



**Northern Ireland
Assembly**

**COMMITTEE FOR CULTURE, ARTS
AND LEISURE**

**OFFICIAL REPORT
(Hansard)**

BBC 'Delivering Quality First' Review

17 November 2011

NORTHERN IRELAND ASSEMBLY

Committee for Culture, Arts and Leisure

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr William Irwin (Deputy Chairperson)
Mr Dominic Bradley
Mrs Brenda Hale
Mr Michael McGimpsey
Mrs Karen McKeivitt
Mr Oliver McMullan
Mr Cathal Ó hOisín
Mr Pat Sheehan
Mr Robin Swann

Witnesses:

Mr Peter Johnston) BBC Northern Ireland

The Chairperson:

I welcome Peter Johnston, the director of BBC Northern Ireland, to the Committee. I apologise that the Committee was unable to attend Broadcasting House this morning. We were looking forward to a visit to the BBC, but, hopefully, we will be able to reschedule in the not too distant future.

I invite you to make an opening statement, which we will follow up with questions.

Mr Peter Johnston (BBC Northern Ireland):

Thank you. If Committee members are happy for me to do so, I will use the slides that the Committee was provided with. Obviously, a lot of this is about financial parameters, and it is

good to understand them. I will try to move through my presentation fairly swiftly and leave enough time for questions. I will go through the slides page by page.

This is an opportunity for me to explain to the Committee what the BBC's 'Delivering Quality First' plans mean for licence fee payers here primarily, and I will give the Committee some understanding of what the plans mean in the context of the BBC as a whole and of where we are at in the process.

The third slide sets the context. It simply shows the financial outworking of the new licence fee settlement for the BBC. As you know, a new licence fee agreement was struck with the Government last year that involves a freeze in the licence fee at £145.50 right through to the end of the charter period in 2016-17. For the BBC's budget as a whole, a frozen licence fee, in real terms, equates to having to make around 16% savings across the board. When other new investments and priorities are taken on board, it means a target reduction in BBC income of 20% across a four-year period, starting from 2013-14 and running through to 2016-17. Some of that financial gap was also caused by the new agreements to bring S4C and the BBC World Service into the licence fee. That is how the sums have come about.

The director general set a target of a 20% saving across the BBC over that four-year period. For the past year, we have been engaged in a debate in the BBC about how we will meet those financial targets, because they are fixed. The beauty of licence fee funding is that there is known income in each year. However, that is fixed income, so we have to manage our costs accordingly.

The savings target posed a number of big questions for us. For example, how can we make those savings and protect what is important to licence payers and audiences? It also raises quite big questions in the transitional period. You are taking evidence later about the digital switch-over, and there is a question about what our television portfolio should look like in that time period? There is also a question about how we employ digital media, which we are increasingly using. Programmes such as 'Democracy Live', for example, showcase the work of the Assembly. Furthermore, as an organisation, how can we make as much of those savings by changing the way in which we operate as an organisation?

The fifth slide outlines some of our key principles. Many members of staff have been involved in this debate over the past year. The case that I have been making in the wider BBC in

the discussions about how the targets turn out for BBC Northern Ireland has primarily centred on demonstrating the audience value. Some of you will be aware that the local audience needs in Northern Ireland are very strong for a host of cultural, historical and political reasons that we understand. In the first quarter of last year, 10 of the 20 most popular programmes on BBC One were local programmes, as opposed to network programmes. Therefore, there is a very strong appetite for content. Radio Ulster is the most successful radio station in the entire BBC portfolio. We want to take that as part of the mix.

We obviously want to make sure that we have a pathway to digital, what with the switch-over coming here next year. Have we got a clear plan for how we engage in the digital distribution systems in a way that protects audiences and access to content? As an organisation and a workforce, how do we shape things in new ways, perhaps by using new technologies and new partnerships, to be creative, to try to save money and to make things as effective as possible?

Taking all that on board, the crux of the matter lies in the sixth and seventh slides and thereon. As I said, a target of 20% was set for the whole BBC. BBC management, along with the BBC Trust, has now published the outworking of the delivery of that 20% saving over the four-year period. That means a 15% saving for BBC Northern Ireland, which is a lower target than the average for most of the BBC. However, that is still a tough number, especially as, in the five-year period up until the current year, we have been involved in efficiency programmes that have a 25% target. We have managed to meet that target through post closures, voluntary redundancy, the use of other technology and other moves. A 15% saving is still a tough number, but I will describe the plans by which we think that we can meet it.

