
Holding the BBC to account for delivering for audiences

The BBC's performance

STATEMENT

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About this document

Under the new Royal Charter and accompanying Agreement, regulation of the BBC passed from the BBC Trust to Ofcom on 3 April 2017. One of Ofcom's central responsibilities is to hold the BBC to account for fulfilling its mission and promoting its public purposes.

As part of our new responsibilities, we are required to publish an Operating Framework containing provisions to secure effective regulation of the BBC. In relation to the BBC's performance, we must set an operating licence for the BBC, and we may set measures to assess the BBC's performance. The licence must set out the enforceable regulatory conditions that we consider appropriate to ensure the BBC fulfils its duties.

We consulted from March to July 2017 on:

- a) a draft BBC operating licence, and the process for setting and amending this in future; and
- b) Ofcom's proposed performance measures for the BBC, and the process for setting and amending these in future.

This Statement sets out our first operating licence for the BBC and our performance framework, together with the processes for setting and amending these in the future. It also includes detailed Annexes setting out how we have taken account of consultation responses and of the BBC's interim annual plan published on 3 July 2017.

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1. Summary

- 1.1 The BBC is the UK's most widely-used media organisation, providing programming on television and radio and content online. The public has exceptionally high expectations of the BBC, shaped by its role as a publicly-funded broadcaster with a remit to inform, educate and entertain the public, and to support the creative economy across the UK.
- 1.2 To meet these expectations, the BBC must deliver the mission and public purposes set out in its new Royal Charter (the Charter). For the first time, the BBC will be robustly held to account for doing so by an independent, external regulator. Alongside responsibilities for programme standards and protecting fair and effective competition in the areas in which the BBC operates, the Charter gives Ofcom the job of setting the BBC's operating licence (the Licence). This sets binding conditions, requiring the BBC to deliver for licence fee-payers. It is also our job to scrutinise, measure and report on the BBC's performance.
- 1.3 On 29 March 2017, we consulted on a draft Licence setting out requirements for the BBC to fulfil its remit, and plans for Ofcom to measure the BBC's overall performance. We have carefully considered more than 100 responses from members of the public and industry. We have taken account of the BBC's interim annual plan for 2017/18, published on 3 July 2017. We have also carried out bespoke research into audience opinions and expectations of the BBC.

A Licence and performance framework for the BBC

- 1.4 Today we are publishing Ofcom's first Licence and performance measures for the BBC. Our final Licence maintains most of the proposed regulatory conditions in the draft we published in March, and strengthens some of them in response to consultation and our own research. We have also added some new regulatory conditions. We expect the BBC to meet all the requirements we have set; if it does not, we will take steps to enforce them.
- 1.5 This first Licence and the performance measures that we have set alongside it are designed to deliver fully the intent of the new Charter and Agreement¹ by leaving creative decisions in the hands of programme-makers, but stretching and challenging the BBC to deliver for all its audiences.
- 1.6 The Licence sets a wide range of regulatory conditions that the BBC must meet. Our new regulatory conditions raise the bar for the BBC. In most areas, they place tougher requirements on the broadcaster than existed before, as well as safeguarding key areas of delivery. They set a baseline for future performance.
- 1.7 The Licence will:
 - a) **Strengthen news and current affairs rules.** To make sure the BBC reaches the widest audiences possible with its news and current affairs content, we have increased quotas

¹ The Agreement, published by the Government on 15 December 2016, between the Secretary of State and the BBC.

for news on BBC One and current affairs on BBC One and BBC Two, and set new regulatory conditions for radio. Radio 2 will be required, for the first time, to air at least three hours of news and current affairs in peak time per week, and Radio 1 will be required to broadcast an extended news bulletin in peak time each weekday;

