

Ofcom's annual report on the BBC



Published 24 October 2019

[Welsh version available](#)

Overview

This is Ofcom's second annual report on the BBC,¹ covering April 2018 to March 2019. The BBC has a broad remit in its Royal Charter² to inform, educate and entertain the public, and to support the creative economy across the UK. Ofcom's role is to support a thriving and diverse broadcasting sector in the UK by ensuring that each of the public service broadcasters ('PSBs'), including the BBC, delivers on their remit, that the PSB system continues to deliver benefits to UK audiences and can evolve in a flexible and sustainable way.

The BBC Board is responsible for ensuring that the BBC delivers its Mission and Public Purposes set out in the Royal Charter. Ofcom's role is to hold the BBC to account on behalf of audiences by providing robust, fair and independent regulation. We do this by assessing the BBC's performance in delivering its Mission and Public Purposes, protecting fair and effective competition within the areas in which it operates, and securing editorial standards in BBC programmes. 2018/19 is our first full³ year of reporting on how the BBC has met its requirements in its Operating Licence.

This report finds that the BBC is broadly delivering on its remit. In particular, it continues to provide a significant volume of news and current affairs, a wide range of learning and educational content, as well as high-quality, distinctive and creative content for all audiences across its mainstream and specialist services. The BBC continues to produce content that attracts big audiences, with large numbers of people tuning in for coverage of the 2018 FIFA World Cup and BBC Parliament's live coverage of the UK Parliament's meaningful votes on Brexit. *Bodyguard* set new records for BBC iPlayer with large audiences catching up using the platform. Audience satisfaction continues to be relatively high and compares well with other public service broadcasters and commercial radio stations, with around three-quarters of audiences satisfied with BBC radio and online, and two-thirds satisfied with BBC TV.

Last year, we voiced a number of concerns on behalf of audiences: that the BBC should take significant further steps to engage young people; that it should continue to improve how it represents and portrays the whole of UK society; that it should embed transparency into its working practices and that it should maintain its commitment to new original UK programmes. The findings of our second report, and what audiences have told us, show that these concerns remain.

We consider that the BBC has taken some steps to address these issues, for example, launching BBC Sounds, making changes to the BBC iPlayer, and experimenting with how it releases its content, to help to reach younger audiences. It has a number of positive initiatives in place to improve diversity including the recent appointment of June Sarpong as the BBC's first Director of Cultural Diversity, with a remit to improve the diversity of the BBC's on-air talent portrayal and commissioning, and the 50:50 initiative to increase the proportion of female guests, contributors and experts across news, current affairs and other topical programmes. We note that spend on original content has increased slightly after several years of decline. However, it is not clear to us, nor will it be to the public, how these initiatives all fit together to form a coherent plan to tackle the concerns that we raised,

particularly when any positive effects of these initiatives will take time to feed through to audiences. For example, in the case of the iPlayer, its move from primarily being a catch-up service to a streaming service has not yet come into effect, and we understand is subject to ongoing negotiation with rights-holders.

In the absence of a clearly articulated and transparent plan it is difficult for us to judge how much progress is being made and whether these steps will be far reaching enough to deliver substantive progress for audiences in these key areas. We expect the BBC to now set out publicly its plan for addressing these recurring themes: engagement with young people; representation and portrayal; commitment to transparency; and commitment to new original UK programmes, as well as how it will engage with the recommendations of review of news and current affairs. This will enable audiences to see for themselves, and for us to be able to judge, whether the BBC is taking appropriate steps. This will also benefit the BBC, as we will not need to add conditions into the BBC's Operating Licence in order to ensure progress is made.

We have therefore written to the Director General alongside this report, calling on him to make clear through the BBC's next annual plan and budget setting process how the BBC intends to respond to these concerns and the specific issues that we have raised. We have asked the BBC to set out for the public a clearly articulated plan for making and then tracking progress in these areas by the end of March 2020. If we do not see transparent signs of progress, we will step in and place additional conditions on the BBC.

This report first sets out the challenges facing the BBC and the wider PSB system in the face of rapidly changing consumption habits, particularly among younger audiences, and significant changes in the market. This report precedes our wide-ranging review of Public Service Broadcasting (Small Screen: Big Debate). We then focus on our main findings and how the BBC has responded to the four areas of concern that we outlined last year, as well as the key conclusions from our review of the BBC's news and current affairs. The remainder of the report assesses the BBC's performance in delivering its Mission and Public Purposes, and how we have delivered our duties to protect fair and effective competition and secure editorial standards in BBC programmes.

Our main conclusions

The BBC is reaching fewer people through each of its TV, radio and main online services, but it still plays a central role in audiences' media and news consumption. The BBC is generally delivering on its remit for audiences through the breadth and quality of its output across its many services. It provides a significant volume of news and current affairs, a wide range of learning and educational content, as well as high-quality distinctive and creative content for all audiences across its mainstream and specialist services.

Like all PSBs, the BBC is vulnerable to the rapidly changing media landscape, particularly in its struggle to attract and retain younger audiences. Unless it can address this, its ability to deliver its Mission and Public Purposes to the same level in future will be at risk. The BBC has made changes to its services and its content to attempt to address the issue. These include the launch of BBC Sounds, changes to the BBC iPlayer and putting more BBC Three content onto BBC One. However, time spent with the BBC by younger audiences across TV, radio and the BBC's main online sites has declined further in 2018/19. Our review of the BBC's news and current affairs output also suggests that the BBC is struggling to engage younger audiences with news and current affairs, particularly online. If the BBC can't engage young audiences with its content, it risks losing a generation of viewers. If young people don't consider the BBC as a core part of their viewing, then it may be hard to encourage them to pay the licence fee which will have significant implications for the BBC's revenue and its ability to deliver its Mission and Public Purposes.

We are concerned with how the BBC is delivering against its requirements on diversity. This is a critical area for the BBC's success. It needs a robust plan in place to track how improvements are delivered. We acknowledge that the BBC leads the way in collecting diversity workforce data and has a number of initiatives in place to improve diversity. However, our research shows that certain groups continue to be dissatisfied with how they are represented and portrayed by the BBC. The BBC should set out what it is doing to reach these groups. The BBC needs to set out in more detail what its plan is for improving representation and portrayal of the whole of UK society, including how it is responding to the specific findings of our review of last year. We have concerns about the quality and level of detail in its reporting to us on diversity. We will also be looking at how we can bring more clarity to the visibility of diversity in production following the merger of BBC Worldwide and BBC Studios.

The BBC's editorial complaints process lacks transparency. We consider that the way in which the BBC has handled the recent Naga Munchetty case highlights that it should provide more transparency on the reasons for its findings on compliance with its Editorial Guidelines which reflect the Ofcom Broadcasting Code. We will be addressing the BBC's lack of transparency in this area as a matter of urgency.


The BBC needs to be much more open to engagement with third parties potentially impacted by changes to licence-fee funded services. We have again found this year examples of where the BBC has not sufficiently taken account of the need for external engagement to assess fully the implications of its changes on the broadcasting sector. Active engagement with the industry on proposed changes to BBC services will allow the BBC to deliver its duty to seek to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and Public Purposes. This will help it to understand more clearly the potential impact that its activities might have on competition and audiences.

We have conducted an in-depth review of the BBC's news and current affairs output, making recommendations based on what audiences have told us. Despite an uncertain political environment, the BBC remains the UK's primary source for news and has maintained its reputation for trusted and accurate reporting. On the BBC's impartiality, people's views are shaped by a range of factors, with only some relating directly to its news and current affairs content. However, audiences value the calibre of the BBC's journalism and this should give the BBC confidence to be bolder in its approach. With its unparalleled newsgathering resources, the BBC should also better represent the whole of the UK with authentic news and current affairs content that feels relevant and engaging to all audiences. Finally, in relation to online provision, BBC News needs to do more to stand out or risk losing its reputation and status as a trusted voice. It should publish the steps it is taking to help all audiences – especially younger people – to understand and engage with the world around them.

We will launch a review of BBC Studios. We will look at the boundary between the BBC's public and commercial services. As part of the review, we will be considering whether the BBC's changes to its lines of business within BBC Studios provide sufficient transparency for stakeholders and for Ofcom.

Contents

Overview	1
The BBC and public service broadcasting.....	6
Main findings	9
The BBC's performance.....	28
The BBC's impact on competition.....	42
The BBC's content standards	48
End notes	54



The BBC and public service broadcasting

The future resilience of public service broadcasting

The BBC and other public service broadcasters (PSBs) are facing challenges that may undermine their ability to deliver against their remits. As we have reported over recent years,⁴ these challenges come from a combination of falling audience reach, particularly among younger people, growing competition from well-funded on-demand broadcasters, and increasing pressure on revenues.

We set out in July⁵ our assessment that, although the PSBs' programmes remain popular with audiences and still account for around half of all viewing on the TV set, the broadcasting landscape is undergoing rapid structural change. This change has benefited audiences greatly: they have much more choice of high-quality content and can now get it from a much broader set of sources. However, at the same time, it has created a challenge for the current PSB system and its future resilience. If the current trends continue, the system will need to change to survive.

Small Screen: Big Debate

We are starting a nationwide debate on the future of public service media, **Small Screen: Big Debate**

At the end of this year, we will publish our assessment of how the public service broadcasters have fulfilled the statutory PSB purposes over the last five years. This will provide context to explore the fundamental questions about the future of PSB:

How will UK media markets evolve over the next 5-10 years?

- What should PSB deliver?
- Is PSB sustainable?
- How should regulation support this?

We are talking to industry about their initial views on these questions, but we want to listen to a diverse range of voices and new ideas, especially from viewers and listeners. We will set out more details alongside the performance assessment. We will then consult on our emerging conclusions next summer before making recommendations to government.

More information on our plans for **Small Screen: Big Debate** work programme and opportunity to provide feedback can be found [on the Ofcom website](#).

While the BBC is partially shielded from these developments by guaranteed income from the BBC licence fee, this income is lower this year because of the BBC's responsibility for taking over the funding of the over-75s licence fee concession. The BBC also sold 37,000 fewer TV licences in 2018/19, the first decrease in a decade.⁶ The cost of making programmes is also increasing, with global spending on some genres, particularly scripted drama, rising to unprecedented levels.

Some of the challenges facing the BBC are not unique to it and have relevance across all PSBs. However, the BBC is at the core of public service broadcasting in the UK, with the largest number of PSB services, the biggest spend and the widest reach.⁷ Its Mission and Public Purposes (see summary in box right) are aligned with the purposes of public service broadcasting. Even though the BBC's reach and consumption have been falling on each of its TV, radio and main online services, people's feelings about the importance of the BBC have increased. Our research shows that almost three quarters of adults feel it's societally important that the BBC provides each purpose.⁸ We have a responsibility to look at how the BBC is adapting to the changing market and staying relevant to all audiences, particularly in engaging and retaining young people.

The priority for the BBC, must be to ensure the continued delivery of its Mission and Public Purposes in the face of rapidly changing consumption habits. It will need to ensure that it continues to make engaging, entertaining content that people want to watch, and, importantly, makes it available in places where they want to watch it, not just where the BBC has traditionally or historically broadcast them. Key to this will be its use of, and the success of, BBC iPlayer and BBC Sounds, as well as an innovative distribution

strategy to deliver content to people when and where they want it. To underpin this, we have required the BBC to set performance measures to assess the performance of BBC iPlayer in fulfilling the Mission and promoting the Public Purposes which will be reported against in its annual report.

The BBC's Public Purposes

The Charter sets out the Public Purposes the BBC promotes:

Public Purpose 1: To provide impartial news and information to help people understand and engage with the world around them.

Public Purpose 2: To support learning for people of all ages.

Public Purpose 3: To show the most creative, highest quality and distinctive output and services.

Public Purpose 4: To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom.

Note: The BBC's fifth Public Purpose *to reflect the United Kingdom, its culture and values to the world* is outside of Ofcom regulatory role. It lies with the BBC to set the licence for the BBC World Service (clause 32 of the Agreement).

Reaching and retaining younger audiences is key to sustainability

We highlighted last year and do so again in this report (in particular see page 10), that the challenge the BBC faces across all platforms is particularly acute among young people.

To ensure its future resilience amid unprecedented choice for audiences, the BBC needs to make content that is relevant and appealing to younger audiences, so they build a connection with the BBC's services. If people don't consider the BBC as a core part of their viewing, then it will be hard to encourage them to pay the licence fee in years to come, and public support for the licence fee could become eroded. This is a direct threat to the BBC's ability to continue to deliver its Mission and Public Purposes.

Our ongoing work (including our review of the BBC's news and current affairs, our review of representation and portrayal and our assessment of the BBC's proposals for the BBC iPlayer) highlights some of the challenges that the BBC is facing in engaging younger people. When developing its proposals for the BBC iPlayer, the BBC presented research which showed that 16-34s, including heavy users, consistently perceived BBC iPlayer as not being a service 'for them', that the content 'was for older audiences' and 'lacked variety'.⁹ When asked as part of our review of the BBC's news and current affairs, younger people questioned how far BBC news coverage was 'talking to me'. They typically saw the BBC's news provision as 'dry and boring', and not always reflecting their interests. Some also told us that the BBC's online news struggled to stand out from the range of news options available to them.

The issue of retaining relevance among younger audiences is common across PSBs. All are reaching fewer 16-24 year olds, with Channel 4 and Channel 5 losing viewers at a

greater rate than the BBC and ITV.¹⁰

Therefore, we will commission specific research as part of Small Screen: Big Debate to understand what audiences in this age range think about different types of content and institutions, and which aspects they value.

Some audiences are turning away because they don't see themselves on the BBC

Last year's report on representation and portrayal showed that certain groups felt that they had been underrepresented or inauthentically portrayed by the BBC and had similar feelings about the other PSBs.¹¹ This year, our research has found similar opinions. Audiences tend to connect more strongly with programmes that reflect aspects of their identities or their lives and are finding more content like that outside the PSBs: online, on subscription video on demand (SVoD) services and from other broadcasters.¹²



Main findings

We want the BBC Board to set out clearly how it is going to address the issues that we have identified in this report

Alongside last year's report, we wrote to the BBC outlining four areas where it needed to do better.¹³ We have kept these four areas under close review, as well as looking at the BBC's wider performance against its Mission and Public Purposes and regulatory requirements in 2018/19. We set out our view of its progress in this section, as well as summarising the main findings of our review of the BBC's news and current affairs.

We expect the BBC to set out how it is going to respond to these findings:

The BBC has not explained clearly how it has satisfactorily acted on the concerns that we raised on behalf of audiences last year. This makes it difficult for us to judge how the measures that the BBC has put in place have contributed. We now want the BBC to establish a clear and ambitious plan to tackle these issues, and how the measures it has already, or will, put in place deliver progress.

We set out below that:

- **The BBC will face a threat to its future sustainability if it cannot engage young people sufficiently. This will undermine the BBC's ability to fund content to deliver its Mission and Public Purposes.**
- **We have an overall concern with how the BBC is delivering against requirements on diversity, and how it is reporting to us. This is a critical area for the BBC's success. It needs a robust and transparent plan in place for how it aims to deliver these improvements.**
- **It should set out how it will improve its representation and portrayal of the whole of UK society including how it is responding to the specific findings of our review of last year. It should also be clearer about identifying groups that are less satisfied and set out what it is doing for them.**
- **There is a lack of transparency in the way the BBC releases and explains its decisions on compliance with the Broadcasting Code.**
- **The BBC should be much more open to engagement with third parties potentially impacted changes to licence-fee funded services. This will make the regulatory process more efficient and enable the BBC to adapt proposals to take account of the impact on competition.**
- **We will be asking the BBC to explain the steps that it is taking in response to our recommendations in our review of the BBC's news and current affairs.**

We have written to the Director General today to set out our main findings, as detailed in this report. We will liaise with him over the next few months on our concerns so that he can ensure that they are fully taken account of by the BBC Board. We expect to see a clearly articulated plan to address those areas that continue to raise concerns in the BBC's annual plan and budget setting process for 2020/21, published at the end of March 2020. To reinforce this for subsequent years, we will consult on a new Operating Licence condition requiring the BBC to respond formally to our annual report through its annual plan process.