We have tried to protect output. In some parts of the BBC, as you will see in some of the plans, there are particular examples of initiatives and savings. For example, there are proposed cuts to BBC daytime output. In our case, the cuts to output are relatively modest. Discussions are still ongoing, and the consultation period is live as we speak.

The seventh slide gives an idea of how our plans are made up. We have been through a very intense process of thinking and planning. The next phase will be implementation before all this begins formally in 2013-14.

The 15% target equates roughly to a £6.9 million saving in the BBC Northern Ireland budget.

If you add in some of the network stuff, we currently spend £60 million-odd. At 2.5%, changes to output makes up a relatively small proportion of the 15% saving. One proposed initiative for a change to output is that Radio Ulster close down at midnight and hand over to Radio 5 Live. Radio Ulster stopped at midnight until three or four years ago when we created a series of programmes to try out new musical talent in that slot. We propose to stop at midnight but integrate some of those presenters and shows into the existing evening music schedule.

We believe that a 5% saving is available through other efficiencies in the way in which we produce content, in the layers of the organisation and all of that. We are targeting a disproportionate amount of overhead savings. Those are savings in the non-direct programme areas; that is, the other parts that we, as an organisation, need to function. We are looking to see whether there are clever ways to reduce that. Finally, we have some more ambitious, longer-term plans — over a relatively long period — for partnerships, sharing facilities, technologies, and so on. We have some ideas about how we might close the gap to meet the target that has been set.

We have made a number of assumptions about what the savings will equate to. Such assumptions are always somewhat crude, but we estimate that the impact on posts, about which people are always particularly concerned, will be around 50 to 70 post closures over the four-year period. To put that in context, over the past five years, we have achieved about 130 post closures through voluntary redundancy and various initiatives. In that context, this is a lower target. However, it is a question of how far we can go, having already had those initiatives.

Let us be honest: this is primarily about how the whole BBC lives within its fixed budget over the period. However, there is some good news. Belfast has been identified and reinforced as one of the fewer major BBC production centres. You will have seen that there are concerns in parts of England about a rationalisation of the BBC into the big centres of London, Salford, Cardiff, Glasgow and Belfast. As the smallest place by population, for Belfast to have that investment is good.

There are other investment opportunities, which I will highlight very quickly. I hope that this presentation is going all right, pace-wise. I appreciate that there is quite a lot to cover. I will summarise the key themes, as I am sure that that is what the Committee will be particularly interested in.

We have identified initiatives in these plans. As you know, our TV politics output currently have ‘Stormont Today’, ‘Hearts and Minds’ and ‘The Politics Show’. The whole BBC is looking at its TV politics portfolio as part of the initiatives, and we have taken the chance to do the same. I know that what is planned in that area has caused concern and alarm. Effectively, we have three different TV politics shows produced by different teams. We propose bringing them together to make efficiencies, while maintaining the range. We would still have reportage of the Assembly, a long-form politics show like ‘Hearts and Minds’ and the Sunday slot, but it will be reshaped as part of the overall BBC plan. The idea is to pull the politics output together and focus it.

One of the questions asked is what that means for ‘Hearts and Minds’ per se. We have not yet made a final decision on whether ‘Hearts and Minds’ as a brand name, if you like, will continue. We are considering that and debating the options. What we are saying is that there will absolutely be a long-form political programme in that style. Some of those programmes have grown up at different times in the political process, and things have obviously moved on and changed significantly. Now is a good opportunity to think afresh about what is the right shape of the TV politics on offer. We know from all the research that people in Northern Ireland appreciate their politics. There is plenty of evidence that we have a significant amount of TV politics, relative to other places, and that forms part of our mindset.

Relatively marginal schedule changes are proposed for Radio Ulster. I mentioned the midnight close-down.

On local television, outside of politics, we are saying, after much analysis, that we want to maintain the level of non-news and current affairs television programmes and the range of such programmes. However, television is a very expensive business that can benefit from new technologies and from being able to save money in new ways, and we will look to benefit from some of that.

Finally, some good news is that there has been significant investment to launch BBC One Northern Ireland in high definition (HD) by the end of next year, when the switch-over happens. BBC One Northern Ireland is currently not available in HD, but it will be then, and it is a significant investment.