- b) **Increase requirements around programmes for children.** CBBC must show at least 400 hours – and CBeebies at least 100 hours – of brand new, UK commissioned programmes each year. CBeebies has to provide a range of programming that supports pre-school children’s learning;
- c) **Secure a more distinctive BBC** across all its services – a central feature of the Charter – through a range of new measures. At least three-quarters of all programme hours on the BBC’s most popular television channels should be original productions, commissioned by the BBC for UK audiences. There will be new requirements on Radio 1 and Radio 2 to play a broader range of music than comparable commercial stations and more music from new and emerging UK artists;
- d) **Support social action campaigns on BBC radio.** We are requiring Radio 1 to offer a minimum number of major social action campaigns each year. Providing information and raising awareness of social issues affecting young people and giving them a platform to engage with is one of the key ways Radio 1 can set itself apart from other radio stations;
- e) **Safeguard vulnerable genres such as arts, music and religious programmes.** Our research shows these areas are important for some audiences; but some are in decline. We have therefore confirmed higher requirements for BBC One and BBC Two to show programmes in these genres, including a new requirement to broadcast during peak viewing times. With BBC Three’s move online, we have also introduced a regulatory condition to safeguard the provision of comedy on BBC One and BBC Two for the first time;
- f) **Support a wide range of valued genres.** The BBC must support a wide range of genres across its channels and services, such as drama, comedy, factual programmes and different types of music.² Ofcom expects the BBC to support valued genres, particularly those that have seen declining investment. We also expect the BBC to continue producing programmes on a broad range of established themes and interests – including but not exclusively programmes covering politics, business, consumer issues, rural affairs, health, disability and social action. We will monitor the BBC’s output in a variety of ways to ensure it meets its public purposes and provides a broad range of programmes across its services;
- g) **Support regional and national audiences, and creative economies across the UK.** For the first time, the BBC must spend broadly the same amount on programmes, per head, and make broadly the same volume of commissions, per head, in each of the UK’s four nations. By doing this, we are seeking to ensure that the UK’s nations receive

² The Licence applies to the UK public services. A list of these is set out in Schedule 1 to the Agreement.

a fair share of the BBC's investment in network programmes. We are also requiring at least half of the BBC's production spend on qualifying network programmes to be outside London; and

- h) **Require the BBC to reflect the full diversity of the UK population.** We are requiring the BBC to put in place a new commissioning Code of Practice for Diversity, approved by us, by April 2018. This will ensure that on- and off-screen diversity considerations are embedded in the commissioning process. We will also ensure the BBC is publicly accountable for achieving its workforce diversity targets. It must now report in detail on its progress towards these targets each year.
- 1.8 We have considered the impact on the BBC of our requirements and we are confident that they are proportionate and deliverable within the BBC's budgets.
- 1.9 We are also announcing an in-depth review of how different audiences are represented and portrayed on the BBC. All audiences should feel that the BBC offers something for them, however, our research shows that several groups feel that it does not adequately represent their interests or lives. This is our first ad hoc review of the BBC. As part of our analysis we plan to examine the on-screen diversity of the BBC's programming, including in its popular peak time shows. The review will ask what audiences expect from the BBC to understand whether it reflects and portrays the lives of all people across the whole of the UK, ranging from younger and older audiences to diverse communities. We will take into account the outcomes of the review as we shape our future oversight of the BBC, and we will take further measures where needed to ensure that the BBC is delivering for all its audiences.
- 1.10 The regulatory conditions we have set in the Licence are only one part of how we will hold the BBC to account. It captures areas where the Charter and Agreement require, or where we have found, that specific regulatory conditions are required. The Licence sets stretching requirements in a range of areas, but we expect the BBC to go further. As well as the rules we have set in the Licence, we have published today our detailed plans for measuring the BBC's performance, not just against the regulatory conditions set in the Licence, but across the range of the BBC's services and output.
- 1.11 This means that the BBC's performance against its remit will be independently and transparently assessed by an external regulator for the first time. New tracker research will show how far audiences feel that the BBC serves them, and we will conduct regular analysis of BBC output to monitor and assess how it reaches its different audiences.
- 1.12 The Licence and performance measures will evolve over time. We expect the BBC to continue improving how it delivers against its remit. We will also be ready to make changes in response to changes in the public's needs and tastes, revealed through our independent audience research.
- 1.13 We will not accept falling standards on the BBC's output and services. If the BBC falls short, we will step in for audiences.