Take significant further steps to engage young people

The BBC continues to struggle to retain younger audiences. In 2018/19 its reach continued to decrease across TV, radio and its main BBC online sites. It is vital that the BBC produces distinctive, innovative content that reaches and appeals to younger audiences and makes it available where they want to find it.

If younger audiences don't engage with the BBC, then public support for the licence fee in future could be eroded. This will undermine the BBC's ability to fund content to deliver its Mission and Public Purposes. We believe this is a significant risk to the future sustainability of the BBC. We will be looking specifically at this issue in Small Screen: Big Debate.

We highlighted last year that young people are critical to the future success of the BBC, but that they are watching less and less live TV. As described above, this is now clearly a well-established trend and one facing all content providers trying to engage with young people. For all public service broadcasters,

attracting and retaining younger audiences is now a critical challenge to their future sustainability. The BBC risks a lost generation of viewers unless it can reverse this decline.

The BBC acknowledges that it faces a challenge and is making changes to its services and content to try to address the issue

We said last year that the BBC needs to find new ways of reaching younger people in ways that reflect their consumption habits.¹⁴ The BBC acknowledged in its Public Interest Test on changes to the BBC iPlayer (see below), that it is struggling to engage and retain younger audiences. Unlike previous generations, the BBC is no longer seeing younger audiences coming back to it but instead they are transitioning their viewing to SVoDs. It said that unless it can do 'something to make our offer more relevant to our audiences, over time this may lead to people turning away from the BBC for good, challenging the core purpose of the BBC to provide a universal service'.¹⁵

In response to this, the BBC, like all broadcasters, has some content initiatives in place and is making changes to its services to adapt to changing viewing behaviours and to attract younger viewers who are using SVoD services. We have approved the BBC's proposals to make content available on the BBC iPlayer for longer. It has launched the BBC Sounds app as a route to serve younger listeners better with audio content.¹⁶ It is also innovating with how it releases its content and is making BBC Three content more prominent on BBC iPlayer. For example, all of the episodes of series 1 (2018) and series 2 (2019) of *Killing Eve* were made available on BBC iPlayer immediately after the first episode of the series was shown on BBC One. It has added *Ru Paul's Drag Race UK* to BBC

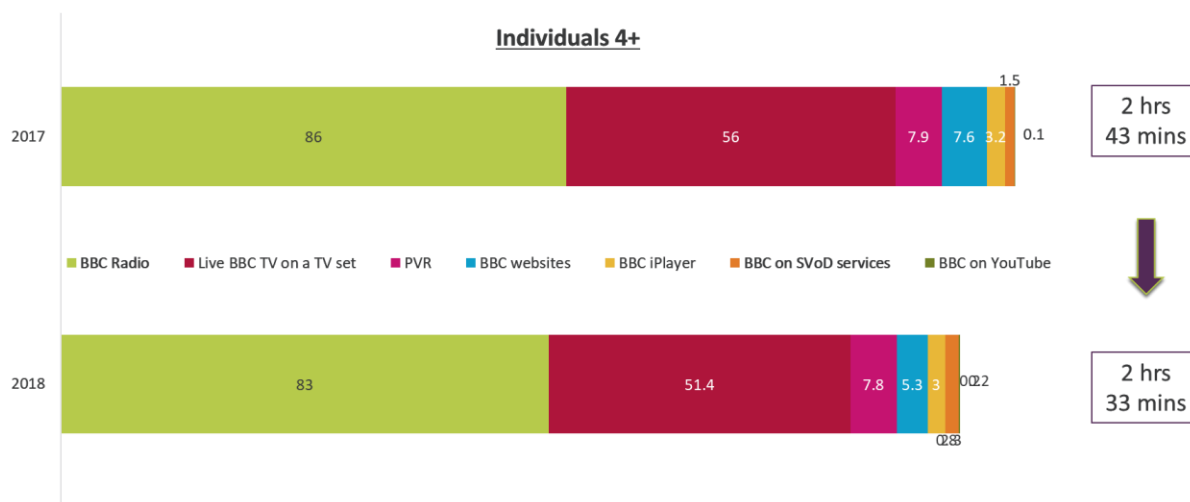
Three at a scheduled time each week to help drive young people to BBC iPlayer and create a shared moment online. Allied to this, the BBC has introduced a dedicated BBC Three 'rail' onto BBC iPlayer.

As well as commissioning specific programmes aimed at young people, the BBC is also seeking to make its long-running programmes more attractive to young people through storylines it thinks will resonate with them and ensuring young people are represented better on screen. The BBC also

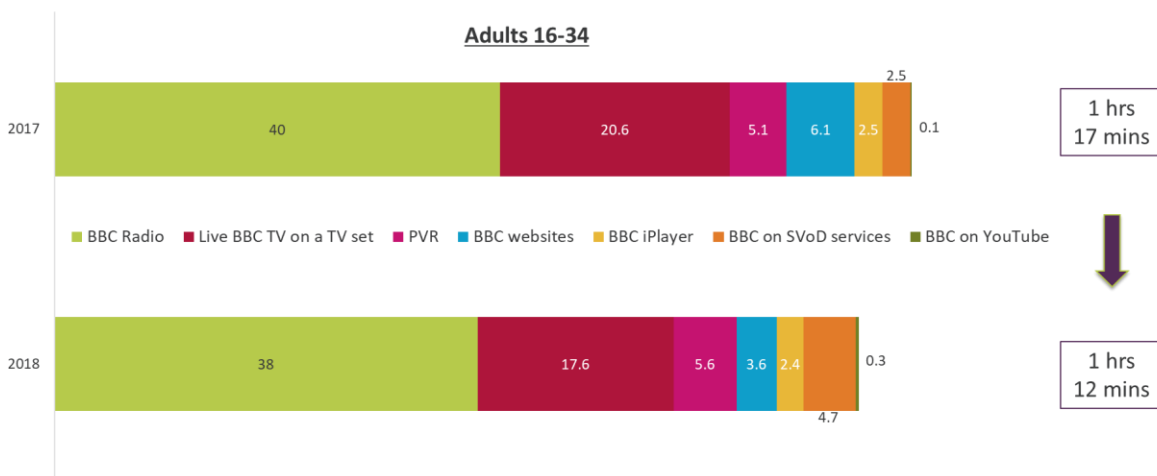
began broadcasting BBC Three programmes on BBC One at 10.35pm three nights a week. However, in 2018/19 only one BBC Three at 10:35pm title, *Abused by My Girlfriend*, achieved a higher share than the timeslot average for 16-24 year olds (25% share of the 16-24-year-old viewing; compared to the timeslot average of 16%). Among 16-34 year olds its share of audience was 29%.¹⁷

Distinctive content that appeals is key to engaging young people. *Doctor Who*, *The Apprentice*, *Bodyguard* and *Dynasties* are all

Estimated total BBC minutes per day, all individuals: 2017 v 2018



Estimated total BBC minutes per day, 16-34: 2017 v 2018



Sources and modelling from BARB, BARB TV player reports, RAJAR, comScore, GfK SVOD data and Touchpoints for modelling of PVR versus BBC iPlayer and estimation of BBC podcasts

examples of programmes that were watched on BBC One by large numbers of 16-24 year olds.¹⁸

The BBC's annual plan 2019/20 also sets out targets for measuring engagement and satisfaction levels. These include new targets for 16-34 year olds to spend 6-7 hours with the BBC each week, and 90% of under-35s to sign in to one of their online products at least once a week by 2021/22. We will be monitoring its reporting of progress against these targets. To understand what younger people who are less engaged with the BBC want, the BBC looks regularly at TV, audio and online data and gathers audience opinions. It also uses its 'Next Generation' sub-committee, made up of young BBC employees, to help inform the BBC's actions and ideas to reach young people.

Time spent with the BBC by younger audiences has declined further

The BBC's reach among younger people continued to decline during 2018 as did time spent. People aged 16-34 are now spending one hour 12 minutes with the BBC per day (see chart, page 11), which is about half the amount of time that all individuals spend with the BBC, at two hours 33 minutes per day.¹⁹ For the first time, the average weekly reach of all BBC TV channels fell below 50% among 16-24 year olds. For men aged 16-24 it is even lower, at 46%.

BBC Three, the BBC's younger orientated channel, has seen its reach halve since moving online compared to its last full year of broadcasting.²⁰ In contrast, ITV has had some success in retaining young audiences, especially through content on its broadcast channel ITV2.²¹ However the BBC has reported an increase in the number of requests for BBC Three programmes on BBC

iPlayer for all audiences compared to the same period last year.²²

Data also shows (see chart, page 12) that 16-34 year olds, are more likely to watch BBC content on SVoD services rather than through BBC iPlayer (4.7mins per day of BBC content on SVoD compared to 2.5mins per day on BBC iPlayer for 16-34 year olds), suggesting that ensuring BBC content is made widely available on services they are already accessing is key to reaching this group.²³

Netflix reaches almost two thirds of 15-24 year olds each week and YouTube 42% while the BBC iPlayer reaches just 26% of this age group, down from 28% in 2017. The audience profiles of the top 10 most used VoD services show that YouTube has the youngest audience (27% aged 15-24) followed by Netflix (23%) and then All4 (20%). BBC iPlayer's weekly audience has an older skew with just 12% aged 15-24.²⁴

Live BBC Radio reaches about half of 15-24 year olds, compared to eight out of ten for all radio.²⁵ In contrast, national commercial stations are growing among younger listeners by maximising existing brands and adopting a playlist-style format.²⁶

BBC Sounds was launched with an aim of attracting a younger audience to live and on-demand radio as well as podcasts. In March 2019 it was visited by 622k adults. Comscore data in March 2019 indicated that 85% of users who accessed BBC Sounds were aged 35 or older.²⁷ Research we commissioned in the same month on weekly podcast listeners found that those who use BBC Sounds for podcasts were likely to be younger, with 44% of them aged under 35.²⁸

Although reach to all BBC online sites amongst 18-24s is stable, time spent per visitor per day

has decreased from 2 minutes 43 seconds to 2 minutes. There has also been a decline in monthly average use of its main sites such as BBC Sport and BBC iPlayer²⁹ and less than half of 18-24 year olds now use BBC News sites each month. Among 12-15 year olds, the BBC brand is less well known than Netflix and YouTube.³⁰

The BBC is struggling to engage younger audiences with news, particularly online

Although the BBC's online news services currently reach a broad audience, the evidence shows that heavier online users are generally those in older age groups. BBC News has long been aware of the challenge it faces in engaging younger people, who are increasingly consuming news via social media and news aggregators such as Apple News.

Our review of BBC news and current affairs found that, when people consume news in this way, their engagement is typically fleeting meaning they may read only a headline or brief paragraph before moving on. They are also less likely to be aware of the source of news content. Some younger people we spoke to didn't have a close association with the BBC, regarding it as just "one of many" online news providers.

Our review concluded that the BBC's online news content needs to do more to stand out – or risk losing its reputation and status as a trusted voice. As transparency about its approach in this area will aid trust in the BBC, we have recommended that the BBC should publish the steps it is taking to help all audiences – especially younger people – to understand and engage with the world around them.

These trends are a direct challenge to the BBC's longer-term sustainability and its ability to continue to deliver its Mission and Public Purposes

While the changes to platforms and scheduling that the BBC has made may have an impact on improving engagement with young people, it is not apparent to us that they have yet had much effect. The challenge appears to be increasing and we are concerned that if the BBC's strategy isn't ambitious enough and doesn't succeed, its sustainability will be at risk. In responding to this report, we have asked that the BBC set out clearly how it is going to track progress in this area.

With increased choice and strong competition in the market, there is a clear risk that as children and young people age, they do not come to engage with the BBC as previous generations once did. As we highlight above, if people don't consider the BBC as a core part of their viewing, then it may be hard to encourage them to pay the licence fee in years to come which will have significant implications for the BBC's revenue. For the BBC to maintain its ability to deliver its Mission and Public Purposes and to fund content at the same level as today, it is a challenge that it must meet head on.

The BBC needs to work harder to reach young people through making content that appeals to them, making it easier for young people to find that content, and ensuring that it is readily available where they want it. Younger audiences now have access to a broad range of content across multiple platforms and devices. Individual programmes can have traction with audiences, but they are not necessarily attached or loyal to a small set of providers in the way that previous generations were. We intend to monitor this

area closely over the next 12 months and will follow up with the BBC on how its strategy is evolving.

Although people aged 16-34 are spending less time watching and listening to the BBC, they still rate its services highly. Our ongoing research found 16-24 and 25-34 year olds rate the BBC's performance similar to other audiences. 25-34 year olds' impression of the BBC's performance has improved significantly since 2017/18, particularly in relation to the impartiality of the BBC and its distinctiveness in TV. Therefore, as well as securing its future sustainability, broadening its appeal to young people is critical to ensure that it remains a universal service and that all audiences across the country are benefitting from the public value that the BBC's content should be providing to them and it delivers its remit to serve all audiences.

We are also looking closely at this issue through Small Screen: Big Debate. Clearly viewers in the 16-24 year old audience do not form a homogenous group, are at different life-stages and have different content preferences and habits. We plan to explore how this relates to the type of content that they value and what younger audiences want from public service broadcasting now and in the future. Our research into the future of PSB will specifically consider how the needs and interests of different audience groups and ages are met.

Continue to improve how the BBC represents and portrays the whole of UK society

The BBC has a number of initiatives in place to improve diversity both on-and off-screen,

and it publishes significant amounts of data on diversity.

Our research shows that certain groups continue to be dissatisfied with how they are portrayed by the BBC. The BBC should set out how it is acting on the findings of our review of representation and portrayal of people and places on BBC TV.

We are also concerned with how the BBC is reporting on diversity in several areas; specifically:

- 1. The time it has taken to provide a report into compliance with its diversity code of practice**
- 2. The detail provided in reporting on representation and portrayal**
- 3. Measurement of audience satisfaction**
- 4. The way in which it presents its workforce figures**

Taken together, these areas contribute to an overall concern with how the BBC is delivering against its diversity requirements in the Operating Licence. This is a critical area for the BBC's success. It needs a robust and transparent plan in place for how it aims to deliver these improvements.

This year our research has shown improvements in perception among some groups but not others

While our research shows that audience perception of the BBC's performance in representation and portrayal by some groups lags below average, it has improved among other groups. (See also Public Purpose 4 in [our performance report](#)).

Women aged 55+ continue to feel there are issues around representation and portrayal, and men 55+ also rate the BBC's portrayal

lower than average this year, suggesting a broader issue around portrayal of older people. People from lower socio-economic groups continue to rate the BBC less favourably than average across all aspects of representation and portrayal, while those in higher socio-economic groups tend to be more favourable towards the BBC overall compared to the UK average.

People in Scotland, those aged 65 and over, especially disabled people in this age group, also continue to rate the BBC's delivery of Public Purpose 4 lower than the overall population.

In contrast, men aged 16-34 are more likely to think the BBC provides a good range of programmes that include people like them and where they live. Disabled people aged under 65 are more positive about the BBC's delivery of this Public Purpose this year, as are people from minority ethnic backgrounds. This is largely driven by more positive opinions among the Asian population.

49% of audiences rated the BBC highly (7-10) for 'an authentic portrayal of people like me'

We are concerned about the BBC's reporting against its diversity conditions

This is the first year that the BBC has had to report to us on diversity through a number of conditions in the Operating Licence. In its own reporting on regulatory compliance in its annual report³¹ the BBC stated that it had met all its Operating Licence conditions, but didn't include, or refer to, how it had satisfied any of its conditions around diversity, audience portrayal and representation. We expect to see this included next year. In addition, we

expect the BBC to develop its approach to reporting to us against its diversity conditions, and in response to the findings in this report to set out in its next annual plan by the end of March 2020, how it will satisfy this in more detail next year.

The BBC's Diversity Commissioning Code of Practice is a key tool in improving diversity in its broadcasting.