I will not dwell on some of the latter slides, because I want to give members a chance to ask

questions. However, on the network opportunities, which is something that the Committee was interested in before, the outworking of the whole debate is still that the 3% target that was set has been maintained for Northern Ireland for network production for the BBC from companies and in-house producers here. That has been protected. In addition, something that has been highlighted a few times, including the last time that I appeared before the Committee, is better portrayal. Therefore, there will be more network programmes with better portrayal. The last time that I was here, there was a long debate about drama projects, and, last month, a drama called 'Hidden', which was filmed in Northern Ireland, was broadcast, and many people noted that. The good news is that a new commission will start filming in January, and not only is it being filmed here but it is set here. Therefore, for the first time in many years, a network BBC One prime time drama will be set in Northern Ireland. 'Eureka Street' is probably the most recent programme to have been set here, and that was some time ago. Therefore, drama is protected, and there are opportunities there. We also make 25% of the 'Panorama' slate through our current affairs team here, and there is some new investment for investigations for 'Panorama' in the mix.

To conclude, I will highlight that we have looked hard at other things, such as management layers and how we work, but I will not go through that in detail. As you will see, there has been quite a debate about that. Proportionately, BBC Northern Ireland has fewer senior managers than the BBC average, but we have still been set targets to make sure that we have the minimum safe amount of management layers and senior management support.

We also want to make sure that we benefit from creative partnerships. I am interested to hear more about the new funding announcement that was made this morning, but, as many of you will know, we have worked with independent companies, including the Ulster-Scots Broadcast Fund (USBF) and the Irish Language Broadcast Fund (ILBF), to produce television output that is of economic benefit to them, and there is more that we can do there.

I gave you a flavour, and I will not go through it in more detail, of the wider BBC picture. You have to bear in mind that this how BBC Northern Ireland has come out in the proposals as part of a wider context of other BBC initiatives, and I have highlighted some of the initiatives that I thought were of most interest or pertinence. Clearly, the BBC has made some choices about areas of output to protect versus areas in which we think we can make more savings. That has been the thrust of the review. Across the whole BBC, the estimate at the moment is roughly 2,000 post closures over the four-year period. In our case, that number is roughly between 50 and

70.

Finally, just to be clear about where we are at in the process, we had a long period of debate, and we have now announced the proposals to the staff and the audience. A BBC Trust consultation process is live and closes at the end of December. The purpose of the consultation process is to make savings from 2013 onwards. Therefore, reasonably advanced planning is going on here. There will also be a review to see whether things are delivering in the way in which they are envisaged or whether there are problems with quality or whatever else.

The presentation was a bit rushed. I am sorry for that, but it was done in the interests of giving you time for questions.

The Chairperson:

Thank you very much. The title of the document is 'Delivering Quality First'. Perhaps it is just a positive spin on bad news. I think that we all appreciate that, and we understand the difficulties, given what has happened. It is very much a central decision, and we now have to live with the consequences of that. However, you said that staff numbers have reduced dramatically over the past number of years, and there is a prospect of a further 70 staff going. What will the impact be on the quality of programming in Northern Ireland? Surely there will be an impact.

Mr Johnston:

BBC Northern Ireland employed around 700 staff, and many other people were employed through independent companies, or whatever. Therefore, over a five-year period, that figure was reduced by about 130 posts. That gives you a sense of the scale.

Many of those posts were in other, non-direct programme-making areas. Therefore, we have had to restructure our marketing activities, our finance teams and HR. The other thing about the business in which we operate, particularly on the television side, is that there have been dramatic changes in how we use technology. There are ways in which we can do things much more cheaply now, without affecting quality, than we could ever have done before. In the performance review that I did with the director general this year, we reviewed the indicators that we gather regularly. Many of the quality and audience indicators were as high as they have been, despite the fact that, over a five-year period, we made those savings. It is, therefore, possible to do it. I am not complacent about it, because it is not easy. That is why it is very important for us to have

this long-term planning period to identify how to do it. It is also important to build in the review, and if it is deemed that any of it is having an adverse impact, we will have to look at that and try to address it. Having been through the process over five years, I am confident that it is possible to do it, as long as we can approach it strategically. I am not saying that it is easy, but it is possible.

The Chairperson:

To date, what have your discussions with staff and unions been like?