2. Our role and approach

- 2.1 The new Charter for the BBC, running until the end of 2027, gave the BBC a refreshed mission and public purposes, with a new focus on distinctiveness. The new Charter also made major changes to the oversight of the BBC: it established a new BBC Board to run the BBC in place of the BBC Trust, and moved responsibility for regulating the BBC to a separate, independent body – Ofcom.
- 2.2 Under the Charter and accompanying Agreement, the BBC Board must run the BBC – setting the BBC’s strategic direction and budgets, and overseeing the BBC’s overall editorial and creative approach, including oversight of commissioning and scheduling decisions. Ofcom’s role is to provide robust, fair and independent regulation in three areas: programme standards, the BBC’s impact on fair and effective competition, and the BBC’s performance in delivering its mission and public purposes.
- 2.3 Within this new regime, the BBC Board must lead the BBC to fulfil the Charter’s aims. Ofcom is charged with holding the BBC to account for performance across its range of services. To fulfil that duty, we have a range of tools, including:
 - a) the ability to set enforceable regulatory conditions on the BBC’s UK public services, through the Licence. We must put in place regulatory conditions we judge appropriate to ensure the BBC fulfils its mission and promotes the public purposes; to secure the provision of distinctive output and services; and to ensure that audiences in England, Scotland, Wales and Northern Ireland are well served;
 - b) the ability to enforce compliance against the BBC including, for the first time, possible fines if it fails to meet the regulatory conditions we have set;
 - c) powers to set a new performance measurement framework to assess the BBC’s delivery of its mission and public purposes; and
 - d) powers to conduct reviews of the BBC’s performance at our discretion.

The first Licence

- 2.4 The consultation on our draft Licence and performance measures ended on 17 July 2017, allowing Ofcom and others to take account of the BBC’s own commitments for meeting its new public purposes in its interim annual plan, published on 3 July 2017. The Licence we are publishing today sets out our decisions on the regulatory conditions and objectives we are setting for the BBC.
- 2.5 Our consultation proposed a single Licence for all the BBC’s UK public services – television, radio and online – instead of the old system of a service licence for each individual BBC service. We have decided to set a single Licence for all the BBC’s UK public services because it is more accessible and coherent, as the different requirements we are setting will variously be aimed at one, some or all BBC services. This approach also allows us to adapt the Licence in the future. We are supplementing it by producing individual documents for

each nation of the UK, drawing together all the regulatory conditions applying to the BBC in that nation in a single place.

- 2.6 We proposed that our Licence should be organised around the BBC's public purposes. For each public purpose we set out objectives for the BBC, together with a range of specific regulatory conditions – measurable requirements that we will assess objectively, and enforce if the BBC falls short.³ The final Licence maintains this approach, but we have made changes to improve and strengthen the regulatory conditions in response to consultation responses, our own research and the BBC's interim annual plan. The Annexes to this Statement set out the responses we received and the reasoning for our final approach.

Measuring the BBC's performance

- 2.7 Regulatory conditions are only one part of how we will ensure the BBC delivers its mission and public purposes. We will also assess and report transparently on how it performs across the full range of its television, radio and online services. We will evolve our Licence and performance measures over time, challenging the BBC to do more for all its audiences. We also consulted in March on how we would measure the BBC's performance across its remit. Our detailed approach is set out later in this document.
- 2.8 Ofcom has other regulatory responsibilities for the BBC which interact with the Licence and performance framework. We ensure that the BBC complies with the Broadcasting Code's requirements, including in respect of due impartiality, due accuracy, harm and offence; and we ensure that the impact of the BBC's activities on fair and effective competition is appropriate – an important protection for others operating in the UK market.
- 2.9 The remainder of this Statement sets out:
- a) our final approach to each public purpose in the Licence;
 - b) the performance framework that we have set for the BBC; and
 - c) how we will develop our scrutiny of the BBC over the coming months and years.
- 2.10 The Annexes to this Statement include:
- a) a summary of consultation responses;
 - b) a summary of stakeholders' views of our overall approach;
 - c) our reasoning for reaching decisions;
 - d) the final Licence;
 - e) the final BBC performance framework; and
 - f) the final operating framework procedures for setting and amending the Licence and the performance measures.

³ The BBC's promotion of its fifth public purpose, reflecting the UK to the world, will be achieved primarily through the BBC World Service and BBC Worldwide. The new Licence we are issuing today does not cover the BBC World Service; responsibility for setting a Licence for the BBC World Service lies with the BBC (clause 32 of the Agreement).