The Operating Licence requires the BBC to establish and comply with a Commissioning Code of Practice, approved by Ofcom, to set out clearly how it takes account of diversity when commissioning new content. In March 2018, we approved the BBC's Code of Practice, which came into force on 1 April 2018. A further condition requires the BBC to monitor its compliance with the code of practice and report annually to Ofcom on its compliance during the previous Financial Year.

We are disappointed with the amount of time that it has taken for the BBC to report against this condition. We were expecting the BBC to report alongside its annual report in July, but we only received the BBC's report on 4 October. We will be consulting on amending the Operating Licence to require a report on compliance with the code to be provided alongside its Annual Report.

It also concerns us that the BBC has reported issues in getting consistent and well-documented information for its report. It found there was a lack of documented evidence or supporting material to fully satisfy all 50 requirements and there were inconsistencies in reporting and evidencing between BBC divisions. The BBC plans to place greater focus on improving this in 2019/20.

The BBC also found that, while it is working with external content makers to highlight to

them its priorities for improving diversity in its commissioning, many of the requirements related to external content makers are still in progress. We are encouraged that the BBC plans to continue to take steps and work closely with content makers to ensure they are fully engaged and delivering the code.

The BBC's report provides a summary of the BBC's activities against the five principles that it has set out within its code of practice, what the BBC has learnt from the first year of the code, and its next steps. We believe that in summarising its activities, the BBC could be clearer about their scale, outcomes and how they demonstrate progress compared to commissioning practices before the code was in place.

The BBC reported 33 of its 50 requirements in the code of practice as fully complete in its first year. We consider that as the BBC is required to monitor its compliance with its Code of Practice and report annually to Ofcom, the code should be used by the BBC on an ongoing basis as a key tool to improve diversity in its broadcasting. We expect the BBC to report against all of these requirements in future reports.

Representation and Portrayal

We have required the BBC, as part of demonstrating compliance with the Operating Licence conditions, to ensure its reporting clearly distinguishes between the distinctly separate issues of representation and portrayal. We set out in the Operating Licence that "representation" means the extent to which people and characters appear and "portrayal" means the ways in which these people and characters are depicted. The BBC's initial response to us did not clearly distinguish between the two.

While it has since provided additional information on its approach to both representation and portrayal, it could still go further. We expect to see the BBC's reporting against the conditions relating to representation and portrayal separately broken down into all of the constituent sub-conditions. The BBC has not made any reference in its evidence on meeting this condition to its Code of Practice (see above) which is designed to help to embed better representation and portrayal.

In its own annual report, the BBC has reported on its survey data that shows the perceptions of audiences of the BBC's effectiveness at reflecting 'people like them' or 'the part of the UK in which they live'. The BBC considers that this data offers an insight into how some of the UK's audiences judge the BBC to portray them. For representation, the BBC has reported on its actual and perceived representation data through the Creative Diversity Network's Diamond data.³² However, this data only captures 38% of all network hours, and only 29% of those asked to participate in the survey actually responded.

We expect the BBC to provide much richer evidence of how it represents and portrays the diverse communities of the UK in future years. As part of this, it should also set out how it is addressing the concerns of our review of representation and portrayal (see below).

Measurement of audience satisfaction

The BBC has a condition in the Operating Licence which requires it to report to us on audiences who are dissatisfied with the BBC's performance in representing, portraying and serving diverse audiences. We have concerns that the BBC's methodology for identifying dissatisfied audience groups does not enable it to identify groups that it is underserving. Using the approach of 'net satisfaction' (% positively satisfied minus % dissatisfied), the BBC has told us that it does not have any dissatisfied audiences, even though often little over half of people express positive satisfaction with how they are reflected by the BBC. The BBC's own data indicates that over one-in-five UK adults consider the BBC to be ineffective at delivering content and services that 'reflect the part of the UK where I live' and 'reflect people like me', with some variation among sub-audience groups.³³

This mirrors our own audience tracking data which highlights that some audiences feel less well-represented or portrayed across BBC services. A lack of diversity in the news stories that the BBC covered, and the presenters on screen, was also a strong concern raised by some audience groups who took part in our review of BBC news and current affairs. As such, we do not believe that by using this methodology the BBC can assure itself that it is delivering the requirements of Public Purpose 4.

Our research shows that certain groups continue to have a lower than average perception of the BBC; people from lower socio-economic groups, people aged over 65, especially disabled people in this age group, and people in Scotland continue to rate the BBC's delivery less favourably than the population as a whole. In setting out its plan to responding to the concerns that we have highlighted in this report, we want the BBC to explain specifically what it is doing to improve audience satisfaction amongst these groups.

We expect the BBC to look again at how it evaluates audience satisfaction, and to report on any following steps it will be taking to improve audience satisfaction amongst the least satisfied groups that it has identified by the end of March 2020. We will consult on amending the Operating Licence if necessary.

The BBC's workforce diversity reporting

Under the Operating Licence the BBC is required to monitor and report on the diversity of all its staff employed in connection with the public services. In complying with this condition, the BBC has used its Equality Information Report ("EIR") published as part of its annual report, which provides a significant amount of diversity data.³⁴ Whilst not a report to Ofcom, we consider that the EIR report provides much of the detail to meet the requirements of the condition. It does not include information on the job type or job level of BBC employees employed in connection with the public services which the BBC has provided to us separately.

The BBC publishes figures and percentages based on the numbers of employees who have completed their diversity data, not the total workforce. By not including employees who have not completed their diversity data the BBC only presents data for a subset of its total workforce. A more accurate and more transparent picture of the BBC's overall workforce diversity would be presented if it reported against the total workforce instead. Going forward, we will require the BBC to provide us information in a specific format to enable us to calculate percentages against the total workforce, consistent with our Diversity and Equality reports (see page 20) and we will publish this as part of our Annual Report next year. We will continue work with the BBC on improvements to the transparency and consistency of reporting on the diversity of its employees.

We will be looking at the diversity of the people that make BBC programmes in more detail

As we have set out before, we believe that diversity of the workforces creating content that make up the BBC is vitally important. The merger of BBC Studios and BBC Worldwide has led to less transparency being reported about the diversity of BBC Studios in the UK. This has led to a reduction in visibility of diversity in production. We will be looking at how we can bring more clarity to this.

Our review of representation and portrayal

Last year we undertook a review of how BBC TV represents and portrays the diverse communities of the UK.³⁵ Our review highlighted that authenticity is not just about who we see on-screen. Authenticity can also be influenced by who is behind the scenes. People could sense when those creating content did not come from the same

background as those on-screen. The BBC has acknowledged the importance of improving representation of those who work off-screen as well as on-screen. Last year data from the Creative Diversity Network's (CDN) Diamond illustrated that disabled people face the most significant barriers when it comes to making a career in the television industry. In order to tackle these barriers, the BBC, working together with the CDN and other partners, launched '[Doubling Disability](#)', an initiative aiming to double the percentage of disabled people working in UK television by 2020. This work will include a research programme to identify barriers to employment and find remedies that can be shared across the industry.

We found in our review last year that representation and portrayal of a wider mix of people had improved but that the BBC still had further to go regarding certain audiences who felt under-represented or inauthentically portrayed. For example, representation of older women was felt to be restricted to a subset of roles and genres, and some people felt that BBC content reflected the lives of higher socio-economic groups more often than lower groups. Others, such as disabled people and people from a minority ethnic background, raised concerns about being presented in one-dimensional, inauthentic or stereotypical ways. While the BBC was seen to compare well to other broadcasters in representing and portraying the nations and regions, there was an appetite for it to do more, particularly regarding representation of the UK outside its major cities. Portrayal of people from the UK's nations and regions was sometimes felt to rely on stereotypes.

The BBC has not made it clear how it is addressing the concerns highlighted in our representation and portrayal review findings. In responding to this report, it should be explicit about how it is acting to improve portrayal of all audiences across all nations and regions of the UK.

The BBC accepts it needs to work even harder for all audiences

The BBC recognises in its 2018/19 annual report that it needs to reach out to and reflect all UK communities back to the country.³⁶ Its own audience engagement research, as highlighted in its annual report, sets out that there are concerns around portrayal amongst some black audiences, younger audiences and those from the nations that the way they are represented and portrayed could be more frequent, more authentic and more nuanced.³⁷

BBC actions to improve on-screen diversity

On screen, the BBC has implemented initiatives such as its 50:50 project to encourage producers to actively consider the proportion of female guests, contributors and experts across news, current affairs and other topical programmes through data analytics and internal competition. This has been and continues to be a very successful initiative.

The project was launched in January 2017 across only one programme '*Outside Source*', by March 2019 there were over 400 BBC teams onboard, and by April 2019 this had reached 500. Across the whole project 57% of the teams that reported in April 2019 reached the target of 50% female representation in their content. This increased to 62% for the teams signed-up to 50:50 for six months or more, and to 74% for the group that had been monitoring data for 12 months or more.

In terms of audience perception, a third of respondents claim to have noticed more women on BBC programmes compared to a year ago. It reported programmes that hit the 50:50 target in May.³⁸ These included *The Andrew Marr Programme*, *BBC Breakfast*, *The One Show*, *Politics Live*, Radio 4's *Saturday Live* and *Outside Source*.

In its annual report, the BBC highlighted programmes such as *Killing Eve*, *Black Earth Rising* and *Doctor Who* and the first female presenter on the Radio 2 breakfast with Zoe Ball as examples of improved representation of women in lead roles. They also cited the Big British Asian Summer season of programming in telling stories and experiences of British Asians. The BBC has broadcast the documentary *Black and Scottish* examining through the stories of a range of black Scottish people from different and diverse backgrounds. The BBC was recently named 'broadcaster of the year', celebrating a Broadcaster's active, demonstrable engagement with the diversity agenda, at the annual Creative Diversity Network awards. In addition, the BBC has appointed June Sarpong as the BBC's first Director of Cultural Diversity with a remit to improve the BBC's on-air talent portrayal and commissioning.³⁹

The BBC has in place 2020 workforce targets, and while it has made progress towards meeting these targets, with less than a year to go, there is still work to be done. The BBC is aware of the challenge in this area. Beyond its workforce targets and its *Diversity and Inclusion Strategy*, which it published in 2016 and towards which it continues to work, over the last year the BBC published five separate reports covering a different area of diversity.

These reports reviewed the culture and progression of those from diverse backgrounds at the BBC, with the aim of making the BBC more inclusive and over 125 recommendations were developed off the back of these reviews. The BBC has told us that 50% of these recommendations have now been completed and 48% are in progress. With such a large number of recommendations, it could be questioned whether in fact they are all actionable and viable. Such a large number of recommendations will also require sufficient resources in place to ensure that firstly they are all implemented, and, more importantly, that their impact is evaluated.

Ofcom's findings from our equality and diversity reports

Earlier this year we published our equality and diversity in radio⁴⁰ and TV broadcasting⁴¹ reports.

TV: To help to reflect the diverse lives of people across our communities, nations and regions, broadcasters' workforces must be representative of the UK's changing society.

The findings from our recent diversity in television broadcasting report make clear that while improvements have been made in advancing both representation and inclusion across particular areas across the BBC's workforce, helped by a number of targeted initiatives, improvement across other areas has been slower. For example, progress in the representation of people from minority ethnic backgrounds, particularly at senior levels, as well as women at senior levels, has been less significant.

As should be the case, we acknowledge that the BBC leads the way in collecting diversity workforce data overall. This should allow it to better target interventions to improve representation in each area of its workforce. Nevertheless, there still remain some data gaps in its workforce data. The BBC is ahead of the other four main TV broadcasters in collecting disability data, and data related to social and economic diversity but equal to them in collecting age and gender data.

In relation to collecting racial group data it is equal to Channel 4 and Viacom and it is equal to Channel 4 in collecting religion/belief data. However, the BBC is behind Channel 4 in collecting sexual orientation data.

Radio: As the largest employer in the radio industry, and given its public funding and its remit, it is important that BBC Radio sets an example by ensuring its employees fully represent the diversity of all the UK as a whole. Although it still has some way to go to be representative of the UK population, BBC Radio is ahead of the commercial radio sector in setting diversity targets and in diverse employee representation.

Embed transparency into its working practices

The way in which the BBC communicates and explains the decisions made by its Executive Complaints Unit is not transparent. We are addressing the BBC's lack of transparency in this area as a matter of urgency.

The BBC needs to be much more open to engagement with third parties to deliver its duty to have regard to the impact of its activities on competition. This will help the BBC to take account of the impact of its proposed changes to services on the UK broadcasting sector and could reduce regulatory intervention. It should set out its plans in its annual plan in more detail and engage with stakeholders across its remit.

The BBC failed to explain publicly in any detail the reasons for the removal of its commitment which had the effect of maintaining the existing lines of business within BBC Studios. We are considering, and will consult on, whether the new lines of business give sufficient transparency for Ofcom and stakeholders.

The BBC's editorial complaints process lacks transparency

Transparency is important for public confidence in the operation and effectiveness of the BBC's complaints process. While we consider, generally, that the BBC First process is working well (see page 52), a recent case has given us significant concerns that the way in which the BBC's Executive Complaints Unit ('ECU') currently publishes its decisions does not give transparency to this part of its complaints process and the reasons for the decisions it reaches on compliance with relevant requirements in the BBC's Editorial

Guidelines which reflect the Ofcom Broadcasting Code.

Ofcom received 18 complaints about the *BBC Breakfast* programme broadcast on 17 July 2019. The majority of complainants objected to the fact that the BBC Executive Complaints Unit ("ECU") had on 26 September 2019, partially upheld a complaint about the programme under the BBC's Editorial Guidelines on the grounds that it breached the BBC's impartiality requirements. Following public criticism, the BBC's Director-General overturned the ECU's finding on 30 September 2019. Two complainants objected to this.

Ofcom assessed the programme under the due impartiality rules in the Broadcasting Code. After carefully considering all the contextual factors, we did not consider the programme would have breached the due impartiality rules. Therefore, we did not consider that it raised issues warranting investigation by Ofcom. Given the significant public concern about this case, we decided that it was in the public interest to publish Ofcom's reasons for its assessment,⁴² to provide guidance to the BBC and other broadcasters.

In an exchange of letters,⁴³ the BBC questioned whether it was within Ofcom's remit under the BBC Charter and Agreement to assess this programme. Ofcom has a duty to act transparently and we therefore published the exchange of correspondence alongside our assessment.

Overall, we consider that this case highlights that the BBC should provide more transparency on the reasons for its findings on compliance with relevant requirements in the BBC's Editorial Guidelines which reflect the Ofcom Broadcasting Code.⁴⁴ The BBC's ECU

does not publish the full reasoning for its decisions and did not do so in this case. The Director-General's reasoning for overturning the ECU's finding was similarly not published by the BBC. We will be addressing the BBC's lack of transparency in this area as a matter of urgency.

The BBC needs to be more active in its engagement with third parties

Last year, we highlighted that the BBC Board needed to do more to embed transparency into its working practices, particularly in assessing its impact on competition. We have again found this year, examples of where the BBC has not sufficiently taken account of the need for external engagement to assess the implications of its changes on third parties fully.

For example, the BBC developed its BBC iPlayer plans and concluded they were not material without talking to third parties. However, we found that the proposals could impact competition and should be subject to public scrutiny.

Several stakeholders also expressed concerns to us in their responses to our first consultation on the proposed changes to the BBC iPlayer that they were dissatisfied with the BBC's Public Interest Test ("PIT") consultation process conducted early in 2019. They complained that there was insufficient detail about the scale and nature of the Proposals in the BBC PIT consultation which did not give them enough information to respond properly.

In addition, the BBC has made some changes to the lines of business⁴⁵ it maintains and reports on within BBC Studios. The BBC subsequently withdrew its voluntary commitment that the lines of business in the new BBC Studios would be consistent with

those that were in place before the merger of its production activities and BBC Worldwide in March 2018.⁴⁶

This has had the effect of combining the previous five lines of business into two (including merging production and distribution activities), reducing the granularity of reporting for BBC Studios. The BBC did not engage with stakeholders about the effect of the removal of its commitment and only published a superficial explanation of the reasons for the change.