Mr Johnston:

There have obviously been concerns. On the day that the review was announced, I held a series of all-staff sessions. We went to the newsroom as well and talked to the staff there. Generally, some people think that it could have been worse, because the targets that we have been set are lower than the average for the entire BBC. Obviously, it is more difficult in some parts of the BBC where there are very much more direct initiatives at a much higher scale. I think that people are always anxious for certainty about what the review specifically means for them. That is a concern, and it will take another few months to get to that absolute point. We still have to work our way through the stages.

We have been able to achieve all the savings so far through voluntary redundancy. We have not had to face compulsory redundancies thus far. Compulsory redundancy is a concern for people. The BBC has always worked hard to do these things through voluntary redundancy and redeployment wherever possible. That becomes increasingly difficult over time, of course.

Mr D Bradley:

At the beginning, you mentioned that your policy document is called ‘Delivering Quality First’. If you take 15% out of the resources that you have for delivery, surely the quality of the product that you are capable of delivering will be affected.

Mr Johnston:

That is the pan-BBC name for the whole initiative. It has caused concern for some staff. They wonder whether it is a grand title for what is effectively a savings programme. Let us not shy away from the fact that it is primarily about achieving the numbers that have been set and are fixed. The implication of that is that the emphasis should be more on the F-word, “First”. The

point of using that word is that it is about trying to make choices about where to invest to protect quality in some areas by stopping doing some things wherever possible and/or by reducing the amount that we do in some areas. Pan-BBC, a differential approach has been taken to such genres as investigative journalism — I mentioned ‘Panorama’ — drama and children’s programming. Rather than set a crude 20% target across the board, the BBC has made some choices. That is partly why we have ended up with a slightly lower target: it was recognised that a wide range of our content needs to be protected. Some staff have railed against the title of the document, and I understand that, because people are passionate. That is the good thing about the BBC: people are passionate about what they do. However, it implies that we need to make sure that we are prioritising the spend that we get on the things that are most important and that they are of as high a quality as possible.

Mr D Bradley:

How do you prioritise those things?

Mr Johnston:

We have a wide range of very thorough audience analyses to see what the audience deems to be most important. If I were to go around the room, I imagine that I would find that we have different preferences and that we get most value from different things. That is not easy to address either. We are set indicators that measure quality and regularly measure quality with the audience.

If any of those indicators start to fall alarmingly, priorities will be reviewed.

Mr D Bradley:

Does that mean that the bigger the audience is, the more priority that it gets?

Mr Johnston:

Not necessarily, because —

Mr D Bradley:

Some of the shows on radio and television that have the smallest audiences are of the highest quality.

Mr Johnston:

That is absolutely true. If you look at the mix of what has been prioritised across the board, you will see that there are a number of areas that are for more specialist audiences, let us call them. Those areas, including, for example, some elements of Radio 4, have been protected in the mix. As time goes by, we change the mix, because we cannot stand still. For example, in the past year we put new investment into creating the post for Jim Fitzpatrick as our new economics and business editor. We recognised that, with the agenda that there is around the economy, we needed more effort in that area. We can move our resource around when we need to.

Mr D Bradley:

You mentioned that savings could be made through the use of digital technology, but surely digital technology is nothing new, having been around for some time. One would expect that whatever savings can be made through its use will have already been made.

Mr Johnston:

I am aware of some of the savings that BBC Scotland and BBC Salford have made by using new technology in their new buildings. We have not entirely had that opportunity. We do have some new kit, such as a new HD scanner, and we have just put in a new digital content system in the newsroom, but what I am looking to do is to see whether we can learn from the use of technology elsewhere. Some of those technologies enable savings to be made, but we will never make all the necessary savings through their use. You must be prudent about what new technology can bring, and sometimes new technology simply enhances the quality rather than achieving any savings. As we have not benefitted from the use of new technology as much as other parts, we can perhaps learn from its use elsewhere. That is why I have set some long-term targets to close the gap with some of those ideas.

Mr D Bradley:

I noticed that the thriller 'Hidden' was made in Northern Ireland.

Mr Johnston:

It was.

Mr D Bradley:

I was glad to see that. What are the advantages of Belfast being maintained as a major production

centre? Are there any opportunities for further growth in that area?

