio 4</th>
<th>Radio 5 Live</th>
<th>Cool FM</th>
<th>Downtown Radio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2006-07</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2007-08</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2008-09</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2009-10</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
<tr>
<td>2010-11</td>
<td>36.9%</td>
<td>26.6%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>19.3%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Source: RAJAR

Radio Ulster/Foyle tends to have slightly lower reach in the north-west of Northern Ireland than in the rest of Northern Ireland. This is likely to be due in part to the additional competition that Radio Ulster/Foyle faces from radio stations in the Republic of Ireland. Nevertheless, reach in the north-west is still relatively high compared with other radio stations at around 33 per cent each week in 2010-11.

Audience awareness of Radio Ulster was 80 per cent in the first nine months of 2010-11. This is higher than every other BBC station in Northern Ireland with the exception of Radio 1 (86 per cent).

The average length of time listeners stay tuned to Radio Ulster/Foyle is high compared with other BBC stations

On average, each Radio Ulster/Foyle listener tunes in to the station for just over 12 hours each week. The time spent listening has decreased over the past two years but is still high compared with other BBC stations (Figure 35).
Figure 35: Average listener hours per week for Radio Ulster/Foyle and other radio stations in Northern Ireland

Source: RAJAR

Some demographic groups are more likely than others to listen but reach across the whole population is high

234. The average age of a Radio Ulster/Foyle listener was 55 in 2010-11 and has been reasonably consistent in recent years. As well as being skewed towards older listeners the service also has a male and ABC 1 bias although it is important to note that the station’s popularity means that significant numbers of younger, C2DE and female listeners are also reached (Figure 36).
Figure 36: 2010/11 weekly reach of Radio Ulster/Foyle split by demographic groups

Source: RAJAR 2010-11
Quality

Audience approval scores are high in comparison with other BBC stations in Northern Ireland

235. On average audiences gave Radio Ulster/Foyle an approval score of 8.1 out of 10 in the first nine months of 2010-11. These approval scores are higher than in 2005-06 (7.9) and are higher than scores for each of the BBC’s network radio stations with the exception of Radio 4 and Radio 5 Live (Figure 37).

Figure 37: Average approval score of Radio Ulster/ Foyle and BBC network radio stations amongst listeners in Northern Ireland

Source: PBTS: 2010-11 data is based on March 2010 to December 2010

Our research is consistent with these scores, indicating that most listeners have a positive overall impression of the station. Some 95 per cent gave it a score of 5 or more out of 10 and some 58 per cent of listeners gave the station a score of 8 to 10. Around 77 per cent of listeners agreed that the station had well-made high-quality programmes

Audience perceptions of quality differ depending on the type of programme broadcast

236. The BBC collects audience appreciation scores for individual programmes as well as overall approval for the station as whole. We amalgamated these scores to arrive at an average audience appreciation score for each type of programme broadcast by Radio Ulster/Foyle. The results, which are contained in Figure 38, demonstrate that different types of programme attract different appreciation scores.
237. It would be misleading to assess the relative performance of each genre by comparing them directly because some types of programme are inherently more likely to attract higher scores than others irrespective of their quality\(^{17}\). It would be possible to assess performance by looking at movement in the scores over time but there is insufficient data to do this as robust sample sizes are only available for two financial years. In action point 2 we recommend that BBC Management continues to monitor appreciation scores in this way to build up a pattern of performance over time broken down by genre.