We will be considering, as part of our review of BBC Studios, whether the lines of business provide sufficient transparency for Ofcom and stakeholders on the performance of the different activities within BBC Studios. This will include whether there should be any changes to the trading and separation requirements and we will publish our views, to give stakeholders an opportunity to comment, as a priority within this review.

The consequence of a lack of engagement is likely to be a more intrusive role for Ofcom

The BBC is required by the Charter to have particular regard to the impact of its activities on competition and seek to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes.⁴⁷ The BBC's most recent annual plan signalled at a high-level service and schedule changes that it wants to make. To understand fully the impact of these and other changes and their potential impacts on competition, it needs to engage openly and constructively with interested parties taking account of their concerns about possible market impacts.

While we may ultimately come to the same view on a proposal as the BBC, there need to be transparent and rigorous processes that allow the views of affected parties to be considered.

We recognise it may be difficult for the BBC to share plans at an early stage before a final decision has been reached by the BBC Board. However, engaging early with potentially impacted parties, on the mutual understanding that plans may change, will enable them to raise potential concerns sooner and, if appropriate, for the BBC to address them while plans are still at a formative stage. This engagement helps to facilitate the regulatory process and has the potential to reduce the level of intervention by Ofcom. In turn, by not proactively engaging in this area, the BBC risks extending the regulatory process, and requiring a more intrusive role to be played by Ofcom.

A bias towards transparency in all of its activities will build external confidence in the BBC's compliance with its regulatory obligations and how it is delivering its Mission and Public Purposes. Active engagement with the industry on proposed changes to BBC services will allow the BBC to deliver the market impact duty that it has in the Charter,⁴⁸ and help it to understand more clearly the potential impact that its activities might have on competition and audiences.

We have found examples of the BBC working better to share its plans with Ofcom, but it could set out information more clearly

The BBC has engaged constructively with Ofcom on some of its plans to change services. For example, the BBC and ITV engaged positively with us in relation to the proposed SVoD service BritBox (see page 43),

and on its materiality assessment for phase 1 of BBC Sounds.

The BBC has also shared information with us on its developments of Bitesize, its plans for younger audiences and informal learning as well as providing us with early sight of its proposals to amend the Operating Licence.

However, as we highlight elsewhere in this report, we have a number of concerns with the evidence that the BBC has provided to us to support compliance with its regulatory conditions and with the quality and depth of its reporting.

We raised concerns last year about the transparency of the BBC's governance arrangements and whether the governance of its commercial activities was distinct and separate from the governance of its public service activities.

Following the BBC's review of its commercial activities⁴⁹ in December 2018 the BBC Board made changes to the make-up of the Commercial Holdings Board that is responsible for the governance, assurance and oversight of the BBC's commercial subsidiaries. It has also made the Commercial Holdings Board more visible in its reporting and on its website.

We consider that these improvements make it easier to find information about the structures that separate the BBC and its commercial arm (see page 45).

Maintain its commitment to original UK programmes

The BBC's investment in UK-originated content has risen slightly overall compared to last year. However, compared to previous major sporting event years, 2018 saw the lowest total spend on first-run UK-originated content by the BBC.

This year there were significantly fewer individual TV programme titles shown on the BBC than in 2017.

Just over half of audiences believe that the BBC 'takes risks and provides content that is new and innovative'.

Last year, we noted that, in common with other public service broadcasters, the BBC's investment in first-run UK-originated content had declined by around a fifth since 2010. We said that the BBC should maintain its focus on distinguishing itself through original programmes that reflect UK lives and experiences and, in doing so, be more innovative and take more risks, including in relation to how it makes original UK content, and with whom.

The BBC's spend on UK-originated content increased slightly this year, during a major sporting event year

In 2018, expenditure on first-run UK-originated TV programming and the number of hours of UK-originated content increased from £1.187bn to £1.248bn, compared to 2017. However, this was the lowest total spend on first-run UK originated content by the BBC of previous major sporting event years since 2010. First-run Sport programming hours increased 43% during a year featuring the FIFA World Cup, Winter Olympics and Commonwealth Games.

Total spend on at-risk genres decreased slightly since last year, continuing a downward trend since 2010.⁵⁰ Within this spend on some genres increased, like children's, while others decreased, like specialist factual, this year.

The BBC's content spend is supplemented by funding from third parties, including co-production agreements, deficit funding, and tax credits. For example, the BBC also co-produced programmes with other content providers in 2018, including *Peaky Blinders* with Netflix and *Fleabag* series two with Amazon. Third-party funding has increased over time as a proportion of spend on first-run, UK-originated content shown on the BBC. Drama has been the main genre to benefit from this funding, followed by factual and children's content. The BBC's *Call the Midwife* in 2018 qualified for high-end TV production tax relief, under the Department for Digital, Culture, Media and Sport's (DCMS) scheme to offer tax rebates for culturally British content. This helped to subsidise the cost of producing the programme. These could become more important to the BBC if it is to maintain its commitment to original UK programmes, given the pressures on its future financial sustainability that we have outlined.

The BBC should do more to take risks and innovate with its content

Through our ongoing research we ask audiences to rate how the BBC '*takes risks and provides content that is new and innovative across all its services, including TV, radio and online*'. Audience perceptions have not changed since last year, with only 57% perceiving the BBC doing well here. This is still the lowest rating of all the questions that we ask for Public Purpose 3 and has the highest percentage of audiences rating the BBC between 1-4 out of 10.

The BBC can demonstrate risk taking and innovation through looking for new ideas. An indicator that the BBC is willing to take risks and source programmes from new providers is that in 2018 it used 308 different production companies, the highest number since 2012 and up from 278 last year.

Another way that this can be achieved is through commissioning new programme titles. However, in 2018, there was a decline of 7% in the number of new titles launching compared to 2017. This reduction was across multiple genres including specialist factual, entertainment, arts, and current affairs. We also found there were significantly fewer different BBC TV programme titles compared to 2017 (See page 37). The total number of series declined from 1,046 to 853 different titles between 2017 and 2018.

Among PSBs the BBC is uniquely placed to deliver authentic, diverse programming with UK stories

The challenges facing the BBC that we have set out above require it to think more innovatively if it is to maintain its position at the core of the UK broadcasting sector and remain relevant for all audiences in the UK.

It is critical when UK households are increasingly using global SVoD services that the BBC continues to deliver authentic, diverse programming with UK stories that all UK audiences can connect with. In 2018/19 successful examples included award-winning UK stories such as *Killed by my Debt* and *A Very English Scandal*.

The BBC is required to produce this content under the Charter and Agreement and uniquely placed to do so due to its funding model.

This helps to set it apart from other public service broadcasters, as well as commercial broadcasters, and contributes to the BBC's distinct offering. It is particularly important that the BBC continues to invest in at-risk genres, such as comedy.

News and Current Affairs Review

The BBC is the most important source for news in the UK and is used by three quarters of the adult population to find out about events in the world. During 2019 we have undertaken a [review of the BBC news and current affairs](#) output across television, radio and online.

We gathered views on the BBC's provision from audiences across the UK as well as industry stakeholders. We commissioned research to give us a detailed insight into people's news consumption habits as well as analysis of the range and depth of BBC provision compared with other news providers.

We have published our review alongside this report.

We found that the BBC remains the UK's primary news source, with a strong reputation for accuracy and trust – the most important attributes audiences want in a news provider. On impartiality, our research found that people's views are shaped by a range of factors, with only some relating directly to the BBC's news and current affairs content. However, some people perceived the BBC gave too much coverage to extreme voices. Others criticised 'false equivalence', where equal weight was given in a debate to views with an unequal factual basis.

Our review also identified that the BBC's news coverage was perceived by some audiences as not relevant to their lives. They saw it as Westminster-focused and speaking for, and to, a small section of society. Some viewers also told us they see the BBC's television bulletins as stuffy and limited in range.

Online, although the BBC is the UK's most-used online news source, it faces a growing challenge in attracting and engaging younger people, who are increasingly consuming news via social media and news aggregator services. Our research found that, when people consume news in this way, their engagement with the BBC and other news sources is typically fleeting. For some that we spoke to, the BBC is just "one of many" online news providers.

Under the BBC's Operating Licence, the BBC is required to ensure that it provides adequate links to third party online material, particularly within its news stories. However, content analysis we undertook for the review indicates that the BBC could provide more links to external, third-party content. External links support the wider industry and benefit audiences by providing access to a wider range of material.

Based on these findings, our report makes four recommendations to the BBC.

Accurate news provision must continue to be the main priority for the BBC.

Maintaining an intense focus on this is the best way for the BBC to retain and strengthen its reputation. As long as people continue to turn to the BBC at important moments, it has the opportunity to attract and serve the broadest range of audiences.

The BBC should have greater confidence in how it achieves due impartiality.

Broadcasting rules do not require the BBC or other broadcasters to be absolutely neutral on every issue within news and current affairs, but they must be duly impartial. This means journalists should take context into account when considering how to achieve due impartiality. BBC journalists should feel able to challenge controversial viewpoints that have little support or are not backed up by facts, making this clear to viewers, listeners and readers.

Our research shows that audiences have respect for the calibre of the BBC's journalism and expect its reporters to investigate, analyse and explain events. This should give the BBC confidence to be bolder in its approach.

The BBC should better reflect the whole of the UK with authentic news and current affairs content that feels relevant and engaging to all audiences.

Our research suggests that audiences want to see more news about their communities, reported by people with a deeper understanding of the area. People outside London thought the BBC could improve how it reflected and reported on their lives. People from minority ethnic groups told us they want to feel their voice is represented. With its unparalleled local and regional newsgathering resources, the BBC should be able to represent the whole country authentically through a variety of style, tone and subject matter.

As more people rely on social media and news aggregators, the BBC's online content needs to do more to stand out – or risk losing its reputation and status as a trusted voice.

We believe transparency about its approach will aid trust in the BBC. The BBC should publish the steps it is taking to help all audiences – especially younger people – to understand and engage with the world around them.

We will meet the BBC on a regular basis to discuss the steps it is taking in each of the areas we have identified. To ensure transparency, we expect the BBC to report on progress against each of the recommendations in its next annual report.

In relation to our Operating Licence requirements, we will gather further evidence from the BBC to establish if it should do more to link to external online news sources. As part of this, we will look at the BBC's performance in this area, as well as the wording of the current Operating Licence condition to determine whether it remains appropriate, given changes in news consumption.



The BBC's performance

Introduction

To ensure that the BBC fulfils its mission and purposes, we have imposed a set of enforceable regulatory conditions in the BBC's Operating Licence.

We have also set a series of performance measures to provide a broader picture of how well the BBC is delivering its remit, beyond the regulatory conditions. We publish our assessment of the BBC's performance in delivering its Mission and Public Purposes in [Annex 2](#).

Through our performance measurement, we have found that the BBC continues generally to deliver its remit for audiences. It has also met nearly all of its Operating Licence conditions.

It continues to provide a significant volume of news and current affairs, a wide range of learning and educational content, as well as high-quality distinctive and creative content for all audiences across its mainstream and specialist services. As it has highlighted in its own annual report, the BBC has had a notable series of creative successes in this year. However, as set out on page 24, we note that investment in certain key PSB genres has continued to fall year on year.

How we hold the BBC to account for its performance

Under the Charter, we must set an Operating Framework containing provisions that enable effective regulation of the BBC and a Licence containing the regulatory conditions that we consider appropriate for requiring the BBC –

- a) to fulfil its Mission and promote the Public Purposes;
- b) to secure the provision of distinctive output and services; and
- c) to secure that audiences in Scotland, Wales, Northern Ireland and England are well served.

We can sanction the BBC, including imposing fines, if it fails to meet these regulatory conditions. We can also set **performance measures** to provide a broader picture of how well the BBC is delivering its remit, beyond the regulatory conditions. We need to conduct at least two in-depth **periodic reviews** of the BBC's performance and can carry out additional reviews where we feel appropriate.

The BBC still plays a central role across TV, radio and online platforms in the UK, but its reach is falling

The BBC's overall reach remains high, with more than nine in ten adults consuming BBC content each week. On average, we estimate that audiences spend around 2 hours 33 minutes with the BBC's services every day. However, this is a drop of ten minutes on average from 2017. People aged between 16-34 spend on average around 1 hour 12 minutes with the BBC's services every day, a drop of five minutes from 2017.⁵¹ Three-quarters of people in the UK watch BBC TV in a week; a drop of three percentage points compared to 2017.⁵²

BBC Radio is losing listeners, in contrast to national commercial radio which has seen increases across all age groups, with a 2.3% drop in average weekly reach for UK-wide BBC services compared to 2017/18.⁵³ Time spent listening to these has fallen by 42 minutes over the past five years (to 14 hours 24 minutes per week in Q1 2019) compared to national commercial services which have seen time spent with them increase by 90 minutes over the same period (currently nine hours 12 minutes per week). At the same time, share of listening for UK wide commercial radio has grown by 5.9%.

BBC online reach has remained stable this year but the amount of time spent on BBC sites has fallen by around 30% over the past year.⁵⁴

The BBC continues to produce content that attracts big audiences

Big audiences tuned in to watch major events on TV in 2018. The BBC's coverage of the 2018 FIFA World Cup attracted large audiences, with over 17 million watching England vs Sweden, and in 2019 record audiences tuned in for the FIFA Women's World Cup and watched BBC Parliament for the UK Parliament's meaningful votes on Brexit live on TV.⁵⁵ *Bodyguard* set new records for BBC iPlayer with large audiences catching up using the platform.

Audience satisfaction with the BBC remains stable but some audience groups' satisfaction remains below average across all the Public Purposes

Even though its reach has been falling, overall satisfaction with the BBC remains stable. It compares well with other public service broadcasters and commercial radio stations, with around three-quarters of audiences satisfied with BBC radio and online, and two-thirds satisfied with BBC TV. However, its rates of satisfaction are lower than those of Sky, and by online players such as Netflix and Amazon whose audiences rate their services significantly higher than BBC audiences.

As shown on page 17, some audience groups' satisfaction with the BBC remains below average across the Public Purposes. People in Scotland, people from lower socio-economic groups, those aged 65 and older, especially disabled people in this age group, have the lowest satisfaction among the audience groups we track. The BBC needs to do more to ensure it is delivering for all audiences. In Annex 2, we examine its performance with different audience groups in more detail.

Audiences again rate the BBC's delivery of its Public Purposes lower than their importance

We track people's views on the importance of the BBC's Public Purposes to society and to them personally, as well as people's views on how the BBC is performing in delivering its Public Purposes. The gap between people's perception of the importance of the public purposes and people's views of the BBC's performance helps us understand how well the BBC's delivery is meeting audience expectations.

