

## PRESS RELEASE

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### PUBLIC BODIES AND POLICIES

## RADIO FRANCE: THE REASONS FOR A CRISIS, AVENUES FOR REFORM

On 1 April 2015, the *Cour des comptes* issued a public report devoted to Radio France, a joint stock company wholly owned by the state, 90% of whose turnover – €641 million in 2013 – comes from the public audiovisual contribution, namely the licence fee.

Between 2006 and 2013, Radio France kept its audience share at about 25%.

Its programmes are appreciated for their quality. Their cultural content, like the professionalism of its news programmes, is undisputed.

The *Cour's* report focuses on the conditions under which Radio France implements its tasks, particularly at the financial level. It examines the use of public funds made available to the company, the quality of its management and its capacity for development.

This report, which stems mainly from the audit of the company over the financial years 2004 to 2013, is also based on comparisons with foreign public-service radio stations which have undergone profound transformation over the last few years (the BBC in the United Kingdom, DR in Denmark and RTBF in Belgium).

After its investigations, the *Cour* found that the company is now confronted with a critical financial situation while at the same time having to cope with major challenges.

These circumstances require Radio France to implement an overall strategy for change in order to profoundly reform its scope of activities and its management of operations.

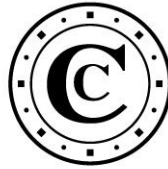
### A company in a state of financial crisis

Between 2006 and 2013, the regular growth in the public allocation paid to Radio France, which, for that matter, is twice as high as that of expenditure in the general budget of the State, was not paired with targets for reform assigned to the company.

From 2012, given the rigidity of its operating costs, Radio France was not able to absorb the drop in its allocation imposed by the State. Consequently, between 2010 and 2013, its turnover (+4.5%) increased at a slower rate than that of its operating costs (+7.7%).

Long facilitated by payments from the State for the project to renovate the *Maison de la Radio*, even though this had begun to overrun deadlines, the cash situation has got worse since and its prospects are worrying.

Radio France must in any case make a very significant effort in structural savings, implying significant reorganisation measures, even more so as it can hardly expect a significant increase in its income; and borrowing could be nothing more than an expedient, failing in-depth reform.



## **Activities for which development is insufficiently controlled**

Over the last ten years, the radio stations operated by Radio France have been developed in a rather disorganised and spendthrift manner. Their budgets increased by 27.5%, without seeking to coordinate activities or to pool resources.

In spite of promising beginnings and despite encouraging audiences in terms of deferred listening (podcasts), Radio France has not completed its digital transformation. Although a strong impulse was given in this area in 2011, heavy investment and the incorporation of the digital in the job descriptions remains to be done.

Lastly, the four musical groups, which represent €40 million of direct costs and €2 million of income, need to have their place reconsidered within Radio France. With the inauguration of the new auditorium in November 2014, the coexistence of two symphony orchestras (the French National Orchestra and the Philharmonic Orchestra of Radio France) raises questions.

## **Careless management**

The management of Radio France suffers from failings which are not acceptable for a company of this size and must therefore be corrected.

The board of directors is not sufficiently required to take decisions on the strategic issues facing Radio France and approves only a tiny number of contracts.

The budgetary and financial procedures are insufficiently controlled and have a tendency to renew prior expenses. The procurement policy, which is chaotic, has been overhauled and this must be continued, in particular to organise, centralise and pool procurement. The procedures for internal control must be improved and the recommendations of internal audit must be applied to a greater extent.

## **An employment model that is a source of rigidity**

With 4,909 FTE in 2013, Radio France has a large number of staff. Between 2000 and 2011, while staffing levels in the civil service (State and public administrative establishments) reduced by 9.3%, at Radio France they increased by 14.3%. The same applies to the payroll, which increased by 18.8% between 2006 and 2013, twice as much as the expenditure of the general budget of the State. The use of temporary staff, which had increased again since 2009, represented 700 FTE and nearly 12% of the payroll in 2013.

The working conditions (paid leave, work at night and on Sundays, overtime) benefit from a favourable regime. Added to this are 29 regimes for bonuses and automatic mechanisms for career advancement paired with guaranteed minimum salary increases.

This complex employment model is a source of great rigidity. The management of human resources must be profoundly modernised to support the restructuring of the company. A new definition of the professions would allow for adaptation to technological developments.

Lastly, Radio France is characterised by management/union dialogue that is intense, difficult and even a source of conflict. The company runs eight works councils plus one central works council in Paris. Six different trade unions are recognized as “representative” (above 10% of persons in the company). 388 persons – representing about 8% of the workforce – benefit from the protection given by law to employees who are trade union representatives.

## **The renovation project, a reflection of the shortcomings of the company**

The poorly-controlled operation to renovate the Maison de la Radio, unusual in that it is carried out on an occupied site, was a missed opportunity for the company to reinvent itself. Due to a failure to properly



comprehend the complexity of the work, the shortcomings in initial programming were the cause of numerous malfunctions.

To conduct this project, Radio France did not set up an appropriate team, organisation or procedures. The work has overrun deadlines and its costs have slipped. The extent of this slippage, which is currently weakening the company's accounts, is not yet precisely known, even though the last estimate communicated by the *Cour* (April 2014) showed that it was heading towards a doubling of the cost: while the operation was begun in 2004 based on a projected overall cost of 262 million current euros, this latest estimate predicted a final cost upon completion of 575 million current euros.

## A necessary reorganisation

Confronted with a rapidly worsening financial situation, Radio France must profoundly revise its modes of operation. The company would do well to follow the example of the experiments carried out by foreign public radio stations to undertake a process of restructuring which should give priority to three areas:

- the breaking down of barriers between radio stations;
- pooling in the area of news and the creation of a unique editorial team;
- the reorganisation of modes of production.

The next "objectives and resources" contract to be concluded between the State and Radio France for the period 2015-2019 must be based on a project that sketches a sustainable future for the company.

## Policies and recommendations

The *Cour* makes 18 recommendations which would:

- decide on the future of the Mouv' radio station, before the signature of the next "objectives and resources" contract;
- merge Radio France's two symphony orchestras and establish management that is common to France Musique and the music department;
- strengthen the advisory role of the board of directors in the governance of Radio France;
- continue putting the procurement service in order;
- use a definition of the professions which includes skills and qualifications related to developments in digital technologies;
- study all possible options for ending the work on the Maison de la Radio and its financial impact, before signing the next "objectives and resources" contract;
- merge the editorial teams of France Inter, France Info and France Culture;
- reform the organisation and functioning of the technical division of the company;
- review the decree defining missions and obligations of Radio France, which no longer correspond to the practices of the company, in particular making changes to the relationships that Radio France maintains with other public audiovisual companies.

[Read the report](#)

### PRESS CONTACTS:

**Ted Marx** - Head of Communication - T+ 33 1 42 98 55 62 - [tmarx@ccomptes.fr](mailto:tmarx@ccomptes.fr)

**Denis Gettliffe** - Head of Press Relations - T+33 1 42 98 55 77 - [dgettliffe@ccomptes.fr](mailto:dgettliffe@ccomptes.fr)

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