**Figure 38: Radio Ulster/ Foyle average appreciation scores broken down by type of programme**

<table>
<thead>
<tr>
<th>Genre</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comedy</td>
<td>77.9</td>
<td>77.7</td>
</tr>
<tr>
<td>Factual</td>
<td>83.4</td>
<td>87.3</td>
</tr>
<tr>
<td>Languages</td>
<td>77.2</td>
<td>79.0</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>77.5</td>
<td>88.4</td>
</tr>
<tr>
<td>Music and Entertainment</td>
<td>80.9</td>
<td>83.5</td>
</tr>
<tr>
<td>News and Current Affairs</td>
<td>77.6</td>
<td>81.2</td>
</tr>
<tr>
<td>Specialist Music and Arts</td>
<td>82.2</td>
<td>88.0</td>
</tr>
<tr>
<td>Sport</td>
<td>71.6</td>
<td>74.5</td>
</tr>
<tr>
<td><strong>All Programmes</strong></td>
<td><strong>79.3</strong></td>
<td><strong>82.8</strong></td>
</tr>
</tbody>
</table>

*Source: Pulse*

238. As well as looking at overall audience approval of the station and individual programmes’ appreciation scores, we asked questions in our audience survey to gauge whether programmes are considered to be engaging, challenging and innovative. These are characteristics specified in the station’s service licence.

239. Some 84 per cent agreed that Radio Ulster/Foyle had programmes they wanted to listen to (engaging) and some 76 per cent thought the station had programmes which make them think (challenging). Some 59 per cent thought the station had programmes with new ideas and different approaches (innovative). This is slightly lower than Radio Ulster/Foyle’s other scores, which is consistent with our audience research on the BBC’s public purposes set out in the Impact section below. This research indicates that there is further demand among the audience for fresh and new ideas (Figure 40 and action point 11).

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\(^{17}\) There is evidence of this across the BBC’s portfolio of services on both television and radio.
Distinctiveness

The station is distinctive because it offers content which is not available from other sources in Northern Ireland.

240. Radio Ulster/Foyle brings a significant number of new listeners to the BBC portfolio. In 2010-11 around half of its listeners tuned in to no other BBC radio, and over 20 per cent tuned in to no other radio at all.

241. Radio Ulster/Foyle’s blend of news from a Northern Ireland perspective, documentaries, sport, specialist music, the arts and comedy is not provided by any other station in Northern Ireland. Audiences recognise this and in our survey some 81 per cent of listeners identified something that Radio Ulster/Foyle offered that they could not get from any other radio station. In particular, respondents identified Northern Ireland news, sport, traffic and weather coverage as aspects which made the station distinctive. Specific personalities were also identified frequently.

Impact

Radio Ulster/ Foyle is meeting its service licence conditions relating to news, current affairs and comedy programming

242. The Trust measures impact by considering how well a service delivers the BBC’s public purposes, set out in the BBC’s Charter requirements concerning citizenship, diversity, learning, creativity, media literacy and bringing the world to the UK. These requirements are summarised in Figure 5.

243. Radio Ulster/Foyle is required to make a contribution to each of the public purposes by meeting commitments which are set out in the station’s service licence. These commitments include the following hours-based conditions which the station has consistently met:

Figure 41: Radio Ulster/ Foyle’s service licence conditions

<table>
<thead>
<tr>
<th>Public purpose</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Citizenship</strong></td>
<td>Radio Ulster should broadcast at least 27 hours of news and current affairs each week</td>
</tr>
<tr>
<td></td>
<td>Radio Foyle should broadcast at least 8 hours of news and current affairs each week</td>
</tr>
<tr>
<td><strong>Reflecting the UK’s nations, regions and communities</strong></td>
<td>Radio Ulster/Foyle should broadcast at least 220 hours of indigenous minority language programming, including Irish Language and Ulster Scots output, each year</td>
</tr>
<tr>
<td><strong>Creativity and cultural excellence</strong></td>
<td>Radio Ulster should broadcast at least 20 hours of new comedy each year</td>
</tr>
</tbody>
</table>
244. The station has also met its objective to commission at least 10 per cent of eligible content from independent producers, contributing to its service licence commitment to support the creative economy in Northern Ireland.

245. During the course of the review BBC Management has asked whether the service licence's emphasis on comedy is proportionate, given the station's wide range of output, and whether it adequately reflects audience needs. Action point 2 recommends that the service licence conditions of each nations' radio service should be reviewed when funding levels for each service are determined.