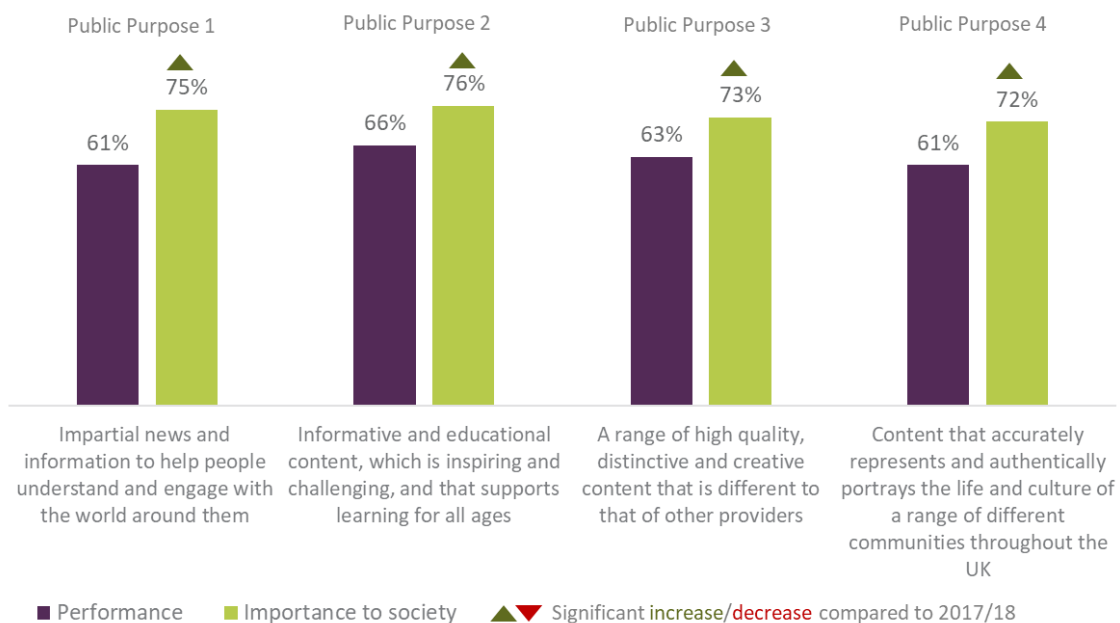
Our data shows that, as last year, audiences rate the importance of the Public Purposes more highly than the BBC's delivery of them (see graph below). Audience perception of the BBC's performance in delivering each of the public purposes is relatively unchanged compared to last year but their perception of their importance has increased significantly. Now almost three-quarters of adults feel it is societally important that the BBC provides each purpose.

The BBC's compliance with its Operating Licence conditions

We set out how the BBC has complied with all our Operating Licence conditions in 2018/19 in [Annex 1 of this report](#). To improve the process around the assessment of BBC's compliance with the Operating Licence conditions, we will be consulting on adding a requirement to the Operating Licence requiring the BBC to provide us with full evidence of compliance at the time that it publishes its annual report. We will work with the BBC throughout the year to make sure that this process is as efficient as possible.

Last year we reported that the BBC complied with all the relevant conditions that were applicable during the 2017/18 period of review. The BBC has reported two breaches with the Operating Licence conditions in 2018/19.

Overall audience opinion about the importance of the public purposes and the BBC's performance



Source: BBC Performance Tracker

The first is in relation to condition 2.71, speech content quota of 60% in core hours for BBC Radio nan Gàidheal. The second is in relation to condition 2.40.3, the number of hours of live music on BBC Radio 2.

When we set the condition for speech content on BBC Radio nan Gàidheal, our intention was to secure the existing level of delivery. Although the BBC did not alter its output in 2018/19, the condition inadvertently required an increased level of delivery, which was not the intention of the quota. We have consulted with the BBC and engaged with parties with an interest in Gaelic language radio, on the level of the requirement for speech content on BBC Radio nan Gàidheal and have decided to amend this from 60% to 40% to reflect and secure the BBC's pre-existing level of delivery of c.40-45%.⁵⁶

The BBC reported that it was three hours short of the 260 hours quota in the condition for live music on Radio 2. We note that the BBC has taken steps to put in place a more robust monitoring of this condition, to ensure it can take timely action to programme further events if necessary. We expect it to meet the condition in 2019/20, and as such do not propose to take any further action.

As set out above, following our review of the evidence that the BBC has provided against its Operating Licence conditions, we have a number of concerns with the evidence that the BBC has provided for reporting against its diversity conditions, as well as the time that it has taken to provide its report on compliance with its Code of Practice for Diversity in Commissioning. We have set out the areas where we expect the BBC to go further, and where necessary we will be consulting on amending the Operating Licence to drive better quality and more timely reporting.

Although we have not found the BBC in breach of any of the other conditions in the Operating Licence, our review of the BBC's news and current affairs output examined hyperlinks on the BBC News website and app. Under the Operating Licence, the BBC is required to ensure that it provides adequate links to third party online material, particularly within its news stories. Our analysis of a sample of news items indicates that the BBC could provide more links to external, third-party content.

We will now gather evidence, including formally requesting information from the BBC, to establish if it should do more to link to outside sources. As part of this, we will look at the BBC's performance in this area, as well as the wording of the current Licence condition to determine whether it remains appropriate, given changes in news consumption.

Reviewing the performance framework and the Operating Licence

As we set out above, the BBC's major challenge in responding to changing consumption patterns is how to reformulate how it delivers the Mission and Public Purposes where delivery through iPlayer and BBC Sounds is increasingly predominant.

We have been clear that the Operating Licence will evolve over time. For example, the launch of the BBC Scotland channel and other changes the BBC has made to its services have required us to make changes to conditions. Today, we have also [published minor amendments](#) regarding the level of the speech quota for BBC Radio nan Gàidheal. We anticipate we will need to consider making further changes to the Operating Licence to keep aligned with people's viewing and listening habits as the BBC looks to improve how it delivers against its remit.

Given the pace of change in both consumption and content delivery, we will evaluate the effectiveness of the current Operating Licence in holding the BBC to account while allowing it enough flexibility to innovate.⁵⁷ As we outline elsewhere in this report, at present we consider that the BBC falls short in providing information which shows the extent to which it is complying with certain conditions, particularly around diversity. In addition, our view is that we need to see improved commitment to transparency from the BBC before we could consider revising the Operating Licence to give the BBC greater flexibility. An improved commitment to transparency will require the BBC to set out more clearly how its services deliver its Mission and Public Purposes and put more onus on transparent measurement and reporting on outcomes. The BBC will also need to be more upfront about the gaps in delivery and the challenges it faces.

In addition to looking at the Operating Licence we need to change the way we look at performance as the way services are delivered and consumed evolves. We are looking at our performance measurement framework at the same time.

In approving its proposals for evolving the BBC iPlayer, we have required the BBC to set revised performance measures (and targets for those measures where appropriate) to assess the performance of BBC iPlayer in fulfilling the Mission and promoting the Public Purposes. We said that in making those proposals the BBC must consider: a) how to achieve effective measurement of the availability, consumption and impact of content on BBC iPlayer; and b) what measures of performance for BBC iPlayer will be reported in each BBC annual report beginning with the annual report for 2019/2020.

The BBC's performance in meeting the Public Purposes

In October 2017, we published a framework for assessing the BBC's performance in delivering the Public Purposes. This included measures such as assessing the range and type of content available on the BBC, the extent to which audiences view or listen to the BBC's content, and audiences' views on the BBC's content and delivery of the Public Purposes. These measures enable us to monitor the BBC's performance. They can provide an early warning sign of areas of potential underperformance by the BBC and may, for example, inform a change to the Operating Licence, or a decision to launch a review.

Our assessment of the BBC's delivery of the Public Purposes is based on this framework and also includes information that we have gathered over the past year from speaking to stakeholders and other interested parties.

We publish our assessment of the BBC's performance in delivering its Mission and Public Purposes in [Annex 2](#), and in summary in the following pages.

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

The way people consume and engage with news is changing. Longstanding forms of news media have been joined by a variety of online sources including websites, social media, news provider apps and news aggregation platforms offering a varied mix of reporting, analysis and opinion.

This complex environment makes the BBC's role as an impartial provider of accurate news more important than ever. However, the challenge for the BBC is to remain a relevant and trusted source of news, providing high quality content for all audiences and listeners.

The BBC continues to meet Public Purpose 1

Last year we found the BBC to be performing well in this area, and its performance in many respects continues to be strong. It remains the most-used provider across TV, radio and online, while BBC One is still the UK's most important and used news source.⁵⁸

Analysis of the different ways in which people access news shows that social media and online platforms are becoming increasingly prevalent as people's main source of news. The BBC's brand helps to ensure that it is the most commonly followed news organisation on the most popular social media sites by those who told us they access news organisations via Facebook, Twitter, Instagram and Snapchat. The BBC's news website and app continue to be the most popular online sources for news for adults, used by two-thirds of online news users.⁵⁹

However, evidence suggests users accessing news in this way are increasingly doing so incidentally, as a by-product of time spent on social media, with fewer users engaging with stories beyond a headline level. The growth of news aggregation services means the BBC faces a challenge that it could become just 'one of many' news sources seen by users on their social media feeds and dedicated smartphone apps.

Last year we said that we would review the BBC's news and current affairs output given its critical importance as a trusted provider. We have published this review alongside this report and have drawn on its findings in assessing the performance of the BBC in delivering Public Purpose 1.

Delivering trusted, accurate and impartial news is vitally important

People continue to value accurate and trusted news from news providers. Research from our review of BBC news and current affairs illustrated this (see below) when asking audiences what qualities they valued most in a news provider. Audiences see the BBC's role in providing this as a key part of Public Purpose 1 and generally think the BBC has performed well in this area, although our news consumption survey found that BBC audiences did not rate trust or accuracy in BBC TV as a news source any higher than audiences for ITV and Sky News TV channels.⁶⁰

Audience valued characteristics of news



NB. Size of circle represents prevalence

Source: Ofcom's review of BBC news and current affairs – PwC Qualitative Research

It is vitally important that the BBC delivers in terms of accuracy, trust and impartiality at a time when people are concerned about the reliability of news content, particularly online. The BBC has indicated that in the coming year it will play a major role in tackling disinformation.⁶¹ We will look closely at the effectiveness of this work.

The Sky News channel, ITV and Channel 4 TV news in our news consumption survey are now each rated higher by their audiences than BBC TV is by its audience for providing impartial news.⁶² This does not mean that the BBC is necessarily falling short in this area; indeed, we have not found the BBC to be in breach of the due impartiality requirements of the Broadcasting Code this year.

Our review suggests that audience perceptions of the BBC's impartiality are not linked to its content alone. Some audiences acknowledged that the BBC was held to greater scrutiny than other organisations on its impartiality – by the public, politicians and others in the media. Our analysis of discussion of BBC coverage in social media suggests that a limited number of critical voices may have a disproportionately large influence in how BBC coverage is perceived.

However, some audiences also told us that they did not think the BBC's current approach to impartiality was effective, citing instances of false equivalence and undue prominence given to extreme views at the expense of more nuanced perspectives.

This may be why the most politically engaged news audiences we spoke to were often the most sceptical of the BBC's delivery in this area. Audiences with strong views are likely to be more alert to the way in which the BBC deals with any viewpoints with which they disagree. In such circumstances, maintaining an intense focus on clear and accurate

reporting may be the most effective way to strengthen its reputation, increase audience trust and reach the broadest range of audiences.

We recorded one significant breach in 2018/19 of the due accuracy requirements under the Broadcasting Code when the BBC was found to have broadcast a factual programme that was materially misleading (see page 48, Content Standards section).

Six in ten rate the BBC highly for its depth of analysis and providing different types of content

As stated last year, the BBC needs to provide a range and depth of analysis and content not widely available from other UK news providers. This helps audiences engage with local, regional, national and global issues, and participate in the democratic process.

Similar to last year, our news consumption survey found six in ten people who use the BBC TV for news continue to rate BBC TV news highly in this area, but the BBC still finds itself trailing the Sky News Channel. Almost three-quarters of the Sky News Channel's audiences agree it provides a depth of analysis and content not available elsewhere, compared to 63% of audiences to BBC TV news.⁶³

Representing all of the UK is key to staying relevant

Our review found that whilst the BBC's heritage and longevity can inspire trust, its news and current affairs provision also continues to be seen by some audiences as middle-class, white and London-centric. Representing the diversity of the UK is key to creating authentic content that feels relevant and engaging to all audiences.

Public Purpose 2: Supporting learning for people of all ages

Part of the BBC's remit is to help everyone in the UK learn about different subjects in ways they will find accessible, engaging, inspiring and challenging.

The BBC provides informal learning content for adults across all platforms and for children, mainly through TV (CBeebies and CBBC), complemented with BBC iPlayer content, the BBC website and specific apps. It provides formal learning for children and teenagers online through BBC Bitesize and offers learning resources for teachers through BBC Teach.

Audiences continue to rate the BBC highly for its educational and learning output and rate the importance of this purpose the highest of all the purposes.⁶⁴

There were fewer hours of first-run informal learning content on BBC TV in 2018, and a decline in total informal learning hours for some genres

Total hours of informal learning on TV declined slightly this year from 5,411 to 5,354. Changes in total hours varied across the genres – for example, hours of documentaries decreased from 1,634 to 1,471 while hours of history increased from 698 hours to 807 in 2018.⁶⁵

As highlighted last year, since 2010, hours of first-run informal learning content have declined while the number of hours of repeats have increased. Despite this, the proportion devoted to first-run hours has remained relatively stable in the last four years, at between 21% and 22%.

In terms of 'at-risk'⁶⁶ genres that fall within informal learning, arts and classical music on TV suffered a slight decline in overall hours but there was an increase in first-run hours, and an increase in total hours of religion and ethics content from 176 hours to 210 in 2018.

The BBC also delivers this purpose through partnerships and informal learning content on its website

The BBC engages in partnerships to run campaigns and other initiatives which fulfil its obligations and help to deliver Public Purpose 2. Many of these are focused on addressing issues of societal importance in the UK. Examples include *Super Movers*, a partnership with the Premier League and the Scottish Professional Football League aimed at getting children active while they learn; *The Mind Set*, a peer-to-peer coaching initiative focused on handling pressures and stresses that come with exams; and *Own it*, an online advice tool aimed at promoting online safety for children.

Informal learning content is also available across the BBC's website, such as *Plastics Watch*, a page which contains supporting material for documentary series *War on Plastics with Hugh and Anita*.⁶⁷ However, while its website is rich in informal learning content, we note that it is not easy to navigate to the informal learning sites within its website from the BBC homepage. Making it easier to find this content would help give it increased value and longevity. We are aware that the BBC has recently overhauled and archived some of its online informal learning sites.

The BBC is updating and expanding Bitesize

BBC Bitesize is rated highly by users and parents, but as mentioned in last year's report its reach declined by 11% when comparing Q1 in 2017 with Q1 in 2018.⁶⁸ The BBC has responded by undertaking a major review of the Bitesize platform throughout 2018/19. Due to the transformation, we are unable to make a meaningful comparison of its reach this year and it will take time to understand the impact of the changes.

The initial enhancement of Bitesize has focused on technology developments to improve user experience and personalisation. In 2019 the BBC has been focusing on expanding its learning content, including content for people over the age of 16, content on career options and supporting students in other ways outside exam periods.

We will be monitoring if the changes the BBC has made to Bitesize have an impact on rebuilding its reach and maintaining positive user perceptions going forward.

Alongside CBBC, CBeebies' reach is now in decline

This year there has been a continued decline in the reach of CBBC which is aimed at children aged six to 12.⁶⁹ This is consistent with ITV's CITV, which also saw a decrease in reach for this age group. After several years of stability, this year CBeebies, aimed at children aged under six, also saw a significant decline in its average weekly reach to children aged four to six from 39% in 2017 to 34% in 2018. The reach for three of the four other measured children's channels available on Freeview has also declined for this age group.⁷⁰ Increased online reach of CBBC and CBeebies may offset the linear decline, however, the data we currently hold does not allow us to make a meaningful assessment as to whether this is happening.

The BBC acknowledges this decline, and as part of its children's strategy is investing further in children's content, with increasing emphasis on its digital services. To support its delivery of Public Purpose 2, it proposes to make its children's content available for longer on BBC iPlayer.

Public Purpose 3: Showing the most creative, highest quality and distinctive output and services

Delivering high-quality and distinctive creative output is central to the BBC's Mission, and is crucial in attracting audiences to the range of BBC services. To deliver against this and to distinguish itself from others with the content and services it provides, the BBC needs to be prepared to take risks and be innovative in its approach. This year the BBC has had notable successes in this area across its TV channels with titles such as *Dynasties*, *Motherfatherhood* and *Bros: After the Screaming Stops*.

Last year we found the BBC to be distinctive overall but, to remain so amid increasingly strong competition for TV and radio audiences, it needed to maintain its commitment to original UK programmes that speak to UK audiences. We also found that it needed to do more to engage young people, and that audiences felt that it could do more to take risks and innovate. We've addressed these in the main findings of this report and will follow up on them in future annual reports on the BBC and our *Small Screen: Big Debate*.