Mr Johnston:

As a result of the way in which the BBC is funded and structured, it intentionally makes a commitment to ensure that it is benefiting the creative economies of the UK. Belfast, and Northern Ireland as a whole, has a creative economy, and there has been recent development and growth with other broadcasters, such as HBO. We are on a growth curve with that network output, and our targets for drama, for example, are set to grow over this period.

‘Hidden’ was one example, and a new commission, which is currently called ‘The Fall’, will also be filmed and set here. However, every time that a programme is given a title the drama people have a habit of changing it, so it may be called something else by the time that it gets to the audience. People who have worked here have been very positive about the quality of the crews that they get, and we have been sensible about when ‘The Fall’ will be filmed so that it fills the gap when ‘Game of Thrones’ is not being filmed.

Mr D Bradley:

I am concerned whether, with that level of reduction, the quality of output can be maintained at the present level. I fail to see how that will be possible.

Mr Johnston:

The thing that you need to bear in mind is that less than half of the 50 to 70 post closures are in direct programming roles — that is just an estimate to give you an idea — and that is out of a workforce of 600. I think that it is manageable, and other parts of the BBC are facing a much tougher challenge in that regard.

Mr D Bradley:

Were there any post closures at the high administrative levels?

Mr Johnston:

We have already closed some of those posts during the previous period. We have reduced the number of such posts, and a new target has been set for the end of the period that we are talking about to reduce much further senior management posts and spend.

Mr Swann:

Hello, Peter. You talked about supporting the creative economy, and you said that it is very much a growth curve for you. Does that not contradict BBC management's key proposals to implement a "fewer, bigger, better" strategy? That seems to indicate that you will do less rather than more but make better shows.

Mr Johnston:

The point that you made is useful for the purposes of clarification. As usual, there are two things going on at once, and various other BBC strategies are spreading the spend out of London and around the UK.

In fact, what is happening here is that we have a 15% target for local spend over the four-year period. At the same time, we have a 3% growth target for network spend. It is increasing at the same time. One thing about which I have not made an assumption yet is the degree to which some of that growth can offset some of the savings that have to be made. If there are crossovers, we try to make them work. They do not always work, unfortunately, because they might be in a different genre or area to the one at which you are looking.

Therefore, you are correct: it means that some parts of the BBC — in London, for example — have, in effect, two hits. They have targets that have been set for the plan as well as the shift of production out of London that is happening at the same time and is an ongoing project. Obviously, we benefit from that.

Mr Swann:

There is also the other possible threat to BBC Northern Ireland from the release of three local licences by Ofcom. How do you anticipate that that will affect BBC Northern Ireland's local interest programming?

Mr Johnston:

To be honest, over time, the BBC's approach to local TV initiatives in their various guises has been to be as supportive as possible. I see our role as being very much a pan-Northern Ireland one with regard to news, non-news and all of that. Admittedly, we absolutely draw from our local gathering forces, which we have increased recently, as you know, through having new district journalists. I was at the recent meeting when the Secretary of State was here. My

understanding is that Ofcom is very much targeting a different kind of programming to ours. I know that the intention was always to make it complementary. However, we will see how that transpires.

Mr Ó hOisín:

You mentioned the pan-Northern Ireland idea. Surely there is a lot of room for the more localised productions. I am thinking particularly about Radio Foyle, which broadcasts to the north-west. A couple of years ago, staff at Radio Foyle were concerned that cuts would be implemented there. I am sure that they will again be concerned that Radio Foyle will lose out. There is a very localised, niche market in the Derry and greater north-west area. We have seen excellent morning political and community programmes be done away with, such as ‘The Morning Programme’ with Sarah Brett and Enda McClafferty, to be replaced with the likes of ‘The Stephen Nolan Show’, which does not have local resonance. There has to be a local dimension to quality and output, do you agree?

Mr Johnston:

I do agree. I have already told the staff at Radio Foyle that, in the targets that we have set so far, we have not made any assumptions about further reductions at the station. As you said, two years ago we went through an efficiency programme at Radio Foyle, which we have completed. You mentioned Sarah and Enda. What we effectively did was to join their two programmes together to create a longer morning-news programme. So far, audience figures are positive about the change. We will continue to monitor that. Not everyone liked the change. As usual with such things, some liked it and some did not. We made savings. We believe that, so far, it has been relatively successful. We have intentionally said that, because of that, we are not targeting Radio Foyle in this phase of the plan.