**Our research shows that listeners to the station believe it is making an important contribution to the public purposes.**

246. Through our audience research we asked a representative sample of listeners to tell us whether the station was meeting the various public purpose objectives set out in its service licence and whether they felt these objectives were important. Comparing performance and importance scores for each objective told us whether the station was meeting audience expectations in that area.

247. We found that the station performed well, particularly in relation to coverage of news, events, social issues and music from Northern Ireland. Around 9 out of 10 listeners agreed that the station provides high-quality news; impartial news; a better understanding of news in Northern Ireland; highlights social issues; and supports music from Northern Ireland. The results of this research are summarised in Figure 40.
Figure 40 The percentage of survey respondents who agreed that Radio Ulster/Foyle’s public purpose aims were being delivered compared with the percentage who thought those aims were important

<table>
<thead>
<tr>
<th>Aim</th>
<th>Importance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio Ulster/Foyle provides high quality news</td>
<td>92%</td>
<td>95%</td>
</tr>
<tr>
<td>When I listen to Radio Ulster/Foyle, I hear a range of accents from</td>
<td>89%</td>
<td>91%</td>
</tr>
<tr>
<td>around Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle gives me a better understanding of news and</td>
<td>89%</td>
<td>91%</td>
</tr>
<tr>
<td>topical issues in Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle has enjoyable and entertaining programmes and</td>
<td>88%</td>
<td>92%</td>
</tr>
<tr>
<td>content</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle provides opportunities to participate in its</td>
<td>87%</td>
<td>78%</td>
</tr>
<tr>
<td>programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I trust Radio Ulster/Foyle to provide me with impartial news</td>
<td>87%</td>
<td>91%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle supports music from Northern Ireland</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle highlights to me important social issues</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle provides coverage of events and anniversaries</td>
<td>86%</td>
<td>88%</td>
</tr>
<tr>
<td>that are important to the people of Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle provides content and programming that caters</td>
<td>86%</td>
<td>91%</td>
</tr>
<tr>
<td>for the population of Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle reflects the diverse faiths, cultures and</td>
<td>84%</td>
<td>86%</td>
</tr>
<tr>
<td>communities of Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle reflects my local interests and concerns</td>
<td>84%</td>
<td>86%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle supports arts and culture in Northern Ireland</td>
<td>83%</td>
<td>89%</td>
</tr>
<tr>
<td>I have learned new things whilst enjoying programmes on Radio</td>
<td>82%</td>
<td>86%</td>
</tr>
<tr>
<td>Ulster/Foyle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle tells me about events and activities in which I</td>
<td>81%</td>
<td>88%</td>
</tr>
<tr>
<td>could participate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle introduces me to new presenters, performers,</td>
<td>76%</td>
<td>83%</td>
</tr>
<tr>
<td>writers, and musical artists from Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle gives me a better understanding of news and</td>
<td>76%</td>
<td>81%</td>
</tr>
<tr>
<td>topical issues in the UK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle provides coverage of the wide variety of sports</td>
<td>75%</td>
<td>81%</td>
</tr>
<tr>
<td>played in Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle helps me understand politics in Northern</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle is good at portraying my particular culture or</td>
<td>74%</td>
<td>78%</td>
</tr>
<tr>
<td>community or community to other people in Northern Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle helps me understand what's going on in the</td>
<td>73%</td>
<td>82%</td>
</tr>
<tr>
<td>wider world, such as international news and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle has lots of fresh and new ideas</td>
<td>68%</td>
<td>84%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle provides music I don't hear anywhere else</td>
<td>67%</td>
<td>73%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle helps me understand UK-wide politics</td>
<td>66%</td>
<td>69%</td>
</tr>
<tr>
<td>Radio Ulster/Foyle supports the Irish language with programming</td>
<td>59%</td>
<td>49%</td>
</tr>
<tr>
<td>and other content</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle gives me a better understanding of news and</td>
<td>56%</td>
<td>50%</td>
</tr>
<tr>
<td>topical issues in the Republic of Ireland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle supports the Ulster/Foyle Scots language with</td>
<td>50%</td>
<td>43%</td>
</tr>
<tr>
<td>programming and other content</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Ulster/Foyle helps children with what they learn at school</td>
<td>42%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Kantar Research Agency
Note: A difference between importance and performance scores greater than 5 should be considered significant
There is an opportunity for the station to use its wide reach to make an even greater contribution to the public purposes