The BBC has been distinctive in 2018/19

Broadly, the picture remains unchanged this year and so, overall, we still find the BBC to be distinctive. It continues to provide high-quality content across a range of genres on its mainstream services such as BBC One, its specialist services, such as Radio 3, and services with no directly comparable provider, such as BBC Parliament and the BBC Asian Network.

Audience perceptions of Public Purpose 3 are unchanged, with the majority (63%) of audiences still rating the BBC's provision of distinctive content highly. Among those from minority ethnic backgrounds, there has been a significant improvement in their rating of the BBC's performance overall in Public Purpose 3 from 57% to 65% rating the BBC highly.⁷¹

The BBC continues to provide content across a range of genres on its services

The BBC's TV genre mix remained stable in the past year. News still makes up the biggest proportion of BBC network hours, at 44%,

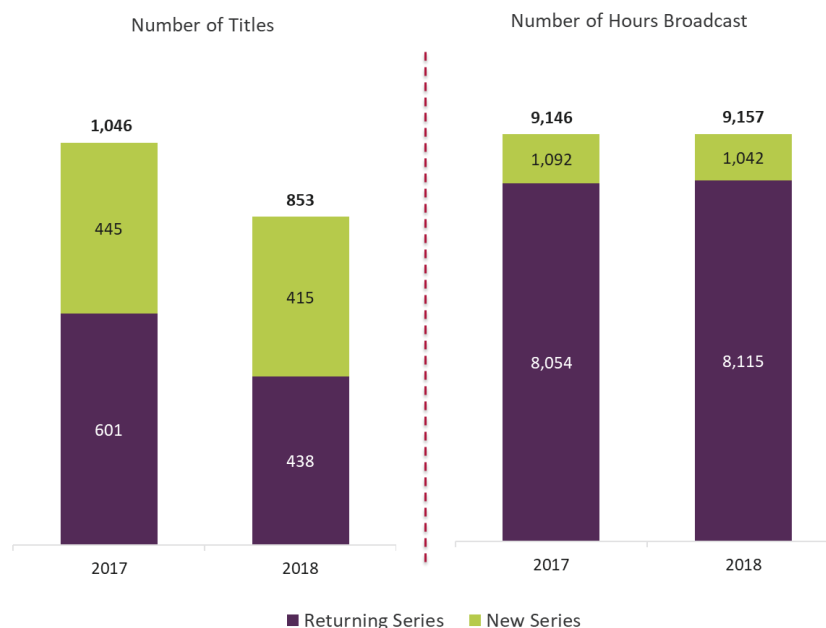
followed by children's, at 21%.⁷² During peak hours, BBC One continues to broadcast a greater range and a more even spread of genres than its closest comparator, ITV. Two-thirds of adults rate the BBC highly for providing a broad mix of different types of TV, radio and online programmes and content.⁷³

However, as noted above, total spend on TV content has declined over time in real terms. The decline in content spend is driven by the decline over time in first-run spend (see our findings on page 24). Although 2018 saw an increase in overall content spend compared to 2017 to £1.324 billion, it was still the second lowest total network spend since 2010 when spend was at £1.714 billion.

While the BBC maintained its number of broadcast hours, the number of series titles decreased

As highlighted on page 25, the number of TV programme titles on BBC TV has decreased in the last year by a fifth. The number of returning series fell more than new series (see graph below) so there is now a more equal

Number of new/returning series titles and hours broadcast across BBC TV: 2017 vs. 2018



Source: Ofcom/BBC. Note: figures include originated content only and reflect number of individual programme titles broadcast in 2017 and 2018 for BBC One, BBC Two, BBC Four, CBBC, and CBeebies. Data for 2017 has been restated so that figures are comparable with 2018 data. Figures exclude repeats, nations'/regions' programming, and Party Political Broadcasts.

balance of each. The BBC was able to maintain its number of broadcast hours with returning series which still make up the majority of hours broadcast. Some of this is accounted for by returning sports events, like the Commonwealth Games and FIFA World Cup, which added over 300 hours combined to returning series content this year. Religion and ethics was the only genre to see an increase in the number of programme titles.

BBC radio remains distinctive

The majority of BBC radio listeners continue to rate it highly compared to other stations in terms of Public Purpose 3.⁷⁴

The BBC continues to deliver a broad range of distinct radio content. BBC Radio 1 and BBC Radio 2 remain ahead of key commercial providers in terms of the breadth and range of music played. Both met their quotas for 'new music' and our sample comparison showed significantly higher repetition rate of tracks across daytime of comparative commercial stations (see annex 2, p.63).

Following three years of steady decline, BBC spend on radio content increased by 3% against 2017/18, primarily due to greater funding for Radio 1, Radio 4, and local/nations radio channels. The 2018/19 radio spend marks a four-year high and is the first time since 2014/15 that the BBC has increased its spend on radio content.

The BBC is delivering more content online

In order to best reach UK audiences, the BBC needs to continue to innovate in how it delivers its content. It launched BBC Sounds, an app that will be the home for all of the BBC's audio content. As part of this strategy, BBC iPlayer Radio app has been switched off. Our first assessment of the performance of BBC Sounds will be covered in next year's annual report.

BBC Sounds hosts a range of podcasts with the BBC having the highest reach of all podcast publishers among those surveyed as part of [Ofcom Media Nations 2019](#). Notable examples of successful BBC podcasts include Radio 5 Live podcasts *That Peter Crouch Podcast* and *Brexitcast*. To help people find more diverse content, the BBC announced that it plans to develop a 'public service algorithm' for BBC Sounds.⁷⁵

Users of the BBC's online services rate delivery favourably based on Public Purpose 3, with the score for provision of distinctive online programmes and content increasing the most out of the questions that we ask about Public Purpose 3 in the past year.⁷⁶

Developments in the online services include the changes agreed by Ofcom to BBC iPlayer to increase the window of availability of BBC content. In 2018/19 the BBC increased its spend on BBC online content by 14% to £214 million. This reflects an increase in producing content that is only available online, distributed via BBC iPlayer and BBC Three.

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

Following our review of representation and portrayal, where we identified that certain groups felt under represented or inauthentically portrayed on TV, we said that our findings would act as a baseline for assessing the BBC's future performance against Public Purpose 4 and we would monitor progress this year. We outline the findings of the review on page 18 of this report. We set out on pages 14-20, some of our broad concerns with how the BBC is delivering against its diversity requirements

Overall performance on delivery of Public Purpose 4 has not changed significantly

There was no significant change overall in audience opinion on the BBC's delivery of Public Purpose 4 from last year.⁷⁷

However, when looking at specific audience groups, there was an improved perception of the delivery of Public Purpose 4 among Asian/British Asian people and disabled people under 65. People from lower socio-economic groups, and over 65s, particularly disabled people over 65, gave lower than average ratings. In addition, opinions towards specific aspects of representation and portrayal has declined among the 55+ age group although has improved for males aged 16-24.

For the nations and regions, people in Scotland gave lower than average ratings across representation and portrayal of people and places. Representation of Wales was an issue for audiences in Wales who rate the BBC below average. In contrast, English audience ratings were above average for all Public Purpose 4 statements and have remained

stable year-on-year. Opinions in Northern Ireland also remained stable year-on-year.

As we set out on page 17, the BBC has reported to us that it doesn't have any dissatisfied audiences. We are concerned that the methodology that it uses does not give the BBC an accurate picture of those groups that it is underserving. We expect the BBC to undertake a more complete review of dissatisfied audiences and to report on any steps it will be taking to improve audience satisfaction amongst any dissatisfied groups that it has identified in its annual plan for 2020/21. If we are not satisfied, we will consult on amending this condition in the Operating Licence.

The BBC rates higher for questions on representation than on portrayal of people and places

When asked if the BBC accurately represents and authentically portrays the life and culture of a range of different communities throughout the UK, audiences scored the BBC less well on questions relating to portrayal. Just under half of UK audiences felt the BBC performs well on authentically portraying people like themselves or the region where they live.⁷⁸

Among audience groups, disabled people over 65 and audiences in Scotland had the lowest perception across statements on how well the BBC portrays people.

All ratings for disabled people over 65 were lower than average, particularly around '*an authentic portrayal of people like me*' at 37% down from 45% last year.

For audiences in Scotland, *'authentic portrayal of the region where I live'* was particularly low and lower than last year, driven by people in lower socio-economic groups. Just over a third of audiences in Scotland rated this highly and a similar proportion gave it a low rating. But there was improvement in perceptions of *'an authentic portrayal of people like me'* from 39% to 42% rating the BBC highly.

A new dedicated BBC channel for Scotland, BBC Scotland, launched on 24 February 2019, (see page 41) with news and current affairs as part of its core offering. The flagship news programme *The Nine* broadcasts Scottish, UK and international news seven nights a week.

Viewing figures for the channel so far are broadly in line with what we projected in our assessment.⁷⁹ It is too early for our tracker to assess the impact of BBC Scotland channel (launched in February 2019) on viewers' opinions in Scotland. BBC Scotland will feature more prominently in our next report when we will report on the first full year of it broadcasting.

People from lower socio-economic groups continue to rate the BBC lower than average on all aspects of representation and portrayal. This is consistent with viewing patterns with BBC TV and radio services, in particular, more heavily consumed by older and ABC1 audiences compared to commercial broadcasters. The largest gaps in perceptions between higher and lower socio-economic groups are in relation to the BBC's provision of *'programmes and content that are relevant to me'* and providing *"a good range of programmes and content that includes people like me"*.

The BBC met its quotas in supporting the creative economy across the UK

The Operating Licence sets spend and hours quotas for the BBC to invest in the creative economies of each of the nations and contribute to their development when commissioning and delivering content.

There was no major change since last year and it met its Operating Licence conditions for spend and hours of originated network productions in the nations and regions, with 62.3% of its qualifying hours of network content meeting the criteria. Its qualifying spend was lower (50.7% compared to 51.1% in 2017), but still above the 50% requirement of the quota.⁸⁰

Other areas of work

In addition to our work monitoring the compliance of the BBC, we have updated the Operating Licence to take account of the launch of the BBC Scotland channel and we undertook a review into BBC news and current affairs. A summary of the findings of this review are above on page 25.

Alongside this report, we have published our [performance report](#) which includes our assessment of the BBC's delivery of the Public Purposes against the measurement framework that we published in October 2017.⁸¹ This enables measurement of the BBC's performance across all its services and output and provides an overall perspective on how the BBC is delivering for audiences.

Updating the Operating Licence for BBC Scotland channel

Following a competition assessment, on 26 June 2018 we published our decision that the BBC could proceed with the launch of the BBC Scotland channel. We then consulted on proposed changes to the Operating Licence to reflect the impact of the new channel. The changes were put in place in January 2019 ahead of the channel's launch on 24 February 2019.

The changes include imposing additional requirements on the BBC Scotland Channel to ensure that: at least 250 hours of news content is broadcast on the channel during peak viewing time; 75% of the channel's output consists of original productions; and at least 90% of first-run originations on the new channel are made in Scotland.

We have removed all references from the Operating Licence to the BBC Two Scotland opt-out service which was discontinued following the launch of the BBC Scotland Channel; we have maintained some of the conditions which formerly applied to BBC Two Scotland so that they now apply to the BBC Scotland Channel; and we have amended certain hours quotas which used to apply to the various BBC One and BBC Two opt-outs taken together and applied these to the new channel. We also set out how programmes co-commissioned by different BBC television services should be treated for the purposes of considering certain quotas contained within the Operating Licence.⁸²

Forward work programme for 2019/20

We will continue to engage with the BBC to ensure it has fully embedded its processes for monitoring its compliance with the Operating Licence conditions.

Following our assessment, we have approved the BBC's proposals to extend content availability on BBC iPlayer subject to certain conditions and guidance. In line with our BBC Competition Assessment ("BCA") guidance,⁸³ we have introduced reporting requirements to enable us to monitor the implementation and impact of the BBC's proposals. We have required the BBC to propose revised performance measures and targets, where appropriate, and to assess the performance of BBC iPlayer and how it contributes to the mission and public purposes. It must consult with us on its proposals by 31 October 2019 and establish these performance measures by 31 December 2019. We will also report on the performance of iPlayer in our annual report next year.

As set out above, we have begun to consider the future shape of the Operating Licence to reflect the increased focus of the BBC to deliver its Mission and Public Purposes through its online services. We will be continuing with this work during the forthcoming year.



The BBC's impact on competition

Introduction

As a large, publicly-funded organisation operating across the TV, radio and online sectors, the BBC can have an impact on competition in the UK media sector. This impact may be positive and stimulate demand or encourage innovation. But in fulfilling its objectives, and as recognised by the Charter and Agreement, the BBC may also harm the ability of others to compete effectively.

The BBC needs to evolve to deliver against its Mission and Public Purposes, particularly in the light of sector developments. However, in doing so, it must seek to avoid adverse impacts on competition in the UK which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes, as required by Article 11 of the Charter. It also has a duty under Article 11 to have particular regard to the effects of its activities on competition in general, and to have regard to promoting positive impacts on the wider market.

The BBC Board and Ofcom have distinct roles regarding the BBC's impact on UK competition. The BBC Board's duties require it to undertake ongoing efforts to prevent its public service and commercial activities distorting competition. Ofcom's role is to provide robust, fair and independent regulation in order to protect fair and effective competition.

How we regulate the BBC's impact on competition

Ofcom's role is to consider whether the public value of a **material change proposed by the BBC to its public service activities** justifies any adverse impacts on fair and effective competition. We can consider this under a BBC Competition Assessment (BCA) or a shorter assessment.

The BBC's **ongoing public service activities** also have the potential to impact on competition. If we have concerns they may be having a significant adverse impact on fair and effective competition, we can review them under a BBC Competition Review (BCR).

The way the BBC **distributes** its public service content also has the potential to affect fair and effective competition. We have provided guidance on how we ensure the BBC negotiates distribution arrangements on a fair, reasonable and non-discriminatory basis, while taking into account its obligations to fulfil its Mission and promote the Public Purposes.

The BBC is required to ensure that its public service activities are operated separately from its commercial subsidiaries and that the subsidiaries do not gain an unfair competitive advantage or distort the market because of their relationship with the public services. In February 2019, we published updated requirements and guidance regarding the operation of the BBC's commercial subsidiaries and their relationships with its public service activities.

The BBC is required over the course of the Charter period to commission an increasing amount of content following a competitive process. It must also ensure that this process is fair, reasonable, non-discriminatory and transparent (FRNDT). Ofcom's role is to monitor the BBC's compliance and enforce those requirements. In February 2019, we published guidance setting out the factors we would consider in assessing whether the BBC has met its obligations regarding FRNDT commissioning in the event of an investigation.

We have a role in enforcing compliance by the BBC with its requirements under the Charter and Agreement and have published procedures that we will normally follow when enforcing compliance by the BBC with its competition requirements.

Transparency and engagement with third parties

As discussed in our main findings, the BBC needs to be much more open to engagement with third parties to deliver its duty to have regard to the impact of its activities on competition. Given the BBC's ongoing duties in relation to protection of competition, it needs to engage actively and openly with stakeholders, particularly when planning changes to its public service and commercial activities.

As we explain on page 22, there are significant benefits to the BBC engaging with third parties when considering new public service activities or changes to existing ones, including potentially avoiding the need for involvement by Ofcom.

The BBC still has work to do in this area, as shown by its approach to planned changes to BBC iPlayer, where it should have engaged more effectively with stakeholders.

In order to meet its duty under Article 11 of the Charter, the BBC needs to know how stakeholders might be affected by planned changes and take this into account in developing those proposals. Stakeholders raised concerns with Ofcom around the BBC's lack of engagement about its plans for BBC iPlayer – both at the early stage of considering whether its proposals were material, and later on during its Public Interest Test (PIT) process.⁸⁴

As outlined on page 22, the BBC could have been more transparent and engaged better with us and with stakeholders on the changes it has made to its lines of business.

The BBC has demonstrated that it can improve transparency, as shown by its handling of proposed changes in other areas. For example, the BBC demonstrated positive engagement in its approach to sharing changes to BBC Bitesize with the education sector. It holds regular industry briefings, which are recorded and made available online for public viewing.