3. The Licence: summary of approach

Public purpose (1): Providing impartial news and information to help people understand and engage with the world around them

- 3.1 The BBC's provision of accurate and impartial news, current affairs and factual content plays a key role in helping ensure that UK citizens are well informed and able to participate actively in the world around them. The BBC is the most-used source of news in the UK. Audiences recognise it as a trusted brand providing reliable, high-quality information. Overall, respondents to our consultation agreed with the importance of safeguarding the provision and prominence of news, current affairs and information across the BBC's services. Some argued that the BBC should have a greater focus on international content beyond news coverage.
- 3.2 We have set clear objectives for the BBC's news provision. The BBC must provide a significant level of news, current affairs and factual programmes across its full range of services and platforms, and seek to reach and serve all audiences. Its news must be trusted and reliable, produced to the highest editorial standards. The BBC should also play an important role in showing UK audiences what is happening in the rest of the world. We are introducing an objective for the BBC to provide coverage of international themes.
- 3.3 It must also provide adequate links to third party online material, particularly within its news stories.
- 3.4 The BBC is operating in a rapidly evolving sector. Changing news habits means the BBC must respond to ensure it continues to reach all audiences.
- 3.5 The regulatory conditions we have set for the BBC under this public purpose include:
- a) increasing the previous requirements for current affairs on BBC One and BBC Two and news on BBC One where these requirements have been more than met in the past, to safeguard these important genres;
 - a) that during peak listening periods, Radio 2 will be required, for the first time, to air at least three hours of news and current affairs each week to ensure audiences continue to benefit from the BBC's news and current affairs output; and
 - b) a peak-time requirement for news on Radio 1 to ensure that the BBC continues to deliver news to large audiences of young listeners.

Public purpose (2): Supporting learning for people of all ages

- 3.6 The BBC plays a vital role in developing and providing content that encourages audiences of all ages to learn about different subjects, and broaden their horizons. Public purpose 2 tasks the BBC with helping people do this in ways *"they will find accessible, engaging, inspiring and challenging"*. Our research shows that education and learning programmes on television continue to be valued by audiences in the UK: over three-quarters of people

we surveyed thought it important that public service broadcasters showed history, science or arts programmes.

- 3.7 Respondents welcomed our proposal for increased quotas for drama and factual programmes on CBBC, alongside those for first-run UK originations on CBBC and CBeebies.
- 3.8 There were concerns that the BBC is not doing enough to support children's formal education in all parts of the UK. The BBC has acknowledged the need to tailor and update its offering for children. Its interim annual plan announced an additional £34m investment in children's services across the next three years, and a strategic shift to more digital content and further personalisation of their online services for children and young people.
- 3.9 Our Licence sets the BBC the objective of providing a broad range of content, widely available across its services, on subjects such as art, music, religion, science, nature, business and history. In light of consultation responses, we have also set an objective to provide programmes with an international focus. We expect the BBC to help both adults and children develop skills to explore and navigate the resources it offers, and to serve children of all ages, producing engaging and stimulating content for informal learning. The BBC must play an important role in education and learning in the UK through partnerships with educational, cultural and sporting organisations. It should share its expertise and resources, including its archive where appropriate, with specialist institutions for the benefit of UK audiences.
- 3.10 Regulatory conditions we have set for the BBC under this public purpose include:
- a) quotas for arts, music and religious programmes set at higher levels than in the past. These include at least 45 hours of arts and music programmes on BBC One and 175 hours on BBC Two; and at least 115 hours of religious programmes across the two channels combined. We have also set new requirements for some of these programmes to be in peak time;
 - b) increased quotas for drama and for factual programming on CBBC, including a requirement to show at least 400 hours – and CBeebies at least 100 hours – of brand new UK-commissioned programmes each year; and
 - c) a specific requirement on BBC Online to provide support for education in all parts of the United Kingdom.

Public purpose (3): Showing the most creative, highest quality and distinctive output and services

- 3.11 The BBC is a unique institution, able to offer a wide portfolio of recognisably distinctive and high-quality content across television, radio and online. The Charter and Agreement puts the need for the BBC to be creative and distinctive at its core, requiring the BBC to offer output and services that – taken as a whole – are substantially different to other comparable providers, across every UK public service and platform, both in peak time and overall.