248. Although performance is strong, audience expectations are also very high and in some areas audience perceptions of importance are significantly higher than scores for performance\textsuperscript{18}, indicating that there is further demand for some content. Radio Ulster/Foyle’s wide reach presents an opportunity to maximise its contribution in these areas. This issue is addressed in action point 11.

Value for money

Radio Ulster/ Foyle is operating within the service licence budget limits set by the Trust

249. The Trust controls each service’s expenditure through service licence budgets. We monitor annual expenditure against these budgets and any over or under-spend greater than 10 per cent requires the Trust’s approval. Figure 41 compares Radio Ulster/Foyle’s expenditure with the station’s service licence budget and shows that, with the exception of 2007-08, Radio Ulster/Foyle’s expenditure has remained within this 10 per cent tolerance for the past five years. The 2007-08 over-spend was the result of change in the way the BBC allocated overheads to each service. A 2007 review of contribution rates led the BBC to conclude that it was under-recovering production overheads by some £84-million. The year-end reallocation of overheads, which was reviewed by the accounting firm KPMG resulted in a number of licences exceeding their tolerance, including the BBC’s national radio stations in Scotland, Wales and Northern Ireland.

250. Radio Ulster/Foyle operates standard budgetary control procedures. The annual editorial and financial plan is developed using information from previous years and the station’s strategic decisions such as schedule changes and efficiency targets. The plan is submitted for approval at the BBC Northern Ireland Business Review annual budget meeting, led by the BBC Northern Ireland Director. Actual, committed and forecast costs are compared with budget on a monthly basis by finance and production staff and are formally reviewed at a monthly business meeting attended by the senior editorial team. The financial information is also reviewed by the BBC Northern Ireland Board.

251. To gain a greater understanding of Radio Ulster/Foyle’s costs we reviewed expenditure broken down by programme genre between 2007-08 and 2010-11 and received satisfactory explanations for movements in cost over time.

252. In 2010-11 the direct cost of making Radio Ulster/Foyle’s programmes was £8.6million. Centrally allocated costs such as property overheads, and payments to collecting societies for music royalties\textsuperscript{19} are added to this figures to arrive at the full cost of the station’s

\textsuperscript{18} Only differences between importance and performance scores greater than 5 percentage points should be considered significant

\textsuperscript{19} Collecting societies collect royalty payments from various individuals and groups on behalf of rights holders.
content, some £16.1million. Radio Ulster/Foyle’s share of distribution, infrastructure and support costs added to this content expenditure results in a total cost to the licence fee payer of £21.6million. This total excludes expenditure on Radio Ulster/Foyle’s website which falls under the BBC Online service licence.
Figure 41: Radio Ulster/Foyle’s expenditure compared with the station’s service licence budget 2007-08 to 2010-11