Mr Ó hOisín:

You touched on my other question, which is on the £8 million that was invested in the Ciste Craoltóireachta, the Irish Language Broadcast Fund. I see that you seek increased partnership with S4C, which, of course, produces many more hours of Welsh language broadcasts than BBC NI produces broadcasts in the Irish language. Is your plan to increase that off the back of the £8 million that is available through the broadcast fund?

Mr Johnston:

The point with regard to S4C is that the BBC licence fee, centrally, has taken on the governmental funding, if you like, of S4C. That is a separate issue, which does not affect us here other than that we all end up paying for it, in a sense. We set our Irish language growth strategy. As you know, we now have an almost weekly Irish language television programme. We have no plan to increase that broadcasting further. With those kinds of targets, we try to keep everything in balance. Therefore, although we are not suggesting that we reduce what that broadcasting has grown into, we will not increase it.

Mr Sheehan:

Thank you, Peter, for your presentation. Excuse my ignorance, but does the term “post closures” mean job losses/redundancies?

Mr Johnston:

It does.

Mr Sheehan:

Is that BBC-speak?

Mr Johnston:

It is BBC-speak, ultimately, I am afraid. It is phrased like that because, when we say that we will close a post and give a reason for doing so, we immediately, with the individual, look at whether voluntary redundancy or redeployment is a preference. We offer people redeployment, if we can find a suitable alternative. We try to make a distinction so that it does not necessarily turn into 50 or whatever redundancies per se. People may be redeployed to some other area of activity, because, as I said, there are some areas in which there is growth.

Mr Sheehan:

Fair enough. What percentage of those post closures are in senior management?

Mr Johnston:

It depends what you mean by senior management and whether you mean all layers of management. Off the top of my head, it is probably close to 10%, at least. In Northern Ireland, our senior management makes up around 1.8% of the workforce, which compares with a BBC

average of about 3%, so, in that regard, we are already lower than elsewhere. The whole BBC's aim is to get to 1% by 2015.

Mr McMullan:

Thank you for your presentation. With all the cutbacks and streamlining, have you any plans to create more jobs in the creative industries? I thought that that would have been mentioned in the document. Where is it?

Mr Johnston:

It is not mentioned so much, because it is about being straightforward about the savings programme that comes from the licence fee settlement. In parallel, it is touched on under network growth. That is where there is a real opportunity for the creative industries and independent companies. We are currently at around half the level of network television spend that we are projected to be at by 2015. The majority of that is delivered through the independent companies, so that is a doubling of the potential there. The challenge is to ensure that we get the best possible projects, that the right companies benefit, and so on, and that is the way in which the targets are set. The drama that I mentioned that will go into production in January is a good example of that tangibly coming to life.

Mr McMullan:

You are in a prime position to be able to take the creative industries to students in schools and universities. Perhaps you are doing that already.

Mr Johnston:

With another hat on, I am also the chairman of Skillset in Northern Ireland. Together with the BBC and Northern Ireland Screen, we have just recruited to a new trainee scheme. It is a pan-industry scheme, and, for the first time ever, the trainees will rotate among us, independent companies and other opportunities, with a view to providing jobs out of that scheme. You will not be surprised to hear that we had close to 1,000 applications, and 15 young people started a week or two ago. We protected that investment in this period because it is important to build for the future and provide those opportunities; otherwise, some of them would be lost to other places.

Mr McMullan:

When you take on young people, do you try to keep a balance between urban and rural

candidates?

Mr Johnston:

We try our best to use a wide criteria to attract applications and then recruit. We go through a rigorous selection process based on merit.

Mr McMullan:

Have you anything in your head on the TV licence increasing in cost?

Mr Johnston:

The outworking of the agreement with the Government is that the TV licence is fixed at £145.50 through to 2016-17. That is the deal.

Mr McMullan:

Your paperwork states that the sports rights budget has been reduced.

Mr Johnston:

That is across the whole BBC.

Mr McMullan:

Yes. On my side of the House, there is a worry that there is not enough coverage of the GAA on television. That reduction could cut that back further. Can we have guarantees that that will not be the case and that you will look at increasing GAA coverage?