- 3.12 Under Schedule 2 to the Agreement, Ofcom is responsible for setting regulatory conditions across the BBC services as a whole, and for specific individual services and key genres, to secure a more distinctive BBC. We have discharged this responsibility in our Licence.
- 3.13 To help frame these new requirements, we commissioned wide-ranging research to understand how audiences view the BBC's distinctiveness now, and what most matters to them.⁴ Audiences generally see the BBC's quality and range of output as "distinctive", and see the BBC as an organisation with a history, funding and remit setting it apart. However, the BBC was not generally seen as more creative and innovative than other broadcasters, especially by younger audiences; older people though were more likely to consider its output as sufficiently distinctive by virtue of its quality and reliability.
- 3.14 Some felt that the BBC is focused more on middle-aged and middle-class audiences, with less output suited to younger audiences, working-class people, and people from a minority background. Original UK output was seen as important. The quality and range of content on radio were seen as distinctive – more so than on television and online. However, some wanted more non-mainstream music on popular services, and more coverage of local issues. The quality and professionalism of the BBC's television services were seen as distinctive, as were the clarity and ease of use of the BBC's online services.
- 3.15 Responses to our consultation were generally supportive of the regulatory conditions we proposed, in particular the first-run UK originations quotas and the music output requirements on Radio 1 and Radio 2. Some expressed concern that regulation of distinctiveness could put pressure on the BBC to concentrate on areas where the market has failed and so reduce its broad appeal and reach. Some highlighted the importance of new formats and titles and said that first-run UK originations regulatory conditions alone would not guarantee this,⁵ while others made the point that long-running series can also be distinctive. Some argued for the retention of certain genre regulatory conditions or offered their own requirements for a range of services.
- 3.16 We have considered these responses carefully. Public purpose 3 lies at the core of the new Charter, and the majority of the regulatory conditions we are placing on the BBC across its services are designed to promote it. Many of our regulatory conditions for other public purposes will contribute to a more distinctive BBC – such as the delivery of news and current affairs, more commissioned children's content, and a higher proportion of programmes made in the nations and outside London. Taken together, they set a clear set of requirements that we expect the BBC not just to meet, but to surpass.
- 3.17 Under this public purpose, we are setting the BBC objectives explicitly to ensure a range of programmes are provided across its television services, and to secure the amount and prominence of genres identified as being at risk or in decline across public service broadcasting in the UK. On radio, the BBC should ensure its portfolio of stations offers the broadest variety of output, and that the range of music on its most popular radio services

⁴ <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/tv-research/bbc-distinctiveness-report>

⁵ First-run UK originations are programmes which are commissioned by or for a BBC television service and have not previously been shown on television in the UK.

is broader than that of comparable providers. As a result of our consultation, we have included a specific objective for the BBC to focus on innovation and creative risk-taking through the commissioning and scheduling of new titles. We also expect to see output commissioned from a wide range of independent producers, to ensure a range of voices and ideas are reflected across its services.

- 3.18 Our regulatory conditions under this public purpose particularly emphasise new and original content, and include:
- a) increased requirements for original productions on BBC One, BBC Two, CBBC and BBC Four. At least 75% of all hours on BBC One must be original productions, and 90% in peak time. We are also introducing a new requirement that 75% of programmes on BBC Alba must be original productions. Our research shows that original, UK-commissioned content is important to audiences and that they expect it from the BBC;
 - b) new requirements to secure the BBC's investment in brand new programmes and ensure they are available to the largest audiences. BBC One and BBC Two will be required to broadcast 4,000 and 2,200 hours of first-run UK originations respectively;
 - c) a regulatory condition to safeguard the provision of comedy on BBC One and BBC Two for the first time;
 - d) new requirements on both Radio 1 and Radio 2 to play a broader range of music than comparable commercial stations and more music from new and emerging UK artists; and
 - e) a requirement on Radio 1 to offer a minimum number of major social action campaigns each year.
- 3.19 We want the BBC to set out clearly in its annual plan and creative remit each year how it will secure the provision of distinctive output and services, and how every UK public service will contribute to this delivery. Distinctiveness will also be at the core of how we measure performance. Our new BBC performance tracker will have a section dedicated to exploring audiences' views on the distinctiveness of the BBC services they use.