There has also been active and open engagement with Ofcom, for example in relation to the proposals for BritBox. The BBC and ITV shared their plans and information with us at an early stage. This was helpful because we were able to identify and consider concerns as plans were forming and as a result were able to complete our assessment promptly.

Governance arrangements for the BBC's commercial activities

Effective and independent governance arrangements for the BBC's commercial subsidiaries are important in ensuring the commercial activities are managed separately from the BBC's public service activities. The BBC Board and the Fair Trading Committee are responsible for its compliance.

We raised concerns in last year's BBC annual report about the BBC's governance arrangements for its commercial activities. In particular, with respect to the composition of the Commercial Holdings Board and the transparency of these governance arrangements. Since our last report, the BBC has improved the transparency of its governance arrangements.

In December 2018, the BBC announced some changes to the Commercial Holdings Board.⁸⁵ In particular, this included a larger share of non-executive directors and that the chair would also be a non-executive Board member, rather than the BBC Director-General.

The BBC has also published additional information about the governance of its commercial subsidiaries on its website, addressing our concern around the lack of information in this area. Over the course of the year, Ofcom has attended a session of the Fair Trading Committee and held regular meetings with its chair and the BBC's Chairman to discuss its work. These meetings have enabled us to better understand how the Fair Trading Committee seeks to assist the Board in ensuring the BBC complies with Ofcom's trading and separation requirements. With the chair of the Fair Trading Committee, we are continuing to explore areas where there is potential to improve the Fair Trading Committee's effectiveness.

Other areas of work

Changes to BBC public service activities

Under the Charter and Agreement, the BBC Board has responsibility, in the first instance, for considering the impact of proposed changes to the BBC's public service activities. In particular, it must consider whether

proposed changes are material and must be subject to a PIT.

A PIT considers whether a proposed material change would generate sufficient public value to justify any adverse impact on competition. If a PIT is satisfied, the BBC must publish the proposal and refer it to Ofcom for assessment under our procedures.

Where the BBC determines that a change is not material, it is able to proceed. However, we have the power to call in service changes that we regard as material, and to direct the BBC to freeze the activity and/or undertake a PIT.

BBC iPlayer

In June 2018, the BBC provided Ofcom with proposals to add boxset content to BBC iPlayer, which it did not regard as material. Following assessment, we disagreed with the BBC, finding that its proposals may have a significant adverse impact on fair and effective competition. We therefore directed the BBC to undertake a PIT and imposed interim restrictions on BBC iPlayer content.

In April 2019, the BBC published the outcome of its PIT. Its proposed changes to BBC iPlayer included making available all new programmes on BBC iPlayer for 12 months as standard. The BBC said that the proposals satisfied the PIT, as any impacts on fair and effective competition would be justified by the public value the changes would generate for audiences.

At the same time, we launched a BCA (see box on page 43) and sought evidence from stakeholders on how the BBC's proposals would affect their existing businesses or investment plans. This was followed by a second consultation in June in which we consulted on our provisional conclusions,

allowing stakeholders a final opportunity to comment.

In August 2019 we concluded our BCA by publishing our final determination that the public value of the BBC's proposals for BBC iPlayer justified the likely impact on competition and that the BBC may therefore proceed with the proposals, subject to conditions and guidance.⁸⁶

BBC Sounds

In 2018, we engaged with the BBC on its materiality assessment for phase 1 of BBC Sounds, which was a proposal to combine the BBC iPlayer Radio service with BBC Music to create BBC Sounds, improve user functionality and increase off-schedule content availability. We did not have concerns with the phase 1 proposals and the BBC officially launched the app in October 2018.

BBC commissioning

The Charter and Agreement requires the BBC to increase the amount of programmes and materials it commissions for its public service activities through a contestable process between producers. Our role is to enforce those requirements, and to consider whether we should impose additional requirements in relation to commissioning for its public service activities to protect fair and effective competition.

Following a review of how the BBC commissions content in February this year, we published a statement in which we decided not to impose any new requirements with respect to commissioning. This was because the BBC is already subject to a requirement to ensure fair, reasonable, non-discriminatory and transparent (FRNDT) commissioning under the Agreement.

However, we published guidance, setting out the factors we will consider in assessing whether the BBC has met its obligations regarding FRNDT commissioning, in particular in the event of an investigation. We also obtained commitments from the BBC to publish and provide us with additional information to increase transparency for stakeholders and allow us to undertake our monitoring role.

Consideration of a request for a BBC competition review

In 2018, we considered a request from Wireless Group to open a BCR (see box on page 43) into how the BBC acquires sports rights for BBC Radio 5 Live, BBC Radio 5 live Sports Extra and Radio 4 long wave. Wireless Group said the BBC's activities in this area were harming competition in the downstream market for commercial sports radio.

In December, we published our conclusion that although there is potential for competition between sports rights acquirers to be adversely affected by the BBC, we should not exercise our discretion to launch a review.⁸⁷

BBC commercial and trading activities

In February 2019, we published updated requirements and guidance aimed at addressing competition concerns that could arise from the relationship between the BBC's public service activities and its commercial subsidiaries. We clarified a number of existing requirements and introduced some additional reporting measures to provide greater transparency on how the BBC is meeting our requirements.⁸⁸

Materiality assessments

If the BBC is making a significant change to its commercial activities or undertaking a new activity, it must consider whether the change

is "material". This includes determining whether there is a significant risk that the change may distort the market or create an unfair competitive advantage as a result of the relationship of the activity with the BBC's public service activities.

Our work on the BBC's materiality assessments over the previous year has included consideration of the new BritBox service and the UKTV deal. Although we did not consider either BritBox or UKTV to be material changes, we considered it important to provide transparency over our decisions

BritBox

ITV and the BBC announced in February 2019 the launch of an SVoD service in the UK, called BritBox, that will bring together the 'best of British' programmes.

They set out their plans in July and we published our provisional decision for stakeholder comment which outlined that we did not consider the BBC's involvement in the BritBox venture was a material change to its commercial activities.

In September, we confirmed in our final decision that we do not consider the BBC's involvement in BritBox is a material change to the BBC's commercial activities. However, we noted that we will monitor developments closely (particularly in relation to the changes to the programme release policy and any cross-promotion from the public service to BritBox) and we have the ability to step in if concerns arise in future.

UKTV

In April 2019 BBC Studios and Discovery announced the dissolution of their UKTV joint venture which included ten UK TV channels and an on-demand video service called UKTV Play. They decided BBC Studios would keep seven out of ten channels, UKTV Play and the

UKTV brand, for which BBC Studios would pay Discovery around £170m.⁸⁹ The BBC considered the deal was not a material change to its commercial activities. We agreed that the change was not material and confirmed that we would not conduct a further formal competition assessment.⁹⁰

Monitoring the BBC's commercial activities

To protect fair and effective competition and ensure there is adequate separation, we monitor the relationship between the BBC's public service activities and its commercial subsidiaries (including how the BBC has implemented our trading and separation requirements). We set out in [Annex 1](#) a summary of the outputs of our monitoring for 2018/19.

Regulatory complaints

In 2018/19 we did not receive any complaints in relation to the BBC's competition requirements that warranted our investigation.

We note in the BBC's annual report for 2018/19 that the BBC received two complaints regarding competition requirements during the year, and that in both cases it found there was no breach of any of its obligations.

Forward work programme for 2019/20

This year we will launch a review of the evolution of BBC Studios, including how it has implemented our trading and separation requirements. We aim to publish terms of reference by the end of 2019, informed by issues raised by stakeholders and information gathered under our monitoring programme. We expect this work to continue into 2020/21.

As part of this review, we will be considering whether the BBC's changes to its lines of business within BBC Studios provide sufficient transparency for stakeholders and Ofcom. We will seek stakeholder input to our work.

In its annual plan for 2019/20, the BBC indicated areas where it is considering proposed changes to its public service activities, including further changes to BBC Sounds. We are continuing to engage with the BBC on the potential materiality of these proposed changes. We are also engaging with the BBC on the competition implications of the variations to the Operating Licence that it is requesting, following statements in its Annual Plan for 2019-20.



The BBC's content standards

Introduction

In our second year regulating the BBC, Ofcom has continued to hold BBC content to the high standards audiences expect. We have done this by enforcing the Broadcasting Code, which sets out the standards we expect all broadcasters we regulate to meet. In the vast majority of cases that we considered, the BBC is meeting these standards in its programming.

Ofcom continues to have responsibility for regulating all areas of the BBC's content standards, including the due accuracy⁹¹ of news and the due impartiality of news and current affairs.⁹² We know that viewers and listeners continue to expect BBC news and current affairs coverage to be balanced and trustworthy, because alleged bias in programmes remains the BBC issue about which we receive most complaints. However, this year we found that the BBC has met the requirements for due impartiality in the Broadcasting Code.

How we secure the BBC's content standards

Under the 2016 Charter and Agreement, Ofcom holds the BBC to account against the rules of the Broadcasting Code ("the Code") to ensure that adequate protection is provided to BBC audiences from potentially harmful and offensive material. The Code covers areas including: the protection of under-18s; harm and offence; crime; religion; impartiality and accuracy; and commercial references. Fairness and privacy rules ensure that people are protected from unjust or unfair treatment in programmes, and that their privacy is not unwarrantably infringed in programmes.

The Code rules apply to all BBC TV and radio services, and where relevant, to the BBC iPlayer.

Ofcom ensures compliance with the Code primarily by considering complaints. We also check for, and where appropriate investigate, potential breaches of the rules through targeted monitoring. This is consistent with how we enforce content standards for all broadcasters we regulate.

Complaints about BBC programmes

When a BBC viewer or listener has a complaint, it is important that there is a fair and transparent process in place to hear their views. We believe the current BBC complaints system achieves this at the early stages of the complaints process, but we have some significant concerns (see page 21) about the later stages.

The 'BBC First' process allows the BBC a chance to resolve complaints effectively and efficiently in the first instance, without the need for further escalation. However, if a complainant has completed the BBC's own process and remains unhappy with the BBC's final decision, they can refer the matter to Ofcom.⁹³ Ofcom also has the power to step in and intervene at an earlier stage in exceptional circumstances, or to launch an investigation if there have been no complaints, if we think it is appropriate to do so.⁹⁴

The BBC's complaints statistics for 2018/19 indicate that 'BBC First' continues to work effectively and most complainants are satisfied with the BBC's final response to their complaint. In 2018/19, the BBC received 218,352 complaints to its Audience Services department (known as Stage 1); 549 editorial complaints were progressed to the BBC's Executive Complaints Unit (known as Stage 2);^{95,96} and of these, 236 complainants then chose to refer their issue to Ofcom (see below). This is a small proportion of the overall number of contacts (more than 200,000) dealt with by the BBC each year.

Between 1 April 2018 and 31 March 2019, Ofcom received a total of 1,539 content standards complaints about the BBC. However, of these:

- **1,272 complaints** were referred back to the BBC under 'BBC First'. Although these complaints were about BBC programmes, after an initial assessment we found that these complainants had not completed the BBC's complaints process before submitting their complaint to Ofcom; and
- **236 complaints** had completed the BBC's complaints process, but the complainant was not satisfied with the outcome. In all but two of these complaints we did not consider that the complaint raised a substantive issue under the Code which warranted further investigation.

Ofcom publishes the outcomes of all complaints about the BBC's programmes (and other broadcasters) fortnightly in our [Broadcast and On Demand Bulletin](#).

In May 2019 we recorded a significant breach of the Broadcasting Code (detailed in the box to the right), in which the BBC was found to have broadcast a factual programme that was materially misleading. To ensure news is delivered with due accuracy and factual programming does not materially mislead the audience, the BBC must ensure that statistics are reported accurately from reliable sources and that mistakes are swiftly corrected.

Ofcom's additional mechanisms for overseeing BBC complaints have remained important in 2018/19. The monthly reports which we require the BBC to provide allow us to assess whether all complaints received at Stage 2 are considered and resolved in a timely manner. There are still isolated occasions where this has not been the case, or where complaints-handling issues have been raised, but this is to be expected for a system which deals with such large numbers of contacts. While Ofcom does not intervene in individual issues of complaints handling, we pay close attention to these cases as part of our oversight duties.

Sunday Politics, BBC One, 30 April 2017, 11:24

This programme included an interview with the Scottish National Party (“SNP”) former Scottish First Minister Alex Salmond in which the presenter, Andrew Neil, asked about the SNP’s record on education. In one of his questions (“*Why, after a decade of SNP rule, do one in five Scots pupils leave primary school functionally illiterate?*”), Andrew Neil appeared to quote data from an official statistical source to criticise literacy levels among Scottish primary school leavers in 2017.

The interview took place during the election period for the 2017 Scottish local elections. In November 2017 the BBC’s Executive Complaints Unit upheld a complaint about this interview and a complainant subsequently referred their complaint to Ofcom.

Following an investigation, Ofcom concluded that Mr Neil’s question had been a significant misrepresentation of actual literacy levels among primary school leavers in 2017. In Ofcom’s view, it was a major departure from any reasonable interpretation of the available data, such that it was materially misleading to the audience. Ofcom’s [published decision](#) recorded a breach of Rule 2.2, which requires that factual programmes or portrayals of factual matters must not materially mislead.

We were greatly concerned about the BBC’s handling of this case. At different stages of the BBC’s complaint handling and during Ofcom’s investigation the BBC had provided conflicting explanations of the source of the data.

The length of time it took the BBC to admit there was no factual source to support Mr Neil’s comment meant that no correction was made during the local election period or the subsequent period before the UK General Election.

Ofcom expects the BBC to take careful note of its errors in the handling of this case to ensure they do not recur. The BBC should consider how it identifies, prioritises and resolves complaints during election and referendum periods. In particular, it should consider how to identify sources of statements that are challenged by viewers and make any appropriate corrections as soon as possible when audiences have been materially misled – as in this case – before an election or referendum period ends.

Ofcom also considers fairness and privacy complaints

Ofcom has a duty to adjudicate on complaints made by people or organisations participating in, or otherwise directly affected by, programmes as they are broadcast, or in the making of programmes.⁹⁷ These are known as Fairness and Privacy complaints.

Between 1 April 2018 and 31 March 2019, we dealt with **42 complaints** against BBC programmes about alleged unjust or unfair treatment, or about an unwarranted infringement of privacy. Of these:

- **eight complaints** were referred for investigation to decide whether a breach of the Code had occurred. If a breach has occurred, we uphold the complaint. Of the complaints adjudicated upon in this period, one was upheld.⁹⁸

Online material complaints

Ofcom and the BBC have entered into an arrangement, that gives Ofcom responsibility to regulate the BBC's content on its website and apps.⁹⁹ This includes text, images, video and audio content. It does not extend to the BBC's social media content.¹⁰⁰ Under this arrangement, Ofcom can consider and give an independent 'Opinion' on whether the BBC has observed the relevant BBC Editorial Guidelines in its online material.

Between 1 April 2018 and 31 March 2019, we received **204 complaints about the BBC's online material**.¹⁰¹ Of these:

- We closed **37 complaints** because, after assessment, we did not consider there were grounds for further consideration by Ofcom or the need to give an Opinion.
- We redirected a further **152 complaints** to the BBC under the 'BBC First' approach.
- **13 complaints** were outside Ofcom's remit for BBC online material, with many of these complaints relating to social media.

Ofcom publishes the outcome of all complaints about the BBC's online material every two months in our [Bulletin for complaints about BBC online material](#).

Ofcom did not identify any new online complaints in this reporting period which required us to issue an Opinion. We therefore have no concerns with the way the BBC is meeting its Editorial Guidelines for online material at this time.