Mr Johnston:

I will explain what is going on there. You are referring to the whole BBC plan. Across the piece, the BBC has decided to save a significant sum of money by doing a new deal on Formula 1. The BBC in London and in some of the other nations is cutting the sports rights budgets a bit to make some savings. Sports rights and production is expensive in its totality, although not so much as an individual activity. Here, we decided that our spend on sports rights is more in keeping with what is necessary. It has been good value for money in that regard. We set only a very small target for sport: less than 5%. We do not envisage there being a significant change. Money allowing, our ambition is always to have, in good balance, live television coverage of the four biggest sports as we deem them: rugby; GAA; football; and bikes.

We are not in a perfect position at the moment. We lost out to Sky on the Northern Ireland soccer internationals, although, as you probably know, we have highlights. However, we have live rugby, the GAA Ulster Championship and live coverage of the matches of any Ulster teams that progress to the All-Ireland stages. Some people do not realise that, when it comes to matches at that stage, it is down to what we have the rights to show. We have the rights from the GAA only to show Ulster teams at that stage of the competition. We have as much live television broadcast as we can realistically get. We also have the North West 200, and so on.

Mr McMullan:

Therefore, the reduction in the budget will not affect what you show at the minute.

Mr Johnston:

Yes, that is protected in the plan. Obviously, I cannot predict changes to rights, inflation in the cost of rights and things like that. However, our assumptions do not include such changes.

Mr McMullan:

Madam Chairperson, it might be an appropriate time to ask a question relating to a letter in members' packs. It is on concessionary fees for televisions in nursing homes.

Mr Johnston:

That is not something that I would —

The Chairperson:

I am not sure that it is appropriate to ask about that at this stage.

Mr Johnston:

The like of licence fee income is dealt with by an agency separate to the BBC. I probably do not have the knowledge to answer the question that you are about to put to me.

Mr McMullan:

Do you know anyone who does?

Mr Johnston:

We do. We can probably recommend someone.

Mr McMullan:

Will you ask someone to contact me?

Mr Johnston:

Yes, indeed.

Mr McMullan:

If 'Hearts and Minds' is being closed down, does that mean that you will save money on taxi fares, too?

Mr Johnston:

No. *[Laughter.]* Just to be clear: we are not saying that we are closing down 'Hearts and Minds'. We are combining the TV politics teams that make 'Stormont Today', 'The Politics Show' and 'Hearts and Minds' into one TV politics team. We will still have a programme doing the same job that 'Hearts and Minds' has been doing. We may still call it 'Hearts and Minds'. We have not yet concluded on that by the way, just to confuse matters further. It is really about trying to pool resources. As you all know, we also have the TV politics team with Mark, and so on. We are simply trying to get more value by pulling that team together.

Mr McMullan:

Thank you very much.

The Chairperson:

There is also discussion that you will no longer show live coverage of party conferences. Is that right?

Mr Johnston:

That has already been concluded in some of the other nations. We are also looking at that in the mix, especially if we can reflect the conferences through our other TV politics output. That is one of the things that we will look at when reviewing all of this.

Mr McGimpsey:

Thank you, Peter. I am sorry that I missed the first part of your presentation. I will seek clarification on a few points.

As I understand, you spend about £50 million a year to run BBC Northern Ireland. A saving of 15% is quite substantial. It has been suggested to me that the cuts in personnel will be made behind camera rather than in front of camera. I would like your comments on whether that is an equitable way to go forward.

You also touched on ‘Hearts and Minds’. I would like a sense of where we will be with our programmes. In news and current affairs, we are used to having ‘Good Morning Ulster’, ‘Talkback’, ‘Hearts and Minds’, ‘Spotlight’, half an hour of TV news each night, Seamus on the radio, and so on. Where will all that be in the mix? You cannot do it all just by altering ‘Hearts and Minds’.

Thirdly, when I was the Minister in the Department of Culture, Arts and Leisure (DCAL), there was always the complaint that the BBC spent a lot of money in the Irish Republic but not in Northern Ireland. In your purchasing, are you ensuring that local suppliers get a fair shake and that you spend a fair portion in Northern Ireland?

Mr Johnston:

In respect of the news and current affairs portfolio that you outlined, the implication of the fact that it is not mentioned is that we are seeking to protect that range. You are absolutely right that what I have said about TV politics will not meet the target. Therefore, there is a list of other initiatives, some of which are in other areas.