Public purpose (4): Reflecting, representing and serving the diverse communities of all of the United Kingdom's nations and regions and, in doing so, supporting the creative economy across the United Kingdom

- 3.20 Everyone in the UK – from all backgrounds and parts of the country – has a stake in the BBC. The BBC must reflect the diversity of the UK population as a whole. Ofcom's audience research suggests that the BBC is not adequately reflecting and portraying some groups, and it does not reach or serve some audiences particularly well. Public purpose 4 requires the BBC to *"reflect the diversity of the United Kingdom both in its output and services. In doing so, the BBC should accurately and authentically represent and portray the lives of the*

people of the United Kingdom today, and raise awareness of the different cultures and alternative viewpoints that make up its society.”

Diversity, audience portrayal and representation

- 3.21 We have set four objectives for the BBC in relation to the diversity aspect of this public purpose. Among these is an objective for the BBC to reflect the diversity of the UK’s different communities appropriately in its output and services. This should include age, disability, gender reassignment, race, religion and belief, sex, sexual orientation and socioeconomic background. It must also accurately represent and authentically portray the diverse communities of the whole of the UK. We recognise the widely-expressed view that the BBC should do more to improve how people are reflected on-screen and on-air.
- 3.22 We agree with the view expressed by many consultation respondents that the BBC still has significant progress to make in improving diversity among its employees. In our September 2017 report *Diversity and Equal Opportunities in Television*, we said that, given the BBC’s size and scale, it should lead the way and set an example to others across the board.
- 3.23 We considered a wide range of views from respondents. These included calls to set workforce diversity targets for the BBC, and to ring-fence funding for productions defined as diverse. After carefully considering all responses, we have decided to further increase the number and range of measures to ensure the BBC fulfils its obligations in relation to diversity.
- 3.24 Regulatory conditions we have set for the BBC under this public purpose include the following:
- a) we will ensure the BBC is publicly accountable for achieving its workforce diversity targets. Since the publication of our draft Licence, the new BBC Board has affirmed targets for the diversity of its employees.⁶ It must now report in detail to Ofcom each year on its progress towards achieving these targets. High levels of transparency and accountability are essential to achieve positive change in this area. The BBC must report on the age, disability, gender reassignment, race, religion and belief, sex, sexual orientation and socioeconomic background of its employees;⁷
 - b) the BBC has diversity targets for on-screen and on-air representation, which cover the number and type of roles taken by women; by people from a minority background; and by disabled people. We are requiring the BBC to measure and report to Ofcom every year on its on-screen and on-air diversity, so Ofcom and the public can scrutinise its performance and assess whether it is making sufficient progress and whether audiences are satisfied. This includes how the BBC represents, portrays and serves diverse audiences; how the BBC reflects the whole of the UK population on-screen and on-air, with particular regard to first-run programmes; and how the BBC raises

⁶ The BBC’s workforce targets for 2020 cover the proportion of all staff and leadership who are women (50%); who have a disability (8%); who are from a black, Asian and minority ethnic group (15%); and who are LGBT (8%).

⁷ We are requiring the BBC to report on the diversity of all staff who are employed in connection with the provision of the UK Public Services. This will exclude BBC World Service and commercial services employee data.

awareness of different cultures and viewpoints. If audiences are dissatisfied, the BBC must explain and put in place measures on how it will improve;

- c) the BBC must put in place a new commissioning Code of Practice for diversity, approved by us, by April 2018. This will ensure that consideration of on- and off-screen diversity is embedded in the commissioning process, requiring commissioners and producers to demonstrate how their programmes reflect different groups. In particular, the Code must set out the BBC's steps in respect of on-screen portrayal and casting, and workforce diversity, when commissioning and producing content. Once in place, the Code will apply to all commissions – whether produced by the BBC in-house or externally, including BBC Studios. The Code of Practice will help to integrate diversity into the programme-making process, and push the wider industry to improve how it reflects society.

- 3.25 We are also announcing an in-depth review of how different audiences are represented and portrayed on the BBC. All audiences should feel that the BBC offers something for them, but our research shows that several groups feel that it does not adequately represent their interests or lives. This is our first ad hoc review of the BBC. It will ask what audiences expect from the BBC, to understand whether it reflects and portrays the lives of all people across the whole of the UK, ranging from younger and older audiences to diverse communities.