<table>
<thead>
<tr>
<th></th>
<th>2007-08 £m</th>
<th>2008-09 £m</th>
<th>2009-10 £m</th>
<th>2010-11 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct programme making costs (i)</td>
<td>8.20</td>
<td>8.7</td>
<td>8.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Centrally allocated programme related expenditure (ii)</td>
<td>3.2</td>
<td>1.7</td>
<td>1.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Programme related overheads (iii)</td>
<td>3.8</td>
<td>4.1</td>
<td>4.1</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>15.2</strong></td>
<td><strong>14.5</strong></td>
<td><strong>14.4</strong></td>
<td><strong>16.2</strong></td>
</tr>
<tr>
<td><strong>Service Licence budget</strong></td>
<td><strong>13.8</strong></td>
<td><strong>13.4</strong></td>
<td><strong>13.4</strong></td>
<td><strong>16.1</strong></td>
</tr>
<tr>
<td><strong>Total content expenditure (iv)</strong></td>
<td><strong>15.2</strong></td>
<td><strong>14.5</strong></td>
<td><strong>14.4</strong></td>
<td><strong>16.2</strong></td>
</tr>
<tr>
<td>Distribution (v)</td>
<td>1.5</td>
<td>1.1</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Infrastructure/support (vi)</td>
<td>3.5</td>
<td>2.8</td>
<td>3</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20.2</strong></td>
<td><strong>18.4</strong></td>
<td><strong>18.9</strong></td>
<td><strong>21.6</strong></td>
</tr>
</tbody>
</table>

Source: BBC Annual Reports and management accounts

Notes
(i) Expenditure controlled by Radio Ulster/Foyle’s management team
(ii) These costs include the station’s share of central BBC costs such as royalty payments to collecting societies
(iii) These costs include the station’s share of overheads such as buildings and support staff
(iv) This expenditure is monitored against Radio Ulster/Foyle’s service licence budget
(v) Radio Ulster/Foyle’s share of broadcast transmission costs
(vi) Radio Ulster/Foyle’s share of non-programme-specific overheads including non-programme-related property, technology, finance, HR, training, legal, marketing (which is controlled centrally), executive management, licence fee collection, governance, sale of assets and restructuring costs

The relationship between Radio Ulster/Foyle’s costs and performance indicates that the station is cost-effective

253. Radio Ulster/Foyle is meeting efficiency targets under the BBC-wide commitment to deliver 3 per cent savings a year between 2007-08 and 2012-13. Overall content expenditure decreased between 2007-08 and 2009-10 as set out in Figure 41 above. The overall cost per hour of programme broadcast has also fallen from £1,722 in 2007-08 to £1,635 in 2009-10. Direct programme making costs fell in 2010-11 but overall content expenditure increased due to a reallocation of central costs.

254. Figure 42 shows the cost per listener hour and the cost per listener reached for Radio Ulster/Foyle between 2007-08 and 2010-11. These measures draw on cost and usage data to arrive at the average cost for every hour that the audience spends listening to the
station or every user reached. Between 2007-08 and 2010-11 both metrics were low indicating that the station is cost-effective.

**Figure 42: Radio Ulster/ Foyle’s cost per listener hour and cost per listener reached**

<table>
<thead>
<tr>
<th></th>
<th>2007-08 Pence</th>
<th>2008-09 Pence</th>
<th>2009-10 Pence</th>
<th>2010-11 Pence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per listener hour</td>
<td>4</td>
<td>4.4</td>
<td>4.3</td>
<td>4.8</td>
</tr>
<tr>
<td>Cost per user reached</td>
<td>54.84</td>
<td>55.66</td>
<td>54.3</td>
<td>58.4</td>
</tr>
</tbody>
</table>

*Source: BBC Annual Reports*

*Note: Prior to 2007-08 cost data becomes less comparable due to changes in the way the BBC accounts for costs.*

The majority of licence fee payers believe that Radio Ulster/ Foyle represents value for money

255. Radio Ulster/ Foyle’s total cost, including its allocation of BBC overheads, amounted to around 0.5 per cent of the total licence fee or around 75 pence per UK licence fee payer in 2009-10. As part of our audience research we asked a representative sample of listeners whether they felt this represented value for money and the vast majority, some 92 per cent, agreed that it did.

Radio Ulster/ Foyle’s costs are being considered alongside every other service as part of a BBC-wide review to reduce costs following the latest licence fee settlement

256. In October 2010 the BBC agreed a new licence fee settlement with the government whereby the licence fee would be frozen at current levels through to 2017. Rising costs due to inflation and additional responsibilities mean that significant cost savings will need to be made across the BBC. It is likely that most or all BBC services will be required to make savings, including the BBC’s national radio stations. We will be carrying out a public consultation in the autumn to give the audience an opportunity to have their say on BBC Management’s cost-cutting proposals. Radio Ulster/ Foyle’s funding is being considered as part of this process alongside every other BBC service.