Securing the due impartiality of the BBC's programmes

Ofcom has an important duty in overseeing the BBC's programming to make sure its news

is duly impartial and duly accurate, and its current affairs programming is duly impartial and not materially misleading. We achieve this by using the same methods as we do with other broadcasters. Primarily, standards are secured through the assessment (and, where relevant, investigation) of complaints made by audiences. Ofcom also uses targeted monitoring, even where there has been no complaint, to assess for potential breaches of the Code. In the current reporting period, we have not found the BBC in breach of the due impartiality or due accuracy requirements of the Code.¹⁰²

Audiences hold the BBC to a high standard in impartiality and accuracy. Ofcom therefore assesses the range of techniques used by the BBC to achieve due impartiality to see if the BBC is getting it right and we can take action if standards are not being met.

Complaints to Ofcom about alleged bias in BBC programmes remained high during 2018/19.¹⁰³ Of the total 1,539 BBC complaints we received, 525 complaints, or 34% of total BBC complaints to Ofcom, were about impartiality. In particular, we have continued to see a number of complaints about the BBC's coverage of controversial matters in the news, the most prominent example being Brexit. An example is the collective complaint we received about Radio 4's coverage of Brexit (see to the right).¹⁰⁴ In this case, we took the unusual step of publishing our assessment of a complaint which we did not consider raised issues warranting investigation. We highlighted the editorial techniques used by the BBC to preserve due impartiality and the importance of the BBC's right to freedom of expression and the audience's right to receive information.

Coverage of issues surrounding the UK's exit from the EU, various programmes, BBC Radio 4, 4 October 2017 to 29 March 2018, various times

Ofcom received a **collective complaint concerning content broadcast on BBC Radio 4 about the UK's exit from the EU** ("Brexit") alleging that the programmes had failed to sufficiently represent the views of those supporting Brexit. The BBC had not upheld the complaint, on the grounds that it did not consider that it was required to give equal airtime to those for and against Brexit, because the political context had moved on since the EU referendum.

The complaint covered approximately 75 hours of content, of which Ofcom assessed a proportionate amount. It covered different types of programme, specifically about Brexit-related issues.

Ofcom considered whether the programmes raised potentially substantive issues under Section Five of the Code, which deals with due impartiality and due accuracy. We took into account that all the assessed programmes were broadcast sometime after the EU referendum and the UK's invocation of Article 50. The public debate had therefore developed from the discussion of a binary question – whether the UK should 'leave' or 'remain' in the EU – into a more nuanced discourse comprising many different viewpoints on the form that the UK's exit from the EU should take and the potential implications for a range of different areas. Ofcom considered it likely that the audience would have expected the discussion of Brexit-related issues to reflect a range of different viewpoints on the UK's exit from the EU and its implications and how public debate had shifted and developed over time.

In Ofcom's view, a range of alternative viewpoints was appropriately included. We took into account the use of editorial techniques which helped ensure these viewpoints were sufficiently represented, such as: presenters putting forward alternative viewpoints or challenging the viewpoints of guests; the inclusion of interviews with a range of politicians with differing views on Brexit; specialist correspondents providing additional information, analysis and context; and the satirical targeting of a range of figures representing different aspects of issues relating to Brexit.

Ofcom therefore did not consider that the programmes raised potentially substantive issues warranting further investigation under the Code and therefore decided not to pursue the complaint further.

Transparency of 'BBC First'

Ofcom previously directed the BBC to increase the visibility of its editorial complaint statistics to improve transparency and accountability. For the past year, the BBC has been required to publish fortnightly information about the editorial complaints it receives, including:

- the total number of programme complaints, with additional information about programmes that

received a high volume of complaints (over 100);

- information on editorial complaints which are progressed to the BBC's Executive Complaints Unit, and the outcome of these complaints; and
- the percentage of complaints that received a response within the relevant time-period.

In October 2018, after the new requirements had been in place for one year, Ofcom reviewed their effectiveness. We asked the

BBC how they had affected them. The BBC reported at that time that the new requirements had not caused it significant problems.

Ofcom is confident that the current publication of fortnightly editorial complaint statistics is one effective way for the BBC to be transparent and accountable to its audiences. However, as highlighted on page 21, we consider the BBC should provide more transparency on the reasons for its findings from the Executive Complaints Unit on compliance with the relevant requirements in the BBC's Editorial Guidelines which reflect the Ofcom Broadcasting Code. We will be addressing the BBC's lack of transparency in this area as a matter of urgency.

It has also come to our attention that the BBC dealt with a small number of "serious editorial breaches" in the 2018/19 reporting period¹⁰⁵ of which we were not previously aware. Ofcom believes that it is important for us to be notified of such breaches. This ensures audiences can be confident that the 'BBC First' regime is effective and transparent. We are therefore discussing this issue with the BBC to determine whether there are additional measures which can be taken to ensure transparency in this area.

We recognise that it is also important that the process for complaining about a BBC programme continues to be clear and straightforward. Both Ofcom and the BBC are making updates to our complaints websites this year, with the aim of making the BBC First process easier to understand and to reduce the numbers of complainants who contact Ofcom without realising they need to complain to the BBC first. The BBC has also planned a number of other technical changes for its complaints system for 2019/20, which we welcome. These should make progressing a complaint within the BBC simpler.

Work programme for 2019/20

Ofcom anticipates that, as with other broadcasters, audience complaints will remain a key driver of the majority of the work that Ofcom undertakes on BBC content editorial standards. We will continue to assess complaints that have completed the BBC's own process and use these to ensure the BBC is meeting content standards across its services, as set out in the Broadcasting Code, and (for complaints about online content) the BBC's Editorial Guidelines.

We will take urgent further steps to address the BBC's lack of clarity in certain areas of its complaints process, including considering further directions to ensure appropriate levels of transparency and accountability for audiences and stakeholders.

End notes

¹ Ofcom is required to publish an Annual Report that sets out how we have carried out our regulatory functions and assesses the BBC's compliance with the regulatory requirements imposed on it. We must also publish a report on the BBC's performance against our performance measures, and this is attached as [Annex 2](#) to the Annual Report.

² The [Charter](#) sets the BBC broad objectives that it must fulfil in the form of a Mission and five Public Purposes. It is accompanied by an [Agreement](#) between the Secretary of State and the BBC which contains further obligations.

³ The Operating Licence came into force on 1 January 2018, although some conditions did not take effect until 1 April 2018. In our first annual report on the BBC, we only assessed the BBC's compliance with the conditions that came into force on 1 January 2018 and were set on a daily, weekly or ongoing basis.

⁴ [Public Sector Broadcasting in the Digital Age; The Future of Public Service Media; Media Nations Report 2019](#)

⁵ [The Future of Public Service Media](#), Ofcom, 4 July 2019

⁶ BBC, [Television Licence Fee Trust Statement for the Year Ending 31 March 2019](#).

⁷ TouchPoints 2019 indicates that 93% of adults watch, listen to or use the BBC each week

⁸ Ofcom BBC Performance Tracker

⁹ [BBC iPlayer Public Interest Test: Audience Research Debrief](#)

¹⁰ Source: BARB. Average weekly reach (15+ consecutive minutes) of people aged 16-24 by broadcaster, 2018 compared to 2017

¹¹ [Representation and portrayal on BBC TV 2018](#)

¹² Representation and portrayal on BBC TV 2018 p.12

¹³ [Letter to the BBC](#), 23 October 2018

¹⁴ [Ofcom's annual report on the BBC](#), 25 October 2018, p.11

¹⁵ [BBC iPlayer proposals: Public Interest Test consultation](#), BBC, April 2019, p.19

¹⁶ [BBC Annual Plan 2019/20](#), p.7

¹⁷ Source: BARB

¹⁸ *ibid*

¹⁹ Source: Ofcom modelling using BARB, RAJAR, comScore, GfK SVoD data and Touchpoints for modelling of PVR versus BBC iPlayer and estimation of BBC podcasts

²⁰ Source: BARB, TouchPoints 2019

²¹ Source: BARB

²² Information shared by the BBC with Ofcom

²³ Our methodology is set out in Annex 2: Performance Report. The BBC on SVoD may include some content distributed by BBC Studios which is not made by the BBC.

²⁴ Source: TouchPoints

²⁵ Source: RAJAR

²⁶ [Ofcom Media Nations Report 2019](#), p.78

²⁷ Comscore Mobile Metrix, BBC Sounds: Radio & Podcasts (Mobile App) and Spotify (Mobile App), Age: 18+, March 2019, UK

²⁸ Populus research, March 2019. Published in [Ofcom Media Nations Report 2019](#)

²⁹ Source: Comscore Mobile Metrix. This excludes BBC iPlayer use on a TV set.

³⁰ [Children and parents: media use and attitudes](#), Ofcom, 29 November 2017

³¹ [BBC Group Annual Report and Accounts 2018/19](#), p.143-148

³² Diamond (Diversity Analysis Monitoring Data) created by the Creative Diversity Network, UK broadcasters and Pact is a monitoring and reporting system to provide diversity information in the industry.

³³ [BBC Group Annual Report and Accounts 2018/19](#), p.35

³⁴ [BBC Group Annual Report and Accounts 2018/19](#), p.258-283

³⁵ *Representation and portrayal on BBC TV 2018*

³⁶ *BBC Group Annual Report and Accounts 2018/19*, p.34

³⁷ *BBC Group Annual Report and Accounts 2018/19*, p.64

³⁸ [BBC 50:50 project](#), BBC, May 2019

³⁹ [news release](#), BBC, 4 October 2019

⁴⁰ [Diversity and equal opportunities in radio](#), 31 July 2019

⁴¹ [Diversity and equal opportunities in TV](#), 18 September 2019

⁴² [Ofcom Broadcast and On Demand Bulletin, issue number 388](#)

⁴³ [Ofcom letter to the BBC](#), 30 September 2019

⁴⁴ This includes findings relating to content that has been broadcast, including in an ODPS service, as well as to online material findings.

⁴⁵ ‘Lines of business’ refer to the different groups within the commercial subsidiaries that the BBC organises its commercial activities into and reports separately on.

⁴⁶ [BBC commitments for BBC Studios-Worldwide merger, version 2](#), updated 27 September 2019.

⁴⁷ As required by Article 11 of the Charter.

⁴⁸ *ibid*

⁴⁹ [BBC Commercial Review](#), BBC, December 2018

⁵⁰ At-risk genres include genres that provide a particular contribution to the Mission and Public Purposes, are underprovided or in decline across public service broadcasting, as set out in Schedule 2 of the Agreement.

⁵¹ Source: Ofcom modelling using BARB, RAJAR, comScore, GfK SVoD data and TouchPoints for modelling of PVR versus BBC iPlayer and estimation of BBC podcasts. Refer to Annex 2 for full details of Ofcom analysis.

⁵² Source: BARB

⁵³ Source: RAJAR

⁵⁴ Source: comScore

⁵⁵ Source: BARB

⁵⁶ [BBC Operating Licence](#)

⁵⁷ All previous versions of the Operating Licence conditions are available on our website here: <https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/bbc-operating-framework/operating-framework>

⁵⁸ Source: [Ofcom News Consumption Survey 2019](#)

⁵⁹ *ibid*

⁶⁰ *ibid*

⁶¹ *BBC Annual Plan 2019/20*

⁶² Source: [Ofcom News Consumption Survey 2019](#)

⁶³ *ibid*

⁶⁴ Source: Ofcom BBC Performance Tracker

⁶⁵ Source: Ofcom/BBC

⁶⁶ In terms of informal learning for adults, this includes arts, religion and other specialist factual programming.

⁶⁷ The BBC also has informal learning pages on its website such as BBC Culture, BBC Capital, BBC Earth, BBC Future and BBC Travel which are funded commercially rather than by the licence fee.

⁶⁸ Source: Internal server data supplied by BBC, based on Bitesize Virtual Site kl-bitesize which includes New Bitesize (previously.co.uk/education now .com/bitesize), Old Bitesize (.co.uk/bitesize ; .co.uk/schools), UK, weekly Q1 2017 and Q1 2018.

⁶⁹ Source: BARB. Average weekly reach criteria is 15+ minutes of consecutive viewing.

⁷⁰ Source: BARB. Average weekly reach criteria is 15+ minutes of consecutive viewing. The average weekly reach of 4-6 year olds on Pop, Tiny Pop, and CITV declined this year. POP Max showed a slight increase of 1 percentage points since 2017.

⁷¹ Source: Ofcom BBC Performance Tracker

⁷² Source: Ofcom/BBC

⁷³ Source: Ofcom BBC Performance Tracker

⁷⁴ *ibid*

⁷⁵ [*Changing to stay the same*](#), James Purnell, Radio Festival 2019, 13 May 2019

⁷⁶ Source: Ofcom BBC Performance Tracker

⁷⁷ *ibid*

⁷⁸ *ibid*

⁷⁹ Ofcom, [*BBC Scotland Competition Assessment: final determination*](#), 26 June 2018

⁸⁰ BBC Group Annual Report and Accounts 2018/19, p.146

⁸¹ This includes our core measurement principles of flexibility, proportionality, practicability, transparency, robustness, and comparability. Ofcom, [*Holding the BBC to account for delivering for audiences*](#) October 2017.

⁸¹ For a full list of our decisions on changes to the Operating Licence see:
https://www.ofcom.org.uk/data/assets/pdf_file/0017/135161/bbc-scotland-operating-licence-statement.pdf

⁸³ [*BCA guidance*](#)

⁸⁴ Agreement, schedule 8

⁸⁵ [*news release*](#), BBC, 17 December 2018

⁸⁶ Ofcom, [*BBC iPlayer Competition Assessment: Final determination*](#), Annex 2: BBC iPlayer conditions, 1 August 2019

⁸⁷ [*BCR decision document, December 2018*](#)

⁸⁸ In Annex 1 we report on the BBC's compliance with our commercial and trading activities requirements and our monitoring work in the year.

⁸⁹ [*Discovery and BBC sign major global content partnership and agree on future of UKTV channels*](#), BBC, 1 April 2019

⁹⁰ See our [*statement regarding the UKTV deal*](#), 5 June 2019

⁹¹ Outside of news, BBC broadcast and on demand factual content must not materially mislead the audience

⁹² 'Current affairs' refers to any programme covering matters of political or industrial controversy and matters relating to current public policy. Under the Code BBC news programmes must be duly accurate. All BBC non-news factual programmes must ensure that they do not materially mislead the audience.

⁹³ Complainants can also come to Ofcom if they consider, following the resolution of a complaint by the BBC, that the imposition of a sanction by Ofcom may be appropriate, or if the BBC has failed to resolve a complaint within the time period set out in its procedures.

⁹⁴ Ofcom has set and published [*procedures for the handling and resolution of relevant complaints about the BBC and for how we consider the imposition of sanctions on the BBC*](#), applicable from April 2017.

⁹⁵ The BBC defines an editorial complaint as one which suggests that a specific item broadcast or published on the BBC's services has fallen below the standards expressed in the BBC's Editorial Guidelines. Complaints which raise issues of editorial standards but are not about particular items are dealt with by the BBC under their General Complaints Procedure. See https://ssl.bbc.co.uk/complaints/forms/assets/complaintsnew/resources/BBC_Complaints_Framework.pdf for all of the BBC's complaints procedures.

⁹⁶ BBC Group Annual Report and Accounts 2018/19, p.134

⁹⁷ The BBC First regime does not apply to Fairness and Privacy complaints, and unlike complaints about BBC content standards, these can be made to Ofcom in the first instance.

⁹⁸ See [*Ofcom's Broadcast and On Demand Bulletin Issue 372*](#)

⁹⁹ [*Ofcom and BBC Arrangement relating to online material*](#)

¹⁰⁰ *ibid*

¹⁰¹ Ofcom began considering complaints about the BBC's online material when the Digital Economy Act 2017 came into effect on 27 April 2017, granting us the power to consider such complaints.

¹⁰² However, we did find a breach of rule 2.2 (material misleadingness)

¹⁰³ Impartiality means not favouring one side or another. The concept of 'due' means adequate or appropriate to the subject matter and nature of the programme. So the concept of 'due impartiality' does not mean that an equal division of time has to be given to every view, or that every argument must be represented.

¹⁰⁴ [*Ofcom's Broadcast and On Demand Bulletin, Issue 372*](#)

¹⁰⁵ *BBC Group Annual Report and Accounts 2018/19*, p.135