Nations and regions

- 3.26 Public purpose 4 places a responsibility on the BBC to deliver content that meets the needs of all audiences across the UK. Two main areas of the public purpose are for the BBC to provide *“output and services that meet the needs of the United Kingdom’s nations, regions and communities”* and to *“invest in the creative economies of each of the nations and contribute to their development”*.
- 3.27 Our Public Service Broadcasting 2017 report shows that audiences across the UK do not always feel that portrayal of the nations and regions is delivered fairly by public service broadcasters as a whole, including the BBC. Our 2015 Public Service Broadcasting review also found that audiences in the devolved nations felt under-represented compared to audiences in England.
- 3.28 In securing the BBC's delivery across the nations and regions, we have considered our previous research and the BBC's past performance. We have also considered audience and stakeholder views which suggest that there is scope for the BBC to improve how it meets the needs of all the people of the UK.
- 3.29 We have set objectives for the BBC in relation to the nations and regions. It must accurately represent and authentically portray all audience groups. It must also distribute its production resources and support creative industries across the UK.
- 3.30 Overall, respondents agreed with our approach to provide greater focus on production in each nation of the UK, and guaranteed levels of programmes for the nations. Several responses suggested we should introduce further requirements, particularly for television

genres and radio in the nations. However, some respondents, including the BBC, suggested individual production hours quotas for each nation would restrict the BBC's creative freedom, harming programme quality.

3.31 We have taken account of all these views on our detailed proposals. We remain clear that, for the BBC to better serve and reflect the diverse communities of the UK's nations and regions, more of the programmes it makes need to be made in those areas. Our approach is to provide a greater focus on production in each nation of the UK, and on guaranteed levels of programmes for the nations and regions. We expect the BBC to build on what it already does, and make more programmes outside of London. It should reflect life and attitudes in all parts of the UK, and contribute towards sustainable creative economies beyond London.

3.32 Regulatory conditions we have set for the BBC under this public purpose include that:

- a) the BBC must spend the same on programmes broadly per head, in England, Scotland, Wales and Northern Ireland, as well as ensuring that at least half of all qualifying network productions are made outside of London;⁸
- b) we have set the minimum hours of qualifying network programmes that must be made in each nation at 30% for England (outside the M25); 8% for Scotland; 4% for Wales (moving to 5% from 2022); and 2% for Northern Ireland (moving to 3% from mid-charter);
- c) we have set minimum levels for spending on qualifying network production in each nation at 28% for England outside the M25 (moving to 30% from 2020), 8% for Scotland, 5% for Wales and 3% for Northern Ireland. Although we recognise the BBC's concerns, we think this is an important guarantee for creative economies and audiences across the UK. There will be flexibility for the BBC to propose a focus on high cost productions in one nation, which we could consider and consult on as appropriate;
- d) on the nations' versions of BBC One, the BBC must provide in Scotland a minimum of 290 hours of news and current affairs (the previous requirement was 265 hours); in Wales at least 275 hours (the previous requirement was 250 hours), and in Northern Ireland at least 310 hours (the previous requirement was 280 hours).

3.33 We are also setting new regulatory conditions to ensure the BBC delivers a suitable range of programming for audiences in the nations and regions; on the provision of news on local radio stations; and relating to online news, information, sport and language requirements for the nations and the English regions. We will review our Made Outside of London guidance on regional productions. The guidance is intended to help ensure that programme-making that qualifies towards the relevant nations, or outside the M25 quotas, supports and strengthens production in the UK's nations and regions. We will assess whether our guidance for broadcasters on how to comply with their national and regional

⁸ For further information on qualifying network productions, please see Ofcom's guidance at https://www.ofcom.org.uk/data/assets/pdf_file/0019/87040/Regional-production-and-regional-programme-definitions.pdf.

programme-making and programming requirements require change. We have begun engaging with industry to start building the evidence base for the review, and have today confirmed that we will launch a call for evidence in the first quarter of 2018.