257. In action point 7 we recommend that the process for determining where cost savings will fall should consider nations’ radio alongside the BBC’s other content for each nation on television and online to minimise duplication or gaps in provision and determine the most cost-effective way to meet audience needs through different media.

Benchmarking production processes between nations’ radio stations could help to identify opportunities to reduce costs

258. Cost comparisons between the BBC’s national radio stations should be treated with caution as they need to take into account national circumstances, differences in editorial ambition and variations in overhead allocation. In spite of these differences some aspects of the stations’ processes and content are comparable, indicating that there may be scope to learn lessons from benchmarking the different services. Benchmarking has been
carried out in the past but not since 2007. Lessons learnt could also have wider application to the BBC’s UK-wide network radio stations. Benchmarking is addressed in action point 8. Closer working between BBC services, particularly other BBC radio stations, could offer other opportunities to improve value for money either through efficiency savings or enhanced effectiveness. Some of these opportunities are outlined in action points 7 and 10.

**Strategy**

**Radio Ulster/ Foyle has set out a strategy to maintain its current strong performance**

259. Throughout the course of the review we challenged BBC Management to develop its strategy for Radio Ulster/Foyle, prompting the station to react to the emerging results of our performance analysis, consultation responses and audience research. As part of this process we asked BBC Management to set out clear objectives for the station in terms of audience numbers, audience perceptions of quality, and value for money. The station’s objectives are to maintain reach, listening hours, audience approval and cost per listener hour at their current levels.

**Radio Ulster/ Foyle plans to remain distinctive and to continue developing its offer to reflect social and political change.**

260. One of Radio Ulster/Foyle’s strengths has been as a source of news and information during the Troubles so the station faces a challenge maintaining listener numbers as society in Northern Ireland changes.

261. Radio Ulster/Foyle’s strategy has three broad themes. Firstly, the station plans to ensure that it continues to reflect a changing society. This includes: developing news, current affairs and topical programmes to stay relevant; finding opportunities to support communities of interest; developing the station’s existing talent succession plan; and complementing news output with factual programming focused on nature, business and history.

262. Secondly, Radio Ulster/Foyle plans to maintain reach and distinctiveness by:

- tailoring the Radio Foyle schedule to meet audience needs with content scheduled at times when audiences are most available to listen. These changes were implemented in December 2010 and will be supported by communications and marketing.
- creating more stand-out moments in existing Radio Ulster/Foyle content, especially those which focus on local success or stories.
- continuing to commission intelligent speech-based programming and music content which draws on distinctive local specialisms, interests and talent.
- identifying opportunities for collaboration across BBC Northern Ireland to showcase new talent and ideas, especially in the areas of comedy and entertainment.
263. Thirdly, the station plans to achieve greater audience engagement across all age groups by: more audience interaction and outreach; the creation of special weeks or seasons to attract occasional listeners; cross-promotion across BBC NI (including TV); as well as greater use of social media and online to engage listeners.

**Radio Ulster/Foyle’s strategy is well-considered but will need to be revisited in light of the latest licence fee settlement**

264. The Trust broadly welcomes the station’s plans, set out above, particularly the strategy’s emphasis on maintaining quality and distinctiveness. Our action points in paragraphs 24 to 56 set out areas where we recommend a different emphasis or suggest further changes. In particular, these action points respond to the latest licence fee settlement between the BBC and the government which has meant that significant cost savings will need to be found across the BBC. The extent of cost savings required from each service is uncertain and has not been taken into account in the strategy set out above, which is based on existing levels of funding. We would expect many aspects of the strategy to be preserved, including those emphasised in action point 9. As set out in action point 1, however, we recommend that BBC Management develops new performance objectives for each station when it is clear what level of funding will be available.