Spend has changed significantly since then. You are thinking about some of the initiatives that facilitated drama productions south of the border back then. There has been a huge shift in the opposite direction because of what has happened over time. Consequently, we have refocused our commitment significantly towards making sure that as many of the network productions are made in Northern Ireland. We have even changed the way in which we count such instances, so, in fact, we do not get any credit for our refocus. We actually have a much more positive story to tell.

You asked about personnel cuts. There are quite tough targets for the entire BBC. If you are talking about spend on talent, presentational talent and that kind of thing, there are quite significant targets for the whole BBC to reduce overall spend. Of late, there have been instances of people have moving to other broadcasters as a result. Proportionately, we do not have as high numbers as other places do. However, if we change programmes around and, for example, do slightly fewer programmes, there will be a knock-on to front of camera or to microphone. However, if you think about what I said at the start, fundamentally the view that I put forward, which was accepted in the end, was that we needed to protect the range of our output as best we could, because there is clear evidence of audience appreciation for most of it. That inevitably means that there will not be the significant impacts on programmes and presenters that you might see in some other bits of the plan elsewhere.

Mr McGimpsey:

We saw what happened in UTV two or three years ago, which was quite traumatic for staff there. I am worried that the same thing will happen in the BBC.

Mr Johnston:

I do not see that as a feature. To be clear, we will do what we have always done with refreshment of schedules or changes to programmes, which happens for other good reasons at other times. However, that is not a way in which we are seeking to save money.

Mrs McKeivitt:

Thank you for your presentation, Peter. I will not go into the issues too deeply, because a lot of the questions that I was going to ask have already been answered.

What is the message from the BBC on maximising your external revenue opportunities? Can you provide me with examples of that?

Mr Johnston:

Yes, an example of that is a series on BBC One called 'Ask Rhod Gilbert'. It is a comedy panel show presented by a Welsh comedian. It is made by Green Inc, which is a local company that uses our studio to film the programme. That is one example of the ways in which we can help the creative economy to deliver some programmes. That might also refer to partnerships that we have with other broadcasters, which involves sharing facilities or doing deals on things. For

example, the Ulster Rugby deal that we have is the result of a partnership made up of us, RTÉ, TG4 and BBC Alba. We come together in that deal, and it more efficient for us all to do it that way. Those are some examples. We can make some of our facilities available to an external market in circumstances in which it is appropriate to do so.

Mrs McKeivitt:

I have two more questions. There are proposals in place that between 50 and 70 people are going to lose their jobs. Your eleventh slide states that you will review staff terms and conditions. Will that happen after 50 to 70 people lose their jobs or before?

Mr Johnston:

There are a series of reviews of our various terms and conditions, and there are debates ongoing with the unions and staff. Those debates will go on over the next year or two, so the reviews precede the period that we are talking about.

Mrs McKeivitt:

On the same slide, I see that you have included a picture of a sign that reads, “Caution: Men Working?”. Does that mean that women do not?

Mr Johnston:

That was down to my graphics expert, I am afraid. I do not know quite where that came from. You will know that our stats on providing equal opportunities are pretty good.

Mrs McKeivitt:

Someone felt the need to put it in. *[Laughter.]* It is in the final slide as well, so I thought it appropriate to mention it.

The Chairperson:

What impact will the proposals have on BBC Northern Ireland’s sponsorship of arts groups? I am thinking in particular about the Ulster Orchestra.

Mr Johnston:

There is a separate review of all orchestral provision across the UK, and the Ulster Orchestra is included in that. An independent consultant has been commissioned by the BBC to do that, and

he has been doing the rounds, looking at what the proposals will mean for orchestral provision. We do not yet know the outcome of that review. It is certainly something that is always looked at. I, for one, certainly see the value in our partnership with the Ulster Orchestra, and I am very supportive of the way in which that has worked. However, I have not included any assumptions about it in the document.

The Chairperson:

That is something that will be done separately.

Mr Johnston:

There will be another exercise coming through. I just want to flag that up.

The Chairperson:

OK. Thank you. The concerns specific to today's discussions are obviously about job losses, about the quality of production and about maintaining that production in Northern Ireland. I guess that that is something that we will reflect in our submission to the consultation. Thank you very much for your time this afternoon. Again, apologies for not being able to make it to Broadcasting House this morning.

Mr Johnston:

No problem. We will hopefully find another date when you can come along for the tour. Thanks very much.