Scrutinising the BBC's performance

- 3.34 The regulatory conditions we have set for the BBC in the Licence are central to ensuring that the BBC fulfils its public purposes and meets the expectations of audiences. However, they are only part of how we will hold the BBC to account for delivery. The Charter and Agreement allow Ofcom to establish performance measures separate from the BBC's own, reporting annually on the BBC's performance and conducting in-depth reviews of any issues of concern.
- 3.35 This will ensure that our approach to holding the BBC to account is founded on clear evidence. The BBC is required by the new Charter to establish its own performance measures, as it has in the past, and we will take account of the BBC's data in our work. However, it is important that our performance measures also stand alone: a credible regulatory regime must have access to an independent evidence base.
- 3.36 In our consultation, we proposed a performance measurement framework designed to give Ofcom – and audiences – a detailed and comprehensive picture of how the BBC delivers the mission and public purposes through its UK public services. These performance measures would look at the content the BBC creates, how it reaches audiences, levels of investment, audience consumption and the impact this content has on audiences.
- 3.37 The approach we took in the consultation received broad support from those responding. We will focus our performance measures on individual services, groups of services or the BBC's overall output, depending on what is most appropriate. We will use a broad range of data sources to do this, such as existing industry standards like BARB and RAJAR as well as BBC-supplied schedule and financial data. We will also generate our own data through audience research, including a new BBC performance tracker which emphasises the views of a range of audiences about the BBC overall, including how far audiences feel that the BBC serves "people like me". Annex 5 sets out the data sources and specific performance measures we will use to monitor the BBC's performance.
- 3.38 Taken together, this work will give us a detailed, developing picture of what audiences think, and how the BBC is delivering the mission and public purposes. It will be used to support our annual reporting, periodic reviews, and any additional reviews we launch over the Charter period. It will act as an early warning sign for areas of potential underperformance by the BBC, and allow us to respond to that. If, for example, we see evidence of declining performance or audience satisfaction, we could act to impose or vary regulatory conditions, or launch an in-depth review. We will refine and adjust our performance measures over time, to ensure that we are capturing audience and stakeholder concerns across the Charter period.

Next steps and Ofcom's ongoing role

- 3.39 The regulatory conditions in the Licence will come into effect on 1 January 2018, with some requirements applying from 1 April 2018. We have already begun our work on monitoring the BBC's performance, and our first set of performance information will be published in Autumn 2018.
- 3.40 This Statement puts in place the final piece of Ofcom's overall framework for regulating the BBC. We have already published rules and procedures covering our other new responsibilities:
- a) Broadcasting standards. Ofcom now has regulatory responsibility for content standards on BBC broadcasting and on-demand programme services including, for the first time, for the accuracy and impartiality of BBC news and current affairs programmes. In March, we updated the rules in our Broadcasting Code to reflect these new responsibilities and set out procedures for handling complaints. Viewers and listeners should be able to trust what they see and hear. They should know that steps have been taken to avoid unjustified offence, and that protection from harmful content is in place; and
 - b) Fair and effective competition. As a publicly-funded corporation, and the most-used media organisation in the UK, the BBC occupies a unique position. Ofcom is responsible for assessing the effect of the BBC's activities on audiences and the UK media sector, and setting rules as to how the BBC should behave. Fair and effective competition can benefit viewers, listeners and users. It can increase choice and stimulate investment and innovation – ensuring the provision of a wide range of high-quality and varied programmes, and different ways to access them. Where the BBC proposes to launch or significantly vary its services in a way that could harm competition or choice, then we can step in.
- 3.41 We will publish our first, formal annual report on how we have carried out our BBC functions, including an assessment of the BBC's compliance with the regulation conditions in the Licence, after we have received the BBC's annual report for 2017/18. This will continue annually, until the mid-Charter review and beyond.
- 3.42 Our approach to regulating the BBC is designed to fulfil the vision articulated in the Government's White Paper and the new Charter: a strong, distinctive, independent BBC held to account by a strong, independent regulator. We have set out to create a framework that stretches the BBC and incentivises it to continually improve, balancing creative freedom with accountability for delivering its mission.
- 3.43 A world-class broadcaster must constantly challenge itself to deliver for all its audiences, and we will support that through robust, independent challenge and scrutiny. We will not accept falling standards on the BBC's output and services. If the BBC falls short, we will step in for audiences. The Charter and Agreement give us the responsibility, backed by the

powers to impose further regulatory conditions, and sanctions including fines.⁹ Through our programme of performance measurement and scrutiny of the BBC, we will track its performance and report transparently on it; and if necessary we will use the powers that we have been given to ensure that the BBC delivers for viewers, listeners and users across the UK.

⁹ Ofcom passes any sums that it receives in payment of a financial penalty to HM Treasury.